

AGENDA

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING
THURSDAY, MAY 17, 2012 4:00 PM
MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553**

Call to Order

Action Items

- | | | |
|------|---|-------|
| I. | Approval of Minutes of December 8, 2011 Meeting | Tab 1 |
| II. | Review and Approve the Audited Financial Statements | Tab 2 |
| | a. Introductory Materials | |
| | b. Resolution | |
| | c. Audited Financial Statements | |
| | d. Deloitte Investment Report | |
| | e. Deloitte Letter to those in charge of Governance | |
| | f. NIFA Representation Letter | |
| | g. Hold an executive session with the independent auditor without management and others present | |
| III. | Review and Approve the 2011 Annual and Statutory Reports | Tab 3 |
| IV. | Review and Approve the Investment Guidelines | Tab 4 |

Discussion Items

- | | | |
|----|--|-------|
| V. | Four Month's Budget Versus Actual Results (April 30, 2012) | Tab 5 |
|----|--|-------|

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE
AUDIT AND INTERNAL CONTROLS COMMITTEE
HELD ON DECEMBER 8, 2011

Pursuant to a notice dated December 2, 2011, the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority (“NIFA”) was convened at 4:05 PM, at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

The following members of the Audit and Internal Controls Committee of the Authority were present:

Christopher Wright, Chairman
George Marlin
Ronald Stack
Robert Wild

Also present were Leonard Steinman, NIFA Director; Thomas Stokes, NIFA Director; Dermond Thomas, NIFA Director; Evan Cohen, Executive Director; Maria Kwiatkowski, Deputy Director; Jeremy Wise, General Counsel; Jane Cunneen, Acting Treasurer; and Laurie Boucher, Corporate Secretary.

Upon determining that a quorum was present, the meeting was called to order.

Chairman Christopher Wright stated that the first item on the agenda was a resolution to

approve the minutes of the April 20, 2011 meeting.

Upon motion duly made and seconded, the minutes were approved unanimously.

Resolution No. 11-21

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 20, 2011 AUDIT AND INTERNAL CONROLS COMMITTEE MEETING OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting held on April 20, 2011 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Chairman Wright stated that the next item on the agenda was a resolution to recommend to the NIFA Board that it continue the employment of Albrecht, Viggiano and Zureck as NIFA's financial consultant. He stated that NIFA has paid them \$139,000 over the past few years which has enabled NIFA to save \$150,000 a year on a vacant position.

Upon motion duly made and seconded, the following resolution was approved unanimously:

Resolution No. 11-22

AUTHORIZATION TO CONTINUE THE EMPLOYMENT OF ALBRECT, VIGGIANO, ZURECK & COMPANY AS CONSULTANTS TO THE NASSAU COUNTY INTERIM FINANCE AUTHORITY AND TO TAKE RELATED ACTIONS

WHEREAS, the Nassau County Interim Finance Authority ("NIFA") or the ("Authority") was created by Chapter 84 of the Laws of 2000 (the "Act") to be a corporate governmental agency

constituting a public benefit corporation to issue bonds that are backed by county sales tax revenues as well as to perform certain budgetary oversight functions as set out in the Act; and

WHEREAS, the Authority currently has a Treasury Department that performs a variety of functions, including the principal and interest payments on approximately \$1.5 billion of outstanding NIFA bonds; and

WHEREAS, as a result of NIFA’s Treasurer resigning on March 28, 2008, the Directors authorized the employment of the accounting firm of Albrecht, Viggiano, Zureck & Company, P.C. (“AVZ”) to assist NIFA staff; and

WHEREAS, AVZ continues to have a large presence on Long Island and has experience in the types of areas that NIFA needs to compensate for the absence of its Treasurer; and

WHEREAS, AVZ has adequately performed its assigned tasks and responsibilities since being hired; and

WHEREAS, AVZ was previously hired from the State approved procurement contract vendor list, but said list not longer exists for accounting firms; and

WHEREAS, the experience gained by AVZ would make issuance of a request for proposals both impractical and inappropriate because of the extensive depth of experience that they have gained by working for NIFA over the past few years.

NOW, THEREFORE, BE IT RESOLVED, that the Materials presented to this meeting are hereby ordered to be filed with the records of the the Audit and Internal Controls Committee (the “Committee”) of the Nassau County Interim Finance Authority; and be it further

RESOLVED, that this Committee approves the request to continue the employment of AVZ as consultants to the Authority for an additional term commencing January 1, 2012 and continuing for five years or the total additional expenditure of \$200,000, whichever comes first, and all in accordance with the Materials; and be it further

RESOLVED that Committee recommends that this resolution be forwarded to the NIFA Directors for their review and approval.

* * *

Chairman Wright stated that the next item on the agenda was a resolution to recommend that the NIFA Directors adopt a new fund balance accounting policy. He stated that it is a new Governmental Accounting Standards Board Statement applicable to NIFA that requires renaming certain fund balances, such as, “reserve for prepaid” will be called “non-spendable”, “reserve for debt service” will be called “restricted” and “unreserved” will be called “unassigned”.

Upon motion duly made and seconded, the following resolution was approved unanimously:

Resolution No. 11-23

RECEIPT AND ACCEPTANCE OF THE FUND BALANCE POLICY AND RECOMMENDATION THAT THE FUND BALANCE POLICY BE SENT TO THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY.

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee of the Nassau County Interim Finance Authority (the “Committee”); and be it further

RESOLVED, that in accordance with the Materials, the Fund Balance Policy is hereby approved; and be it further

RESOLVED that the Committee recommends that the Fund Balance Policy be released to the Directors of the Nassau County Interim Finance Authority for their review and approval.

RESOLVED, that this resolution shall take effect immediately.

* * *

Chairman Wright stated that the next item on the agenda was a discussion on NIFA’s ten

month budget versus actual variance. Acting Treasurer Jane Cunneen stated that NIFA is on track to finish the year within its planned budget except for the control period expenses which due to timing were not included in the budget.

Chairman Wright stated that the final item on the agenda was a discussion on the audit plan with NIFA's auditor, Deloitte and Touche. He then asked Mike Molloy from Deloitte and Touche to give the presentation.

Mr. Molloy gave a brief presentation on the 2011 Annual Audit Plan which included an overview of the Deloitte team, audit scope for planning and testing, reporting and 2011 audit issues.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the members voted unanimously to adjourn the meeting at 4:17 PM.

Respectfully submitted,

Laurie A. Boucher
Corporate Secretary

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

May 17, 2012

TO: Christopher Wright, Ronald Stack, George Marlin, Robert Wild

FROM: Evan Cohen

SUBJECTS: NIFA's Proposed Financial Statements for the Year Ended December 31, 2011 ("Audit")

REQUEST FOR: Authority to Submit the Audit to the NIFA Directors

Background:

The Nassau County Interim Finance Authority ("NIFA") Act requires NIFA to conduct an annual financial audit performed by independent auditors (the "Audit"). The Audit and Internal Controls Committee Charter requires that the Committee review the Audit with NIFA's outside Auditor, which for Fiscal Year 2011 was Deloitte & Touche LLP.

The audit scope included three components: an audit of NIFA's financial statements, a review of our internal controls over financial reporting, and a review of our compliance with investment policies and procedures. The controls and compliance reviews were performed as part of the overall audit to obtain reasonable assurance that the financial statements are free of material misstatement.

Discussion:

NIFA's financial statements for the fiscal year ended December 31, 2011 were prepared by Jane Cunneen, Acting Treasurer, with the assistance of Albrecht, Viggiano, Zureck & Co., our outside consultants. Deloitte & Touche has now completed their audit, and their report dated May 10, 2012 is attached (the "Audit").

Deloitte & Touche has rendered an opinion that our statements fairly present NIFA's financial position at December 31, 2011 and the results of operations for the fiscal year ended December 31, 2011, in conformity with *Government Auditing Standards*. I recommend acceptance of the Audit.

Requested Action:

The Committee is requested to adopt the attached Resolution acknowledging receipt and acceptance of the Independent Auditors' Report on NIFA's Financial Statements for the Year Ended December 31, 2011 and recommending that it be accepted by the NIFA Board.

Attachments:

Resolution

Independent Auditors' Report Dated May 10, 2012

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 12-_____

RECEIPT AND ACCEPTANCE OF THE INDEPENDENT AUDITORS' REPORT ON THE AUTHORITY'S FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2011 AND RECOMMENDATION THAT THE REPORT BE SENT TO THE DIRECTORS OF NIFA

RESOLVED, that the materials presented to this meeting (the "Materials") are ordered to be filed with the records of the Audit and Internal Controls Committee of the Nassau County Interim Finance Authority (the "Committee"); and be it further

RESOLVED, that the Committee acknowledges receipt of the Deloitte & Touche LLP Independent Auditors' Report on NIFA's Financial Statements for the Year Ended December 31, 2011 (the "Audit") presented at the May 17, 2012 meeting of the Committee; and be it further

RESOLVED that the Committee accepts the Audit and approves the release of the Audit to the entire Board of the Nassau County Interim Finance Authority for their review and approval.

RESOLVED, that this resolution shall take effect immediately.

Christopher Wright
Chairperson

May 17, 2012

**TO BE DISTRIBUTED
UNDER SEPARATE
COVER**

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

May 17, 2012

TO: Christopher Wright, George Marlin, Robert Wild and Ronald Stack

FROM: Evan Cohen

SUBJECTS: Annual and Statutory Reports

REQUEST FOR: Authority to Submit the Annual and Statutory Reports to the NIFA Directors

Background:

The NIFA Act, Public Authorities Law, Public Authorities Accountability Act of 2005, and the Public Authorities Reform Act of 2009 require that the Nassau County Interim Finance Authority (“Authority”) annually issue numerous reports. For convenience it was determined that the majority of these reports should be submitted to the Directors for review and approval as attachments to the Annual Report. The Audit and Internal Controls Committee Charter requires that the Committee review the Annual Report.

Discussion:

The 2011 Annual Report (“Report”) of the Authority is attached. The Report briefly discusses the structure, mission and accomplishments of the Authority through December 31, 2011. Attached to the Report, are the following:

- 1) Authority Report on Debt Issuance
- 2) Audited Financial Statements for the Year Ended December 31, 2011 together with Independent Auditor’s Compliance Report on Investment Policies and Procedures;
- 3) Authority Report on Investments;
- 4) Authority Prompt Payment Report;
- 5) Authority Procurement Contracts Guidelines Report;
- 6) Authority Property Disposition Report;
- 7) Authority Mission Statement and Measurement Report;
- 8) Authority Code of Ethics;
- 9) Authority Act; and
- 10) Authority By-Laws.

Requested Action:

The Committee is requested to adopt the attached Resolution acknowledging receipt and acceptance of the Annual and statutory reports and recommending that they be accepted by the Authority Directors.

Attachments:

Resolution

Annual and Statutory Reports

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 12-_____

RECEIPT AND ACCEPTANCE OF THE ANNUAL AND STATUTORY REPORTS FOR FISCAL YEAR ENDED DECEMBER 31, 2011 AND RECOMMENDATION THAT THEY BE SENT TO THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee of the Nassau County Interim Finance Authority (the “Committee”); and be it further

RESOLVED, that in accordance with the Materials, the 2011 Annual Report of the Authority is hereby approved together with all the attachments thereto including but not limited to:

1. Authority Report on Debt Issuance
2. Audited Financial Statements for the Year Ended December 31, 2011 together with Independent Auditor’s Compliance Report on Investment Policies and Procedures;
3. Authority Report on Investments;
4. Authority Prompt Payment Report;
5. Authority Procurement Contracts Guidelines Report;
6. Authority Property Disposition Report
7. Authority Mission Statement and Measurement Report; and
8. Authority Code of Ethics.

and be it further

RESOLVED that the Committee recommends that the Annual and statutory reports be released to the Directors of the Nassau County Interim Finance Authority for their review and approval.

RESOLVED, that this resolution shall take effect immediately.

Christopher Wright
Chairperson

May 17, 2012

*Nassau County Interim
Finance Authority*



2011 ANNUAL REPORT

**170 Old Country Road, Suite 205
Mineola, NY 11501
(516) 248-2828
www.nifa.state.ny.us**

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
2011 ANNUAL REPORT**

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May 17 2012

The Honorable Andrew M. Cuomo
Governor of the State of New York
State Capitol
Albany, NY 12224

Dear Governor Cuomo:

Attached is the Annual Report of the Nassau County Interim Finance Authority (“NIFA”) for the year ending December 31, 2011.

In June 2000, the NIFA Act was passed by the State Legislature and signed into law by the Governor. The Act was the key element of a road map for Nassau County to improve its fiscal difficulties. Since its inception, NIFA has worked with the County Executive, Legislature, Comptroller and their staffs to develop plans, identify actions, and monitor progress toward achieving long-term structural balance. In addition to \$105 million of direct assistance NIFA has also provided the County with other monetary assistance of approximately \$400 million, which includes: debt service savings achieved through NIFA’s issuance of highly rated debt and its use of financial instruments solely available to NIFA; as well as temporary budget relief from debt restructurings.

At the end of 2011, NIFA had approximately \$1.5 billion in bonds outstanding and was rated in the highest rating category by Standard & Poor’s (AAA) and Fitch (AAA), and the second highest rating category by Moody’s (Aa1). The final maturity of NIFA’s outstanding bonds is November 15, 2025. NIFA’s statute requires it to remain in existence until all of its bonds have been paid or are no longer outstanding.

On January 26, 2011, following an extensive review and analysis, the NIFA Directors made a determination that the County’s 2011 Budget contained a significant level of risk and declared a Control Period, as defined by the Act, upon finding a likelihood and imminence of a major operating funds deficit, of more than one percent for FY 2011. Among other requirements, the imposition of a Control Period mandated the County to submit a revised multi-year financial plan to NIFA for approval.

On March 24, 2011, following a review of the County’s revised plan submission, the NIFA Directors determined that a wage freeze was essential to the County’s adoption and maintenance of its FY 2011 budget. Furthermore, the NIFA Directors declared a Fiscal

Crisis, as defined in the Act, and resolved to impose a wage freeze pursuant to the Authority's enabling legislation.

The most immediate challenge facing the County is to balance its budget. The hard choices that lie ahead will only be solved if all parties work together. The Authority is committed to working with State, County, and other local leaders to ensure decisive and meaningful action to achieve the long-term financial stability that County residents need and deserve.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald A. Stack". The signature is fluid and cursive, with the first name "Ronald" being the most prominent.

Ronald A. Stack
Chairperson

Encl.

cc:

Senate Majority Leader Dean Skelos
Assembly Speaker Sheldon Silver
State Comptroller Thomas P. DiNapoli
Assemblyman Herman D. Farrell, Jr., Chairman of the Assembly Ways and Means Committee
Assemblyman Robert C. Oaks, Ranking Minority Member of the Assembly Ways and Means Committee
Senator John A. DeFrancisco, Chairman of the Senate Finance Committee
Senator Liz Krueger, Ranking Minority Member of Senate Finance Committee
New York State Authorities Budget Office
Mr. Robert L. Megna, Director of the Budget
Mr. Edward P. Mangano, Nassau County Executive
Mr. Peter Schmitt, Nassau County Legislative Presiding Officer
Mr. Kevan Abrahams, Nassau County Legislative Minority Leader
Mr. George Maragos, Nassau County Comptroller
Mr. Beaumont Jefferson, Nassau County Acting Treasurer

Nassau County Interim Finance Authority

AUTHORITY DIRECTORS AND STAFF AS OF DECEMBER 31, 2011

Directors

Ronald A. Stack, Chairperson

George J. Marlin

Leonard D. Steinman

Thomas W. Stokes

Dermond Thomas

Robert A. Wild

Christopher P. Wright

Staff

Evan Cohen, Executive Director

Laurel Boucher, Corporate Secretary

Jane Cunneen, Acting Treasurer

Maria Kwiatkowski, Deputy Director

Jeremy Wise, General Counsel

NIFA MISSION STATEMENT

The Nassau County Interim Finance Authority (“NIFA”) was created by the State of New York as a public benefit corporation to improve the general prosperity and economic welfare of the inhabitants of Nassau County and the people of the State of New York. NIFA’s primary goal is to see that on a recurring basis, the County’s annual revenues are equal to its annual expenditures. To assist in its mission, NIFA was granted certain powers including the release of transitional state aid, the ability to borrow money on behalf of the County, and if necessary, to call a control period, as defined in the Act. While striving toward its goals, NIFA is continually mindful of the County’s right to operate independently as a municipal corporation of the State of New York.

INTRODUCTION

In response to persistent fiscal distress in Nassau County, a five-point recovery plan was prepared for the County in early 2000. The plan included:

- Creation of the Nassau County Interim Finance Authority (“NIFA”) as an oversight agency and highly rated borrowing mechanism to reduce the County’s borrowing costs.
- Oversight of the required County four year financial plan to ensure that recurring actions were taken by the County each year to reach structural budget balance.
- Special State Transitional Aid of \$100 million over five years, plus debt restructuring through NIFA, if the County took satisfactory action to close its structural deficit.
- Assistance of \$5 million to support reforms to reduce the County’s estimated \$400 million backlog of property tax claims.
- Imposition of hard control mechanisms if the County failed to meet certain financial management criteria.

The plan formed the basis of State legislation creating NIFA (the “Act”). The NIFA legislation was supported by a home rule message recommended by the Nassau County Executive and approved by a unanimous vote of the County Legislature. It was enacted with broad bipartisan support in the New York State Senate and Assembly.

NIFA came into existence on June 23, 2000 and the first meeting of its Directors took place on June 28, 2000. The Act has been amended several times since its original enactment; however, the triggers for - and NIFA’s ability to call a control period - have never been changed. The main changes have had to do with the amounts and timing of borrowings as well as the extension of the “Interim Finance Period,” as defined in the Act, through and including Fiscal Year 2008.

This Annual Report is made pursuant to Section 2800 of the Public Authorities Law, the NIFA Act, the Public Authority Accountability Act of 2005, and the Public Authorities Reform Act of 2009. The Report covers the year ended December 31, 2011. It also incorporates other reports required by New York State law.

DIRECTORS, MANAGEMENT AND CONTINUING OPERATION

The NIFA Act allows for a board of seven directors, each appointed by the Governor, one each upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. Four directors constitute a quorum for meetings and at least four directors must vote affirmatively for any action to be taken by the Authority.

The Governor also designates the chairperson and vice-chairperson from among the directors. There is currently no designated vice-chairperson. The Directors held meetings on the following dates in 2011: January 26th, March 24th, April^{20th}, May 2nd, July 14th, September 2nd, October 6th, December 8th, and December 22nd.

NIFA had four standing committees. Their name, membership and the dates of their respective meetings in 2011 were as follows:

1. Audit and Internal Controls held a meeting on April 20th and December 8th. Its membership consisted of Messrs. Christopher Wright, George Marlin, Ronald Stack and Robert Wild.
2. Employment and Compensation held meetings on December 8th. Its membership consisted of Messrs. Leonard Steinman, Ronald Stack, Thomas Stokes and Christopher Wright.
3. Finance held a meeting on April 20th and December 8th. Its membership consisted of Messrs. George Marlin, Ronald Stack, Robert Wild and Christopher Wright.
4. Governance held a meeting on April 20th and December 8th. Its membership consisted of Messrs. Robert Wild, Ronald Stack, Leonard Steinman and Thomas Stokes.

Except as noted under the section concerning the “Control Period Developments,” no new litigation was commenced against NIFA in 2011

Directors

Ronald A. Stack, Director and Chairperson.

Ronald A. Stack is a Managing Director and Head of the Northeast Public Finance Team of Wells Fargo & Company. Immediately prior to joining Wells Fargo, Mr. Stack worked as a Managing Director in the Public Finance Department of Barclays Capital. Previously, Mr. Stack headed Public Finance at Lehman Brothers and served as Chair of the Municipal Securities Rulemaking Board (MSRB). Mr. Stack also worked in public finance at Goldman, Sachs & Co. and as a management consultant for Deloitte Touche.

He also served as Deputy Secretary to the Governor of New York State. His term of office expires on December 31, 2012.

George Marlin, Director.

George J. Marlin serves as Chairman and Chief Operating Officer of The Philadelphia Trust Company. He is also a *New York Post* contributor and columnist for *Long Island Business News*. Mr. Marlin's essays have appeared in over two dozen periodicals including, *The New York Times*, *New York Daily News*, *Newsday*, *The Bond Buyer*, *National Review*, *The Washington Times* and *Newsmax*. His current term expires on December 31, 2013.

Leonard Steinman, Director.

Leonard Steinman is the immediate past Chairman of the Nassau County Industrial Development Agency. As a partner at the 550-lawyer firm of Blank Rome LLP, Mr. Steinman has counseled corporations and individuals and represented them in high-stakes litigation throughout the nation for more than 25 years. Mr. Steinman is also a Member of the Council of the State University of New York, College at Old Westbury. He received his Juris Doctor, cum laude, from Albany Law School of Union University and his Bachelor of Arts degree from Boston University. His current term expires on December 31, 2012.

Thomas Stokes, Director.

Thomas W. Stokes is the Chief Financial Officer and Administrator of Weill Cornell Imaging at NewYork-Presbyterian. Mr. Stokes has twenty years experience in business operations, accounting and finance, and has effected multiple strategic financial turnarounds and operational restructurings. He has served as Deputy County Executive for Operations and Finance for Nassau County, and was previously the County's CFO and Strategist for Health & Human Services. As Assistant Director of Finance and Operations with both Ernst & Young LLP and Capgemini US LLC, he managed the finances and operations for Healthcare Consulting, Strategy & Transformation, e-Commerce and New Business Ventures divisions. His current term expired on December 31, 2010 and he served as a holdover until his resignation from the Board in April of 2012. As of the publication of this document, his vacancy has not been filled.

Dermond Thomas, Director

Dermond Thomas serves as Director, Corporate Counsel of MSC Industrial Direct Co., Inc. Mr. Thomas has been a corporate transactional lawyer for over 10 years and has worked for Arnold & Porter LLP and Fried, Frank, Harris, Shriver & Jacobson LLP. Mr. Thomas has represented sovereign nations, companies and individuals in complex U.S. and foreign transactions, including securities offerings and mergers and acquisitions. He also serves as a Trustee on the Board of Trustees of the Village of Valley Stream. Mr. Thomas received his Juris Doctor from Columbia University School of Law and his

Bachelor of Arts in Economics from Amherst College. His current term expires on December 31, 2013.

Robert Wild, Director.

Robert A. Wild is a founding member of Garfunkel Wild, P.C. He has and continues to serve as its Chairman since the Firm's inception. He received his B.A. in 1964 from the State University of New York at Buffalo and his J.D. in 1967 from St. John's University School of Law. Mr. Wild a former Adjunct Professor of Health Law at Hofstra University Law School, also served as Assistant Clinical Professor of Health Law at Stony Brook University, is currently a member of the New York State Bar Association Health Law Section, and the Board of the St. John's Law School Alumni Association. His current term expired on December 31, 2010 and he currently serves as a holdover.

Christopher P. Wright, Director.

Christopher P. Wright, from Protiviti's New York office, is the firm-wide Managing Director of the firm's Finance Remediation and Reporting Compliance group. The firm is an independent risk consulting firm. Mr. Wright, a CPA, is also the Regional Managing Director for Protiviti's Northeastern United States Region and for Protiviti's Litigation, Restructuring and Investigation Services practice. He has over twenty years experience serving clients as an external and internal auditor, including 6 years as a partner at two global accounting firms. His term of office expires on December 31, 2013.

Officers

Evan L. Cohen, Executive Director.

Evan L. Cohen serves as Executive Director. He has over 20 years of financial management experience dealing with governments, including more than 4 years as Executive Director and 7 years as Deputy Director of the Authority. He previously worked for the New York State Financial Control Board for the City of New York. Mr. Cohen earned a BE in Electrical Engineering and an MBA in Finance.

Jeremy A. Wise, General Counsel

Jeremy Wise serves as General Counsel and Chief Borrowing Officer. Mr. Wise has been admitted to the practice of law in New York State since 1978. The majority of his legal career has been spent working in the area of public finance. He has been the General Counsel of the Authority since 2000.

Maria Kwiatkowski, Deputy Director

Maria Kwiatkowski serves as Deputy Director. She has extensive government service that includes leading development of performance management for Nassau County,

Budget Director for the University of DC, and Program Manager of the Budget Award Program at the national GFOA. Ms. Kwiatkowski holds a PhD in the Psychology of Performance from the University of Tennessee.

INITIATIVES AND ACCOMPLISHMENTS IN 2011

In the twelve years since NIFA was created it has continually worked to improve its efforts to support the State of New York and the citizens of Nassau County through service delivery that is accountable, transparent, and efficient. As such, we continue to revise and enhance reports, documents and supporting analyses to provide a fresh perspective and address the changing conditions of both the County and the larger economy.

NIFA also continues to work in cooperation with County staff and leaders to achieve mutually beneficial goals, help create cooperative alliances and generate problem-solving discussions.

Additionally, NIFA staff continues to improve its own professional development by attendance at various training programs and conferences.

The following items describe some of the initiatives undertaken and accomplishments achieved by NIFA during 2011. The description is not intended to be all-encompassing or comprehensive, but provides a synopsis of progress and achievements of NIFA staff.

Reports

The following Reports were issued by NIFA staff to the Directors:

- *Staff Review of the Multi-Year Financial Plan Update Fiscal 2011-2014* (July 14, 2011).
- *Review of Nassau County's Proposed Multi-Year Financial Plan Fiscal 2012-2015* (October 6, 2011).
- *Review of the Adopted Multi-Year Financial Plan Fiscal 2012-2015* (December 8, 2011)
- *NIFA 2010 Annual Report* (April 2011).

In addition, NIFA staff is continually updating various methods and approaches it uses to review Nassau County's financial and operational information. These include the:

- *Headcount* analysis designed to track year-to-date changes from the budget allocation and related vacancy savings.

- *Overtime Usage and History* reports that track current overtime spending by primary department usage and also compares this to historical spending for more accurate variance analysis.
- *Salaries and Wages* monitoring and year-to-date spending analysis as well as related projections.
- *Personal Services Budget review including* headcount (HC) by fund, department, control center and responsibility center and comparisons of the adopted full-time HC of the current year to the previous year.

Training & Professional Development

All NIFA staff has attended various training seminars and conferences to keep current in relevant governmental disciplines. These included, but were not limited to:

- New York State Government Finance Officers' Association Annual Conference (April). Staff attended sessions covering such topics as "Current Investment Strategies for Local Government," "Hot Topics in Public Sector Debt Management," and "Improving the Quality of Your Financial Reports."
- Webinar Training. Staff has participated in various webinar sessions via the internet such as:
 - Webcast conducted by Bank of America Merrill Lynch titled, "Paperless Benefits Projected to Save Millions" (March).
 - Making Additional Voluntary Submissions to EMMA, as Described in MSRB Notice 2011-20" by The Municipal Securities Rulemaking Board (MSRB) (May).
 - "GP Update and Convergence 2011 Review" sponsored by Micro Force (June).
 - "GASB Pension Accounting and Financial Reporting Exposure Drafts – Part I" hosted by KPMG Government Webcast Series (July).
 - "An Overview of the GASB's New Pension Proposals" conducted by the Government Accounting Standards Board (August).
 - Live video 15th Annual Governmental GAAP Update training by the national GFOA (November).
- Seminar offered by the New York State Archives department titled, "The Final Four: The Most-often Asked Records Management Questions" (September).

NIFA staff members have also participated in committees and continuing education meetings to maintain and improve professional competence, keep abreast of new technology and practices, or to comply with professional regulatory organizations such as:

- Participation in the New York State Governance Finance Officers' Association Accounting, Auditing and Financial Reporting committee.
- Attendance at continuing education courses in such topics as ethics, real estate and local government law.

Communication & Leadership

NIFA is constantly aware of the need for cooperative alliances in order to best serve its charge of assisting Nassau County and its citizens to restore fiscal integrity. As such, NIFA provided leadership by initiating the following meetings:

- Nassau County Office of Management and Budget (OMB) briefings (scheduled as needed). Per NIFA's request, meetings are also attended by staff from the County Comptroller, Office of Legislative Budget Review, and the Legislative Majority and Minority to receive updates from OMB; answers to questions submitted; and, obtain requested information.
- Nassau Health Care Corporation Meetings. Because the financial health of the Nassau Health Care Corporation ("NHCC") and its potential impact on Nassau County is a major concern for NIFA, staff and certain Directors of NIFA meet with NHCC and County leadership to discuss financial reports and multi-year financial plan of NHCC.
- NIFA Director and Committee Meetings (scheduled as needed). The meetings of the Directors cover all aspects of NIFA business in a public forum. Among the agenda items are matters dealing with the fiscal health of Nassau County, the compliance of NIFA with governmental accountability requirements, and approval of NIFA expenditures.
- Directors Briefings (scheduled as needed). These Briefings are an opportunity for NIFA staff to communicate with various Directors regarding NIFA staff views and analyses of County financial and operating issues and to receive feedback and guidance.

NIFA utilizes the services of the professional webcaster, Total Webcasting, to broadcast all NIFA public meetings and this has been done throughout fiscal year 2011. The webcast, posted on the NIFA website (<http://www.nifa.state.ny.us>) enables many more Nassau County citizens and stakeholders to view NIFA activities, business, and decisions that are conducted on their behalf.

Liaison Responsibilities

In 2011 NIFA has continued monitoring the County's finances and helped to facilitate dialogue among the County's elected and appointed leaders.

Financial monitoring meetings were held with representatives of the County Executive, County Legislature, County Comptroller and NIFA to review the County's finances. NIFA also monitored key financial indicators such as sales tax, staffing, and social service costs in order to allow NIFA to project year-end operating results.

NIFA also meets with the Nassau Health Care Corporation to remain up to date on their financial condition and with County representatives concerning the County's progress in streamlining its certiorari process.

NIFA ROLES AND RESPONSIBILITIES

The primary role of NIFA is to help restore Nassau County to fiscal health, so that the County can continue to provide essential services to its citizens while meeting obligations to holders of County debt. The Authority's powers and responsibilities fall into the principal categories of: financial oversight and monitoring; liaison to and between Nassau County leaders; and debt issuance on behalf of Nassau County.

Financial Oversight and Monitoring

NIFA's mission is to oversee and monitor the finances of Nassau County and, if necessary, establish a "control period" to exercise additional oversight powers. Since its inception, NIFA has continued to have a substantial positive impact on the County's budget, financial planning processes, and operating results.

Control Period Developments

On September 15, 2010, the County submitted its proposed budget for FY 2011. Subsequently, on October 30, 2010, the County Legislature completed enactment of a Multi-Year Financial Plan, including the FY 2011 Budget.

NIFA found that the FY 2011 Budget contained many risky revenue sources and cost savings. The County Comptroller and the Nassau County Office of Legislative Budget Review had concerns similar to those of NIFA. Moody's was also troubled by the County's financial condition and downgraded the County's credit ratings, both short and long-term.

In meetings with County leaders, and by letters and communications between staffs, NIFA continued to assert that the County's FY 2011 Budget was not balanced. At NIFA's December 30, 2010 meeting the County was given a final opportunity to dispel NIFA's belief that a statutory operating deficit was substantially likely and imminent. However, after reviewing the County's submissions and supporting data NIFA concluded at its January 26, 2011 meeting that the FY 2011 Budget faced a substantial likelihood and imminence of a major operating funds deficit, as defined by the Act, of greater than one percent and passed a resolution calling for the immediate implementation of a control period.

On March 22, 2011, the County submitted to NIFA a plan of proposed revisions to the FY 2011 budget to address the major operating funds deficit identified by NIFA. After reviewing the County's submission, NIFA concluded at its March 24, 2011 meeting that a wage freeze was essential to the County's adoption and maintenance of a FY 2011 budget. Furthermore, the NIFA Directors passed a resolution declaring a fiscal crisis and calling for the imposition of the wage freeze, pursuant to the Authority's enabling legislation.

On June 16, 2011, NIFA announced its engagement of a consultant to strategically review the County's finances and operations in order to formulate suggestions to help the County achieve structural balance in general and balance its budget for Fiscal Year 2012 in particular.

On June 24, 2011, the County Executive submitted to NIFA his Multi-Year Financial Plan (Update) Fiscal 2011-2014 (the "Midyear Plan"), which purported to reflect balance on a "budgetary basis of accounting," whereas the County is required by law to have a financial plan that is balanced according to Generally Accepted Accounting Principles ("GAAP").

NIFA staff prepared a report (the "Report") reviewing the Midyear Plan, which was presented to the Directors at their July 8, 2011 meeting. The Report concluded that the County continued on a path that would not achieve the fiscal balance required by law in Fiscal Year 2011 and the later years of the plan.

In September 2011, the County Executive submitted for NIFA's review his Proposed Multi-Year Financial Plan, Fiscal 2012-2015, the first year of which was its Proposed Budget for FY 2012.

On October 6, 2011, NIFA adopted a staff report and a resolution determining that the Proposed Plan failed to comply with the NIFA Act and making recommendations with respect to the Proposed Plan to be considered by the County Legislature.

On October 30, 2011, the County Legislature adopted its Multi-Year Financial Plan for Fiscal 2012 – 2015 (the "MYP"), the first year of which was the County's 2012 Budget. Subsequently, NIFA adopted a staff report on the MYP dated December 8, 2011, which described how the MYP (i) did not achieve statutory balance until its final year (2015), thereby predicting continuation of the current Control Period and (ii) projecting a continuing need to borrow for tax certiorari refunds, judgments and settlements, and certain termination benefits while transitioning to a balanced budget.

However, on December 8, 2011, NIFA reluctantly approved the MYP and the 2012 Budget with conditions, but expressly reserved judgment on whether the fiscal conditions existing at the expiration of the March 24, 2011 wage freeze would merit the imposition of an additional one-year wage freeze. Subsequently, on March 22, 2012 a new one year wage freeze was approved by the NIFA Directors.

Control Period Litigation in 2011

On January 26, 2011, the Authority determined that the County's proposed budget for fiscal year 2011 reflected a substantial likelihood that it would produce an operating funds deficit in excess of one percent of the aggregate result of operations of such funds and adopted a resolution which imposed a control period on the County pursuant to the

Act. On February 1, 2011, the County commenced a proceeding in State Supreme Court seeking to annul the Authority's determination. On March 11, 2011, the Court denied the County's motion for a preliminary injunction and converted the Authority's request for dismissal into a motion for summary judgment that the Authority's determination was not arbitrary or capricious. After the County determined to not contest the motion for summary judgment, the Court granted the Authority's motion for summary judgment, effectively ending the lawsuit against the Authority.

On March 24, 2011, after determining that the requirements of its governing legislation were met, the Authority exercised its authority to impose a one-year wage freeze on County personnel. Unions representing County personnel have filed lawsuits in the United States District Court for the Eastern District of New York against the Authority and its Directors. The lawsuits allege that the wage freeze is unauthorized by the Authority's governing legislation and unconstitutionally impairs the unions' collective bargaining agreements with the County in violation of the Contracts Clause of the United States Constitution. The cases are in the discovery phase.

Debt Issuance By or On Behalf of Nassau County

Revenues of the Authority ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses and other costs of the Authority are payable to the County as frequently as practicable.

NIFA's debt program was initiated in FY 2000 and continued successfully through 2011. Overall, NIFA bonds payable decreased in fiscal year 2011 by \$119,745,000 (7.27%), due to retirement of prior bond issues. As of December 31, 2011, the Authority had bonds outstanding of \$1,528,440,000, which were comprised of \$928,440,000 of conventional fixed rate debt and \$600,000,000 of synthetic fixed rate debt. Total estimated remaining debt service was \$1,908,920,000. NIFA's debt matures through the year 2025.

Fixed Rate Bonds – The Authority has issued fixed rate bonds at rates ranging between 1% and 6%. Interest on the Authority's Fixed Rate Bonds is payable on May 15 and November 15 of each year, and interest on the Variable Rate Bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15. A debt service account has been established under the Indenture to provide for the payment of interest on and principal of bonds outstanding under the Indenture. The Trustee makes monthly deposits to the debt service account in the amount of debt service accrued

through the end of that month. For the Fixed Rate Bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. For the Variable Rate Bonds, this is one-twelfth of the next principal payment and the amount needed to maintain a prudent level of funding in excess of the anticipated interest expense to be accrued that month.

Interest rates on all of NIFA's variable rate bonds are currently reset weekly by a remarketing agent at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder

In 2011, NIFA had one major transaction that affected its bonds:

On May 11, 2011, NIFA's substituted JPMorgan Chase Bank, National Association (for BNP Paribas) as the provider of a standby bond purchase agreement for its 2008A variable rate bonds. The new agreement will expire on May 11, 2014.

Swap Agreements

Board-Adopted Guidelines – On March 25, 2004, NIFA adopted guidelines (“Interest Rate Swap Policy”) with respect to the use of swap contracts to manage the interest rate exposure of its debt. The Interest Rate Swap Policy establishes specific requirements that must be satisfied for NIFA to enter into a swap contract.

Objectives of Swaps – To protect against the potential of rising interest rates, to achieve a lower net cost of borrowing, to reduce exposure to changing interest rates on a related bond issue or in some cases where Federal tax law prohibits an advance refunding, and to achieve debt service savings through a synthetic fixed rate. In an effort to hedge against rising interest rates, NIFA entered into nine separate pay fixed, receive-variable interest rate Swap Agreements during FY 2004 (the “Swaps”).

Background – NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of \$450 million in auction rate securities to provide for the refunding or restructuring of a portion of the County's outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County was a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- \$72.5 million notional amount (2004 Series B – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P. (“GSMMDP”)
- \$72.5 million notional amount (2004 Series C – swap agreement) with GSMMDP
- \$80 million notional amount (2004 Series D – swap agreement) with GSMMDP

- \$72.5 million notional amount (2004 Series E – swap agreement) with UBS AG
- \$72.5 million notional amount (2004 Series F – swap agreement) with UBS AG
- \$80.0 million notional amount (2004 Series G – swap agreement) with UBS AG

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150 million in auction rate securities to provide for the refunding of a portion of the County’s outstanding bonds, tax certiorari judgments and settlements to which the County was a party, other legal judgments, and settlements and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- \$50 million notional amount (2004 Series I – swap agreement) with GSMMDP
- \$50 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50 million notional amount (2004 Series K – swap agreement) with Morgan Stanley Capital Services (“MSCS”)

NIFA Outstanding Bonds

	Dollars in Thousands				
	Bond Par Issued	Balance at 1/1/11	Additions	Retired	Balance at 12/31/2011
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% serial and term bonds due through 2021	\$ 181,480	\$ 16,335	\$ -	\$ 8,275	\$ 8,060
Sales Tax Secured Bonds, Series 2003A 2% to 6% serial bonds due through 2023	275,990	201,065	-	11,885	189,180
Sales Tax Secured Refunding Bonds, Series 2003B 2% to 5% serial bonds due through 2018	238,485	112,545	-	22,510	90,035
Sales Tax Secured Bonds, Series 2004A 2% to 5% serial bonds due through 2013	153,360	53,050	-	15,310	37,740
Sales Tax Secured Bonds, Series 2004H 2.15% to 5% serial bonds due through 2017	187,275	150,015	-	7,650	142,365
Sales Tax Secured Bonds Series 2005A 3.26% to 4.8% serial due through 2024	124,200	124,200	-	11,925.00	112,275
Sales Tax Secured Bonds Series 2005 D 3.23% to 4.32% serial and term bonds due through 2022	143,795	107,075	-	13,185	93,890
Sales Tax Secured Variable Rate Bonds Series 2008 A-B * due 2018 through 2025	250,000	250,000	-	-	250,000
Sales Tax Secured Variable Rate Bonds Series 2008 C-E * due 2012 through 2019	355,055	350,000	-	-	350,000
Sales Tax Secured Bonds Series 2009 A 1% to 5% serial bonds due through 2025	303,100	283,900	-	29,005	254,895
	\$ 2,212,740	\$ 1,648,185	\$ -	\$ 119,745	\$ 1,528,440

*During 2011, the interest rate on the Variable Rate Bonds ranged from .01% to 1.25%.

Aggregate debt service to maturity as of December 31, 2011 is as follows (dollars in thousands):

Years Ending December 31, 2011	Principal	Interest*	Total
2012	\$ 144,580	\$ 63,844	\$ 208,424
2013	150,965	57,064	208,029
2014	156,850	50,293	207,143
2015	142,570	43,648	186,218
2016	136,155	37,233	173,388
2017–2021	579,705	110,085	689,790
2022–2025	217,615	18,313	235,928
	\$ 1,528,440	\$ 380,480	\$ 1,908,920

*Interest on the Variable Rate Bonds is calculated at the fixed payer rates on the associated interest rate swaps.

Sales tax revenue of \$967,088,000 provided 4.9 times coverage of NIFA’s 2011 total debt service of approximately \$197,313,000. The Authority used \$1,309,000 for general and administrative operational expenses, and \$1,865,000 for legal, accounting and consulting services, and other costs related to the imposition of a control period. Included in these expenses were salaries for certain positions that exceeded \$100,000. These positions were Executive Director, General Counsel, and Deputy Director.

NIFA maintained its high credit ratings on both its long and short term debt at year end, as follows:

Rating Agency	NIFA Long Term Debt Rating	NIFA Short Term Debt Rating
Fitch	AAA	F-1+
Moody’s Investors Service	Aa1	VMIG-1
Standard & Poor’s	AAA	A-1+

Administrative Matters

The Authority leases office space at 170 Old Country Road, Suite 205 in Mineola, New York. Its telephone number is 516 248-2828 and its fax number is 516 248-4050. Its website is <http://www.nifa.state.ny.us>.

During 2011 the Authority maintained its staff complement of five employees, four of whom have been with NIFA for more than 10 years. NIFA continued to implement and improve its monitoring, internal controls and oversight mechanisms. The NIFA website was also maintained and updated.

ADDITIONAL INFORMATION

Section 2800 of the New York State Public Authorities Law (“PAL”) specifies the required contents of State Authority Annual Reports. In addition to the information provided in the foregoing text, which sets forth the Authority’s Operations and Accomplishments, this NIFA Annual Report incorporates the Authority’s Audited Financial Statements for the year ended December 31, 2011 (Tab 2). The Audit sets forth NIFA’s receipts and disbursements, its assets and liabilities, and a schedule of its bonds and notes outstanding at the end of the year. Provision of the Audit also meets the requirements of Section 2802 of the Public Authorities Law.

NIFA has also included with this Annual Report other reports required by various provisions of State law as well as its authorizing legislation. These reports include:

- Authority Report on Debt Issuance, Tab 1 (NIFA Act, Section 3653)
- Audited Financial Statements for Year Ended December 31, 2011, Tab 2 (NIFA Act, Section 3663)

- Independent Auditor’s Compliance Report on Investment Policies and Procedures, Tab 2 (Required by NIFA Investment Guidelines)
- Revenues and Expenses - See Audited Financial Statements, Tab 2
- Assets and Liabilities - See Audited Financial Statements, Tab 2
- Outstanding Bonds and Notes - See Audited Financial Statements, Tab 2
- Assessment of Internal Controls – See Audited Financial Statements, Tab 2
- Authority Report on Investments, Tab 3 (PAL Section 2925)
- Authority Prompt Payment Report, Tab 4 (PAL Section 2880)
- Authority Procurement Contracts Guidelines Report, Tab 5 (PAL Section 2879)
- Compensation Schedule – See page 15
- Property Disposition Report, Tab 6
- Authority Mission Statement and Measurement Report, Tab 7
- Authority Code of Ethics, Tab 8
- Authority Act, Tab 9
- Authority By-Laws, Tab 10

The Authority Personnel Report required by PAL Section 2806 is submitted separately. The Authority Budget Report required by PAL Section 2801, which is to be submitted annually, not less than 90 days before the commencement of the Authority fiscal year, is submitted separately.

For additional information on the Authority, please contact:

Nassau County Interim Finance Authority
170 Old Country Road, Suite 205
Mineola, NY 11501
(516) 248-2828
www.nifa.state.ny.us

Tab 1

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUTHORITY REPORT ON DEBT ISSUANCE
YEAR ENDED DECEMBER 31, 2011**

Section 3653(7) of the NIFA statute requires that “At least annually, commencing no more than one year after the date on which authority bonds are issued, the authority shall report...on the costs financed by the authority and the amount of such financing for each such cost over the past year.”

In calendar year 2011, the Authority did not issue bonds or notes.

Tab 2

CERTIFICATION FORM

This is to certify that the attached Financial Statements for the Year Ended December 31, 2011 were approved by the Directors on April X, 2012 and that based on the knowledge of the Chief Executive Officer and the Acting Treasurer, (a) the information provided therein is accurate, correct, complete and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statement to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the Authority as of, and for, the periods presented in the financial statements.

Signed copy on file with NIFA

Evan L. Cohen, Executive Director

May 17, 2012

Date

Signed copy on file with NIFA

Jane F. Cunneen, Acting Treasurer

May 17, 2012

Date

**FINAL AUDITED FINANCIAL
STATEMENTS TO BE INSERTED
AFTER BOARD APPROVAL**

Tab 3

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUTHORITY REPORT ON INVESTMENTS
YEAR ENDED DECEMBER 31, 2011**

Section 2925 of the New York State Public Authorities Law requires State Authorities to “annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to the guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last investment report.”

The Authority’s annual Audited Financial Statement and the Independent Auditor’s Compliance Report on Investment Policies and Procedures, as required by the Authority’s Investment Guidelines, are in Tab 2. Other information required by Section 2925 follows.

Explanation of the Investment Guidelines and Amendments

The NIFA Investment Guidelines in effect as of December 31, 2011 are based on the principles and precepts of investment safety and control contained in the Office of the State Comptroller’s “Investment Guidelines for Public Authorities” as revised on January 2, 1998 and updated to include requirements of the Public Authorities Accountability Act of 2005 and the Legislation applicable as issued by the New York State Comptroller. The NIFA Guidelines set forth the Authority’s policy and objectives regarding the investment of Authority funds, in accordance with the NIFA statute and the bond indenture executed by NIFA and its Trustee for debt issuances, the Bank of New York, New York, New York.

As indicated in the Investment Guidelines, the Authority’s objectives for its investment program are:

1. Foremost, safeguarding the principal amount of the investment funds.
2. Developing a portfolio that considers the factors of liquidity, reasonable return on investments and diversification.

Investment Activity

As reported in the Authority Audit, NIFA received or accrued a total of \$100,000 in interest on investments during the fiscal year ended December 31, 2011. In addition, as of December 31, 2011 NIFA held marketable securities with maturity dates greater than 90 days for which accrued interest was included. Additionally, in accordance with accounting principles used by NIFA, these securities were valued at fair market value and the amount of unrealized depreciation of (\$797,000) was netted against interest income.

In the year ended December 31, 2011, NIFA had two principal types of investment accounts: (1) accounts held by the Bank of New York, Trustee under the Authority's bond Indenture, which contained debt service deposits; (2) NIFA operating fund and reserve accounts

Interest earned in the year ended December 31, 2011 from these accounts was as follows:

<u>Type of Account</u>	<u>Total Interest Earnings</u>
Bond and Note Related, held by Trustee	\$100,000

The Authority invests in accordance with the Act, as well as other applicable rules and regulations, the Indenture, and Authority Investment Guidelines amended and readopted by the Authority Directors on April 20 2011. As of December 31, 2011 the Authority held cash, Treasury Bills, and Federal Home Loan Mortgage Corporation Discount Notes. All bank deposits of Authority funds are required to be fully collateralized or insured. Collateral for the Authority cash and certificates of deposit, which is required to be 102% of the amount of the cash or certificate of deposit amount and is held by a third party custodian in the Authority's account, consisted of U.S. government and agency obligations.

Fees, Commissions, or Other Charges Paid

The Authority has not paid any fees, commissions or other charges to any investment banker, broker, agent, dealer and advisor for investment associated services. Investments over dollar thresholds set forth in the NIFA Guidelines have been awarded through competitive bid based on the highest yield to the Authority, except in limited instances of market disruption or special cash flow needs for which eligible securities were not reasonably available through bidding (as documented in the records of the Authority), in which instances eligible securities were purchased directly from the Authority's bank, Trustee, or approved broker/dealer.

NASSAU COUNTY INTERIM FINANCE AUTHORITY
INVESTMENT GUIDELINES
(Re-adopted September 12, 2003)
(Re-adopted June 22, 2004)
(Re-adopted, as amended, June 16, 2005)
(Re-adopted May 4, 2006)
(Re-adopted May 2, 2007)
(Re-adopted June 18, 2008)
(Re-adopted May 28, 2009)
(Re-adopted April 22, 2010)
(Re-adopted April 20, 2011)

Introduction

These investment guidelines (“Guidelines”) are adopted as required by Section 2925 of the New York Public Authorities Law.

ARTICLE ONE

Definitions

As used herein the terms set forth below are defined as follows:

- 1.1 "Authority" or “NIFA” means the Nassau County Interim Finance Authority, a corporate governmental agency and instrumentality of the State of New York, constituting a public benefit Corporation, established pursuant to Chapter 84 of the Laws of 2000 of the State of New York.
- 1.2 "Comptroller" means the State Comptroller.
- 1.3 "Investment Funds" means all monies and financial resources available for investment by the Authority, other than proceeds of bonds issued by the Authority.
- 1.4 "Repurchase Agreement" means a repurchase agreement satisfying the requirements set forth in Article 4 herein.
- 1.5 "Securities" means any or all of the investment obligations of the categories described in Section 4.1 of Article 4 herein.
- 1.6 "State" means the State of New York.

ARTICLE TWO

Scope

These guidelines shall govern the investment and reinvestment of Investment Funds and the sale and liquidation of investments, as well as the monitoring, maintenance, accounting, reporting and internal controls by and of the Authority with respect to such investment, sale, reinvestment and liquidation.

ARTICLE THREE

Investment Objectives

The Authority's investment activities shall have as their first and foremost objective the safeguarding of the principal amount of the Investment Funds. Additional considerations regarding the Authority's investment activities shall be liquidity of investments, realization of a reasonable return on investments and diversification of investments.

ARTICLE FOUR

Permissible Investments

- 4.1 The Authority may invest its Investment Funds in any and all of the following, if and to the extent permitted by statutes, regulations and bond resolutions applicable at the time of investment of such Investment Funds:
- a) obligations of the State or the United States government;
 - b) obligations the principal and interest of which are guaranteed by the State or the United States government;
 - c) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances (1) of any of the fifty largest banks in the United States which bank, at the time of investment, has an outstanding unsecured, uninsured and unguaranteed debt issue ranked in either of the two highest rating categories of two nationally recognized independent rating agencies; or (2) the certificates of deposit are fully collateralized by obligations of the United States government or obligations the principal and interest of which are guaranteed by the United States government; or (3) the certificates of deposit are held in a "municipal" bank account

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- a) obligations of the State or the United States government;
 - b) obligations the principal and interest of which are guaranteed by the State or the United States government;
 - c) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances (1) of any of the fifty largest banks in the United States which bank, at the time of investment, has an outstanding unsecured, uninsured and unguaranteed debt issue ranked in either of the two highest rating categories of two nationally recognized independent rating agencies; or (2) the certificates of deposit are fully collateralized by obligations of the United States government or obligations the principal and interest of which are guaranteed by the United States government; or (3) the certificates of deposit are held in a "municipal" bank account

and fully collateralized pursuant to General Municipal Law Section 10 and regulations of the Comptroller as the same shall be in effect from time to time, or (4) certificates of deposit in the amount of \$100,000 or less that are fully guaranteed by Federal Deposit Insurance.

- d) commercial paper of any bank or authority created under the laws of either the United States or any state of the United States which commercial paper, at the time of the investment, has received the highest rating of two nationally recognized independent rating agencies;
- e) bonds, debentures, or other evidences of indebtedness, issued or guaranteed at the time of the investment by the federal national mortgage association, federal home loan mortgage authority, student loan marketing association, federal farm credit system, or any other United States government sponsored agency, provided that at the time of the investment such agency receives, or its obligations receive, any of the three highest rating categories of two nationally recognized independent rating agencies;
- f) any bonds or other obligations of any state, or the United States of America or of any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which bonds or other obligations, at the time of the investment, have received any of the three highest ratings of two nationally recognized independent rating agencies;
- g) any repurchase agreement or other investment agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b), or (e) of this subdivision which securities shall at all times have a market value of not less than 102% of the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian;
- h) reverse repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b) or (e) of this subdivision which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New

York State or any national banking association domiciled in New York State, as custodian.

- i) investment agreements or guaranteed investment contracts with any financial institution whose senior long term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time such agreement or contract is entered into) in one of the three highest rating categories for comparable types of obligations by a rating agency;
- j) money market funds rated in one of the three highest rating categories for comparable types of obligations by a rating agency;

4.2 Specific Requirements Regarding Certificates of Deposit

4.2.1 Collateral for a Certificate of Deposit. If a certificate of deposit is required to be collateralized pursuant to Section 2 of paragraph (c) of section 4.1 of these Guidelines, the collateral must be reviewed weekly to determine if the market value of the collateral equals or exceeds the principal amount of the uninsured portion of the certificate of deposit plus accrued interest. If the market value of the collateral is insufficient, the issuer of the certificate of deposit must exchange or add to the amount of collateral to bring its market value equal to or in excess of the uninsured portion of the principal amount of the certificate of deposit plus accrued interest.

4.2.2 Standard Terms for Certificate of Deposit Collateral Agreement. The Authority shall negotiate and enter into a written agreement with each bank (and custodian) from which it has obtained a certificate of deposit. Such written agreement shall, at a minimum, address the following concerns:

- (a) The frequency of the valuation of the collateral to market, as set forth above (such valuation shall be done at least weekly);
- (b) The right and ability of the bank to substitute like Investment Securities as collateral;
- (c) Description of events of default which would permit the Authority or its custodian to liquidate or purchase the underlying Investment Securities;
- (d) Description of the party who is to have title to the underlying Investment Securities during the term of the agreement; and
- (e) With respect to the custodial bank, the agreement shall also provide that the custodial bank takes possession of the Investment Securities as agent of the Authority and that the claims of the custodial bank are subordinate to those of the Authority.

- 4.3 Specific Requirements Governing Repurchase Agreements. Notwithstanding Section 4.1 hereof, the following shall also apply to Repurchase Agreements.
- 4.3.1 Placement. The placement of Repurchase Agreements may be distributed among several authorized firms as appropriate to reduce the level of risk. The investment limit set for each such firm shall not be exceeded unless the Executive Director of the Authority makes a written finding that sufficient Securities are not available from other eligible firms. Not less frequently than once each year, the Authority's Executive Director shall review and, if appropriate, recommend adjustment of the investment limit for each eligible seller in light of such firm's current capitalization. All investment limit adjustments shall require the approval of the Treasurer and Executive Director.
- 4.2.2 Eligible Custodian Banks. To be eligible to hold the Securities which are the subject of a Repurchase Agreement, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Authority. Transfer of Securities, whether by book entry or physical delivery, should be confirmed in writing to the Authority by the custodial bank. The custodian should not be the same party that is selling the Securities. The Authority's Directors or their designee(s) must affirmatively find that a proposed custodial bank is financially sound before such bank may be eligible to perform custodial services for the Authority.
- 4.3.3 Maximum Maturity of Repurchase Agreements. Repurchase Agreements shall be limited to a maturity not to exceed thirty (30) days, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral if any deficiency is not restored within five (5) business days of such valuation. Collateral securities shall have maturities not exceeding thirty (30) years.
- 4.3.4 Standard Terms for Repurchase Agreements. The Authority shall execute a master Repurchase Agreement with each broker-dealer which outlines the basic rights of both buyer and seller including:
- (a) The events of default which would permit the Authority to liquidate or purchase the underlying Securities;
 - (b) The relationship between parties to the agreement, which should ordinarily be purchaser and seller;
 - (c) A requirement that there be a written contract with the custodial bank outlining the responsibilities of the bank and the parties to the agreement. Such an agreement must provide, among other things, that the custodial bank will not make payment for the Securities until the bank actually receives them and that the custodial bank

takes possession of the Securities exclusively for the Authority and that any claims of the custodial bank are subordinate to those of the Authority;

- (d) Procedures which ensure that the Authority obtains a perfected security interest in the underlying Securities. The Authority or its custodian must take possession of the Securities being purchased by physical delivery or book entry. Furthermore, the written agreement shall contain a provision that, in the event a court of final jurisdiction construes the specific Repurchase Agreement to be a loan, the seller shall be deemed to have granted the Authority a perfected security interest in the purchased Securities;
- (e) The market value of the Securities purchased under a repurchase transaction must be at least equal to the purchase price. The value of the Securities must be monitored and marked to market on a daily basis. Additional Securities shall be required if market fluctuations cause the market value of the purchased Securities to become less than the purchase price.

ARTICLE FIVE

Operating Procedures

- 5.1 Authorized Officers and Employees. Only the following persons shall be authorized to make investment decisions on behalf of the Authority: the Chairman of the Authority's Directors; the Executive Director; the Treasurer; and the General Counsel, but only if designated in writing by the Treasurer. The implementation of such investment decisions by placement of purchase or sale orders or otherwise shall be effected only by the foregoing officers and employees and by such employees as may from time to time be designated in writing by the Treasurer.
- 5.2 Standards for the Qualification of Brokers, Dealers and Agents. Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer which is authorized to do business in the State may become qualified by the Authority to transact purchases and sales of Securities (other than Repurchase Agreements) with the Authority. Factors to be considered in determining the qualification of such firms shall include the firm's capitalization, quality, size and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transaction. The determination of qualification

shall be made by the Treasurer, who shall maintain a list of all such qualified firms.

- 5.3 Standards for the Qualification of Investment Advisors. For the purpose of rendering investment advice to the Authority, the Authority may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, authority, or person which is authorized to do business in the State.

The Authority also shall consider the additional criteria (other than capitalization) enumerated in the preceding paragraph.

- 5.4 Standards for the Qualification of Custodial Banks. To be eligible to hold Securities as collateral for an investment made by the Authority, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Authority. Transfer of Securities, whether by book entry or physical delivery, should be confirmed to in writing to the Authority by the custodial bank. The custodian should not be the same party that is selling the Securities. To be eligible to perform custodial services, the Authority's Directors or their designee(s) must affirmatively find that the proposed custodial bank is financially sound.

- 5.5 Competitive Bids; Negotiated Prices. In connection with the purchase and sale of Securities, for each transaction in excess of two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Treasurer may specify in writing), the Authority shall utilize competitive quotations. For each transaction which is equal to or less than two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Treasurer may specify in writing), the Authority may utilize either competitive quotations or negotiated prices. The foregoing shall not apply to the purchase of government securities at initial auction. A complete and continuous record of all quotes, solicited and received, shall be maintained by the Treasury Department.

For each transaction (other than the purchase of governmental securities at initial auction) in excess of two and one-half million dollars (or such other threshold dollar amount as the Treasurer may specify in writing), a minimum of three separate solicitations will be made on each direct purchase or sale of a Security (including a Repurchase Agreement). The transaction shall be awarded to the dealer(s) offering the highest yield or return, provided that, with respect to Repurchase Agreements, the amount of the investment with each individual firm does not exceed the investment limit referred to in Section 4.2.1 above.

- 5.6 Written Contracts and Confirmations. A written contract and/or a written confirmation shall be a required for each investment transaction. With respect to the purchase or sale of Securities other than Repurchase Agreements, the

Authority shall not be required to enter into a formal written contract, provided that the Authority's oral instructions to its broker, dealer, agent, investment advisor or custodian with respect to such transactions are confirmed in writing at the earliest practicable moment. A written contract shall be required for each purchase and sale of a Repurchase Agreement.

- 5.7 Payment. Payment for investments shall be made only upon written confirmation of presentation of the physical Security, or in the case of book-entry form Securities, when credited for the custodian's account, which shall be segregated for NIFA's sole use. The custodian may act on oral instructions from an authorized officer of the Authority, such instructions to be confirmed in writing immediately by an authorized officer of the Custodian. Such collateral shall, on the date of purchase, be at least equal in market value to the amount of the investment.
- 5.8 Collateral. Except as specifically otherwise provided herein, the Authority's financial interest in its investments shall be fully secured or collateralized at all times in an amount not less than the original amount invested plus accrued, unpaid interest thereon. Only Securities permissible for investment by the Authority pursuant to these Guidelines (other than Repurchase Agreements) may be accepted as collateral. Pledges of proportionate interests in pooled collateral shall not constitute acceptable collateral. In the case of certificates of deposit and demand and time deposits, collateral shall be provided for amounts in excess of the applicable limit of coverage provided by the Federal Deposit Insurance Authority. Collateral shall be maintained in the custody of the Authority or an approved third party custodian at all times. To assure that, at all times, the market value of said collateral is at least equal to the original amount invested plus all accrued, unpaid interest, collateral shall be marked to market at the time the investment is made and thereafter daily with respect to Repurchase Agreements and weekly with respect to certificates of deposit.
- 5.9 Operating Procedure Manual. The Authority's Treasurer shall prepare a Standard Operating Procedure Manual for placing, controlling and reporting of all investment activity which shall be consistent with these guidelines, be approved by the Authority's Executive Director and shall be consistent with the following:
- (a) Each disbursement of funds (and corresponding receipt of Securities) or delivery of Securities (and corresponding receipt of funds) should be based upon proper written authorization. If the authorization is initially given orally, there should be written or telegraphic confirmation from the Authority's authorized officer to the custodian;
 - (b) The process of initiating, reviewing and approving requests to buy and sell Securities should be documented and retained for audit

purposes. Dealer limits should be established and reviewed regularly;

- (c) Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed in writing to the authority. Delivery of obligations sold should only be made upon receipt of funds;
- (d) Custodial banks should be required to report whenever activity has occurred in the Authority's custodial account;
- (e) There should be at least monthly verifications of both the principal amount and the market values of all investments and collateral. Appropriate listings should be obtained from the custodian and compared against the Authority's records;
- (f) A record of investments shall be maintained by the Authority's Treasurer. The records should identify the Security, the fund for which held, the place where kept, date of disposition and amount realized and the market value and custodian of collateral;
- (g) The establishment and maintenance of a system of internal controls;
- (h) Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- (i) A data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and
- (j) Requirements for periodic reporting and a satisfactory level of accountability.

ARTICLE SIX

Reports and Audits

The following reports and audits shall be prepared in connection with the Authority's investment program.

6.1 Annual Investment Report. Within ninety (90) days after the close of each fiscal year of the Authority, the Chairman shall submit to the Directors and the Authority shall file with the State Division of the Budget, Comptroller, State Senate Finance Committee and Assembly Ways and Means Committee an annual investment report, prepared with the assistance of the Treasurer, which shall include the following:

- 1) The Investment Guidelines required by Section 2925(3) of the Public Authorities Law and any amendments to such guidelines since the last investment report;
- 2) An explanation of the Investment Guidelines and amendments;
- 3) The results of the Annual Investment Audit (described below);
- 4) The investment income record of the Authority; and
- 5) A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the date of the last investment report.

6.2 Annual Investment Audit. Each year, the Authority shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the Authority's investments. (The Authority's financial statements with respect to investments, which are required to be prepared in conformance with generally accepted accounting principles for governments ("GAAP"), should contain all of the note disclosures on deposits with financial institutions and investments required by the Governmental Accounting Standards Board Statements No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" dated April 1986), as amended or supplemented. The Annual Investment Audit:

- 1) Shall determine whether: the Authority complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority's assets; and a system of adequate internal controls is maintained.
- 2) Shall determine whether the Authority has complied with applicable laws, regulations and State Comptroller's Investment Guidelines; and
- 3) Should be designed to the extent practical to satisfy both the common interest of the Authority and the public officials accountable to others.

6.3 Annual Investment Audit Report. The results of the Annual Investment Audit shall be set forth in a report (the "Annual Investment Audit Report") which shall include without limitation:

- 1) verification of collateral;
- 2) a description of the scope and objectives of the audit;
- 3) a statement that the audit was made in accordance with generally accepted government auditing standards;
- 4) a description of any material weaknesses found in the internal controls;
- 5) a description of all non-compliance with the Authority's investment policies as well as applicable laws, regulations and the State Comptroller's Investment Guidelines;
- 6) a statement of positive assurance of compliance on the items tested and negative assurance on those items not tested;
- 7) a statement on any other material deficiency or finding identified during the audit not covered in (6) above;
- 8) a report on the status of any swaps entered into by the Authority in accordance with its "Interest Rate Swap Policy", as the same shall be amended from time to time, and
- 8) recommendations, if any, with respect to amendment of these Guidelines.

The Annual Investment Audit Report shall be filed within ninety (90) days after the close of the Authority's fiscal year with the Coordinator of Public Authority Programs, Office of the State Comptroller, 110 State Street, Albany, NY 12236.

ARTICLE SEVEN

Affirmative Action

A program of Affirmative Action shall apply with respect to NIFA's corporate investment activities. NIFA shall seek to encourage participation by minority and women-owned financial services firms in the conduct of NIFA's corporate investment activities.

ARTICLE EIGHT

Miscellaneous

- 8.1 In connection with the Annual Investment Audit, each year the Authority shall review these Guidelines to determine whether the Authority shall amend or otherwise update these Guidelines.
- 8.2 The Authority's policy regarding conflicts of interest shall be followed regarding the investment of funds.

Tab 4

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUTHORITY PROMPT PAYMENT REPORT
YEAR ENDED DECEMBER 31, 2011**

Section 2880 of the Public Authorities law (PAL) requires the Authority to report on the scope and implementation of its Prompt Payment Policy, the parameters of which are set forth in the PAL. The report is to include: “(i) a listing of the types or categories of contracts which the corporation entered into during the twelve month period covered by the report...; (ii) the number and amount of interest payments made...; (iii) the number of interest chargeable days and the total number of days taken to process each late contract payment; and (iv) a summary of the principal reasons that such late payments occurred.”

In the year ended December 31, 2011, NIFA entered into one principal category of contract:

1. Contract related to GASB 53 financial information evaluation and presentation by NIFA in its’ audited financial statements.

For each existing contract, payments were made pursuant to approved invoices. All payments were made within prescribed time limits, so that no charges for interest would be incurred.

Tab 5

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUTHORITY PROCUREMENT CONTRACTS GUIDELINES REPORT
YEAR ENDED DECEMBER 31, 2011**

Section 2879 of the New York State Public Authorities Law requires State Authorities to “annually prepare and approve a report on procurement contracts which shall include the guidelines.”

Attached are the Procurement Guidelines (“Guidelines”) which were amended and readopted by the Authority at its April 20, 2011 meeting. The Guidelines deal with the means by which the Authority acquires goods or services and have been fully utilized since their enactment.

As required by Article X of the Procurement Guidelines a report on Procurement Contracts as of the end of each fiscal year summarizing procurement activity by the Authority for the period of the report including a listing of all Contracts entered into, the selection process used to select such Contracts and the status of existing Procurement Contracts is herein attached.

Procurement Contracts Entered Into In FY 2011

Pursuant to the Authority's Procurement Guidelines, this chart describes contracts greater than \$15,000. All contractors are selected pursuant to a request for proposals and authorization from the Authority's Directors.

Vendor	Service
PFM Group	Financial Advisor for GASB 53

Status of Contracts (Entered Into Prior to FY 2011)

Vendor	Service	Status of Contract
Albrecht, Viggiano, Zureck & Co	Accounting Services	Ongoing
AT&T	Phone Service	Ongoing
Bank of America, N.A.	Line of Credit (2008D-1 Bonds)	Ongoing
Bank of New York	Trustee Banking Services	Ongoing
Bank of New York Mellon	Trustee Banking Services	Ongoing
BNP Paribas	Line of Credit (2008B Bonds)	Ongoing
BNP Paribas	Line of Credit (2008D2 -E Bonds)	Ongoing
Cablevision	Communications	Ongoing
Citigroup	Remarketing Agents	Ongoing
Deloitte & Touche	Financial Auditing	Ongoing
Fitch Investors Service	Bond Monitoring Services	Ongoing
Fitch Rating Services	Ratings Agency	Ongoing
Goldman, Sachs & Co.	Remarketing Agents	Ongoing
Grant Thornton	Accounting Services	Ongoing
Ikon	Service Contract	Ongoing
J P Morgan	Line of Credit (2008C Bonds)	Ongoing
KBC Bank, N.V.	Line of Credit (2008B Bonds)	Ongoing
Lamont Financial Services Corporation	Financial Advisor	Ongoing
M R Beal	Remarketing Agent	Ongoing
Micro Force	Accounting Software and Training	Ongoing
Moody's	Ratings Agency	Ongoing
Moody's Investors Service	Bond Monitoring Services	Ongoing
Morgan Stanley	Remarketing Agents	Ongoing
Old Country Road Realty L.P.	Lease for NIFA Office	Ongoing
Sidley Austin Brown & Wood	Bond Counsel	Ongoing
Skadden Arps	Counsel	Ongoing
Standard & Poor's	Bond Monitoring Services	Ongoing
Standard & Poor's	Ratings Agency	Ongoing
Staples	Office Furniture and Supplies	Ongoing
Total Web Casting	Web Casting	Ongoing
UBS	Remarketing Agents	Ongoing
United States Life Insurance & Co.	Long Term Disability Insurance	Ongoing
Verizon	Phone Service	Ongoing

Verizon Wireless	Phone Service	Ongoing
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* These contracts were terminated in 2011 as indicated by an asterisk.

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
GUIDELINES REGARDING THE USE, AWARDING, MONITORING
AND REPORTING OF PROCUREMENT CONTRACTS**

(Effective June 13, 2000)
(Amended March 11, 2002)
(Re-adopted September 12, 2003)
(Re-adopted June 22, 2004)
(Re-adopted (as amended) June 16, 2005)
(Re-adopted May 4, 2006)
(Re-adopted May 2, 2007)
(Re-adopted-June 18, 2008)
(Re-adopted (as amended) May 28, 2009)
(Re-adopted April 22, 2010)
(Re-adopted April 20, 2011)

ARTICLE I

STATEMENT OF PURPOSE

101. These Nassau County Interim Finance Authority Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts (“Guidelines”) are adopted pursuant to the provisions of the Act and Section 2879 of the Public Authorities Law and shall be reviewed and approved by a quorum of the Authority’s Directors at least annually.

ARTICLE II

DEFINITION OF TERMS

201. Definitions. The following terms shall, for purposes of these Guidelines, have the following meanings unless the context shall clearly indicate some other meaning:

“Act” shall mean Chapter 84 of the Laws of 2000, as amended or supplemented.

“Authority” or “NIFA” shall mean the Nassau County Interim Finance Authority.

“Officer” shall mean any person so designated by the Directors of the Authority.

“Procurement Contract” or “Contract” means any written agreement of the Authority for the acquisition of goods or services of any kind in the actual or estimated amount of \$15,000, or more.

ARTICLE III

TYPES OF SERVICES FOR PROCUREMENT

301. The areas of responsibility and oversight requiring Procurement Contracts for personal services include, but are not limited to the performance of legal, accounting, management consulting, investment, banking, planning, training, statistical, research, public relations, architectural, engineering, construction, surveying, or other services of a consulting, professional or technical nature for a fee, commission or other compensation by a person or persons who are not providing such services as officers or employees of NIFA (“Personal Service(s)”).

302. The reasons for use of Procurement Contracts for Personal Service include, but are not limited to:

- a. Requirements of special expertise or unusual qualifications;
- b. Nature, magnitude complexity of services required;
- c. Lack of sufficient in-house resources, support staff, specialized facilities or equipment;
- d. Lower cost;
- e. Short term need for the services;
- f. Infrequent need for the services; and
- g. Distance of the location or locations where the services must be performed from the Authority offices or facilities.

302. Procurement Contracts for Goods

The types of goods requiring Procurement Contracts include:

- a. Goods needed in order to proceed with a project of NIFA; and
- b. Goods needed in order to support the administrative needs of NIFA.

ARTICLE IV

SELECTION OF PERSONAL SERVICE CONTRACTORS

400. Selection Criteria

Except as specifically waived in accordance with the provisions of these Guidelines, the Act, State law, rules or regulations, Procurement Contracts shall be awarded as follows:

1. General Policy

Procurement Contracts are to be awarded to persons/firms on a competitive basis to the maximum extent possible.

- a. Such awards are to be made after notice is published in the New York State Contract Reporter and after the solicitation of proposals obtained from at least three qualified persons/firms; however, this requirement shall be waived if there is already a vendor or vendors for such service(s) on the approved vendor list of the New York State Office of General Services.
- b. Such NIFA requests for proposals shall be preceded, where possible, by the preparation of reasonable cost estimates for such Contracts. Such cost estimates shall be the responsibility of the NIFA staff members initiating such requests for proposals.
- c. All proposals should be received at one designated location within the initiating department, and immediately should be stamped with the date and time of receipt.
- d. When appropriate, written selection criteria shall be prepared for each Contract, which shall include price as an important factor to be considered in the selection process. Analysis of the proposals and/or bids submitted and the award of the Contract shall be documented in reasonable detail. Awards to other than the low bidder shall include in such documentation the reason the low bidder was not selected.
- e. The initiator shall ensure that documentation related to proposals and/or bids and awards are maintained for not less than two years after completion of the services contracted for.

401. Advertisement Requirements

The solicitation of bids, proposals or submissions of qualification data for Personal Service contracts shall be made by the Authority in a manner determined by an authorized Officer of the Authority to be the most cost effective for providing reasonable competition for the Authority's Personal Service contracts while also promoting State business enterprises where possible, practical, feasible and consistent with open bidding. This may include advertisement in appropriate newspapers or trade journals, direct mailings to firms considered qualified and such other outreach mechanisms as are consistent with the policy of these Guidelines and as directed in section 2879 of the Public Authorities Law. Notice of Procurement Contracts opportunities must also be advertised in the State's New York State Contract Reporter.

402. Term

All contracts for Personal Services shall be limited to a maximum of one year unless the Authority Directors by resolution determine that a longer period for a particular contract is in the best interest of the Authority. Contracts for legal services and financial advice services shall not be longer than five years, including the initial contract period and any contract extensions approved by the Directors of the Authority.

403. Waiver of Selection Criteria

Procurement Contracts may be awarded without notice being published in the New York State Contract Reporter to persons/firms on a sole source or single source basis only on the written approval of the Executive Director or the Directors of NIFA. That approval will only be granted where the initiator can demonstrate:

- a. Emergency or other extraordinary circumstances exist which make competition impracticable or inappropriate; or
- b. Only one source for the goods or services is available; or
- c. Specialized services are required for which a certain person/firm's expertise is unique or such person/firm has greatly superior qualifications to perform the services at a cost that is determined to be fair and reasonable.

The initiator shall ensure that documentation related to the reason for awarding the contract on a sole source or single source basis and for not publishing notice in the New York State Contract Reporter is maintained for not less than two years after completion of the services contracted for.

404. Approval Process

The NIFA Directors shall approve the award of all Procurement Contracts for Personnel

Services, regardless of the amount of said contract.

ARTICLE V

SELECTION OF VENDORS AND SUPPLIERS FOR THE

PURCHASE OF GOODS

501. Except as provided by the Act, State law, rules or regulations, in the procurement of furniture, equipment, supplies and other goods for the Authority, the Authority shall perform the following tasks:
- a. Establish a realistic furniture, equipment and supplies budget.
 - b. Place advertisements for goods and service in the same manner as described in 401 of these Guidelines.
 - c. Perform a comparative pricing and cost analysis for each item needed, including prices of those items, which are available through the State Office of General Service contracts.
 - d. Prepare contracts and/or purchase orders for the acquisition of all commodities. Use of State contracts is preferable when the items are available at lower costs.
 - e. Monitor vendors for quality control and timely deliveries.
 - f. Verify the quantities received and the quality of the products in light of the specifications, and monitor the vendor invoices for timely payments.
 - g. If the estimated cost of the goods exceeds \$15,000 or more, a competitive bidding procedure will be followed.

ARTICLE VI

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE PARTICIPATION

601. The Authority shall, in order to promote the use of minority and women-owned enterprises in Procurement Contracts, solicit offers from minority and women-owned business enterprises known to have experience in the area of the goods or service to be provided, all in accordance with the NIFA Act and State and Federal laws and regulations.

ARTICLE VII

POLICIES TO PROMOTE THE PARTICIPATION BY NEW YORK BUSINESS ENTERPRISES AND NEW YORK STATE RESIDENTS IN PROCUREMENT CONTRACTS

701. The Authority shall comply with the Act and the State Omnibus Procurement Law when applicable.

ARTICLE VIII

PROVISIONS MADE A PART OF SERVICE CONTRACTS

801. Provisions to be contained in Personal Service contracts shall include but not be limited to:
- a. Scope of services;
 - b. Contract price or fee structure;
 - c. Method or basis of payment;
 - d. Use of the Authority's supplies;
 - e. Use of the Authority's personnel
 - f. Term of the contract; and
 - g. The Authority's Schedule A, "Conditions Applicable to NIFA Agreements with Law Firms and other Consultants" which Schedule is made a part of these Guidelines.

ARTICLE IX

PROCUREMENT CONTRACTS WITH FORMER OFFICERS OR EMPLOYEES OF THE AUTHORITY

901. The Authority may not enter into Procurement Contracts with former Officers or employees of the Authority or former employees of New York State who provided services to the Authority,

where such Contracts would be in contravention of law, would create a conflict of interest or may create the appearance of impropriety.

ARTICLE X

REPORTS TO THE DIRECTORS CONCERNING PROCUREMENT CONTRACTS

1001. The Authority shall annually prepare for approval by the Directors and public availability a report on Procurement Contracts as of the end of each fiscal year summarizing procurement activity by the Authority for the period of the report, including a listing of all Contracts entered into, the selection process used to select such Contractors and the status of existing Procurement Contracts. NIFA's Executive Director shall also prepare, on an annual basis, a report for submission to:

- a. The Division of Budget;
- b. The Department of Audit and Control;
- c. The Senate Finance Committee;
- d. The Assembly Ways and Means Committee;
- e. The Department of Economic Development; and
- f. Members of the public (upon receipt of reasonable requests therefore),

which shall include the Guidelines, amendments thereto, and an explanation thereof.

ARTICLE XI

ANNUAL REVIEW AND APPROVAL OF GUIDELINES

1101. The Directors shall annually review and approve these Guidelines.

ARTICLE XII

AMENDMENT OF GUIDELINES

1201. The Authority may, from time to time, amend by resolution, these Guidelines.

ARTICLE XIII

EFFECT OF NONCOMPLIANCE WITH GUIDELINES

1301. Failure by the Authority to comply with provisions of these Guidelines shall not be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement for the procurement of goods or services.

Attachment: Schedule A

SCHEDULE A

CONDITIONS APPLICABLE TO NIFA AGREEMENTS WITH LAW FIRMS AND OTHER CONSULTANTS (COLLECTIVELY, "CONSULTANT")

"NIFA" IS THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

ARTICLE I

RELATION OF CONSULTANT TO NIFA

1.1 SUPERVISION BY NIFA. The services to be performed by Consultant under this Agreement shall be subject to the general supervision and direction of NIFA provided that neither NIFA's exercise nor failure to exercise such supervision and direction shall relieve the Consultant of any of its obligations or responsibilities for its acts or failure to act pursuant to this Agreement.

1.2 CONSULTANT'S PERSONNEL. The Consultant shall designate in writing to NIFA one individual, satisfactory to NIFA, who shall be responsible for coordinating all of the services to be rendered by the Consultant and who shall be NIFA's normal point of contact with the Consultant on matters relating to such services. Such individual shall be replaced upon NIFA's written request.

1.3 APPROVAL OF SUBCONSULTANTS. The Consultant shall not employ, contract with or use the services of any consultant, special contractors, or other third parties (collectively "Subconsultant") in connection with the performance of its obligations under this Agreement without the prior written consent of NIFA. The Consultant shall inform NIFA in writing of the name, proposed service to be rendered, and compensation of the Subconsultant, and of any interest it may have in the proposed Subconsultant.

1.4 CONSULTANT AS INDEPENDENT CONTRACTOR. Notwithstanding any other provisions of this Agreement, the Consultant's status (and that of any Subconsultant) shall be that of an independent contractor and not that of an agent or employee of NIFA. Accordingly, neither the Consultant nor any Subconsultant shall hold itself out as, or claim to be acting in the capacity of an employee, or agent of NIFA.

1.5 CONFLICT-OF-INTEREST. The Consultant represents that:

(a) The Consultant has not now, and will not acquire, any interest, direct or indirect, present or prospective, in the project to which the Consultant's work relates or the real estate which is the subject of the project, or in the immediate vicinity thereof and has not employed and will not knowingly employ in connection with work to be performed hereunder, any person or entity having any such interest during the term of this Agreement.

(b) No officer, employee, agent or director of NIFA, or any of its subsidiaries shall be admitted to any share or part hereof or to any benefit to arise here from.

(c) No officer, employee, agent or director of NIFA, or any of its subsidiaries shall participate in any decision relating to this Agreement which affects his personal interest or the interests of any corporation, partnership, or association in which he is directly or indirectly interested; nor shall any officer, agent, director or employee of NIFA, or any of its subsidiaries have any interest, direct or indirect, in this Agreement or the proceedings thereof.

ARTICLE II

DOCUMENTS AND RECORDS

2.1 **MAINTENANCE OF RECORDS.** The Consultant shall, until three years after completion of its services hereunder or termination of this Agreement by NIFA, maintain and shall require each Subconsultant to maintain (a) complete and correct records of time spent by Consultant (and Subconsultant) in the performance of its obligations under this Agreement and (b) complete and correct books and records relating to all out-of-pocket expenses incurred under this Agreement, including, without limitation, accurate cost and accounting records specifically identifying the costs incurred by Consultant (and Subconsultant) in performing such obligations. Said time records shall specify the dates and numbers of hours or portions thereof spent by Consultant (and Subconsultant) in performing its obligations hereunder. Consultant shall make such books and records available to NIFA or its authorized representatives for review and audit at all such reasonable times as NIFA shall from time to time request. Consultant shall submit duplicate copies of time records and substantiation of out-of-pocket expenses at the time of submission of Consultant invoices in accordance with this Agreement.

2.2 **OWNERSHIP OF DOCUMENTS AND OTHER MATERIALS.** All originals and negatives of all plans, drawings, reports, photographs, charts, programs, models, specimens, specifications, and other documents or materials required to be furnished by the Consultant under this Agreement including drafts and reproduction copies thereof, shall be and remain the exclusive property of NIFA, and NIFA shall have the right to publish, transfer, sell, license and use all or any part of such reports, plans, drawings, specification and other documents without payment of any additional royalty, charge or other compensation to Consultant. Upon request of NIFA during any stage of the work, Consultant shall deliver all such material to NIFA.

The Consultant agrees that it shall not publish, transfer, license or, except in connection with carrying out its obligations under this Agreement, use or reuse all or any part of such reports and other documents, including working papers, without the prior written approval of NIFA, except that Consultant may retain copies of such reports and other documents for general reference use.

ARTICLE III

TERMINATION

3.1 OPTIONAL TERMINATION BY NIFA. NIFA at anytime, in its sole discretion, may terminate this Agreement or postpone, delay, all or any part of the Agreement upon written notice to the Consultant. In the event of such termination, postponement, or delay, NIFA shall pay the Consultant for reasonable professional time and out-of-pocket expenses incurred by Consultant to the date notice of such action is received by Consultant. The Consultant agrees to cause any agreement or contract entered into by Consultant with any Subconsultant to provide for an optional termination by Consultant similar to the provision of this Section 3.1.

ARTICLE IV

PROVISIONS REQUIRED BY LAW

4.1 CONSULTANT TO COMPLY WITH LEGAL REQUIREMENTS. The Consultant in performing its obligations and in preparing all documents required under this Agreement shall comply with all material applicable laws and regulations. All provisions required by such laws and regulations to be included in this Agreement shall be deemed to be included in this Agreement with the same effect as if set forth in full.

4.2 CONSULTANT TO OBTAIN PERMITS, ETC. Except as otherwise instructed in writing by NIFA, the Consultant shall obtain and comply with all legally required licenses, consents, approvals, orders, authorizations, permits, restrictions, declarations and filings required to be obtained by NIFA or the Consultant in connection with this Agreement.

4.3 NON-DISCRIMINATION.

The Consultant during the performance of this Agreement, specifically agrees that the Consultant will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability or marital status.

4.4 NO ASSIGNMENT WITHOUT CONSENT. The Consultant agrees that:

(a) It is prohibited from assigning, transferring or otherwise disposing of this Agreement, or of its rights or interests therein, or its power to execute such agreement to any person, company, partnership, or corporation, without the previous written consent of NIFA;

(b) If the prohibition of Section 4.4(a) be violated, NIFA may revoke and annul this Agreement and NIFA shall be relieved from any and all liability and obligations hereunder to the Consultant and to the person, company, partnership or corporation to whom such

assignment, transfer or other disposal shall have been made and the Consultant and such assignee or transferee shall forfeit and lose all the money theretofore earned under this Agreement.

ARTICLE V

OTHER STANDARD PROVISIONS

5.1 **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

5.2 **ENTIRE AGREEMENT/AMENDMENT.** This Agreement constitutes the entire Agreement between the parties hereto and no statement, promise, condition, understanding, inducement, or representation, oral or written, expressed or implied, which is not contained herein shall be binding or valid and this Agreement shall not be changed, modified or altered in any manner except by an instrument in writing executed by the parties hereto.

5.3 **CONFIDENTIALITY.** Consultant hereby agrees that all data, recommendations, reports and other materials developed in the course of this study are strictly confidential between Consultant and NIFA and Consultant may not at any time reveal or disclose such data, recommendations or reports in whole or in part to any third party without first obtaining permission from NIFA, other than as required by law. Notwithstanding the preceding sentence, Consultant shall cooperate fully with such third parties as NIFA may designate by written request. Such cooperation shall include making available to such parties, data, information and reports used or developed by Consultant in connection with this study.

5.4 **INDEMNIFICATION.** Notwithstanding anything to the contrary contained herein, Consultant shall be responsible for all injuries to persons, including death, or damage to property sustained while performing or resulting from the work under this Agreement, if and to the extent the same results from any act, omission, negligence, fault or default of Consultant or Subconsultants, or their employees, agents, servants, independent contractors or subcontractors retained by Consultant pursuant to this Agreement. Consultant agrees to defend, indemnify and hold the Indemnitees (the State of New York and NIFA) harmless from any and all claims, judgments and liabilities, including but not limited to, claims, judgments and liabilities for injuries to persons (including death) and damage to property, if and to the extent the same results from any act, omission, negligence, fault or default of Consultant or its Subconsultants, or their agents, employees, servants, independent contractors and subcontractors and from any claims against, or liability incurred by the indemnitees by reason of claims against Consultant or its Subconsultants, or their employees, agents, servants, independent contractors and subcontracts for any matter whatsoever in connection with the services performed under this Agreement, including, but not limited to, claims for compensation, injury or death, and agree to reimburse the indemnitees for reasonable attorneys' fees incurred in connection with the above. Consultant shall be solely responsible for the safety and protection of all its Subconsultants,

or the employees, agents, servants, independent contractors, or subcontractors of Consultant or its Subconsultants, and shall assume all liability for injuries, including death, that may occur to said persons due to the negligence, fault or default of Consultant, its Subconsultants, or their respective agents, employees, servants, independent contractors or subcontractors.

This Article shall survive the expiration or earlier termination of this Agreement.

5.5 **MISCELLANEOUS.** The parties hereto agree that this Schedule A shall be controlling in the event of any inconsistencies or conflicts between the terms of this Schedule A and any part of the Agreement.

ARTICLE VI

BILLING POLICY

6.1 **INVOICES.** The Consultant is required to submit detailed documentation in support of Consultant's request for reimbursement. All invoices and their accompanying documentation must be forwarded to:

Treasurer
Nassau County Interim Finance Authority
170 Old Country Road, Suite 205
Mineola, New York 11501

Invoices shall be made on the Consultants own invoice forms or letterhead and must include NIFA's contract and project numbers, if any. Consultant shall also include federal identification number with their first invoice, and a list of each individual who is expected regularly to bill time to this matter, his/her title and hourly billing rate. Invoices shall be in the form attached to this Schedule A. Time shall be billed on a 1/10th of an hour basis.

6.2 **REIMBURSABLE EXPENSES.**

Consultant's monthly invoices should present out-of-pocket expenses on a daily, itemized basis, grouped by general category. The Consultant must submit supporting documentation for each individual expense item over \$250. Out-of-pocket expenses will be reimbursed only in accordance with the attached **SCHEDULE OF MAXIMUM REIMBURSEMENT ALLOWANCES FOR NIFA AGREEMENTS WITH LAW FIRMS AND OTHER CONSULTANTS.**

6.3 **NON-REIMBURSABLES.**

The following will not be reimbursed:

- a) Flight insurance
- b) Valet Services (except five or more consecutive days)
- c) Personal expenses of any type
- d) Expenses paid for NIFA employees
- e) Travel to any NIFA office to "deliver vouchers or pick up check".

6.4 **NO REIMBURSEMENT FOR SALES TAX CHARGES**

NIFA is a public benefit corporation and as such is exempt from all sales and use taxes in New York State. NIFA will not reimburse the Consultant for sales or use taxes over \$10.00 incurred in connection with the contract. If the Consultant will make purchases of goods or services that involve sales or use taxes in excess of that amount, the Consultant must, in advance of making such purchases, obtain a sales tax certification from NIFA so that no such taxes are incurred.

6.5 **GENERAL.**

- (a) All receipts must be legible. Illegible receipts will not be reimbursed.
- (b) Whenever possible original receipts should be presented for reimbursement.

At any time or times until three years after completion of Consultant's services or earlier termination of this Agreement by NIFA, NIFA may have the vouchers and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related voucher, which are found by NIFA on the basis of such audit, not to constitute allowable cost. Any such payment may be reduced for overpayments or increased for underpayment, as the case may be.

Attachment to Schedule A

SCHEDULE OF MAXIMUM REIMBURSEMENT ALLOWANCES FOR NIFA AGREEMENTS WITH LAW FIRMS AND OTHER CONSULTANTS

Consultant will be reimbursed for the following types of expenses at the following maximum rates. Reimbursable expenses must be billed currently and in any event within 60 days of being incurred:

<u>TYPE OF EXPENSE</u>	<u>RATE OF REIMBURSEMENT</u>
Secretarial	None (unless overtime)
Word Processing	None (unless overtime and then up to \$50/hr)
Local Telephone Expenses	None
Taxis or Private Cars	Actual cost up to \$70; amounts over \$50 must be submitted for approval on a case-by-case basis. Mileage reimbursement for private cars is reimbursed at the rate set by the Internal Revenue Service.
Meal Charges	Actual cost of evening or overtime meals in the office up to \$30 and reasonable cost of outside catering service for meetings. No reimbursements for breakfast or lunch.
Time Spent Preparing Bills	None
Long Distance Telephone	Actual cost
Photocopying	Firm's standard rate, up to \$.25/page; Actual cost if outsourced.
Fax Transmission	None for incoming faxes; Firm's standard rate, up to \$1.00/page for outgoing faxes
Computer Research	Actual cost (no overhead) and only as needed and deemed cost effective.

Out-of-Town Travel Reasonable expenses, to be submitted for approval, in advance, on a case-by-case basis.

Postage and Overnight Mail None for individual letters;
FedEx and other special delivery services will be reimbursed at actual cost

Messenger Service Actual cost up to \$15.

Tab 6

Property Disposition Report

No less frequently than annually, the Contracting Officer shall prepare and submit to the Directors a report which summarizes all Property Disposition Contracts and entered into for the period of the report, which report will include a list of all Property Disposition Contracts, the process used to sell or dispose of any Property and the consideration and/or other benefits received or paid therefore, the name of the purchaser for all such property sold by the Authority, and the status of all existing Property Disposition Contracts.

For purposes of this Report the following defined terms shall apply:

"Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal or real property in accordance with these guidelines.

"Property" shall mean personal property in excess of five thousand dollars in value, real property, and any inchoate or other interest in such property owned by the Authority, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

"Property Disposition Contracts" shall mean written agreements for the sale, lease, transfer or other disposition of Property.

"Real Property" shall mean real property and interests therein.

Based upon the foregoing definitions, there have been no Property Disposition Contracts for calendar year 2011.

Tab 7

NASSAU COUNTY INTERIM FINANCE AUTHORITY (NIFA) MISSION STATEMENT AND MEASUREMENT REPORT

MISSION

Created by the State of New York as a public benefit corporation, it is the mission of NIFA to provide fiscal oversight of Nassau County (the “County”) in a manner that discourages certain practices which have occurred in the past and provides direction and assistance in budgetary and financial matters to restore the County to fiscal health while retaining the County’s right to operate independently as a municipal corporation of the State of New York.

DESCRIPTION

The Authority is a corporate governmental agency and instrumentality of the State of New York, constituting a public benefit corporation. The Authority’s operations are supported entirely through sales tax revenues (“NIFA Revenues”) and investment earnings.

GOALS

1. Evaluate Nassau County's financial condition.
2. Comment upon the County's Operating Budget, Multi-Year Financial Plan and related financial issues.
3. Serve as liaison between the County’s legislative and executive branches.
4. Manage NIFA's bond and SWAP portfolio on behalf of the County.
5. Enhance NIFA's commitment to implement its mission through continued internal development and growth.

OBJECTIVES

1. Utilize analytic tools, economic indicators, and policy trends to evaluate the County's short-term and long-term fiscal stability.
2. Produce reports and correspondence to inform the County's stakeholders of NIFA's assessment of the County's spending and revenue decisions.
3. Facilitate meetings among Nassau County elected officials, administration and NIFA Board members and staff.
4. Monitor the financial markets for opportunities to refund NIFA bonds and SWAPs to achieve cost savings and ensure fiscal stability.
5. Conduct periodic bids for the investment of NIFA's debt service set-asides to maximize interest earnings.
6. Provide professional development opportunities to NIFA staff via training, seminars and conferences.

PERFORMANCE MEASURES

	FY 2010 Actual	FY 2011 Actual	FY 2012 Projected
Analysis of County Financial Reports (% completed)	100%	100%	100%
NIFA Reports Produced (# of)	3	4	3

Contracts Reviewed	0	305	750
Bond and Portfolio Adjustments (# completed)	3	3	2
Investment Bids (# of bids solicited)	16	16	16
Training Sessions (# attended)	10	10	10
NIFA Meeting of the Board of Directors	5	9	9

Tab 8

CODE OF ETHICS
OF THE
NASSAU COUNTY INTERIM FINANCE AUTHORITY

(Adopted, May 4, 2006)
(Readopted, as Amended, May 2, 2007)
(Readopted June 18, 2008)
(Readopted May 28, 2009)
(Readopted April 22, 2010)
(Readopted, as Amended, April 20, 2011)

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NASSAU COUNTY INTERIM FINANCE AUTHORITY CODE OF ETHICS

I. Introduction

The Nassau County Interim Finance Authority (the “Authority”), as a public entity, has a responsibility for maintaining the highest level of honesty, ethical conduct and public trust in all of its activities. To meet this responsibility the Authority is adopting this Code of Ethics to address important aspects of ethical conduct.

Authority Employees are entitled to privacy in their personal affairs. At the same time, as employees of a public entity, Authority Employees are responsible for conducting Authority business solely in the public interest.

This Code of Ethics applies to the Authority's Employees, including Directors, and Former Employees. This Code of Ethics is divided into the following areas: (1) introduction (2) definitions used in this Code of Ethics, (3) standards of ethical conduct, (4) use of material, nonpublic and confidential information (5) restrictions on post-employment activities, (6) certification of absence of conflict of interest, (7) requests for interpretation, clarification and waiver of this Code of Ethics, and (8) remedies for breaches of this Code of Ethics.

This Code of Ethics states in specific form the Authority's position on conflicts of interest. Personal integrity is the cornerstone of this Code of Ethics. Each Employee has the primary responsibility for avoiding Financial Interests and Other Interests, which create a conflict with his or her job.

In a case where any Employee, regardless of level or job assignment, believes his or her Financial Interest or involvement in a Transaction might present a conflict of interest, the Employee must immediately notify his or her supervisor and disqualify himself or herself from involvement in the Transaction until advised in writing that he or she may continue to be involved in the Transaction.

Upon the request of an Employee's supervisor, the General Counsel of the Authority may advise the supervisor whether an existing or prospective Transaction involving the Employee would create a possible conflict of interest.

Any person, who has a question as to whether a prospective personal or business Transaction or assumption of a position of responsibility or trust would be a violation of this Code of Ethics, may request in writing an advance determination on the matter from the Authority's General Counsel pursuant to Section VIII of this Code of Ethics.

This Code will be reviewed and updated as necessary with a copy distributed to each Employee.

II. Definitions

The following definitions apply to this Code of Ethics.

- A. "Authority" means the Nassau County Interim Finance Authority.
- B. "Benefit" means any gain or advantage to, or reduction in the liabilities of, the beneficiary and includes any gain or advantage to, or reduction in the liabilities of, a third person pursuant to the desire or consent of the beneficiary.
- C. "Confidential Information" means information which is available to an Employee only because of his or her status as an Employee of the Authority and is not a matter of public knowledge.
- D. "County" means Nassau County, New York.
- E. "Dependent Child" means a son, daughter, stepson or stepdaughter of an Employee, who is either: (1) unmarried, under age 21, and is living in the household of the Employee or (2) a "dependent" of the Employee within the meaning of section 152 of the Internal Revenue Code of 1954.
- F. "Employee" means, for the purpose of this Code of Ethics, any person employed by the Authority, and any Director.
- G. "Employee's Independent Business" means, for the purposes of Section III (B) (6) of this Code of Ethics, a firm or association of which an (1) Employee, or an Employee's Spouse or Dependent Child is a member, or (2) a corporation, 10% or more of the stock of which is owned or controlled directly or indirectly by such Employee or an Employee's Spouse or Dependent Child. This definition shall exclude any employee of a governmental public entity.
- G. "Family Member" means any person living in the same household as the Employee, and any person related to the Employee within the third degree of consanguinity or affinity.
- I. "Financial Interest" means:
 - 1. Ownership of an interest, either active or passive (e.g., stock ownership), or involvement in a relationship from which or as a result of which there has been received within the past 12 months, or there is an entitlement to receive in any future year, more than \$1,000 or its equivalent;
 - 2. Ownership of an interest in a business or real property which interest (a) has a market value in excess of \$5,000, (b) reflects a 10 percent ownership of the business, or (c) in the case of an Employee or an Employee's Spouse or Dependent Child, constitutes 25 percent of the net worth of the person owning such interest, or the combined net worth of the Employee and his or her Spouse and Dependent Child. This excludes an interest in the Employee's primary personal residence. In determining the value of an interest, debts, mortgages, liens or other encumbrances thereon are to be disregarded; or

3. Liability or indebtedness to a person or business in excess of \$5,000, excluding liabilities owed to relatives and excluding mortgages, liens or other encumbrances on or secured by real property which is the Employee's primary personal residence or furniture or appliances therein.

J. "Former Employee" means persons other than Directors who are no longer Employees of the Authority but were Employees in the time period following the effective date of this Code of Ethics.

K "Gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless the donor receives consideration of equal or greater value.

L. "Key Employee" means any Employee who (1) receives annual compensation in excess of the filing rate established by paragraph (1) of § 73-a of the Public Officers Law,* or (2) holds a policy-making position as determined annually by the Authority and filed with the State Ethics Commission.**

M. "Other Interest" means holding a position in a business such as an officer, director, trustee, partner, proprietor, executor, employee, or a position of management, or acting as a consultant, agent or representative therefore in any capacity.

N. "Spouse" means the married partner of an Employee (1) who has not received a decree of permanent separation from such Employee or (2) who is not living separate and apart from the reporting Employee with the intention of terminating the marriage or providing for permanent separation.

O. "Trading" means, in reference to securities, the buying and selling of securities (including bonds or notes), or the buying and selling of options, calls, puts, or any other right relating to a security.

P. "Transaction" means buying, selling, renting (as lessor or lessee), or otherwise acquiring or disposing of services, materials, supplies, equipment, or property having a value of one hundred dollars or more or an interest having a value of one hundred dollars or more in such services, materials, supplies, equipment or property; borrowing or investment of money; preparing, requisitioning, ordering, approving, advising on, administering or otherwise acting in reference to the performance of a contract having a value of one hundred dollars or more; or the promulgation of rules and regulations affecting such activities.

* As of the April 1,2010 this level is \$88,256;

** A list of the Employees who hold policy making positions at the Authority is attached hereto as Appendix C.

III. Standards and Principles of Conduct

The following standards and principles of conduct are to be followed to assure compliance with this Code of Ethics. A breach of these standards and principles constitutes a violation of this Code of Ethics.

A. General Standards and Principles

1. An Employee shall not have any interest or incur any obligation, financial or otherwise, direct or indirect, or engage in any business or Transaction or professional activity, which is in conflict with the proper discharge of his or her duties in the public interest.

2. An Employee shall avoid any action, whether or not specifically prohibited by this Code of Ethics, which might result in or create the appearance of:

- (a) using his or her official position for private gain;
- (b) giving preferential treatment to any person, including himself or herself;
- (c) lacking independence or impartiality;
- (d) affecting adversely the confidence of the public in the integrity of the Authority; or
- (e) violating any provision of this Code of Ethics.

3. No Employee shall use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others.

4. An Employee shall not by his or her conduct give reasonable basis for the impression that any person may improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.

B. Specific Standards and Principles

1. No Employee shall be involved in any Transaction as representative or agent of the Authority with, or be involved in any evaluation of, any business entity in which the Employee, the Employee's Spouse or Dependent Child has a direct or indirect Financial Interest that might reasonably tend to conflict with the proper discharge of his or her official duties. Prior to becoming involved in any Transaction as representative or agent of the Authority with, or becoming involved in any evaluation of, a business entity in which the Employee, the Employee's Spouse or Dependent Child holds a Financial Interest, the Employee, the Employee's Spouse or Dependent Child must sell or transfer such Financial Interest.

2. No Employee, Employee's Spouse or Dependent Child shall acquire, except by Gift, inheritance or the dissolution of a trust, any Financial Interest in any business entity which the Employee has reason to believe may be directly involved in decisions to be made by him or her which will create conflict between his or her duty in the public interest and his or her private interest. If an Employee, an Employee's Spouse or Dependent Child receives such a Financial Interest by Gift, inheritance,

operation of an automatic dividend reinvestment plan or the dissolution of a trust, the interest shall be promptly sold or transferred. If an Employee's Spouse or Dependent Child receives or retains such a Financial Interest in violation of the foregoing provisions, it will be deemed to be a violation by the Employee of this provision.

3. No Employee shall (1) accept employment which will impair his or her independence of judgment in the exercise of his or her official duties, including employment by Nassau County or any Covered Organization under the NIFA Act, or which involves a matter in which the Authority has a substantial interest, or (2) receive or enter into any agreement for any compensation for the appearance or rendition of services against the interest of the Authority in relation to any case, proceeding, or matter.

4. If any Employee shall have a Financial Interest, either direct or indirect, in any Transaction to which the Authority is, or is to be, a party, such interest shall be promptly disclosed in writing to the General Counsel of the Authority.

5. No Employee shall accept employment or engage in any business, which will require him or her to disclose Confidential Information which he or she has gained by reason of his or her official position or authority.

6. No Employee shall disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.

7. No Employee, Employee's Spouse or Dependent Child, or an Employee's Independent Business shall (1) sell any goods or services having a value in excess of twenty-five dollars to the Authority, or (2) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised, directly or indirectly, by the Authority or any of its officers, unless such goods or services are provided pursuant to an award of contract let after public notice and competitive bidding. If an Employee's Spouse or Dependent Child engages in the conduct described in the preceding sentence, it will be deemed to be a violation by the Employee of this provision.

8. (a) No Employee may take part in any hiring or employment decision relating to a Family Member. If a hiring or employment matter arises relating to a Family Member, then the Employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

(b) No Employee may take part in any contracting decision: (i) relating to a Family Member; or (ii) relating to any entity in which a Family Member is an officer, director or partner, or in which a Family Member owns or controls 10% or more of the stock of such entity. If a contracting matter arises relating to a Family Member, then the Employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

9. (a) No Employee, Employee's Spouse or Dependent Child shall, directly or indirectly, solicit, accept or receive any Gift having a value of \$75 or more, whether in the form of money, service, loan, meal payment, travel, entertainment, hospitality, thing, or promise, or in any other form, from any person or entity:

(1) which is regulated by, negotiates with, appears before on other than a ministerial matter, does business with or seeks to do business with or has contracts with the Authority (including, but not limited to, vendors, bidders, proposers, contractors, subcontractors or consultants), as well as anyone, whether or not a registered lobbyist, who attempts to influence the Authority's decisions; or

(2) under circumstances in which it could reasonably be inferred that the Gift was intended to influence the Employee, or could reasonably be expected to influence the Employee in the performance of the Employee's official duties, or was intended as a reward for any official action on the Employee's part.

(a) An Employee, and an Employee's Spouse or Dependent Child may not receive within a single calendar year, two or more Gifts of the type identified in paragraph (a) above, which individually are worth less than \$75 but in the aggregate equal or exceed \$75.

(b) An Employee may not solicit, accept or receive a gift of any value if to do so would constitute a substantial conflict with the proper discharge of his or her duties in the public interest.

(c) If an Employee's Spouse or Dependent Child engages in the conduct prohibited by paragraph (a) or (b) above, it will be deemed to be a violation by the Employee of such provisions.

C. Applicable New York Law

These standards do not replace and are in addition to the requirements of law, particularly Sections 73 and 74 of the New York Public Officers Law, which, among other things, govern the business activities of Authority Employees and set forth the State Code of Ethics.

Sections 73 and 74 of the Public Officers Law are incorporated by reference into this Code of Ethics.

IV Use of Material, Nonpublic and Confidential Information

It is the policy of the Authority to prohibit all Employees from (1) trading in securities (which includes municipal bonds or notes) based on material, nonpublic information derived from or relating to Authority activities and (2) disclosing confidential information to unauthorized third parties

A. Trading of Securities Based on Material, Nonpublic Information

1. Employees shall not trade in bonds or other securities issued by the Authority based on material, nonpublic information derived from any source or from disclosing such information for the purpose of allowing third parties to profit from trading in Authority securities.

2. Employees shall not trade in stocks, bonds or other securities issued by other business entities based on material, nonpublic information obtained in the course of their duties for the Authority and shall not disclose such information for the purpose of allowing others to profit from trading in securities issued by other business entities based on such information.

Information is material if there is a substantial likelihood that a reasonable investor would consider the information important in making his or her investment decision concerning the securities in question.

Information is nonpublic if, in the case of Authority securities, it has not been publicly disseminated by the Authority. Information is nonpublic if, in the case of securities issued by other business entities, it has not been publicly disseminated by those business entities.

Disclosure or Use of Confidential Information

Employees shall not disclose confidential information obtained in the course of their duties at the Authority to any third party not authorized to receive such information and shall not profit from the use of such information.

Information is confidential if it has been expressly designated as confidential or should be treated as confidential because of the nature of, or circumstances surrounding, such information. If an Employee has a question concerning the confidential status of any information, he or she should consult with General Counsel regarding such information.

Employees who violate the provisions of this section may be subject to civil and criminal penalties under Federal and state laws, including fines and/or imprisonment. In addition, Employees who violate the provisions of this section may be subject to disciplinary action by the Authority, including termination of employment.

VI. Restrictions on Post-Employment Activities of Former Employees

The post-employment activities of persons who are Former Employees are governed by the restrictions set forth in Section 73 of the Public Officers Law, attached hereto as Appendix A.

VII. Certification of Absence of Conflict of Interest

All Employees are required to certify that they have read this Code of Ethics and that they have no conflict of interest. The Certification Form is attached hereto as Appendix E. These certifications shall be submitted to the Human Resources Department.

Any Employee who knowingly fails to complete, sign and submit the required Certification Form violates this Code of Ethics and may be subject to disciplinary action.

VIII. Requests for Interpretation, Clarification or Waiver of This Code of Ethics

A. Interpretation and Clarification

An Employee may submit a written request to the General Counsel for an interpretation or clarification of the provisions of this Code of Ethics.

B. Waivers

An Employee may submit a written request to the Chairman of the Authority for a waiver of any restriction contained in this Code of Ethics. All waiver requests shall include a description of the nature of the restriction or prohibition for which waiver is sought; the nature of the Employee's interest involved; the effect on the Employee or the Authority of the restriction or prohibition for which the waiver is sought; and the reasons why the waiver should be granted.

IX. Remedies for Breaches of This Code of Ethics

In addition to any other remedies, civil or otherwise, which the Authority may have, an Employee or Former Employee who violates this Code of Ethics may be disciplined under this Code of Ethics. Remedies or disciplinary action may be imposed only upon the basis of a written statement of findings and recommendations by the General Counsel, and may include one or more of the following:

1. Issuance of written warnings;
2. Direction of corrective action to eliminate the conflict of interest;
3. Restitution;
4. Changes in assigned duties or suspension or termination of employment; provided, however, that only the Chairman shall impose said remedies.

A Former Employee found to have violated this Code of Ethics is subject to one or more of the following: written warnings; termination of existing Transactions involving the individual in question to the extent permitted by law; disqualification or suspension from future Transactions of the Former Employee and/or the person on whose behalf he or she is participating in Transactions with the Authority; and notification to appropriate persons that a conflict exists.

APPENDIX A

Policy Making Positions of the Nassau County Interim Finance Authority

Executive Director

Deputy Director

General Counsel

Corporate Secretary

Treasurer

Deputy Treasurer

APPENDIX B

Anti-Retaliation Policy

NASSAU COUNTY INTERIM FINANCE AUTHORITY (“NIFA”) ANTI-RETALIATION POLICY

A. PRELIMINARY STATEMENT

The Authority is committed to a professional working environment and the prevention of discrimination, harassment, violence, malfeasance, misconduct, wrongdoing and/or any other unethical conduct in the workplace. The Authority prohibits acts of Retaliation against any Employee or Former Employee who files a complaint, provides information or otherwise assists in an investigation regarding acts of discrimination, harassment, violence, malfeasance, misconduct, wrongdoing and/or unethical behavior in the workplace.

B. SCOPE

This policy is applicable to all Authority Employees and Former Employees, as defined below, and prohibits Retaliation against any Employee or Former Employee who exercises his/her rights under law and/or as outlined herein. This Anti-Retaliation Policy is not intended to supplant, but rather complement and supplement, existing NIFA policies.

C. DEFINITIONS

As used in this Anti-Retaliation Policy, the following terms have the following meanings:

1. “Authority” or “NIFA” means the Nassau County Interim Finance Authority.
2. “Code of Ethics and Conduct” means the “Code of Ethics of the Nassau County Interim Finance Authority” dated May 4, 2006, as the same may be amended or supplemented from time to time.
3. "Employee" means any person employed by the Authority and any Director of the Authority.
4. “Employee Handbook” means the policies, principles and procedures established for Employees of the Authority, as periodically updated.
5. “Former Employee” means any person who is no longer an Employee of the Authority.
6. “Retaliation” means acts or omissions taken in response to reports made pursuant to this policy, including but not limited to discrimination, harassment, discharge, demotion, suspension, threats and negative job references.

D. REPORTING

Employees and Former Employees are encouraged to report, provide information or otherwise assist in the investigation of actual, potential or suspected violations of the Code of Ethics and Conduct, the Employee Handbook and/or any other applicable laws, policies or regulations governing Employee or Former Employee behavior, including this Anti-Retaliation Policy. Early reporting and intervention is encouraged in order to minimize the possibility of continued violations.

Depending on the circumstances, Employees and Former Employees may, in good faith, report alleged violations to the General Counsel, the Executive Director, the NIFA Chairman or the Finance and Internal Controls Committee (each defined as a "Reporting Entity") either in person, via email or other form of writing. Reports of alleged violations will be kept confidential, except to the extent reasonably necessary to conduct an investigation, as set forth below. Reports may also be made anonymously; however, a lack of sufficient, specific information may adversely affect the ability to conduct a meaningful investigation of the alleged violation.

E. INVESTIGATIONS

Upon notification of an alleged violation of the law and/or the Authority's policies and/or regulations governing Employee and Former Employee behavior, including acts of Retaliation, the Reporting Entity will promptly investigate or cause the investigation of such violation, as appropriate under the circumstances. In no event shall any person who is alleged to be involved in the alleged violation or Retaliation supervise or conduct the investigation. The investigation, which will be conducted through interviews with the reporting Employee or Former Employee and/or other Employees or Former Employees, as well as through the required production and review of relevant documentation and such other steps as are determined appropriate by the official conducting or supervising the investigation, will seek to ascertain whether such violation occurred.

Employees alleged to have violated this Anti-Retaliation Policy will be given an opportunity to be heard during the investigation process.

Upon the conclusion of an Investigation, the Reporting Entity shall review the findings of the investigation with the Executive Director (unless he is the subject of the Investigation, in which case the finding shall be discussed directly with the Chairman), and shall promptly make a recommendation to the Chairman as to what disciplinary action, if any, should be taken. Such recommendation will be communicated to the appropriate supervisor and any other affected Employees, as necessary.

The Authority will maintain a written record of each report and how it was investigated and resolved. The Authority will endeavor to maintain the confidentiality of such written record, to the extent possible and appropriate.

F. REMEDIES

Investigations of violations that are determined to be substantiated, or knowingly false reports of violations under this Anti-Retaliation Policy, will result in disciplinary action, including but not limited to issuance of written warnings, corrective action, restitution, change of employment status, training, counseling, suspension without pay, or termination.

APPENDIX C

Certification Form

Please sign & return a copy of this Certification Form to the General Counsel.

RECEIPT FOR CERTIFICATION FORM

This is to acknowledge that I have received a copy of the Code of Ethics and understand that it contains important information on the Authority's policy and on my obligations as an employee.

I acknowledge that I have read the Code of Ethics and that it is intended to give me information about the Code of Ethics policy of the Authority.

I have read and understand the contents of the Code of Ethics. I agree to abide by the conditions specified in this policy and by other rules, practices or procedures that the Authority adopts.

Please sign and date this receipt and return it to the General Counsel.

Print Name

Dated

Signature

Tab 9

Mckinney's Consolidated Laws of New York Annotated [Currentness](#)

Public Authorities Law

Chapter 43-A. Of the Consolidated Laws

[Article 10-D](#). Miscellaneous Authorities

[Title 1](#). Nassau County Interim Finance Authority

→ § 3650. Short title

This title shall be known and may be cited as the “Nassau County Interim Finance Authority Act”.

→ § 3651. Definitions

For the purposes of this title, unless the context otherwise requires:

1. “Authority” or “Nassau county interim finance authority” means the public benefit corporation created by this title.
2. “Bonds” means bonds, notes and other evidences of indebtedness, issued or incurred by the authority.
3. “Chief fiscal officer” means the chief fiscal officer of the county as defined in the county charter.
4. “Comptroller” means the comptroller of the county.
5. “Control period” means a period determined by the authority in accordance with [section thirty-six hundred sixty-nine](#) of this title.
6. “County” means the county of Nassau.
7. “County charter” means the county government law of Nassau county, as amended.
8. “County executive” means the county executive of the county.
9. “County tax revenues” means (a) that portion of tax revenues that is deducted and withheld for transfer and credit by the authority to the county of Nassau revenue anticipation note withholding fund established by the authority and (b) the balance of tax revenues transferred by the authority to the county, pursuant to [section thirty-six hundred fifty-seven](#) of this title.
10. “Covered organization” means the Nassau health care corporation, and any other governmental agency, public authority or public benefit corporation which receives or may receive moneys directly, indirectly or contingently from the county, but excluding the authority and (i) any governmental agency, public authority or public benefit corporation specifically exempted from the provisions of this title by order of the authority upon application of such agency, public authority, or corporation to the authority or at the authority's own motion upon a finding by the authority that such exemption does not materially affect the ability of the county to adopt and maintain a budget pursuant to the provisions of this title, and provided that at the time of such exemption, there shall have been and during the period of such exemption there shall be an annual audit by a nationally recognized independent certified public accounting firm or

consortium of firms, one of which shall be a nationally recognized firm, of the covered organization's financial statements performed in accordance with generally accepted auditing standards and report by such auditor thereon which includes an opinion that the financial statements so audited have been prepared in accordance with generally accepted accounting principles and such other information as such auditors deem appropriate, (ii) any state public authority as defined in [section two hundred one of the civil service law](#), unless specifically named above, or (iii) any governmental agency, authority, commission or instrumentality created by compact or agreement between the state of New York and another state or states; provided, however, that the authority may terminate any exemption granted by order of the authority pursuant to this subdivision upon a determination that the circumstances upon which such exemption was granted are no longer applicable.

11. "Director of the budget" means the director of the budget of the state.

12. "Financeable costs" or "costs" means costs to finance (a) amounts necessary to accomplish a refunding, repayment or restructuring of a portion of the county's outstanding indebtedness or that of any covered organization, (b) cash flow needs of the county, (c) tax certiorari settlements and judgments of any kind to which the county is a party, (d) appropriated capital costs of the county, including the costs of any preliminary studies, surveys, maps, plans, estimates and hearings, (e) amounts necessary to finance any county deficit, to the extent authorized by state law, or (f) incidental costs, including, but not limited to, legal fees, printing or engraving, publication of notices, taking of title, apportionment of costs, and capitalized interest, insurance premiums, costs related to items authorized in [subdivisions seven through ten of section thirty-six hundred fifty-four](#) of this title or any underwriting or other costs incurred in connection with the financing thereof.

13. "Financial plan" means the financial plan of the county and the covered organizations to be developed pursuant to [section thirty-six hundred sixty-seven](#) of this title, as from time to time amended.

14. "Interim finance period" means the period of time from the effective date of this title until the date when (a) the authority shall determine, based on annual audit reports furnished in accordance with this title, that for each fiscal year, through and including fiscal year two thousand eight, that the county has adopted and adhered to budgets covering all expenditures the results of which did not show a major operating funds deficit when reported in accordance with generally accepted accounting principles, subject to the provisions of this title, and shall further determine that in the then current fiscal year there is a substantial likelihood that the results of the county's operations will not show a deficit in the major operating funds when so reported and (b) the chief fiscal officer shall certify that securities sold by or for the benefit of the county during the fiscal year immediately preceding such date and the then current fiscal year in the general public market satisfied the financing requirements of the county during such period and that there is a substantial likelihood that such securities can be sold in the general public market from such date through the end of the next succeeding fiscal year in amounts which will satisfy substantially all of the capital and seasonal financing requirements of the county during such period in accordance with the financial plan then in effect.

15. "Legislature" means the legislature of the county.

16. "Major operating funds" means the general fund, the police district fund, the police headquarters fund, the county parks fund and the fire prevention fund of the county, together with any other funds of the county or a covered organization from time to time designated by the authority.

17. "NCIFA assistance" means the amount of debt service savings in a given fiscal year generated from the proceeds of bonds made available to or for the benefit of the county or any covered organization as determined by the authority.

18. "Presiding officer" means the presiding officer of the legislature, elected pursuant to the rules of the legislature.

19. "Projected gap" means the excess, if any, of annual aggregate projected expenditures over annual aggregate projected revenues for the major operating funds in each year of a financial plan as determined by the county and certified by the authority. For purposes of determining the projected gap in each fiscal year, annual aggregate projected revenues shall not include the amount of NCIFA assistance or transitional state aid expected to be available for such fiscal year.

20. "Public corporation" means and includes the county, the state and every public corporation as defined in the general construction law.

21. "Revenues" means the tax revenues and all aid, rents, fees, charges, payments and other income and receipts paid or payable to the authority or a trustee for the account of the authority to the extent such amounts are pledged to bondholders, but in no event shall revenues include any transitional state aid.

22. "State" means the state of New York.

23. "Tax revenues" means sales and compensating use tax net collections paid or payable to the authority pursuant to [section twelve hundred sixty-one of the tax law](#).

24. "Transitional state aid" means any state aid appropriated to the authority for the benefit of the county for (a) unrestricted aid purposes and (b) the purpose of assisting the county in streamlining the tax certiorari claims process and eliminating the need to borrow for such costs.

→ § 3652. Nassau county interim finance authority

1. There is hereby created the Nassau county interim finance authority. The authority shall be a corporate governmental agency and instrumentality of the state constituting a public benefit corporation.

2. In accordance with the provisions of this title, the authority may issue bonds only to finance costs, including the refunding of bonds issued by the authority to finance costs, and fund reserves to secure such bonds.

3. The authority shall continue until its oversight, control or other responsibilities, and its liabilities have been met or otherwise discharged. Upon the termination of the existence of the authority, all of its rights and property shall pass to and be vested in the county.

→ § 3653. Administration of the authority

1. The authority shall be administered by seven directors appointed by the governor. Of the seven directors, one each shall be appointed on the written recommendation of the majority leader of the state senate, the speaker of the state assembly and the state comptroller, respectively. Two of the members appointed directly by the governor and the members appointed on the recommendation of the majority leader of the state senate, the recommendation of the speaker of the state assembly and the recommendation of the state comptroller shall be residents of the county of Nassau. Each director shall be appointed for a term of four years, provided however, that two of the directors first appointed by the governor shall serve for a term ending December thirty-first, two thousand four, and the five other directors first appointed shall serve for the following terms: the directors appointed on recommendation of the majority leader of the state senate, the speaker of the state assembly and the state comptroller shall serve for a term ending

December thirty-first, two thousand five and the two remaining directors first appointed directly by the governor shall serve for a term ending on December thirty-first, two thousand six. Each director shall hold office until his or her successor has been appointed and qualified. Thereafter each director shall serve a term of four years, except that any director appointed to fill a vacancy shall serve only until the expiration of his or her predecessor's term.

2. The governor shall designate a chairperson and a vice-chairperson from among the directors. The chairperson shall preside over all meetings of the directors and shall have such other duties as the directors may prescribe. The vice-chairperson shall preside over all meetings of the directors in the absence of the chairperson and shall have such other duties as the directors may prescribe.

3. The directors of the authority shall serve without salary, but each director shall be reimbursed for actual necessary expenses incurred in the performance of such director's official duties as a director of the authority.

4. Notwithstanding any inconsistent provision of any general, special or local law, ordinance, resolution or charter, no officer, member or employee of the state of New York, any city, county, town or village, any governmental entity operating any public school or college, any school district or any other public agency or instrumentality which exercises governmental powers under the laws of the state, shall forfeit his or her office or employment by reason of his or her acceptance of appointment as a director, officer or employee of the authority, nor shall service as such director, officer or employee of the authority be deemed incompatible or in conflict with such office or employment.

5. Four directors shall constitute a quorum for the transaction of any business or the exercise of any power of the authority. No action shall be taken by the authority except pursuant to a favorable vote of at least four directors participating in a meeting at which such action is taken.

6. The authority shall appoint a treasurer and may appoint officers and agents as it may require and prescribe their duties.

7. At least annually, commencing no more than one year after the date on which authority bonds are first issued, the authority shall report to the county executive, county legislature, the county comptroller, the director of the budget and the state comptroller on the costs financed by the authority and the amount of such financing for each such cost over the past year.

→ § 3654. General powers of the authority

Except as otherwise limited by this title, the authority shall have the following powers in addition to those specially conferred elsewhere in this title, subject only to agreements with bondholders:

1. to sue and be sued;
2. to have a seal and alter the same at pleasure;
3. to make and alter by-laws for its organization and management and, subject to agreements with its bondholders, to make and alter rules and regulations governing the exercise of its powers and fulfillment of its purposes under this title;
4. to make and execute contracts and all other instruments or agreements necessary or convenient to carry out any

powers and functions expressly given in this title;

5. to commence any action to protect or enforce any right conferred upon it by any law, contract or other agreement;

6. to borrow money and issue bonds, or to refund the same, and to provide for the rights of the holders of its bonds;

7. as security for the payment of the principal of and interest on any bonds issued by it pursuant to this title and any agreements made in connection therewith and for its obligations under bond facilities, to pledge all or any part of its revenues or assets;

8. to procure insurance, letters of credit or other credit enhancement with respect to its bonds, or facilities for the payment of tenders of such bonds or facilities for the payment upon maturity of short-term notes not renewed;

9. to enter into interest rate exchange or similar arrangements with any person under such terms and conditions as the authority may determine, not inconsistent with the general laws of this state and other provisions of this title, including, without limitation, provisions as to default or early termination and indemnification by the authority or any other party thereto for loss of benefits as a result thereof; provided, however, that such exchanges or similar arrangements shall be limited to fifty percent of the amount authorized in [subdivision one of section thirty-six hundred fifty-six](#) of this article to pay the financeable costs described in paragraph (a) of [subdivision eleven of section thirty-six hundred fifty-one](#) of this article;

10. to procure insurance, letters of credit or other credit enhancement with respect to arrangements described in subdivision nine of this section;

11. to accept gifts, grants, loans or contributions of funds or financial or other aid in any form from the county, state or federal government or any agency or instrumentality thereof, or from any other source and to expend the proceeds for any of its corporate purposes in accordance with the provisions of this title;

12. subject to the provisions of any contract with bondholders, to invest any funds held in reserves or sinking funds, or any funds not required for immediate use or disbursement, at the discretion of the authority, in (a) obligations of the state or the United States government, (b) obligations the principal and interest of which are guaranteed by the state or the United States government, (c) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any of the fifty largest banks in the United States which bank, at the time of investment, has an outstanding unsecured, uninsured and unguaranteed debt issue ranked in either of the two highest rating categories of two nationally recognized independent rating agencies, (d) commercial paper of any bank or corporation created under the laws of either the United States or any state of the United States which commercial paper, at the time of the investment, has received the highest rating of two nationally recognized independent rating agencies, (e) bonds, debentures, or other evidences of indebtedness, issued or guaranteed at the time of the investment by the federal national mortgage association, federal home loan mortgage corporation, student loan marketing association, federal farm credit system, or any other United States government sponsored agency, provided that at the time of the investment such agency receives, or its obligations receive, any of the three highest rating categories of two nationally recognized independent rating agencies, (f) any bonds or other obligations of any state or the United States of America or of any political subdivision thereof or any agency, instrumentality or local governmental unit of any such state or political subdivision which bonds or other obligations, at the time of the investment, have received any of the three highest ratings of two nationally recognized independent rating agencies, (g) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b) or (e) of

this subdivision which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian, and (h) reverse repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b) or (e) of this subdivision which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian.

13. to appoint such officers and employees as it may require for the performance of its duties and to fix and determine their qualifications, duties, and compensation, and to retain or employ counsel, auditors and private financial consultants and other services on a contract basis or otherwise for rendering professional, business or technical services and advice; and, in taking such actions, the authority shall consider the financial impact on the county; and

14. to do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this title; provided, however, such authority shall under no circumstances acquire, hold or transfer title to, lease, own beneficially or otherwise, manage, operate or otherwise exercise control over any real property, any improvement to real property or any interest therein other than a lease or sublease of office space deemed necessary or desirable by the authority.

→ § 3655. Declaration of need

1. The county shall determine and declare whether it requests the authority to undertake a financing of costs. Any such request shall be made by the county executive and approved by the legislature. Any such financing shall be consistent with the adopted budget and financial plan required under [sections thirty-six hundred sixty-six](#) and [thirty-six hundred sixty-seven](#) of this title, as applicable.

2. Upon declaration by the county of such need, the county executive shall request that the authority provide financing in accordance with the provisions of this title.

3. Upon approval by the authority, in its discretion in accordance with the provisions of this title, of such financing request, the authority may enter into agreements with the county, and the county, acting by the county executive, approved by the legislature, may enter into agreements with the authority in accordance with the provisions of this title as to the financing of costs by the authority, the application of tax revenues to the authority to secure its bonds, and further assurances in respect of the authority's receipt of such revenues and the fiscal affairs of the county, including but not limited to the manner of preparation of budget reports and financial plans as provided for in [sections thirty-six hundred sixty-six](#) and [thirty-six hundred sixty-seven](#) of this title, as applicable. The authority's revenues shall not be deemed funds of the county. Any such agreements may be pledged by the authority to secure its bonds and may not be modified thereafter except as provided by the terms of the pledge.

4. Such agreements shall (a) describe the particular financeable costs to be financed in whole or in part by the authority, (b) describe the plan for the financing of the costs, (c) set forth the method by which and by whom and the terms and conditions upon which money provided by the authority shall be disbursed to the county, (d) where appropriate, provide for the payment of such costs by the county under such contracts as shall be awarded by the county or for the county to make a capital contribution of such proceeds as county funds to another entity for the payment or reimbursement of such costs, and (e) require every contract entered into by the county, or another entity receiving

funds from the county, for costs to be financed in whole or in part by the authority to be subject to the provisions of the county charter and other applicable laws governing contracts of the county or such entity, as the case may be. Nothing contained in this title shall relieve or modify the application to the county or any entity acting on behalf of the county or any covered organization of the requirements of law relating (i) to contracts for procurement, design, construction, services and materials, or (ii) the provisions of [section two hundred twenty of the labor law](#), or (iii) the provisions of article five-A of the general municipal law.

5. At least annually, commencing no more than one year after the date on which authority bonds are first issued, the county executive shall report to the authority, the comptroller, the legislature, the state comptroller, the chairs of the senate finance committee and the assembly ways and means committee, and the director of the budget on the costs financed by the authority and the amount of such financing over the past year, which report shall describe, by reference to the specific items in the county's budget or financial plan, its compliance therewith.

→ § 3656. Bonds of the authority

1. The authority shall have the power and is hereby authorized from time to time to issue bonds in such principal amounts as it may determine to be necessary pursuant to [section thirty-six hundred fifty-five](#) of this title to pay any financeable costs and to fund reserves to secure such bonds, including incidental expenses in connection therewith. Provided, however, the aggregate principal amounts of such bonds issued to pay the financeable costs described in paragraph (a) of [subdivision twelve of section thirty-six hundred fifty-one](#) of this title shall not exceed four hundred fifteen million dollars, excluding bonds, notes, or other obligations issued to refund or otherwise repay bonds, notes, or other obligations theretofore issued for such purposes. Notwithstanding the foregoing limit on the amount of bonds that the authority may issue to pay the financeable costs described in paragraph (a) of [subdivision twelve of section thirty-six hundred fifty-one](#) of this title, the authority shall have the power to issue up to an additional seven hundred ninety million dollars of bonds, excluding bonds, notes, or other obligations issued to refund or otherwise repay bonds, notes, or other obligations theretofore issued for such purpose, to pay such costs if the county's indebtedness to be refunded, repaid or restructured with the payment of such bonds was originally incurred by the county to pay tax certiorari settlements or assignments of any kind to which the county is a party. Provided further, the aggregate principal amounts of such bonds issued to pay the financeable costs described in paragraph (c) of [subdivision twelve of section thirty-six hundred fifty-one](#) of this title, which resulted from certiorari proceedings commenced prior to June first, two thousand, shall not exceed four hundred million dollars, excluding bonds, notes, or other obligations issued to refund or otherwise repay bonds, notes, or other obligations theretofore issued for such purposes. And, provided further, the aggregate principal amounts of such bonds issued to pay the financeable county costs described in paragraph (c) of [subdivision twelve of section thirty-six hundred fifty-one](#) of this title, which resulted from certiorari proceedings commenced on or after June first, two thousand, shall not exceed four hundred million dollars in the aggregate for the fiscal years two thousand through two thousand seven, however, of said four hundred million dollars only fifteen million dollars may be issued in the fiscal year two thousand six and ten million dollars may be issued in the fiscal year two thousand seven, excluding bonds, notes, or other obligations issued to refund or otherwise repay bonds, notes, or other obligations theretofore issued for such purposes. Effective in the year two thousand six, upon request of the county, the authority shall issue, in the amount requested, bonds to pay tax certiorari settlements or judgments of any kind to which the county is a party, not to exceed fifteen million dollars; and effective in the year two thousand seven, upon request of the county, the authority shall issue, in the amount requested, bonds to pay tax certiorari settlements or judgments of any kind to which the county is a party, not to exceed ten million dollars. Whenever this title establishes a limit on the principal amount of bonds that the authority is authorized to issue, there shall not be counted against such limit (i) amounts determined by the authority as reasonable to be used to pay the cost of issuing such bonds, (ii) the amount of bonds that would constitute interest under the Internal Revenue Code of 1986, [\[FN1\]](#) as amended, and (iii) amounts determined by the authority as necessary to establish any reserves.

The authority shall have the power from time to time to refund any bonds of the authority by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds of the authority then outstanding and partly to pay the financeable costs pursuant to [section thirty-six hundred fifty-five](#) of this title. Bonds issued by the authority shall be payable solely out of particular revenues or other moneys of the authority as may be designated in the proceedings of the authority under which the bonds shall be authorized to be issued, subject to any agreements entered into between the authority and the county, and subject to any agreements with the holders of outstanding bonds pledging any particular revenues or moneys; but in no event shall transitional state aid be pledged as security for or be made available for the payment of bonds.

2. The authority is authorized to issue its bonds for a period ending not later than December thirty-first, two thousand seven. The authority may issue bonds to refund bonds previously issued without regard to the limitation in the first sentence of this subdivision, but in no event shall any bonds of the authority finally mature later than January thirty-first, two thousand thirty-six. Notwithstanding any other provision of law, no bond of the authority shall mature more than thirty years from the date of its issue.

3. Bonds of the authority may be issued, amortized, redeemed and refunded without regard to the provisions of the local finance law; provided, however, that the principal amount of outstanding bonds issued by the authority shall be deemed to be indebtedness of the county solely in ascertaining the amount of indebtedness the county may contract pursuant to the local finance law and the state constitution and the authority shall not exceed such limitation.

4. The directors may delegate to the chairperson or other director or officer of the authority the power to set the final terms of bonds.

5. The authority in its sole discretion shall determine that the issuance of its bonds is appropriate. Bonds shall be authorized by resolution of the authority. Bonds shall bear interest at such fixed or variable rates and shall be in such denominations, be in such form, either coupon or registered, be sold at such public or private sale, be executed in such manner, be denominated in United States currency, be payable in such medium of payment, at such place and be subject to such terms of redemption as the authority may provide in such resolution. No bonds of the authority may be sold at private sale unless such sale and the terms thereof have been approved in writing by (a) the state comptroller where such sale is not to the state comptroller, or (b) the director of the budget, where such sale is to the state comptroller.

6. As a condition precedent to authorizing the issuance of any bonds hereunder, the authority may include in any agreement with the county such provisions as are deemed necessary and appropriate including express provisions regarding compliance with [sections thirty-six hundred sixty-six](#) and [thirty-six hundred sixty-seven](#) of this title, as applicable.

7. Any resolution or resolutions authorizing bonds or any issue of bonds may contain provisions which may be a part of the contract with the holders of the bonds thereby authorized as to:

(a) pledging all or part of the authority's revenues, together with any other moneys, securities or contracts, to secure the payment of the bonds, subject to such agreements with bondholders as may then exist;

(b) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof;

(c) limitations on the purposes to which the proceeds from the sale of bonds may be applied;

(d) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured

and the refunding of bonds;

(e) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, including the proportion of bondholders which must consent thereto and the manner in which such consent may be given;

(f) vesting in a trustee or trustees such properties, rights, powers and duties in trust as the authority may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to [section thirty-six hundred sixty-four](#) of this title and limiting or abrogating the rights of the bondholders to appoint a trustee under such section or limiting the rights, duties and powers of such trustee; and

(g) defining the acts or omissions to act which may constitute a default in the obligations and duties of the authority to the bondholders and providing for the rights and remedies of the bondholders in the event of such default, including as a matter of right the appointment of a receiver; provided, however, that such acts or omissions to act which may constitute a default and such rights and remedies shall not be inconsistent with the general laws of the state and other provisions of this title.

8. In addition to the powers herein conferred upon the authority to secure its bonds, the authority shall have power in connection with the issuance of bonds to enter into such agreements for the benefit of the bondholders as the authority may deem necessary, convenient or desirable concerning the use or disposition of its revenues or other moneys, including the entrusting, pledging or creation of any other security interest in any such revenues, moneys and the doing of any act, including refraining from doing any act, which the authority would have the right to do in the absence of such agreements. The authority shall have power to enter into amendments of any such agreements within the powers granted to the authority by this title and to perform such agreements. The provisions of any such agreements may be made a part of the contract with the holders of bonds of the authority.

9. Notwithstanding any provision of the uniform commercial code [\[FN2\]](#) to the contrary, any pledge of or other security interest in revenues, moneys, accounts, contract rights, general intangibles or other personal property made or created by the authority shall be valid, binding and perfected from the time when such pledge is made or other security interest attaches without any physical delivery of the collateral or further act, and the lien of any such pledge or other security interest shall be valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. No instrument by which such a pledge or security interest is created nor any financing statement need be recorded or filed.

10. Whether or not the bonds of the authority are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds are hereby made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the bonds for registration.

11. Neither the directors of the authority nor any person executing bonds shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance thereof. The bonds or other obligations of the authority shall not be a debt of either the state or the county, and neither the state nor the county shall be liable thereon, nor shall they be payable out of any funds other than those of the authority; and such bonds shall contain on the face thereof a statement to such effect.

12. The authority, subject to such agreements with bondholders as then may exist, shall have power to purchase bonds of the authority out of any moneys available therefor, which shall thereupon be cancelled.

→ § 3657. Resources of the authority

1. Subject to the provisions of this title, the directors of the authority shall receive, accept, invest, administer, expend and disburse for its corporate purposes all money of the authority from whatever sources derived including (a) tax revenues; (b) the proceeds of bonds; and (c) any other payments, gifts or appropriations to the authority from any other source.

2. Subject to the provisions of any contract with bondholders, (a) the money of the authority shall be paid to the authority and shall not be commingled with any other money, and (b) all money received by the authority which, together with other money of the authority available for the expenses of the authority, the payment of debt service and payments to reserve funds, exceeds the amount required for such purposes, as determined by the authority, shall, subject to the provisions of subdivision six of this section and to the terms of any agreement between the authority and the county, be transferred to the county as frequently as practicable.

3. The money in any of the authority's accounts shall be paid out on checks signed by the treasurer of the authority, or by other lawful and appropriate means such as wire or electronic transfer, on requisitions of the chairperson of the authority or of such other officer as the directors shall authorize to make such requisition, or pursuant to a bond resolution or trust indenture.

4. All deposits of authority money shall be secured by obligations of the United States or of the state or of the county at a market value at least equal at all times to the amount of the deposit, and all banks and trust companies are authorized to give such security for such deposits. The authority shall have the power, notwithstanding the provisions of this section, to contract with the holders of any of its bonds as to the custody, collection, securing, investment and payment of any money of the authority or any money held in trust or otherwise for the payment of bonds or in any way to secure bonds, and to carry out any such contract notwithstanding that such contract may be inconsistent with the other provisions of this title. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of such money may be secured in the same manner as money of the authority, and all banks and trust companies are authorized to give such security for such deposits.

5. Tax revenues received by the authority pursuant to [section twelve hundred sixty-one of the tax law](#), together with any other revenues received by the authority, shall be applied in the following order of priority: first pursuant to the authority's contracts with bondholders, then to pay the authority's operating expenses not otherwise provided for, and then, subject to the authority's agreements with the county, to transfer the balance of such tax revenues not required to meet contractual or other obligations of the authority to the county as frequently as practicable.

6. (a) This subdivision shall apply only to revenue anticipation notes, including renewals thereof, issued by the county during its fiscal year ending December thirty-first, two thousand, in anticipation of the receipt of county tax revenues, and only to such issues of revenue anticipation notes as to which the certificate described in paragraph (b) of this subdivision is filed.

(b) Notwithstanding the provisions of subdivision five of this section with respect to the transfer of the balance of tax revenues to the county, prior to the delivery of each such issue of revenue anticipation notes, the chief fiscal officer of the county shall file with the authority a request that the authority establish a county of Nassau revenue anticipation note withholding fund which shall constitute a special bank account for purposes of [paragraph g of section 25.00 of the local finance law](#). Such request by such chief fiscal officer shall be accompanied by a certificate setting forth with respect to such issue (i) the principal amount, (ii) the date of issue, (iii) the maturity date, (iv) the interest rate or rates, (v) if interest shall be payable otherwise than at maturity, the date or dates for the payment thereof, (vi) the name and address of the paying agent, (vii) the name and address of each purchaser, or, if a purchaser shall be a syndicate or

similar account, the name and address of each managing underwriter of such syndicate or similar account, (viii) the amount payable on each principal payment date and interest payment date, and (ix) a schedule setting forth the total amount of county tax revenues anticipated to be received, and the expected date or dates of anticipated receipt of such county tax revenues. Such certificate shall be accompanied by a statement executed by the chief fiscal officer certifying that the amounts and times of payments of county tax revenues contained in such schedule have been estimated by the use of reasonable and appropriate data and methods of estimation, all in accordance with applicable law.

(c) All such revenue anticipation notes, in addition to a pledge of the faith and credit of the county for the payment thereof, shall contain a recital to the effect that they are entitled to the benefits of the provisions of this subdivision.

(d) Commencing on the date not less than five days prior to and on each day thereafter up to and including any principal and/or interest payment date referred to in the certificate filed by the chief fiscal officer with the authority pursuant to paragraph (b) of this subdivision, the authority shall pay to such paying agent from county tax revenues transferred and credited by the authority to the county of Nassau revenue anticipation note withholding fund as provided in paragraph (e) of this subdivision the amount required to pay in full the principal and/or interest due on such payment date as set forth in such certificate. Moneys so paid shall pass immediately from the authority and vest in such paying agent in trust for the benefit of the holders of the revenue anticipation notes to which such certificate relates. No other person having any claim of any kind in tort, contract or otherwise against the county shall have any right to or claim against the moneys held by such paying agent, and such moneys shall not be subject to any order, judgment, lien, execution, attachment, setoff or counterclaim by any such other person. Such moneys shall be held by such paying agent in a separate trust account and shall be applied only to the payment of the principal and/or interest due on such revenue anticipation notes, provided, however, that the contract by and between the county and such paying agent may provide for (i) the investment by such paying agent of such moneys in direct obligations of, or in obligations guaranteed by, the United States of America, provided such obligations shall be payable or redeemable at the option of the holder within such time as the proceeds shall be needed to pay such principal and/or interest due on such revenue anticipation notes, and (ii) the use by such paying agent of such moneys for the purchase of direct obligations of, or obligations guaranteed by, the United States of America under one or more repurchase agreements with any bank or trust company having its principal office in the state of New York, provided that any such repurchase agreement shall provide for the repurchase of such obligations within such time as such moneys are needed to pay the principal and/or interest due on such revenue anticipation notes at a repurchase price at least sufficient to make the amount so invested available for the payment of principal and/or interest due on such revenue anticipation notes, and provided, further, that, at the time of such purchase, the market value of such obligations shall be at least equal to one hundred two per centum of the amount so invested. No person having any claim of any kind in tort, contract or otherwise against the county shall have any right to or claim against any moneys in anticipation of which such notes have been issued, other than a claim for payment by the holders of such notes, and such moneys shall not be subject to any order, judgment, lien, execution, attachment, setoff or counterclaim by any such person. Notwithstanding any provision of law to the contrary, no instrument relating to any transaction authorized or contemplated by this paragraph need be filed under the provisions of the uniform commercial code.

(e) Commencing on the day when the authority determines that the principal and interest due or to come due on such outstanding revenue anticipation notes issued against such county tax revenues in accordance with the provisions of this subdivision shall equal the amount of such county tax revenues as set forth on the schedule included in the certificate filed with the authority pursuant to paragraph (b) of this subdivision remaining to be paid to the county on or prior to any principal and/or interest payment date, the authority shall deduct and withhold from the amount of such county tax revenues otherwise payable to the county an amount sufficient to pay, when due, the principal of and interest on all such revenue anticipation notes issued and then outstanding in anticipation thereof. Amounts so deducted and withheld shall be transferred and credited by the authority to the account established for such county tax revenues in the county of Nassau revenue anticipation note withholding fund established by the authority in accordance with the chief fiscal officer's request pursuant to paragraph (b) of this subdivision. The payments required to be

made by the authority pursuant to paragraph (d) of this subdivision shall be made from amounts on deposit in the accounts established for such county tax revenues in the county of Nassau revenue anticipation note withholding fund.

(f) Notwithstanding any other provision of this subdivision, at the expiration of one hundred eighty days after the maturity date of any issue of revenue anticipation notes issued in accordance with the provisions of this subdivision, the amounts held by the paying agent thereof for the payment of the principal of and interest on the notes of such issue which have not been presented for payment shall be paid over and remitted by such paying agent to the county and thereafter the holders of such notes shall look only to the county for such payment.

(g) All other provisions of the local finance law not inconsistent with the provisions of this subdivision shall continue to apply to the authorization and issuance of revenue anticipation notes by the county.

→ § 3658. Agreement with the state

The state does hereby pledge to and agree with the holders of any issue of bonds issued by the authority pursuant to this title and secured by such a pledge that the state will not limit, alter or impair the rights hereby vested in the authority to fulfill the terms of any agreements made with such holders pursuant to this title, or in any way impair the rights and remedies of such holders or the security for such bonds until such bonds, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of such bonds. Nothing contained in this title shall be deemed to restrict the right of the state to amend, modify, repeal or otherwise alter statutes imposing or relating to taxes or fees, or appropriations relating thereto. The authority shall not include within any resolution, contract or agreement with holders of the bonds issued under this title any provision which provides that a default occurs as a result of the state exercising its right to amend, repeal, modify or otherwise alter such taxes, fees, or appropriations. Nothing in this title shall be deemed to obligate the state to make any payments or impose any taxes to satisfy the debt service obligations of the authority.

→ § 3659. Agreement with the county

The county is authorized to pledge to and agree with the holders of any issue of bonds issued by the authority pursuant to this title and secured by such a pledge that the county will not limit, alter or impair the rights hereby vested in the authority to fulfill the terms of any agreements made with such holders pursuant to this title, or in any way impair the rights and remedies of such holders or the security for such bonds until such bonds, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. Nothing contained in this title shall be deemed to restrict any right of the county to amend, modify or otherwise alter local laws, ordinances or resolutions imposing or relating to the taxes imposed pursuant to the authority of article twenty-nine of the tax law or other taxes or fees or appropriations related to any such taxes or fees, so long as, after giving effect to such amendment, modification or other alteration, the amount of tax revenues projected by the authority to be available during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than two hundred percent of maximum annual debt service on authority bonds then outstanding. Subject to the foregoing sentence, the authority shall not include in any resolution, contract or agreement with the holders of its bonds any provision which provides that a default occurs as a result of the county exercising its right to amend, modify, or otherwise alter such taxes imposed pursuant to the authority of article twenty-nine of the tax law or other taxes or fees. Nothing in this title shall be deemed to obligate the county to make additional payments or impose taxes other than those imposed pursuant to the authority of [paragraph one of subdivision \(a\) of section twelve hundred ten of the tax law](#) to satisfy the debt service obligations of the authority.

→ § 3660. Bonds legal for investment and deposit

The bonds of the authority are hereby made securities in which all public officers and bodies of the state and all public corporations, municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, conservators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds are also hereby made securities which may be deposited with and may be received by all public officers and bodies of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized.

→ § 3661. Tax exemption and tax contract by the state

1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes are in all respects for the benefit of the people of the state of New York and are public purposes. Accordingly, the authority shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it by this title. The property of the authority, its income and its operations shall be exempt from taxation, assessments, special assessments and ad valorem levies. The authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments of any kind, whether state or local, including, but not limited to, fees, taxes, special ad valorem levies or assessments on real property, franchise taxes, sales taxes or other taxes, upon or with respect to any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this title, or upon or with respect to any fares, tolls, rentals, rates, charges, fees, revenues or other income received by the authority.

2. Any bonds issued pursuant to this title, their transfer and the income therefrom shall, at all times, be exempt from taxation.

3. The state hereby covenants with the purchasers and with all subsequent holders and transferees of bonds issued by the authority pursuant to this title, in consideration of the acceptance of and payment for the bonds, that the bonds of the authority issued pursuant to this title and the income therefrom and all revenues, moneys, and other property pledged to pay or to secure the payment of such bonds shall at all times be exempt from taxation.

→ § 3662. Actions against the authority

1. Except in an action for wrongful death, no action or proceeding shall be prosecuted or maintained against the authority for personal injury or damage to real or personal property alleged to have been sustained by reason of the negligence or wrongful act of the authority or of any director, officer, agent or employee thereof, unless (a) it shall appear by and as an allegation in the complaint or moving papers that a notice of claim shall have been made and served upon the authority, within the time limit prescribed by and in compliance with [section fifty-e of the general municipal law](#), (b) it shall appear by and as an allegation in the complaint or moving papers that at least thirty days have elapsed since the service of such notice and that adjustment or payment thereof has been neglected or refused, and (c) the action or proceeding shall be commenced within one year after the happening of the event upon which the

claim is based. An action against the authority for wrongful death shall be commenced in accordance with the notice of claim and time limitation provisions of title eleven of article nine of this chapter.

2. Wherever a notice of claim is served upon the authority, it shall have the right to demand an examination of the claimant relative to the occurrence and extent of the injuries or damages for which claim is made, in accordance with the provisions of [section fifty-h of the general municipal law](#).

3. The authority may require any person presenting for settlement an account or claim for any cause whatever against the authority to be sworn before a director, counsel or an attorney, officer or employee thereof designated for such purpose, concerning such account or claim and when so sworn, to answer orally as to any facts relative to such account or claim. The authority shall have power to settle or adjust any claims in favor of or against the authority.

4. The rate of interest to be paid by the authority upon any judgment for which it is liable, other than a judgment on bonds, shall not exceed the maximum rate of interest on judgments and accrued claims against municipal authorities as provided in the general municipal law. Interest on payments of principal or interest on any bonds in default shall accrue at the rate specified in the general municipal law until paid or otherwise satisfied.

5. The venue of every action, suit or special proceeding brought against the authority shall be laid in the supreme court in the county of Nassau.

6. Neither any director of the authority nor any officer, employee, or agent of the authority, while acting within the scope of his or her authority, shall be subject to any liability resulting from exercising or carrying out any of the powers given in this title.

7. Indemnification. (a) The state shall save harmless and indemnify directors, officers and employees of and representatives to the authority, all of whom shall be deemed officers and employees of the state for purposes of [section seventeen of the public officers law](#), against any claim, demand, suit, or judgment arising by reason of any act or omission to act by such director, officer, employee or representative occurring in the discharge of his or her duties and within the scope of his or her service on behalf of the authority including any claim, demand, suit or judgment based on allegations that financial loss was sustained by any person in connection with the acquisition, disposition or holding of securities or other obligations. In the event of any such claim, demand, suit or judgment, a director, officer or employee of or representative to the authority shall be saved harmless and indemnified, notwithstanding the limitations of [subdivision one of section seventeen of the public officers law](#), unless such individual is found by a final judicial determination not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interest of the authority or not to have had reasonable cause to believe that his or her conduct was lawful.

(b) In connection with any such claim, demand, suit, or judgment, any director, officer or employee of or representative to the authority shall be entitled to representation by private counsel of his or her choice in any civil judicial proceeding whenever the attorney general determines based upon his or her investigation and review of the facts and circumstances of the case that representation by the attorney general would be inappropriate. The attorney general shall notify the individual in writing of such determination that the individual is entitled to be represented by private counsel. The attorney general may require, as a condition to payment of the fees and expenses of such representative, that appropriate groups of such individuals be represented by the same counsel. If the individual or groups of individuals is entitled to representation by private counsel under the provisions of this section, the attorney general shall so certify to the state comptroller. Reasonable attorneys' fees and litigation expenses shall be paid by the state to such private counsel from time to time during the pendency of the civil action or proceeding, subject to certification that the individual is entitled to representation under the terms and conditions of this section by the authority, upon the audit and warrant of the state comptroller. The provisions of this subdivision shall be in addition to and shall not supplant

any indemnification or other benefits heretofore or hereafter conferred upon directors, officers, or employees of and representatives to the authority by [section seventeen of the public officers law](#), by action of the authority or otherwise. The provisions of this subdivision shall inure only to directors, officers and employees of and representatives to the authority, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance.

→ § 3663. Audits

1. The accounts of the authority shall be subject to the audit of the comptroller and the state comptroller. In addition, the authority shall be subject to an annual financial audit performed by an independent certified accountant selected by the authority. Such audit report shall be submitted to the county executive, the presiding officer, the comptroller, the governor, the state comptroller, the chair and ranking minority member of the senate finance committee and the chair and ranking minority member of the assembly ways and means committee.

2. For each fiscal year during the existence of the authority, and within one hundred twenty days after the close of the county's fiscal year, the county shall submit its audited financial statements to the authority.

→ § 3664. Remedies of bondholders

Subject to any resolution or resolutions adopted pursuant to [paragraph \(f\) of subdivision seven of section thirty-six hundred fifty-six](#) of this title:

1. In the event that the authority shall default in the payment of principal of or interest on any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or shall default in any agreement made with the holders of any issue of bonds, the holders of at least twenty-five per centum in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purpose provided in this section.

2. Such trustee may, and upon written request of the holders of at least twenty-five per centum in principal amount of such bonds outstanding shall, in his or her or its own name:

(a) by action or proceeding in accordance with the civil practice law and rules, enforce all rights of the bondholders and require the authority to carry out any other agreements with the holders of such bonds and to perform its duties under this title;

(b) bring an action or proceeding upon such bonds;

(c) by action or proceeding, require the authority to account as if it were the trustee of an express trust for the holder of such bonds; and

(d) by action or proceeding, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds.

3. Such trustee shall, in addition to the provisions of subdivisions one and two of this section, have and possess all of

the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders in the enforcement and protection of their rights.

4. The supreme court shall have jurisdiction of any action or proceeding by the trustee on behalf of such bondholders.

→ § 3665. Assistance to the authority; employees of the authority

1. With the consent of any public corporation, the authority may use agents, employees and facilities thereof, paying to such public corporation its agreed proportion of the compensation or costs.

2. Officers and employees of state or county agencies may be transferred to the authority without examination and without loss of any civil service or retirement status or rights. Any officer or employee of the authority who heretofore acquired or shall hereafter acquire such position status by transfer and who at the time of such transfer was a member of the New York state and local employees' retirement system shall continue to be a member of such system as long as he or she continues in such service, and shall continue to have all the rights, privileges and obligations of membership in such system.

→ § 3666. 2000 fiscal year budget modification

1. The control period as set forth in [section thirty-six hundred sixty-nine](#) of this title shall be instituted on June thirtieth, two thousand, unless prior to such date (a) the county executive, after approval by the legislature, shall have submitted to the authority a modification to the county's budget for the 2000 fiscal year, as in effect on May tenth, two thousand; and (b) the authority shall have determined that such modification when implemented will ensure a reduction of the projected gap, through recurring or nonrecurring actions, for the 2000 fiscal year and, together with any budget modifications prior to May tenth, two thousand, through recurring actions, for the three next succeeding fiscal years, in an amount not less than fifty million dollars per year.

2. In order that such budget modification be effective on or before June thirtieth, two thousand, the county executive shall within seven days following the effective date of this title [\[FN1\]](#) submit a proposed modification to the legislature. Within seven days thereafter, the legislature shall approve such modification or a substitute modification. Upon approval by the legislature, the county executive shall submit such modification to the authority. Not later than ten days after such budget modification shall have been submitted to the authority, the authority shall approve or disapprove such modification, provided that the authority may approve such modification only upon its determination that such modification when implemented will ensure such reduction of the projected gap for each fiscal year as required by subdivision one of this section.

3. In the event the authority shall disapprove such budget modification based on disapproval of certain actions or assumptions, the authority shall promptly thereafter notify the county executive of its reasons. The county executive shall thereafter, after approval by the legislature, resubmit a budget modification, based on actions or assumptions other than those that have been disapproved by the authority, for consideration by the authority and in sufficient time for the authority to have a seven day review period prior to June thirtieth, two thousand.

→ § 3667. County financial plans

1. The county executive shall prepare and submit to the authority a four-year financial plan, initially for the fiscal years ending December thirty-first, two thousand one through two thousand four, together with the proposed budget for the fiscal year ending on December thirty-first, two thousand one, not later than the date required for submission of such budget to the legislature pursuant to the county charter. Such financial plan shall, in addition to the requirements for financial plans set forth in subdivisions two and three of this section, contain actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year. For purposes of determining operating revenues in the fiscal years ending December thirty-first, two thousand one through two thousand seven, such plan may assume (a) borrowings by the county or the authority to finance tax certiorari judgments or settlements in annual amounts not exceeding one hundred million dollars, or, in the aggregate for all such years, four hundred million dollars; however, of said four hundred million dollars, no more than fifteen million dollars may be counted as operating revenue in the fiscal year two thousand six and no more than ten million dollars may be counted as operating revenue in fiscal year two thousand seven, and (b) receipt by the county of NCIFA assistance and transitional state aid in the following collective amounts for each respective fiscal year:

Amount	Fiscal Year
2001 amount	2001
2002 amount	2002
2003 amount	2003
2004 amount	2004.

The one hundred million dollars annual limit on assumed tax certiorari borrowings may be waived by the authority respecting any fiscal year, upon its determination that the results of any increased and accelerated settlement or litigation efforts by the county justify such waiver.

As used in this subdivision:

“2001 amount” means that amount expected to be provided by the authority to ensure balanced major operating fund operations upon its determination that the county has taken recurring actions to close between thirty-five per centum (35%) and forty per centum (40%) of the projected gap.

“2002 amount” means that amount expected to be provided by the authority to ensure balanced major operating fund operations upon its determination that the county has taken recurring actions to close between forty-five per centum (45%) and fifty per centum (50%) of the projected gap.

“2003 amount” means that amount expected to be provided by the authority to ensure balanced major operating fund operations upon its determination that the county has taken recurring actions to close between sixty per centum (60%) and sixty-five per centum (65%) of the projected gap.

“2004 amount” means that amount expected to be provided by the authority to ensure balanced major operating fund operations upon its determination that the county has taken recurring actions to close between eighty per centum (80%) and eighty-five per centum (85%) of the projected gap.

2. Pursuant to the procedures contained in this subdivision, each year during the interim finance period or during a

control period the county shall develop, and may from time to time modify, taking into account recommendations of the authority, a four year financial plan covering the county and the covered organizations. Each such financial plan and financial plan modification shall conform to the requirements of paragraph (a) of this subdivision and shall provide that the major operating funds of the county will be balanced in accordance with generally accepted accounting principles. The financial plan shall be developed and approved, and may from time to time be modified, in accordance with the following procedures:

(a) The county executive shall prepare and submit to the authority and the legislature a revised financial plan to the authority covering the four year period beginning with the ensuing fiscal year, together with the proposed budget for the ensuing fiscal year, not later than the date required for submission of such budget pursuant to the county charter. On such dates, the county executive shall also submit to the authority a certificate stating that such budget is consistent with the financial plan submitted therewith and that operation within the budget is feasible.

(b) Not more than twenty days after submission of a financial plan or more than fifteen days after submission of a financial plan modification, the authority shall determine whether the financial plan or financial plan modification is complete and complies with the provisions of [section thirty-six hundred sixty-six](#) and this section and the other requirements of this title, and shall submit its recommendations with respect to the financial plan or financial plan modification in accordance with the provisions of this subdivision.

(c) Upon the approval by the county of a budget in accordance with the provisions of the county charter and approval of the financial plan by the legislature, the county executive shall submit such approved budget and financial plan to the authority accompanied by expenditure, revenue and cash flow projections on a quarterly basis and certify to the authority that such budget is consistent with the financial plan to be submitted to the authority.

(d) If the authority determines that the financial plan or financial plan modification provided pursuant to paragraphs (c) or (f) of this subdivision is complete and complies with the standards set forth in this subdivision, the authority shall make a certification to the county setting forth revenue estimates agreed to by the authority in accordance with such determination.

(e) The authority shall, in the event it disagrees with elements of the financial plan provided pursuant to paragraphs (c) or (f) of this subdivision, provide notice thereof to the county executive, the legislature and the comptroller, with copies to the director of the budget, the state comptroller, the chair of the assembly ways and means committee and the chair of the senate finance committee, if, in the judgment of the authority, such plan:

(i) is incomplete;

(ii) fails to contain projections of revenues and expenditures that are based on reasonable and appropriate assumptions and methods of estimation;

(iii) fails to provide that operations of the county and the covered organizations will be conducted within the cash resources available according to the authority's revenue estimates; or

(iv) fails to comply with the provisions of this title or other requirements of law.

(f) After the initial adoption of an approved financial plan, the revenue estimates certified by the authority and the financial plan shall be regularly reexamined by the authority in consultation with the county and the covered organizations and the county executive shall provide a modified financial plan in such detail and within such time periods as the authority may require. In the event of reductions in such revenue estimates, or in the event the county or a covered

organization shall expend funds at a rate that would exceed the aggregate expenditure limitation for the county or covered organization prior to the expiration of the fiscal year, the county executive shall submit a financial plan modification to effect such adjustments in revenue estimates and reductions in total expenditures as may be necessary to conform to such revised revenue estimates or aggregate expenditure limitations.

(g) If, within a time period specified by the authority, the county fails to make such modifications after reductions in revenue estimates, or to provide a modified plan in detail and within such time period required by the authority, the authority shall adopt a resolution so finding.

(h) The county shall amend its budget or shall submit a financial plan modification for the approval of the authority such that the county's budget and the approved financial plan shall be consistent. In no event shall the county operate under a budget that is inconsistent with an approved financial plan.

3. The financial plan shall be in such form and shall contain such information for each year during which the financial plan is in effect as the authority may specify, and shall include the county and all the covered organizations, and shall, in such detail as the authority from time to time may prescribe, include (a) statements of all estimated revenues and of all expenditures and cash flow projections of the county and each of the covered organizations, (b) a report on the status of efforts to reform and streamline the tax certiorari claims process and eliminate the need in each year of the plan for the county to borrow to finance such claims or judgments, including an accounting of the expenditure of any transitional state aid for such purposes, and (c) an accounting of the expenditure of any remaining transitional state aid available to the county for each year of the plan.

4. The financial plan shall include any information which the authority may request to satisfy itself that (a) projected employment levels, collective bargaining agreements and other actions relating to employee costs, capital construction and such other matters as the authority may specify are consistent with the provisions made for such obligations in the financial plan, (b) the county and the covered organizations are taking whatever action is necessary with respect to programs mandated by state and federal law to ensure that expenditures for such programs are limited to and covered by the expenditures stated in the financial plan, (c) adequate reserves are provided to maintain essential programs in the event revenues have been overestimated or expenditures underestimated for any period, and (d) the county has adequate cash resources to meet its obligations. In addition, except to the extent such reporting requirements may be modified pursuant to agreement between the authority and the county, for each fiscal year occurring during the interim finance period or while bonds issued pursuant to this title are outstanding, the county executive shall prepare a quarterly report of summarized budget data depicting overall trends of actual revenues and budget expenditures for the entire budget rather than individual line items and updated quarterly cash flow projections of receipts and disbursements. Such reports shall compare revenue estimates and appropriations as set forth in such budget and in the quarterly revenue and expenditure projections submitted therewith with the actual revenues and expenditures made to date. Such reports shall also compare actual receipts and disbursements with the estimates contained in the cash flow projections, together with variances and their explanation. All quarterly reports shall be accompanied by recommendations from the county executive to the legislature setting forth any remedial action necessary to resolve any unfavorable budget variance including the overestimation of revenues and the underestimation of appropriations. These reports shall be completed within thirty days after the end of each quarter and shall be submitted to the legislature, the authority, the director of the budget and the state comptroller. Except during a control period, for each fiscal year occurring during the interim finance period or while bonds issued pursuant to this title are outstanding, the county executive shall submit a proposed budget or revision thereto to the authority concurrent with submission to the legislature, and shall submit the adopted budget to the authority immediately upon its adoption.

5. For each financial plan and financial plan modification to be prepared and submitted by the county executive to the authority pursuant to the provisions of this section, the covered organizations shall submit to the county such information with respect to their projected expenditures, revenues and cash flows for each of the years covered by such

financial plan or modification as the county executive shall determine. Notwithstanding any other provision of law limiting the authority of the county with respect to any covered organization, the county, in the preparation and submission of the financial plan and modifications thereof, shall (except for debt service or for other expenditures to the extent that such expenditures are required by law) have the power to determine the aggregate expenditures to be allocated to any covered organization in the financial plan and any modifications thereto.

6. The authority and the county shall confer concerning the projected effect on the budgets of the county and the covered organizations of any change in generally accepted accounting principles, or change in the application of generally accepted accounting principles to the county and the covered organizations, made or to be implemented after the effective date of this title. If the authority determines that immediate compliance with such change will have a material effect on such budgets over a time period insufficient to accommodate the effect without a substantial adverse impact on the delivery of essential services by the county, the authority may authorize and approve a method of phasing the requirements of such change into such budgets over such reasonably expeditious time period as the authority deems appropriate.

→ § 3668. Monitoring and review

Except as otherwise provided in [section thirty-six hundred sixty-nine](#) of this title, the authority shall:

1. conduct meetings at least annually;
2. obtain from the county all information required pursuant to this section, and such other 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;
3. recommend to the county and the covered organizations such measures relating to their operation, management, efficiency and productivity as the authority deems appropriate to reduce costs and improve services so as to advance the purposes of this title;
4. consult with the county in the preparation of the budget of the county;
5. with respect to any county borrowing proposed to be issued after July first, two thousand, review the terms of and comment, within thirty days after notification by the county of a proposed borrowing, on the prudence of each proposed issuance of bonds or notes to be issued by the county and no such borrowing shall be made unless first reviewed and commented upon by the authority. The authority shall provide such comments within thirty days after notification by the county of a proposed borrowing to the county executive, the comptroller, the legislature, the director of the budget and the state comptroller;
6. determine whether to make transitional state aid available, and on what schedule, based upon the county's compliance with the requirements of [sections thirty-six hundred sixty-six](#) and [thirty-six hundred sixty-seven](#) of this title, as applicable, and the requirements, if any, of the appropriations bills authorizing such transitional state aid; and
7. perform such audits and reviews of the county and any agency thereof and any covered organizations as it deems necessary.

→ § 3669. Control period

1. The authority shall impose a control period 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 shall have failed to pay the principal of or interest on any of its bonds or notes when due or payable, (b) the county 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 shall have otherwise violated any provision of this title and such violation substantially impairs the marketability of the county'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' [\[FN1\]](#) 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 and 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.

(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 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 and the county executive 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, 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, shift differentials, salary adjustments according to plan and step-ups or increments 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. 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.

→ **§ 3670. Miscellaneous provisions**

1. Notwithstanding anything to the contrary in title six-A of article two of the local finance law, neither the county nor any covered organization shall file any petition authorized by such title six-A without the approval of the authority and the state comptroller. No such petition shall be filed as long as any bonds issued by the authority remain outstanding. Failure of the authority or the state comptroller to notify the county or a covered organization within thirty days (or such additional time, not exceeding thirty days, as the authority or state comptroller shall have notified the county or covered organization that it requires to complete its review) after submission to it of a petition shall be deemed to constitute authority or state comptroller approval thereof.

2. Nothing contained in this title shall limit the right of the county or any covered organization to comply with the provisions of any existing contract within or for the benefit of the holders of any bonds or notes of the county or such covered organization.

3. Nothing contained in this title shall be construed to limit the power of the county or a covered organization during any interim finance period to determine, from time to time, within available funds for the county or for such covered organization, the purposes for which expenditures are to be made by the county or such covered organization and the amounts of such expenditures, consistent with the aggregate expenditures then permitted under the financial plan for the county or such covered organization.

4. The authority's fiscal year shall be January first through December thirty-first.

5. Nothing contained in this title shall alter or modify the right of any town, city or village within the county regarding funding assistance due from the county as authorized pursuant to [section twelve hundred sixty-two-e of the tax law](#).

6. The authority shall adopt guidelines for procurement contracts in accordance with [section twenty-eight hundred seventy-nine](#) of this chapter.

→ § 3671. **Effect of inconsistent provisions**

Insofar as the provisions of this title are inconsistent with the provisions of any other act, general or special, or of any charter, local law, ordinance or resolution of any municipality, the provisions of this title shall be controlling. Nothing contained in this section shall be held to supplement or otherwise expand the powers or duties of the authority otherwise set forth in this title.

→ § 3672. **Separability; construction**

If any clause, sentence, paragraph, section, or part of this title shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section, or part thereof involved in the controversy in which such judgment shall have been rendered. The provisions of this title shall be liberally construed to assist the effectuation of the public purposes furthered hereby.

Tab 10

NASSAU COUNTY INTERIM FINANCE AUTHORITY

BY-LAWS

Adopted June 28, 2000
Amended April 20, 2011

ARTICLE I

THE AUTHORITY

SECTION 1. The Authority. The Nassau County Interim Finance Authority (“the Authority”) is a corporate governmental agency constituting a public benefit corporation.

SECTION 2. Acts of the Authority. All acts, agreements and documents of the Corporation shall be performed or executed in the name of the Authority by a Director or other duly authorized officer of the Authority.

SECTION 3. Certification of Instruments. Each Director or other duly authorized officer of the Authority shall have the authority, when necessary or appropriate, to certify the records, proceedings, rules and regulations and other instruments of the Authority and to affix and attest to the official seal of the Authority on contracts and other instruments of the Authority.

SECTION 4. Administration. The powers, organization and administration of the Authority shall be in accordance with the provisions of the Nassau County Interim Finance Authority Act, other applicable laws and these By-Laws.

SECTION 5. Fiscal year. The fiscal year of the Authority shall begin January 1 and end the following December 31.

SECTION 6. Seal of the Authority. The official seal of the Authority shall be in such form as may be determined, from time to time, by the resolution of the Directors of the Authority. No document properly executed by a Director or other duly authorized officer or employee of the Authority on behalf of the Authority shall be required to be sealed to be binding and effective. The seal on any corporate obligation for the payment of money may be a facsimile.

SECTION 7. Offices. The principal office and place of business of the Authority shall temporarily be located in the city of Albany, State of New York. The Authority

may also have other offices at such other places within the State of New York as may be deemed necessary by the Directors of the Authority.

ARTICLE II

DIRECTORS

SECTION 1. Directors. The business and affairs of the Authority shall be managed by the Directors of the Authority who shall be selected and shall hold office as provided in the Nassau County Interim Finance Authority Act.

SECTION 2. Compensation of Directors. The Directors of the Authority shall serve without salary, but each Director shall be reimbursed for actual necessary expenses incurred in the performance of such Director's official duties as a Director of the Authority.

SECTION 3. Chairperson and Vice-Chairperson. The Governor shall designate a Chairperson and a Vice-Chairperson from among the Directors. The Chairperson shall preside over all meetings of the Directors and shall have such other duties as the Directors of the Corporation may direct. The Vice-Chairperson shall preside over all meetings of the Directors in the absence of the Chairperson and shall have such other duties as the Directors of the Authority may prescribe; except that if in such event that the office of the Vice-Chairperson is vacant or the Vice-Chairperson is absent or disabled, the Authority shall choose, from among those Directors present, a presiding officer to preside at such meeting.

SECTION 4. Appointment and Delegation. The Directors of the Authority shall appoint a Treasurer and may appoint such officers, employees and other agents of the Authority as are deemed necessary to effectuate the purposes of the Authority and may delegate to such officers, employees and agents such powers and duties as the Directors may deem proper and in accordance with the above goal.

ARTICLE III

MEETINGS OF THE AUTHORITY

SECTION 1. Annual Meeting. The Annual Meeting of the Authority shall be held on such date as shall be agreed upon by the Directors and shall be designated in the notice of such meeting.

SECTION 2. Regular Meetings. The Directors of the Authority may establish a schedule of regular meetings to be held, within the State of New York, between the annual meetings.

SECTION 3. Special Meetings. Special Meetings may be called by the Chairperson, whenever she/he deems it expedient, and shall be called by the Chairperson upon the request of the majority of the Directors of the Authority.

SECTION 4. Notice. Three days notice shall be given to each Director prior to any meeting of the Authority.

SECTION 5. Waiver of Notice. Notice of any meeting of the Authority need not be given to any Director if waived in writing by him/her either before or after such meeting, or if he/she shall be present at such meeting. No notice need be given of any meeting if all the Directors then in office shall be present thereat. Notice of an adjourned meeting need not be given to any Director present at the time of the adjournment. Neither the business to be transacted at, nor the purpose of, any meeting of the Authority need be specified in any notice of written waiver of notice unless so required by these By-Laws.

SECTION 6. Quorum and Exercise of Powers. In accordance with Section 3653, subdivision 5 of the NIFA Act, four Directors shall constitute a quorum for the transaction of any business and no action shall be taken by the Authority except pursuant to a favorable vote of at least four Directors participating in a meeting which such action is taken.

SECTION 7. Meetings by Video Conference. In accordance with Section 104, subdivision 4 of the Public Officers Law, if videoconferencing is used to conduct a meeting, the public notice for the meeting shall inform the public that videoconferencing will be used, identify the locations for the meeting, and state that the public has the right to attend the meeting at any of the locations.

SECTION 8. Procedure. The order of business and all other matters of procedure at each meeting of the Authority may be determined by the presiding officer.

**ARTICLE IV
COMMITTEES**

SECTION 1. Committees. The Authority may create one or more committees of the Authority, which committees shall exercise the powers and perform such duties as the Authority may determine.

**ARTICLE V
INDEMNIFICATION**

SECTION 1. Indemnification of Officers, Directors and Employees. The Authority shall indemnify and hold harmless all Directors, officers and employees of the Authority in the same manner as State employees are indemnified in their official actions and to the full extent permitted by law, as the same may exist at the time such person may become entitled to indemnification by the Authority.

**ARTICLE VI
AMENDMENTS**

SECTION 1. Amendments. These By-Laws may be amended by resolution duly adopted at any meeting, provided that notice of intention to present such resolution shall have been given in advance of the meeting at which the motion to adopt such resolution is made. Such notice shall have appended thereto the complete, written text of the By-Laws being proposed. Approval of amended By-Laws requires affirmative vote of at least four of the Directors..

**ARTICLE VII
SUSPENSION OF BY-LAWS**

SECTION 1. Suspension of By-Laws. By affirmative vote of at least four Directors, the provisions of any or all of these By-Laws, except as may be otherwise provided by law, may be temporarily suspended.

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

May 17, 2012

TO: Christopher Wright, George Marlin, Robert Wild and Ronald Stack

FROM: Evan Cohen

SUBJECT: Investment Guidelines

REQUEST FOR: Authority to Submit the Investment Guidelines to the NIFA Directors

Background:

The Investment Guidelines (“Guidelines”) govern the investment and reinvestment of the funds of the Nassau County Interim Finance Authority (the “Authority”) and the sale and liquidation of investments, as well as the monitoring, maintenance, accounting, reporting and internal controls by and of the Authority with respect thereto. The Audit and Internal Controls Committee Charter requires that the Committee review the Guidelines.

Discussion:

The Guidelines are attached. No new changes are recommended at this time.

Requested Action:

The Committee is requested to adopt the attached Resolution acknowledging receipt and acceptance of the Guidelines and recommending that they be accepted by the Authority Directors.

Attachments:

Resolution
Investment Guidelines

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 12-_____

RECEIPT AND ACCEPTANCE OF THE INVESTMENT GUIDELINES AND
RECOMMENDATION THAT THE INVESTMENT GUIDELINES BE SENT TO THE
DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY.

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee of the Nassau County Interim Finance Authority (the “Committee”); and be it further

RESOLVED, that in accordance with the Materials, the Investment Guidelines are hereby approved; and be it further

RESOLVED that the Committee recommends that the Investment Guidelines be released to the Directors of the Nassau County Interim Finance Authority for their review and approval.

RESOLVED, that this resolution shall take effect immediately.

Christopher Wright
Chairperson

May 17, 2012

NASSAU COUNTY INTERIM FINANCE AUTHORITY
INVESTMENT GUIDELINES
(Readopted September 12, 2003)
(Readopted June 22, 2004)
(Readopted, as amended, June 16, 2005)
(Readopted May 4, 2006)
(Readopted, as amended May 2, 2007)
(Readopted June 18, 2008)
(Readopted May 28, 2009)
(Readopted April 22, 2010)
(Readopted April 20, 2011)
(Readopted May 17, 2012)

Introduction

These investment guidelines (“Guidelines”) are adopted as required by Section 2925 of the New York Public Authorities Law.

ARTICLE ONE

Definitions

As used herein the terms set forth below are defined as follows:

- 1.1 "Authority" or “NIFA” means the Nassau County Interim Finance Authority, a corporate governmental agency and instrumentality of the State of New York, constituting a public benefit Corporation, established pursuant to Chapter 84 of the Laws of 2000 of the State of New York.
- 1.2 "Comptroller" means the State Comptroller.
- 1.3 "Investment Funds" means all monies and financial resources available for investment by the Authority, other than proceeds of bonds issued by the Authority.
- 1.4 "Repurchase Agreement" means a repurchase agreement satisfying the requirements set forth in Article 4 herein.
- 1.5 "Securities" means any or all of the investment obligations of the categories described in Section 4.1 of Article 4 herein.
- 1.6 "State" means the State of New York.

ARTICLE TWO

Scope

These guidelines shall govern the investment and reinvestment of Investment Funds and the sale and liquidation of investments, as well as the monitoring, maintenance, accounting, reporting and internal controls by and of the Authority with respect to such investment, sale, reinvestment and liquidation.

ARTICLE THREE

Investment Objectives

The Authority's investment activities shall have as their first and foremost objective the safeguarding of the principal amount of the Investment Funds. Additional considerations regarding the Authority's investment activities shall be liquidity of investments, realization of a reasonable return on investments and diversification of investments.

ARTICLE FOUR

Permissible Investments

- 4.1 The Authority may invest its Investment Funds in any and all of the following, if and to the extent permitted by statutes, regulations and bond resolutions applicable at the time of investment of such Investment Funds:
- a) obligations of the State or the United States government;
 - b) obligations the principal and interest of which are guaranteed by the State or the United States government;
 - c) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances (1) of any of the fifty largest banks in the United States which bank, at the time of investment, has an outstanding unsecured, uninsured and unguaranteed debt issue ranked in either of the two highest rating categories of two nationally recognized independent rating agencies; or (2) the certificates of deposit are fully collateralized by obligations of the United States government or obligations the principal and interest of which are guaranteed by the United States government; or (3) the

certificates of deposit are held in a “municipal” bank account and fully collateralized pursuant to General Municipal Law Section 10 and regulations of the Comptroller as the same shall be in effect from time to time, or (4) certificates of deposit in the amount of \$100,000 or less that are fully guaranteed by Federal Deposit Insurance.

- d) commercial paper of any bank or authority created under the laws of either the United States or any state of the United States which commercial paper, at the time of the investment, has received the highest rating of two nationally recognized independent rating agencies;
- e) bonds, debentures, or other evidences of indebtedness, issued or guaranteed at the time of the investment by the federal national mortgage association, federal home loan mortgage authority, student loan marketing association, federal farm credit system, or any other United States government sponsored agency, provided that at the time of the investment such agency receives, or its obligations receive, any of the three highest rating categories of two nationally recognized independent rating agencies;
- f) any bonds or other obligations of any state, or the United States of America or of any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which bonds or other obligations, at the time of the investment, have received any of the three highest ratings of two nationally recognized independent rating agencies;
- g) any repurchase agreement or other investment agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b), or (e) of this subdivision which securities shall at all times have a market value of not less than 102% of the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian;
- h) reverse repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in paragraph (a), (b) or (e) of this subdivision which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian.
- i) investment agreements or guaranteed investment contracts with any financial institution whose senior long term debt obligations, or whose

obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time such agreement or contract is entered into) in one of the three highest rating categories for comparable types of obligations by a rating agency;

- j) money market funds rated in one of the three highest rating categories for comparable types of obligations by a rating agency;

4.2 Specific Requirements Regarding Certificates of Deposit

4.2.1 Collateral for a Certificate of Deposit. If a certificate of deposit is required to be collateralized pursuant to Section 2 of paragraph (c) of section 4.1 of these Guidelines, the collateral must be reviewed weekly to determine if the market value of the collateral equals or exceeds the principal amount of the uninsured portion of the certificate of deposit plus accrued interest. If the market value of the collateral is insufficient, the issuer of the certificate of deposit must exchange or add to the amount of collateral to bring its market value equal to or in excess of the uninsured portion of the principal amount of the certificate of deposit plus accrued interest.

4.2.2 Standard Terms for Certificate of Deposit Collateral Agreement. The Authority shall negotiate and enter into a written agreement with each bank (and custodian) from which it has obtained a certificate of deposit. Such written agreement shall, at a minimum, address the following concerns:

- (a) The frequency of the valuation of the collateral to market, as set forth above (such valuation shall be done at least weekly);
- (b) The right and ability of the bank to substitute like Investment Securities as collateral;
- (c) Description of events of default which would permit the Authority or its custodian to liquidate or purchase the underlying Investment Securities;
- (d) Description of the party who is to have title to the underlying Investment Securities during the term of the agreement; and
- (e) With respect to the custodial bank, the agreement shall also provide that the custodial bank takes possession of the Investment Securities as agent of the Authority and that the claims of the custodial bank are subordinate to those of the Authority.

4.3 Specific Requirements Governing Repurchase Agreements. Notwithstanding Section 4.1 hereof, the following shall also apply to Repurchase Agreements.

4.3.1 Placement. The placement of Repurchase Agreements may be distributed among several authorized firms as appropriate to reduce the level of risk. The investment limit set for each such firm shall not be exceeded unless the Executive Director of the Authority makes a written finding that sufficient Securities are not available from other eligible

firms. Not less frequently than once each year, the Authority's Executive Director shall review and, if appropriate, recommend adjustment of the investment limit for each eligible seller in light of such firm's current capitalization. All investment limit adjustments shall require the approval of the Treasurer and Executive Director.

- 4.2.2 Eligible Custodian Banks. To be eligible to hold the Securities which are the subject of a Repurchase Agreement, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Authority. Transfer of Securities, whether by book entry or physical delivery, should be confirmed in writing to the Authority by the custodial bank. The custodian should not be the same party that is selling the Securities. The Authority's Directors or their designee(s) must affirmatively find that a proposed custodial bank is financially sound before such bank may be eligible to perform custodial services for the Authority.
- 4.3.3 Maximum Maturity of Repurchase Agreements. Repurchase Agreements shall be limited to a maturity not to exceed thirty (30) days, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral if any deficiency is not restored within five (5) business days of such valuation. Collateral securities shall have maturities not exceeding thirty (30) years.
- 4.3.4 Standard Terms for Repurchase Agreements. The Authority shall execute a master Repurchase Agreement with each broker-dealer which outlines the basic rights of both buyer and seller including:
- (a) The events of default which would permit the Authority to liquidate or purchase the underlying Securities;
 - (b) The relationship between parties to the agreement, which should ordinarily be purchaser and seller;
 - (c) A requirement that there be a written contract with the custodial bank outlining the responsibilities of the bank and the parties to the agreement. Such an agreement must provide, among other things, that the custodial bank will not make payment for the Securities until the bank actually receives them and that the custodial bank takes possession of the Securities exclusively for the Authority and that any claims of the custodial bank are subordinate to those of the Authority;
 - (d) Procedures which ensure that the Authority obtains a perfected security interest in the underlying Securities. The Authority or its custodian must take possession of the Securities being purchased by physical delivery or book entry. Furthermore, the written agreement shall contain a provision that, in the event a court of final jurisdiction construes the specific Repurchase Agreement to be a loan, the seller shall be deemed to have

granted the Authority a perfected security interest in the purchased Securities;

(e) The market value of the Securities purchased under a repurchase transaction must be at least equal to the purchase price. The value of the Securities must be monitored and marked to market on a daily basis. Additional Securities shall be required if market fluctuations cause the market value of the purchased Securities to become less than the purchase price.

ARTICLE FIVE

Operating Procedures

- 5.1 Authorized Officers and Employees. Only the following persons shall be authorized to make investment decisions on behalf of the Authority: the Chairman of the Authority's Directors; the Executive Director; the Treasurer; and the General Counsel, but only if designated in writing by the Treasurer. The implementation of such investment decisions by placement of purchase or sale orders or otherwise shall be effected only by the foregoing officers and employees and by such employees as may from time to time be designated in writing by the Treasurer.
- 5.1.1 The Authority's Investment Officer responsibilities are handled by the Treasurer and Deputy Treasurer.
- 5.2 Standards for the Qualification of Brokers, Dealers and Agents. Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer which is authorized to do business in the State may become qualified by the Authority to transact purchases and sales of Securities (other than Repurchase Agreements) with the Authority. Factors to be considered in determining the qualification of such firms shall include the firm's capitalization, quality, size and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transaction. The determination of qualification shall be made by the Treasurer, who shall maintain a list of all such qualified firms.
- 5.3 Standards for the Qualification of Investment Advisors. For the purpose of rendering investment advice to the Authority, the Authority may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, authority, or person which is authorized to do business in the State.

The Authority also shall consider the additional criteria (other than capitalization) enumerated in the preceding paragraph.

5.4 Standards for the Qualification of Custodial Banks. To be eligible to hold Securities as collateral for an investment made by the Authority, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Authority. Transfer of Securities, whether by book entry or physical delivery, should be confirmed to in writing to the Authority by the custodial bank. The custodian should not be the same party that is selling the Securities. To be eligible to perform custodial services, the Authority's Directors or their designee(s) must affirmatively find that the proposed custodial bank is financially sound.

5.5 Competitive Bids; Negotiated Prices. In connection with the purchase and sale of Securities, for each transaction in excess of two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Treasurer may specify in writing), the Authority shall utilize competitive quotations. For each transaction which is equal to or less than two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Treasurer may specify in writing), the Authority may utilize either competitive quotations or negotiated prices. The foregoing shall not apply to the purchase of government securities at initial auction. A complete and continuous record of all quotes, solicited and received, shall be maintained by the Treasury Department.

For each transaction (other than the purchase of governmental securities at initial auction) in excess of two and one-half million dollars (or such other threshold dollar amount as the Treasurer may specify in writing), a minimum of three separate solicitations will be made on each direct purchase or sale of a Security (including a Repurchase Agreement). The transaction shall be awarded to the dealer(s) offering the highest yield or return, provided that, with respect to Repurchase Agreements, the amount of the investment with each individual firm does not exceed the investment limit referred to in Section 4.2.1 above.

5.6 Written Contracts and Confirmations. A written contract and/or a written confirmation shall be a required for each investment transaction. With respect to the purchase or sale of Securities other than Repurchase Agreements, the Authority shall not be required to enter into a formal written contract, provided that the Authority's oral instructions to its broker, dealer, agent, investment advisor or custodian with respect to such transactions are confirmed in writing at the earliest practicable moment. A written contract shall be required for each purchase and sale of a Repurchase Agreement.

5.7 Payment. Payment for investments shall be made only upon written confirmation of presentation of the physical Security, or in the case of book-entry form Securities, when credited for the custodian's account, which shall be segregated for NIFA's sole use. The custodian may act on oral instructions from an authorized officer of the Authority, such instructions to be confirmed in writing immediately by an authorized officer of the Custodian. Such collateral shall, on the date of purchase, be at least equal in market value to the amount of the investment.

5.8 Collateral. Except as specifically otherwise provided herein, the Authority's financial interest in its investments shall be fully secured or collateralized at all times in an amount not less than the original amount invested plus accrued, unpaid interest thereon. Only Securities permissible for investment by the Authority pursuant to these Guidelines (other than Repurchase Agreements) may be accepted as collateral. Pledges of proportionate interests in pooled collateral shall not constitute acceptable collateral. In the case of certificates of deposit and demand and time deposits, collateral shall be provided for amounts in excess of the applicable limit of coverage provided by the Federal Deposit Insurance Authority. Collateral shall be maintained in the custody of the Authority or an approved third party custodian at all times. To assure that, at all times, the market value of said collateral is at least equal to the original amount invested plus all accrued, unpaid interest, collateral shall be marked to market at the time the investment is made and thereafter daily with respect to Repurchase Agreements and weekly with respect to certificates of deposit.

5.9 Operating Procedure Manual. The Authority's Treasurer shall prepare a Standard Operating Procedure Manual for placing, controlling and reporting of all investment activity which shall be consistent with these guidelines, be approved by the Authority's Executive Director and shall be consistent with the following:

- (a) Each disbursement of funds (and corresponding receipt of Securities) or delivery of Securities (and corresponding receipt of funds) should be based upon proper written authorization. If the authorization is initially given orally, there should be written or telegraphic confirmation from the Authority's authorized officer to the custodian;
- (b) The process of initiating, reviewing and approving requests to buy and sell Securities should be documented and retained for audit purposes. Dealer limits should be established and reviewed regularly;
- (c) Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed in writing to the authority. Delivery of obligations sold should only be made upon receipt of funds;
- (d) Custodial banks should be required to report whenever activity has occurred in the Authority's custodial account;
- (e) There should be at least monthly verifications of both the principal amount and the market values of all investments and collateral. Appropriate listings should be obtained from the custodian and compared against the Authority's records;
- (f) A record of investments shall be maintained by the Authority's Treasurer. The records should identify the Security, the fund for which held, the

place where kept, date of disposition and amount realized and the market value and custodian of collateral;

- (g) The establishment and maintenance of a system of internal controls;
- (h) Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- (i) A data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and
- (j) Requirements for periodic reporting and a satisfactory level of accountability.

ARTICLE SIX

Reports and Audits

The following reports and audits shall be prepared in connection with the Authority's investment program.

- 6.1 Annual Investment Report. Within ninety (90) days after the close of each fiscal year of the Authority, the Chairman shall submit to the Directors and the Authority shall file with the State Division of the Budget, Comptroller, State Senate Finance Committee and Assembly Ways and Means Committee an annual investment report, prepared with the assistance of the Treasurer, which shall include the following:
- 1) The Investment Guidelines required by Section 2925(3) of the Public Authorities Law and any amendments to such guidelines since the last investment report;
 - 2) An explanation of the Investment Guidelines and amendments;
 - 3) The results of the Annual Investment Audit (described below);
 - 4) The investment income record of the Authority; and
 - 5) A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Authority since the date of the last investment report.

- 6) Quarterly investment reporting to the Board. - A quarterly investment report is required under the Public Authority Law of 2005 and will be distributed to the NIFA board members

6.2 Annual Investment Audit. Each year, the Authority shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the Authority's investments. (The Authority's financial statements with respect to investments, which are required to be prepared in conformance with generally accepted accounting principles for governments ("GAAP"), should contain all of the note disclosures on deposits with financial institutions and investments required by the Governmental Accounting Standards Board Statements No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" dated April 1986), as amended or supplemented. The Annual Investment Audit:

- 1) Shall determine whether: the Authority complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority's assets; and a system of adequate internal controls is maintained.
- 2) Shall determine whether the Authority has complied with applicable laws, regulations and State Comptroller's Investment Guidelines; and
- 3) Should be designed to the extent practical to satisfy both the common interest of the Authority and the public officials accountable to others.

6.3 Annual Investment Audit Report. The results of the Annual Investment Audit shall be set forth in a report (the "Annual Investment Audit Report") which shall include without limitation:

- 1) verification of collateral;
- 2) a description of the scope and objectives of the audit;
- 3) a statement that the audit was made in accordance with generally accepted government auditing standards;
- 4) a description of any material weaknesses found in the internal controls;
- 5) a description of all non-compliance with the Authority's investment policies as well as applicable laws, regulations and the State Comptroller's Investment Guidelines;
- 6) a statement of positive assurance of compliance on the items tested and negative assurance on those items not tested;

- 7) a statement on any other material deficiency or finding identified during the audit not covered in (6) above;
- 8) a report on the status of any swaps entered into by the Authority in accordance with its "Interest Rate Swap Policy", as the same shall be amended from time to time, and
- 9) recommendations, if any, with respect to amendment of these Guidelines.

The Annual Investment Audit Report shall be filed within ninety (90) days after the close of the Authority's fiscal year with the Coordinator of Public Authority Programs, Office of the State Comptroller, 110 State Street, Albany, NY 12236.

6.4 Web site Posting A quarterly investment report is required under the Public Authority Law of 2005 and will be distributed to the NIFA board members and posted on the Authority's web site

ARTICLE SEVEN

Affirmative Action

A program of Affirmative Action shall apply with respect to NIFA's corporate investment activities. NIFA shall seek to encourage participation by minority and women-owned financial services firms in the conduct of NIFA's corporate investment activities.

ARTICLE EIGHT

Miscellaneous

- 8.1 In connection with the Annual Investment Audit, each year the Authority shall review these Guidelines to determine whether the Authority shall amend or otherwise update these Guidelines.
- 8.2 The Authority's policy regarding conflicts of interest shall be followed regarding the investment of funds.