NEW ISSUE – BOOK–ENTRY ONLY

RATINGS: UNINSURED SERIES 2004A BONDS: *Fitch: "AA+"*
S&P: "AA"
Moody's: "Aa2"
INSURED SERIES 2004A BONDS: *Fitch: "AAA"*
S&P: "AAA"
Moody's: "Aaa"
(See "SECTION VII: Ratings" herein.)

In the opinion of Bond Counsel, interest on the Series 2004A Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, and, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2004A Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes and such interest will not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax. See "SECTION VI: TAX MATTERS" herein for further information.

NASSAU COUNTY INTERIM FINANCE AUTHORITY
(A Public Benefit Corporation of the State of New York)
$153,360,000 SALES TAX SECURED BONDS, SERIES 2004A

Dated: Date of Delivery **Due:** November 15, as shown on the inside front cover

The Sales Tax Secured Bonds, Series 2004A (the "Series 2004A Bonds") are being issued as Senior Bonds by the Nassau County Interim Finance Authority (the "Authority"), a corporate governmental agency and instrumentality of the State constituting a public benefit corporation created pursuant to the Nassau County Interim Finance Authority Act, as amended (the "Act"), pursuant to an Indenture, dated as of October 1, 2000, as amended and supplemented (the "Indenture"), including as supplemented by the Tenth Supplemental Indenture, dated as of April 1, 2004 (the "Tenth Supplemental Indenture"), each by and between the Authority and The Bank of New York, New York, New York, as trustee (the "Trustee").

Provided certain statutory and contractual conditions are met, other Series of Bonds on a parity with or subordinate to the Series 2004A Bonds may be issued (other Series of Bonds heretofore or hereafter issued under the Indenture, including the Series 2004A Bonds but excluding Subordinate Bonds, the "Bonds"). See "SECTION II: Sources of Payment and Security for the Bonds—Additional Bonds."

Pursuant to the Act, the Bonds are payable from the Revenues of the Authority which are derived from sales and compensating use taxes imposed by and within the County of Nassau, New York (the "County") pursuant to authorization of the State. Neither the State nor the County is prohibited from amending, modifying, repealing or otherwise altering such taxes, subject, with respect to the County, to limitations set forth in the Act. The Act provides that the County will have no right, title or interest in or to Sales Tax Revenues required to be paid to the Authority, except after payment of debt service and operating expenses of the Authority and then as provided in the Authority's agreements with the County. See "SECTION II: "Sources of Payment and Security for the Bonds."

The Series 2004A Bonds will be issued only as fully registered bonds, registered in the name of The Depository Trust Company, New York, New York, or its nominee ("DTC"). Purchases of beneficial interests in the Series 2004A Bonds will be made in book-entry form in denominations of $5,000 principal amount or whole multiples thereof. Purchasers will not receive physical delivery of the Series 2004A Bonds, except under the limited circumstances described herein. See "SECTION III: The Series 2004A Bonds—Book-Entry Only System."

Principal, redemption price and interest on the Series 2004A Bonds (with interest accruing from the delivery date and payable on November 15, 2004 and thereafter on May 15 and November 15 of each year) will be payable to DTC by the Trustee. So long as DTC remains the registered owner, disbursements of such payments to DTC Participants are the responsibility of DTC and disbursements of such payments to the purchasers of the Series 2004A Bonds are the responsibility of DTC Participants, as described herein.

The Series 2004A Bonds are not subject to redemption prior to maturity.

Payment of the principal of and interest on certain maturities of the Series 2004A Bonds, as set forth on the inside cover, when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2004A Bonds.

Ambac

THE BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A LIEN ON THE REVENUES OF THE AUTHORITY AND RELATED ACCOUNTS HELD BY THE TRUSTEE. THE BONDS ARE NOT A DEBT OF EITHER THE STATE OR THE COUNTY, AND NEITHER THE STATE NOR THE COUNTY SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE AUTHORITY.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Offering Circular to obtain information essential to making an informed investment decision.

The Series 2004A Bonds are offered, subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality of the Series 2004A Bonds and certain other matters by Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by the General Counsel of the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York. It is expected that the Series 2004A Bonds will be available for delivery in New York, New York, on or about April 8, 2004.

Goldman, Sachs & Co. **UBS Financial Services Inc.**

Citigroup **Morgan Stanley**

M♦R♦Beal & Company **First Albany Capital Inc.** **Merrill Lynch & Co.**

Ramirez & Co., Inc. **RBC Dain Rauscher Inc.** **Roosevelt & Cross Incorporated**

April 2, 2004

$153,360,000 SALES TAX SECURED BONDS, SERIES 2004A

November 15	Principal Amount	Interest Rate	Price or Yield	CUSIP Number*
2005	$3,835,000	3.000%	1.240%	631663EY3
2006**	6,395,000	2.000	1.660	631663EZ0
2007**	3,085,000	2.000	100	631663FA4
2007**	18,610,000	4.000	2.000	631663FB2
2008**	2,400,000	2.375	100	631663FC0
2008**	19,505,000	4.000	2.375	631663FD8
2009**	2,100,000	2.600	2.640	631663FE6
2009**	21,695,000	5.000	2.640	631663FF3
2010**	2,245,000	3.000	2.930	631663FG1
2010**	20,440,000	5.000	2.930	631663FH9
2011**	1,505,000	3.125	3.150	631663FJ5
2011**	13,805,000	5.000	3.150	631663FK2
2012**	2,155,000	3.300	3.380	631663FL0
2012**	35,075,000	5.000	3.380	631663FM8
2013**	510,000	3.500	3.520	631663FN6

* CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2004A Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2004A Bonds or as indicated above.

** Insured by Ambac Assurance Corporation.

The information in this Offering Circular has been provided by the Authority, the County and other sources considered by the Authority to be reliable. All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

The Underwriters have provided the following sentence for inclusion in this Offering Circular. The Underwriters have reviewed the information in this Offering Circular in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Other than with respect to information concerning the Bond Insurer contained in "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Bond Insurance" and in Appendix E hereto, none of the information in this Offering Circular has been supplied or verified by the Bond Insurer and the Bond Insurer makes no representation or warranty, express or implied, as to:

- the accuracy or completeness of information it has neither supplied nor verified,
- the validity of the Series 2004A Bonds, or
- the tax exempt status of the interest on the Series 2004A Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation with respect to the Series 2004A Bonds, other than those contained in this Offering Circular, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2004A Bonds, by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Offering Circular contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect economic conditions in the County and the amount of Sales Tax Revenues (as defined herein), the inclusion in this Offering Circular of such forecasts, projections and estimates should not be regarded as a representation by the Authority or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Offering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements speak only as of the date of this Offering Circular. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE SERIES 2004A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY CORPORATION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2004A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

SUMMARY OF TERMS

The following is qualified in its entirety by reference to the information appearing elsewhere in this Offering Circular. Terms used in this summary and not defined herein are defined in "APPENDIX B: SUMMARY OF INDENTURE AND AGREEMENT."

Issuer	The Nassau County Interim Finance Authority (the "Authority") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented and amended from time to time including, but not limited to, Chapter 528 of the Laws of 2002 (the "Act").
Securities Offered	$153,360,000 Sales Tax Secured Bonds, Series 2004A (the "Series 2004A Bonds") are to be issued as Senior Bonds pursuant to an Indenture, dated as of October 1, 2000 as amended and supplemented, including as supplemented by the Tenth Supplemental Indenture, dated as of April 1, 2004 (such Indenture as from time to time amended or supplemented by said and other Supplemental Indentures being herein called the "Indenture"), by and between the Authority and the Trustee. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS." The Series 2004A Bonds (along with other Series of Senior Bonds heretofore or hereafter issued under the Indenture, the "Bonds") will be payable from Revenues, which consist primarily of Sales Tax Revenues required by the Act to be paid to the Authority as described herein. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Servicing – Sales Tax Collection."
Trustee	The Bank of New York, New York, New York. See "SECTION XIII: TRUSTEE."
Servicer	The New York State Department of Taxation and Finance collects Sales Tax Revenues, described below, and reports the amount of such collections to the State Comptroller. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Servicing – Sales Tax Collection."
Disbursement Agent..............	Collections of Sales Tax Revenues are remitted to the State Comptroller who holds such collections in trust for the Authority. The State Comptroller deposits such Revenues with the Trustee, in accordance with instructions from the Authority, for payment of Debt Service and other expenses of the Authority. Such collections are applied, in accordance with the Act, in the following order of priority: first, pursuant to the Authority's contracts with bondholders, including payment of Debt Service, then to pay Authority expenses not otherwise provided for, and then, pursuant to the Financing Agreement between the Authority and the County, to the County as frequently as practicable. For information regarding payment of Sales Tax Revenues to the Authority, see "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Sales Tax Revenues" and "— Application of Revenues."

Not Debt of State or County ..	The Bonds are not a debt of either the State or the County, and neither the State nor the County shall be liable thereon. The Bonds are not payable out of any funds other than those of the Authority. The State is not obligated to make any additional payments or impose any taxes to satisfy the Debt Service obligations of the Authority.
Bankruptcy Prohibition..........	The Authority is not authorized by State law to file a petition in bankruptcy pursuant to Title 11 (the "Bankruptcy Code") of the United States Code. In addition, under the Act, the County and the Covered Organizations are prohibited from filing any petition with any United States district court or court of bankruptcy for the composition or adjustment of municipal indebtedness without the approval of the Authority and the State Comptroller, and no such petition may be filed while Authority bonds or notes remain Outstanding.
Purpose of Issue	The proceeds from the sale of the Series 2004A Bonds will be deposited in the Bond Proceeds Fund established under the Agreement (or deposited in escrow accounts in the case of refundings or restructurings) hereinafter defined and held by the Authority to be used, along with other funds of the Authority, if any, including proceeds of several series of Senior Bonds (the "Series 2004 ARS Bonds") expected to be issued as auction rate securities in the principal amount of $450,000,000 on or about the same day as the Series 2004A Bonds, to provide for the payment of certain Financeable Costs, including the refunding or restructuring of a portion of the County's outstanding bonds identified in Appendix F and the refunding of certain outstanding Bonds of the Authority identified in Appendix G, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. See "SECTION III: THE SERIES 2004A BONDS — Plan of Finance And Use of Proceeds".
Sales Tax Revenues	The Bonds are payable from the Authority's Revenues which consist of Sales Tax Revenues which are paid or payable to the Authority pursuant to Section 1261 of the State Tax Law and investment earnings on money and investments on deposit in the Accounts established under the Indenture. Sales Tax Revenues are defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County, currently at the rate of 4¼%, on the sale and use of tangible personal property and services in the County (the "Local Sales Tax") but excluding (i) the ¼% component of the Local Sales Tax that the County is required to allocate to towns and cities within the County under the Local Government Assistance Program established by the County and authorized pursuant to Section 1262-e of the State Tax Law, and (ii) the up to 1/12% component of the Local Sales Tax the County is authorized to allocate to villages within the County, which has established a local government assistance program for such villages. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Sales Tax Revenues." The Act provides that the County will have no right, title or interest in or to Sales Tax Revenues required to be paid to the Authority, except after payment of debt service and operating expenses of the Authority pursuant to the

Authority's contracts with bondholders and then as provided in the Authority's agreements with the County. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Application of Revenues." Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County.

Enabling Legislation .... The Act provides for the issuance of bonds, notes and other evidence of indebtedness by the Authority, including the Bonds, the payment of the Bonds from Sales Tax Revenues, the execution of swap contracts and the statutory and contractual covenants of the Authority, the County and the State.

State Covenant .... The Act and the Indenture contain the covenant of the State with the Bondholders (the "State Covenant") that the State shall not limit, alter or impair the rights vested in the Authority by the Act to fulfill the terms of the Indenture, or in any way impair the rights and remedies of such holders of the Bonds or the security for the Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of the Bonds, are fully paid and discharged.

The State Constitution allows the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the Local Sales Tax. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or the County.

For more information regarding the State Covenant, see "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Agreements of the State and the County."

County Covenant .... In accordance with the Act, the County has, in the Agreement hereinafter defined, pledged and agreed with the Bondholders (the "County Covenant") that the County will not limit, alter or impair the rights vested by the Act in the Authority to fulfill the terms of any agreements made with such holders pursuant to the Act, or in any way impair the rights and remedies of such holders or the security for the Bonds until the Bonds are fully paid and discharged. Nothing contained in the Act or the Agreement restricts any right the County may have to amend, modify or otherwise alter local laws imposing or relating to the Local Sales Tax so long as, after giving effect to such amendment, modification or other alteration, the amount of Sales Tax Revenues projected by the Authority to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration is not less than 200% of maximum annual debt service on all Authority bonds, notes and other evidences of indebtedness then outstanding.

For more information regarding the County Covenant, see "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Agreements of the State and the County."

Other Series of Bonds and Notes .... The Authority has previously issued $1,176,325,000 of Bonds, of which $1,123,320,000 are currently Outstanding. In addition, the Authority has issued several Series of bond anticipation notes of which none are Outstanding. Other Series of bonds and notes are expected to be issued from time to time by the Authority. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Additional Bonds."

The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the County, as well as, to the extent authorized by State law, any County deficit. In addition, the Authority may issue bonds up to limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations as follows: to refinance the County's indebtedness (up to $415 million); to refinance only tax certiorari settlements or assignments of any kind to which the County is a party ($790 million); and to finance tax certiorari judgments and settlements of the County (up to $400 million if the proceeding commenced before June 1, 2000, and up to $400 million, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2007, however, of said $400 million, only $15 million may be issued in 2006 and $10 million may be issued in 2007). The Act currently provides that the Authority may not issue Bonds after December 31, 2007, other than Bonds or notes to retire or otherwise refund Authority debt. No Bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issue.

The Indenture provides that other Series of Bonds means those Bonds and notes that may be issued: (i) as Senior Bonds or Senior Notes on a parity with other Series of Senior Bonds or Senior Notes, (ii) as subordinate to the Senior Bonds (or notes in anticipation thereof); but (iii) no Series of Senior Bonds or Senior Notes on a parity with other Series of Senior Bonds and Senior Notes shall be authenticated and delivered unless the amount of Sales Tax Revenues received by the Authority for the twelve consecutive calendar months ended not more than three months prior to the calculation date is at least three (3) times the amount of annual Debt Service, including Debt Service on the Series of Senior Bonds or Senior Notes proposed to be issued, for each fiscal year Bonds or Notes will be Outstanding.

Upon the issuance of additional Senior Bonds, under the circumstances and in the amounts described herein under "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—Additional Bonds," the Authority may be required to fund a Debt Service Liquidity Account which amounts would be available to pay Debt Service on all Senior Bonds. See "APPENDIX B: SUMMARY OF INDENTURE AND AGREEMENT."

Interest and Principal	Interest on the Series 2004A Bonds will accrue from their dated date at the rates set forth on the inside cover page hereof and will be payable semiannually, commencing November 15, 2004. The record date for payment of interest on the Series 2004A Bonds is the last business day of the month preceding the interest payment date. Principal will be due on the annual serial maturities as shown on the inside cover page and herein. Interest and principal on the Bonds will be paid from the Revenues on deposit in the Bond Account or Redemption Account, if applicable. Sales Tax Revenues shall be deposited into the Bond Account in accordance with the retention schedule as described in "Retention Procedures" below.
No Redemption Prior to Maturity	The Series 2004A Bonds are not subject to redemption prior to maturity.
Form and Denomination	The Series 2004A Bonds will be issued in book-entry form and will be denominated in principal amounts of $5,000 and integral multiples thereof.
Indenture	The Indenture provides for the issuance of the Bonds pursuant to the Act, including the Authority's pledge to the Trustee of the revenues, accounts and statutory and contractual covenants contained therein. The Trustee is authorized to enforce the Indenture and such covenants against the Authority, the County and the State.
Financing Agreement............	The Financing Agreement, dated as of October 1, 2000, between the Authority and the County (the "Agreement"), provides for the application of bond proceeds to pay Financeable Costs, including funding certain expenditures of the County, and includes covenants of the County pledged to the benefit of Bondholders.
Collection Account	The State Comptroller is required by the Act, commencing on or before the twelfth day of each month, to pay Sales Tax Revenues collected during the next preceding calendar month (with partial payments to be made on or before the last day of June and December consisting of collections made during the first 25 days of such months) to the Authority for application in accordance with the Act. The Authority has instructed the State Comptroller to pay Sales Tax Revenues directly to the Trustee for application in accordance with the Act and the Indenture. See "Application of Revenues" below. All Revenues received by the Authority are deposited immediately into the Collection Account.
Bond Account	The Bond Account is held by the Trustee in accordance with the terms of the Indenture. The Trustee shall deposit amounts from the Collection Account into the Bond Account (i) in accordance with the procedures described below for the payment of Debt Service, and (ii) to provide for the payment of Notes and Senior Agreements, if any, that are to be paid out of the Bond Account on a parity with the Senior Bonds. Currently the Authority is not a party to any Senior Agreements but expects to

	enter into swap contracts, the scheduled payments under which will constitute Senior Agreements, in connection with the Series 2004 ARS Bonds.
Application of Revenues........	All Revenues in the Collection Account shall be applied upon receipt by the Trustee in the following order of priority: *first*, to the Bond Account or Redemption Account to pay Debt Service and for the payment of Senior Agreement providers, if any, including scheduled payments on such swap contracts, in accordance with the Retention Procedures described in the paragraph below and the amount, if any, necessary to replenish the Debt Service Liquidity Account to the extent of any withdrawal therefrom; *second*, pursuant to Supplemental Indentures for the benefit of Noteholders, Subordinate Bondholders and parties to ancillary and swap contracts (other than Senior Agreements), including payments of any termination amounts or fees owing under any swap contracts, to the extent such Supplemental Indentures may require application of Revenues to pay items after payments of Debt Service but prior to operating expenses; *third*, to the Authority's operating expenses, including deposits to the Redemption Account for optional redemption of the Senior Bonds, if any, and any reserves held by the Authority for payment of operating expenses; *fourth*, to the payment of debt service on certain notes of the Authority to the extent required by Supplemental Indentures relating to such notes; and *then*, to the County as frequently as practicable, excess Revenues, free and clear of the lien of the Indenture.
Retention Procedures	At the beginning of each calendar month, the Trustee shall transfer all Revenues from the Collection Account to the Bond Account until the amount in the Bond Account is equal to Accrued Debt Service to the last day of such month. Such transfer shall be appropriately adjusted to reflect the date of issue of Bonds or Senior Notes, any accrued or capitalized interest deposited in the Bond Account, or any other amounts irrevocably pledged to the payment of such Debt Service for such period, actual rates of interest, any amount needed or held in the Accounts for Debt Service, and any purchase or redemption of Bonds or Senior Notes, so that there will be available on each payment date the amount necessary to pay Debt Service, and so that accrued or capitalized interest will be applied to the installments of interest to which it is applicable.
Tax Exemption.......................	In the opinion of Sidley Austin Brown & Wood LLP, Bond Counsel to the Authority, interest on the Series 2004A Bonds will be exempt from personal income taxes imposed by the State and its political subdivisions, and, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, interest on the Series 2004A Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. See "SECTION VI: TAX MATTERS".
Credit Enhancement..............	Payment of the principal of and interest on certain maturities of the Series 2004A Bonds, as set forth on the inside cover (the "Insured Bonds"), when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2004A Bonds.

Ratings	The ratings on the Series 2004A Bonds, other than the Insured Bonds, are “AA+” by Fitch Ratings (“Fitch”), “AA” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”), and “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) (each a “Rating Agency” and, collectively, the “Rating Agencies”). The ratings on the Insured Bonds will be based on the Ambac Insurance Policy. The ratings on the Insured Bonds are expected to be “AAA” by Fitch, “AAA” by Standard & Poor’s and “Aaa” by Moody’s. A security rating should be evaluated independently of similar ratings of different types of securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to a revision or withdrawal at any time by the assigning rating organization. See “SECTION VII: RATINGS.”
Authority Contact..................	Mr. Richard Luke, Executive Director and Treasurer Nassau County Interim Finance Authority 170 Old Country Road, Suite 205 Mineola, NY 11501 Phone Number: (516) 248-2630

SECTION I: INTRODUCTION

This Offering Circular of the Nassau County Interim Finance Authority (the "Authority") sets forth information concerning the Authority in connection with the sale of the Authority's $153,360,000 Sales Tax Secured Bonds, Series 2004A (the "Series 2004A Bonds") and, together with other Series of Senior Bonds, the "Bonds"). The Authority expects to issue on or about the delivery date of the Series 2004A Bonds, several Series of Bonds constituting auction rate securities (the "Series 2004 ARS Bonds"), in the aggregate principal amount of $450,000,000, which will be offered pursuant to a separate offering circular. The Authority is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as amended from time to time (the "Act").

The Series 2004A Bonds are being issued as Senior Bonds pursuant to the Act and an Indenture dated as of October 1, 2000, as amended and supplemented, including as supplemented by the Tenth Supplemental Indenture (the "Tenth Supplemental Indenture"), dated as of April 1, 2004 (such Indenture as from time to time amended or supplemented by said and other Supplemental Indentures being herein called the "Indenture"), by and between the Authority and The Bank of New York, as Trustee (the "Trustee"). See "SECTION XIII: TRUSTEE." The Authority and the County of Nassau, New York (the "County") have entered into a Financing Agreement (the "Agreement"), dated as of October 1, 2000, which provides, among other things, for the application of Bond proceeds. A summary of certain provisions of the Indenture and the Agreement, together with certain defined terms used therein and in this Offering Circular, are contained in Appendix B hereto.

The proceeds of the Series 2004A Bonds will be deposited in the Bond Proceeds Fund established under the Agreement (or in escrow accounts in the case of refundings or restructurings) and held by the Authority to be used, along with other funds of the Authority, if any, including proceeds of the Series 2004 ARS Bonds, to provide for the payment of certain Financeable Costs, including the refunding or restructuring of a portion of the County's outstanding bonds identified in Appendix F and the refunding of certain outstanding Bonds of the Authority identified in Appendix G, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. See "SECTION III: THE SERIES 2004A BONDS — Plan of Finance and Use of Funds".

The Bonds are payable from the Authority's Revenues which consist primarily of Sales Tax Revenues (each as defined herein). In accordance with the Act, Authority Revenues are applied first, pursuant to the Authority's contracts with bondholders, including the payment of Debt Service, and then, in the order of priority provided in the Indenture and the Agreement, and on a subordinate basis to the Bonds, to pay Authority expenses not otherwise provided for, to pay debt service on other obligations of the Authority, and to the County as frequently as practicable.

On June 23, 2000 the Governor signed into law the Act creating the Authority. Under the Act, the Authority has both limited authority to oversee the County's finances, including covered organizations as defined in the Act ("Covered Organizations"), and upon the declaration of a "control period," additional oversight authority. The Authority is required to review the terms of and comment on the prudence of each proposed issuance of bonds or notes proposed to be issued by the County, and no such borrowing shall be made unless first reviewed and commented upon and, during a control period, approved by the Authority. Upon request of the County, the Authority has the power to issue its bonds and notes to pay Financeable Costs, all as more fully described below. See "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Additional Bonds."

The Act authorizes the issuance of Bonds and notes, without limit, to finance capital projects and cash flow needs of the County, as well as, to the extent authorized by State law, any County deficit. In addition, the Authority may issue Bonds up to limits as currently set forth in the Act, exclusive of any Bonds issued to finance reserves, capitalized interest or costs of issuing such obligations as follows: to refinance any County indebtedness (up to $415 million); to refinance only tax certiorari settlements or assignments of any kind to which the County is a party ($790 million); and to finance tax certiorari judgments and settlements of the County (up to $400 million if the proceeding commenced before June 1 2000, and up to $400 million, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2007, however, of said $400 million, only $15 million may be issued in 2006 and $10 million may be issued in 2007). Bonds issued to refund Bonds theretofore issued for purposes subject to the debt limits described above are not counted against such limits. The Act provides that the Authority may not issue Bonds or notes after 2007, other than to retire or otherwise refund Authority debt. No Bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issue. For additional information regarding the issuance of parity or subordinate obligations of the Authority, see "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE NOTES — Additional Bonds."

The Authority has previously issued $1,176,325,000 of Bonds, of which $1,123,320,000 are currently Outstanding. In addition, the Authority has issued several series of bond anticipation notes, of which none are Outstanding.

SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

General

The Act authorizes the Authority to issue debt and secure the repayment of such debt with a pledge of the Authority's right, title and interest in the Revenues of the Authority, which are required by the Act to be paid to the Authority. In accordance with the Act, Authority Revenues are applied first, pursuant to the Authority's contracts with bondholders, including the payment of Debt Service, and then, in the order of priority provided in the Indenture and the Agreement, and on a subordinate basis to the Bonds, to pay Authority expenses not otherwise provided for, to pay debt service on other obligations of the Authority, and to the County as frequently as practicable. The Authority's Revenues are derived from the amounts payable to it from Sales Tax Revenues which, together with investment earnings on money and investments on deposit in the Accounts established under the Indenture are the only source of payment for the holders of the Bonds. See "Sales Tax Revenues" below. Pursuant to the Act and the Indenture, the Authority has pledged the Revenues to the Trustee for payment of the Bonds. The Act provides that the Authority's pledge of its Revenues represents a perfected first security interest on behalf of the holders of the Bonds. The lien of the Indenture on the Revenues for the security of the Bonds is prior to all other liens thereon.

The Authority does not have, nor is it expected to have, any significant assets or sources of funds other than Sales Tax Revenues and amounts on deposit pursuant to the Indenture. The Series 2004A Bonds will not be insured or guaranteed by the County, the State or the Trustee. The State is not obligated to make any additional payments or impose any taxes to satisfy the Debt Service obligations of the Authority. See "Sales Tax Revenues" below.

The Authority is not authorized by State law to file a petition in bankruptcy pursuant to Title 11 (the "Bankruptcy Code") of the United States Code. In addition, under the Act, the County and the Covered Organizations are prohibited from filing any petition with any United States district court or court of bankruptcy for the composition or adjustment of municipal indebtedness without the approval of the Authority and the State Comptroller, and no such petition may be filed while Authority bonds or notes remain Outstanding. Under the Act, the term Covered Organizations includes the Nassau County 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, excluding the Authority, any State public authority, any instrumentality created by interstate compact and any governmental agency, public authority or public benefit corporation exempted by the Authority upon the Authority's finding that such exemption does not materially adversely affect the ability of the County to adopt and maintain a budget pursuant to the Act, provided that, during the period of such exemption, there shall be audited financial statements of such exempted entity prepared in accordance with generally accepted accounting principles. Pursuant to its enabling legislation, the Nassau County Sewer and Storm Water Finance Authority is a covered organization under the Act.

Sales Tax Revenues

The Bonds are payable from the Authority's Revenues which consist principally of Sales Tax Revenues which are paid or payable to the Authority pursuant to Section 1261 of the State Tax Law and investment earnings on money and investments on deposit in the Accounts established under the Indenture. Sales Tax Revenues are defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County, currently at the rate of 4¼%, on the sale and use of tangible personal property and services in the County (the "Local Sales Tax") but excluding (i) the ¼% component of the Local Sales Tax that the County is required to allocate to towns and cities within the County under the Local Government Assistance Program established by the County and authorized pursuant to Section 1262-e of the State Tax Law, and (ii) the up to 1/12% component of the Local Sales Tax the County is authorized to allocate to villages within the County under a local government assistance program for such villages. The Local Sales Tax is one of the major sources of revenue for the County, accounting for approximately one-third of County revenues in its five major operating funds in its 2004 budget. The current total sales tax rate in the County is 8¾%, of which 4½% is the State's share and 4¼% is the Local Sales Tax. For a description of the servicing and application of Sales Tax Revenues, see "Servicing-Sales Tax Collection" and "Application of Revenues" below.

Pursuant to authorizing legislation enacted by the State in 1965, the County has imposed a Local Sales Tax since 1969, at a base rate of 2% which was increased to 3% in 1972. In addition, for a one-year period commencing September 1976 and continuously since June 1983, the State has authorized the County to impose various incremental rates in addition to the base rate of 3%. Since 1986, enabling legislation has been enacted periodically by the State permitting the County to increase the Local Sales Tax rate for a generally two-year period by three-quarters of one percent, from the base rate of 3% to 3¾%, with one-third of such increment (equivalent to a ¼% component) required to be allocated to towns and cities within the County. In addition, since 1991, enabling legislation has been enacted periodically by the State permitting the County to increase the Local Sales Tax rate for a generally two-year period by an additional one-half of one percent, from 3¾% to 4¼%.

Since 1997, the State legislation extending the 4¼% Local Sales Tax rate also authorized the County to establish a local government assistance program for the villages within the County and to allocate up to one-sixth of the ¾% incremental component of the Local Sales Tax remaining after required allocations are made to towns and cities within the County to the villages (equivalent to a 1/12% component). Such a program would result in a loss to the County of up to the 1/12% component of the Local Sales Tax. The County enacted a proposal to share a portion of Local Sales Tax revenue with the villages for its 2001 through 2005 fiscal years. As a result, the amount of such Local Sales Tax allocated to this program will be excluded from Sales Tax Revenues. The amount so excluded from Sales Tax Revenues for the 2001 through 2003 fiscal years of the County was approximately $250,000 each year and for the 2004 fiscal year of the County the amount so excluded from Sales Tax Revenues is projected by the County to be approximately $500,000.

The County Legislature has adopted local laws to implement the State's authorization to impose both the additional three-quarters of one percent and the additional one-half of one percent through November 30, 2005, the current limit of the State's authorization for such incremental components. If such provisions are not renewed, the existing 3% base rate will be in effect. No assurance can be given that either the County Legislature or the State will enact legislation extending the effective date of the additional three-quarters of one percent and the additional one-half of one percent components of the Local Sales Tax beyond November 30, 2005. The following table sets forth the dates that incremental sales tax components in addition to the 3% base rate have been in effect since 1980:

Effective Dates	**Incremental Rate**	**Total Local Sales Tax Rate**
June 1, 1983 through December 31, 1985	1.00%	4.00%
January 1, 1986 through August 31, 1991	0.75%	3.75%
September 1, 1991 through November 30, 2005	1.25%	4.25%

The amount of future Sales Tax Revenues to be collected depends upon various factors including the economic conditions in the County. Economic conditions in the County have reflected numerous cycles of growth and recession. There can be no assurance that historical data relating to economic conditions in the County are predictive of future trends. For more information regarding the economic conditions in the County, see "APPENDIX A — ECONOMIC AND DEMOGRAPHIC PROFILE." In addition, the State has in the past enacted amendments to the Tax Law to exempt specified goods and services from the imposition of the sales and compensating use tax, or to reduce the rate of the sales tax on such goods and services. There can be no assurance that future proposals will not result in additional exemptions or reductions.

The following table sets forth the history of the County's Local Sales Tax collections since 1981, as reported on a modified accrual basis in the County's financial statements. The amounts do not include the ¼% component of the Local Sales Tax the County has been required to allocate to towns and cities within the County under the County's Local Government Assistance Program since 1985, which are excluded from Sales Tax Revenues. However, the amounts set forth below do not exclude any allocations to villages within the County prior to 2001, since no local government assistance program for villages existed. From fiscal year 1981 to fiscal year 2003, the average annual compound growth rate for Local Sales Tax collections was approximately 6.14%. Since 1996, the fiscal year of the County has ended on December 31 of each year.

SALES TAX COLLECTIONS
EXCLUSIVE OF LOCAL GOVERNMENT ASSISTANCE PROGRAM ALLOCATION
(000's omitted)

Fiscal Year	Actual Sales Tax Revenues	Fiscal Year	Actual Sales Tax Revenues
1981	$226,020	1992	$520,129
1982	233,956	1993	553,983
1983 (1)	296,773	1994	575,562
1984	363,847	1995 (4)	435,282
1985	378,664	1996 (4)	788,329
1986 (2)	386,857	1997	653,091
1987	416,415	1998	673,431
1988	431,933	1999	713,931
1989	452,736	2000	755,967
1990	450,971	2001	779,714
1991 (3)	469,913	2002	811,147
		2003	838,085

(1) Local Sales Tax rate increased from 3% to 4% at the beginning of June and remained at 4% through 1985.
(2) Local Sales Tax rate reduced from 4% to 3¾% at the beginning of 1986.
(3) Local Sales Tax rate increased from 3¾% to 4 ¼% effective September 1, 1991.
(4) Fiscal Year 1995 was a 9-month year, and Fiscal Year 1996 was a 15-month year.
SOURCE: Office of the County Comptroller.

Retail trade in the County, according to the latest Economic Census of Retail Trade prepared by the U.S. Census Bureau in 1997, involved 14,642 establishments with $16.87 billion in sales. Major contributors to retail sales activity, not all of which may be subject to the sales and compensating use tax, include: motor vehicles and parts dealers, with 867 establishments accounting for $3.71 billion in sales; food and beverage stores, with 1,680 establishments accounting for $2.41 billion in sales; nonstore retailers (such as mail order shopping), with 3,247 establishments accounting for $2.20 billion in sales; general merchandise stores such as department stores, with 212 establishments accounting for $1.73 billion in sales; clothing and accessories stores, with 1,936 establishments accounting for $1.49 billion in sales; health and personal care stores, with 856 establishments accounting for $1.08 billion in sales; and building material, garden equipment and supplies dealers, with 526 establishments accounting for $1.07 billion in sales.

As set forth in the following table of New York State's top retailing counties, the most recent economic census in 1997 showed the County to be ranked second in the State for retail sales.

NEW YORK STATE TOP RETAILING COUNTIES
(000's omitted)

	1997 Rank	1997 Retail Sales	1992 Rank	1992 Retail Sales
New York (Manhattan)...	1	$19,964,095	1	$17,442,237
Nassau............................	2	16,876,869	2	13,752,351
Suffolk	3	13,879,345	3	10,795,088
Westchester....................	4	9,438,521	4	7,441,033
Queens	5	9,237,429	5	7,331,563
Erie	6	8,224,419	6	7,244,316
Kings..............................	7	8,407,009	7	6,922,469
Monroe...........................	8	6,681,881	8	5,607,577
Onondaga.......................	9	4,485,858	9	3,814,020
Albany	10	3,634,657	10	3,045,916

SOURCE: U.S. Census Bureau, Retail Trade.

The County is served by six regional shopping centers: Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres in Valley Stream, Bay Harbor Mall in Lawrence, Sunrise Mall in Massapequa and The Simon Mall at The Source in Westbury. Major retailers in the County include Saks Fifth Avenue, Bloomingdale's, Lord & Taylor, Nordstrom's, Macy's, Fortunoff's, Sears, JC Penney, Marshalls, Old Navy, Kohl's and Target. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls feature a total of 6,889,934 square feet of gross leasable area.

Servicing—Sales Tax Collection

Sales Tax is collected by vendors and service providers in the County and remitted to the New York State Department of Taxation and Finance monthly, quarterly or annually based on the volume of sales. The New York State Department of Taxation and Finance reports the amounts of such collections to the State Comptroller, and such amounts are deposited daily with such banks, banking houses or trust companies, as may be designated by the State Comptroller, to the credit of the State Comptroller in trust for the Authority to the extent net collections from sales taxes imposed by the County are payable to the Authority. After retaining such amount as the State Commissioner of Taxation and Finance may determine to be necessary for refunds and for the reasonable costs of the State Tax Commissioner in administering, collecting and distributing such taxes, on or before the twelfth day of each month, the State Comptroller is required to pay to the Authority Sales Tax Revenues collected during the next preceding calendar month, provided, however, that the State Comptroller is required to make a partial payment on or before the last day of June and December consisting of collections made during and including the first 25 days of such months. The amount of Sales Tax Collections received by the Authority each month in a year may vary from the amount for such month received by the Authority in prior years because of the impact of amounts deducted from or added to such payments to reflect the recalculation by the New York State Department of Taxation and Finance of actual amounts of Sales Tax Revenues collected. The Authority has instructed the State Comptroller to pay Sales Tax Revenues directly to the Trustee for application in accordance with the Act and the Indenture. For more information regarding the application of Sales Tax Revenues upon receipt by the Trustee, see "Application of Revenues" below. The following table sets forth, on a cash basis, monthly distributions of Local Sales Tax collections since January 2001.

MONTHLY SALES TAX COLLECTION DISTRIBUTIONS
TO THE AUTHORITY FROM THE STATE COMPTROLLER

Date	2001	2002	2003	2004
JANUARY	$ 20,421,900.35	$ 21,070,011.85	$ 17,059,980.88	$24,198,249.11
FEBRUARY	64,057,311.19	68,820,953.71	67,249,121.99	69,375,540.61
MARCH	46,827,146.61	50,087,429.05	55,498,957.28	56,939,381.19
APRIL	90,016,597.12	88,461,766.96	76,429,549.41	
MAY	55,382,600.36	58,594,453.32	59,378,157.88	
JUNE	120,723,019.38	93,149,493.01	125,182,187.99	
JULY	17,701,029.90	41,636,718.23	20,578,000.15	
AUGUST	62,638,507.79	64,366,892.62	67,479,944.55	
SEPTEMBER	58,954,205.32	60,439,573.57	64,733,833.30	
OCTOBER	68,480,592.97	91,883,146.38	82,906,271.29	
NOVEMBER	53,609,813.42	60,570,026.50	63,078,434.81	
DECEMBER	121,927,780.53	123,922,169.42	133,207,734.19	
TOTALS	$780,740,504.94	$823,002,634.62	$832,782,173.72	

Authority Bonds

Pursuant to the Act, the Authority has the power to issue its bonds and notes for the purpose of refinancing or restructuring a portion of the County's outstanding debt, and financing capital project costs, tax certiorari judgments and settlements incurred or to be incurred by the County, the County's cash flow needs, certain retirement incentive programs and amounts necessary to finance any County deficit to the extent authorized by State law. Bonds may only be issued by the Authority upon a request therefor by the County made by the County Executive and approved by the County Legislature. Any such issuance of Bonds shall be at the discretion of the Authority. The Authority may not issue bonds, other than Bonds to refund Authority Bonds previously issued, after December 31, 2007. In addition, no Bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issue.

Bonds of the Authority may be issued, amortized, redeemed and refunded without regard to the provisions of the State's Local Finance Law; except that the principal amount of outstanding bonds of the Authority shall be deemed indebtedness of the County for purposes of ascertaining the amount of indebtedness the County may contract pursuant to the State's Local Finance Law and State Constitution and the Authority shall not exceed such limitation.

The total anticipated Debt Service payable on Outstanding Bonds of the Authority, as well as Debt Service on the Series 2004A Bonds, is set forth herein in the table entitled "Debt Service on Senior Bonds" under the heading "SECTION III: THE SERIES 2004A BONDS—Debt Service Requirements."

Debt Service Coverage on Outstanding Senior Bonds

The Authority cannot predict the amounts of additional Bonds, if any, that the Authority will issue as requested by the County and approved by the Authority. The following table shows coverage of maximum annual Debt Service on the Prior Outstanding Bonds, the Series 2004A Bonds and the Series 2004 ARS Bonds by historical Sales Tax Revenues. Maximum annual Debt Service on all Senior Bonds (namely, the Prior Outstanding Bonds, the Series 2004A Bonds and the Series 2004 ARS Bonds) will be, upon the issuance of the Series 2004A Bonds and the Series 2004 ARS Bonds, $130,059,883 occurring in 2009. See "SECTION III: THE SERIES 2004A BONDS—Debt Service Requirements."

DEBT SERVICE COVERAGE ON SENIOR BONDS BY HISTORICAL SALES TAX REVENUES

Year	Sales Tax Revenues ($ Thousands)(a)	Coverage of Maximum Annual Debt Service on Senior Bonds (c)
1981	226,020	1.74
1982	233,956	1.80
1983	296,773	2.28
1984	363,847	2.80
1985	378,664	2.91
1986	386,857	2.97
1987	416,415	3.20
1988	431,933	3.32
1989	452,736	3.48
1990	450,971	3.47
1991	469,913	3.61
1992	520,129	4.00
1993	553,983	4.26
1994	575,562	4.43
1995	435,282(b)	3.35
1996	788,329(b)	6.06
1997	653,091	5.02
1998	673,431	5.18
1999	713,931	5.49
2000	755,967	5.81
2001	779,714	6.00
2002	811,147	6.24
2003	838,085	6.44

(a) Sales tax revenues are reported on a modified accrual basis and do not reflect cash receipts on a calendar year basis.
(b) Fiscal Year 1995 was a 9-month year, and Fiscal Year 1996 was a 15-month year.
(c) Based on (i) an assumed interest rate on the Series 2002A and 2002B Bonds (which were issued as variable rate bonds) of 5% per annum and (ii) Debt Service for the Series 2004 ARS Bonds at the fixed payer rates on the associated interest rate swaps.

Additional Bonds

The Act does not limit the amount of notes and Bonds that the Authority may issue for the purposes of financing Financeable Costs, including the County's cash flow needs. The Authority may from time to time issue Subordinate Notes or notes secured by the Revenues subordinate to the Authority's Operating Expenses and on a parity with the Notes as described herein. The Act provides that the maximum amount of Bonds that the Authority may issue, exclusive of any Bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, is as follows: (i) to refinance or restructure the County's outstanding debt ($415 million); (ii) to refinance only tax certiorari settlements or assignments of any kind to which the County is a party ($790 million); and (iii) to finance tax certiorari judgments and settlements of the County (up to $400 million if the proceeding commenced before June 1, 2000, and up to $400 million, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2007, however, of said $400 million, only $15 million may be issued in 2006 and $10 million may be issued in 2007). Bonds issued to refund Bonds theretofore issued for purposes subject to the debt limits described above are not counted against such limits.

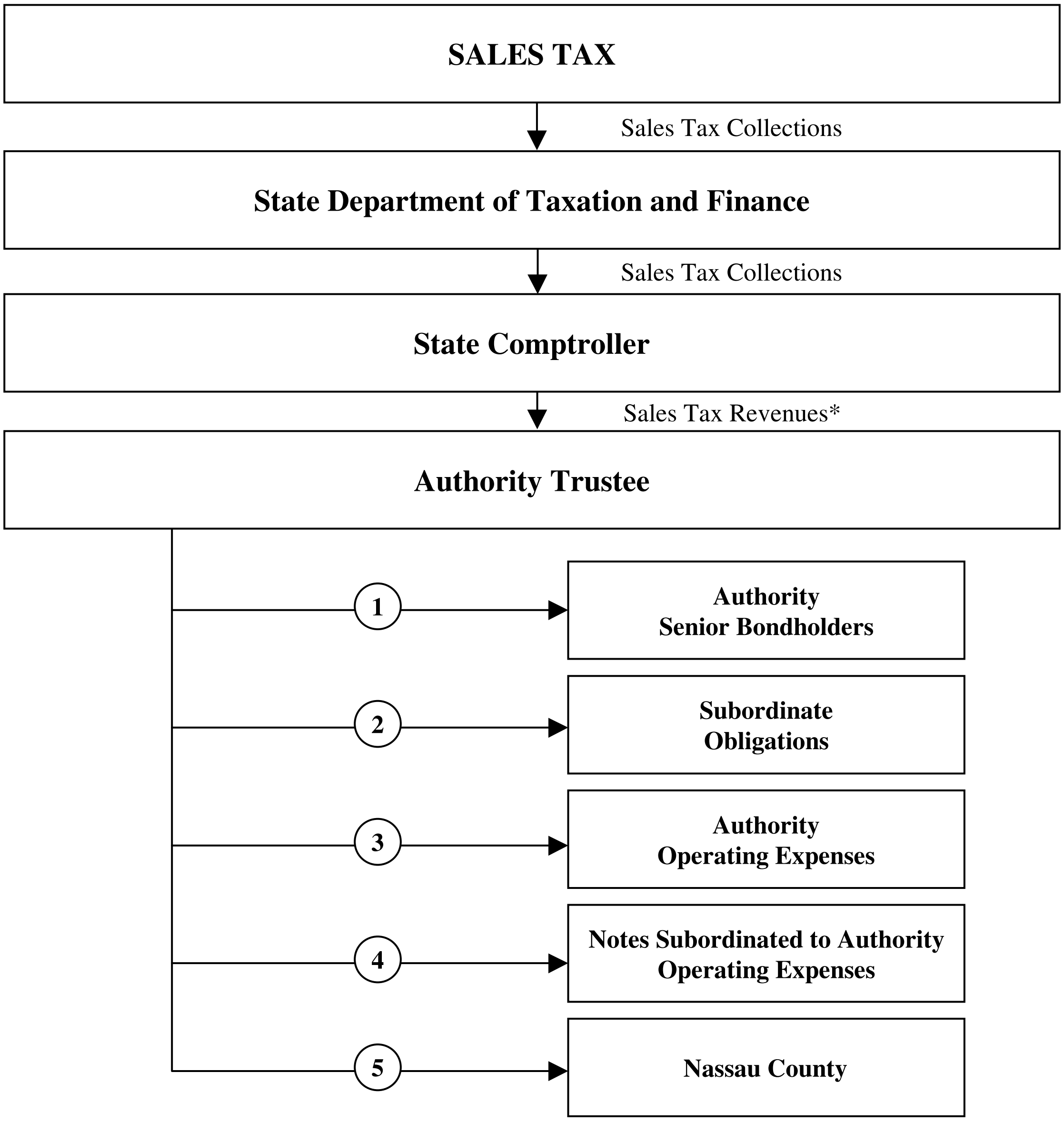
The Indenture provides that other Series of Bonds and notes may be issued only (i) as Senior Bonds or Senior Notes on a parity with other Series of Senior Bonds or Senior Notes or (ii) as subordinate to the Senior Bonds or Notes, but (iii) no Series of Bonds or Senior Notes on a parity with other Series of Senior Bonds or Senior Notes shall be authenticated and delivered unless the amount of Sales Tax Revenues received by the Authority for the twelve consecutive calendar months ended not more than three months prior to the calculation date is at least three times the amount of annual Debt Service (excluding any accrued or capitalized interest), including such Series of Bonds and Senior Notes for each Fiscal Year Bonds will be Outstanding. See "APPENDIX B — SUMMARY OF INDENTURE AND AGREEMENT".

In addition, no Senior Bonds may be issued unless there is available in the Debt Service Liquidity Account an amount equal to any Debt Service Liquidity Account Requirement that may be in effect. Money, if any, on deposit in the Debt Service Liquidity Account is held in trust under the Indenture and applied to remedy any shortfall in the Bond Account in amounts due on Debt Service, except that money on deposit in such account in excess of the Debt Service Liquidity Account Requirement will be transferred to the Collection Account. The Debt Service Liquidity Requirement means an amount equal to one-twelfth of the maximum total Principal Installments and interest becoming due in the current or any future Fiscal Year on Senior Bonds or zero if the Authority's projected maximum required monthly deposit of Sales Tax Revenues upon the issuance of such Senior Bonds is no greater than one-half of the lowest monthly Sales Tax Revenue collections in the last 24 calendar months. A portion of the proceeds of the Series 2004A Bonds and Series 2004 ARS Bonds are expected to be used to purchase a Debt Service Liquidity Account Insurance Policy in an amount sufficient, together with other amounts on deposit in the Debt Service Liquidity Account, to equal the Debt Service Liquidity Account Requirement. See "APPENDIX B — SUMMARY OF INDENTURE AND AGREEMENT."

Application of Revenues

Upon receipt of Sales Tax Revenues required to be paid to the Authority in accordance with the Authority's instructions to the State Comptroller, the Trustee must deposit such amounts into the Collection Account held by the Trustee. The Act and the Indenture establish a priority for the use by the Authority of Sales Tax Revenues as follows: *first*, to the Bond Account or Redemption Account to pay Debt Service and for the payment of Senior Agreement providers, if any, including scheduled payments on such swap contracts, in accordance with the procedures described below under "Retention Procedures" and the amount, if any, necessary to replenish the Debt Service Liquidity Account to the extent of any withdrawal therefrom; *second*, pursuant to Supplemental Indentures for the benefit of Noteholders, Subordinate Bondholders and parties to ancillary and swap contracts (other than Senior Agreements), including payments of any termination amounts or fees owing under any swap contracts, to the extent such Supplemental Indentures may require application of Revenues to pay items after payments of Debt Service but prior to operating expenses; *third*, to the Authority's operating expenses, including deposits to the Redemption Account for optional redemption of the Senior Bonds, if any, and any reserves held by the Authority for payment of operating expenses; *fourth*, to the payment of debt service on certain notes of the Authority to the extent required by Supplemental Indentures relating to such notes; and *then*, to the County as frequently as practicable, excess Revenues, free and clear of the lien of the Indenture. The chart on the following page illustrates the collection of Sales Tax Revenues (as described under "Servicing-Sales Tax Collection" above) and the flow of funds under the Indenture, as described below.

SUMMARY OF COLLECTION AND APPLICATION OF SALES TAX REVENUES



*As defined.

(1) Revenues will be retained by the Trustee for the payment of Debt Service on Outstanding Bonds and for the payment of Senior Agreement providers, if any, including scheduled payments on such swap contracts in accordance with the retention procedures detailed below, and for the payment of the amount, if any, necessary to replenish the Debt Service Liquidity Account to the extent of any withdrawal therefrom.

(2) Revenues are next applied pursuant to Supplemental Indentures for the benefit of Subordinate Bondholders, Subordinate Noteholders, and parties to Subordinate Agreements, including payments of any termination amounts or fees owing under any swap contracts to the extent such Supplemental Indentures may require application of Revenues to pay items after payment of Debt Service.

(3) After Revenues are retained by the Trustee for the payment of Debt Service, payments to Subordinate Bondholders and Subordinate Noteholders, and Senior Agreement providers, if any, such Revenues are paid to the Authority for its operating expenses.

(4) In accordance with the Supplemental Indentures relating to certain Bond Anticipation Notes, the payment of interest on and principal of such Bond Anticipation Notes shall be payable after Authority Operating Expenses.

(5) After the payments described in (1), (2), (3) and (4) above are made, remaining Revenues are paid to the County, as frequently as practicable.

Retention Procedures

At the beginning of each calendar month, the Trustee shall begin to transfer all Revenues from the Collection Account to the Bond Account until the amount in the Bond Account is equal to Accrued Debt Service to the last day of such month. Such transfer shall be appropriately adjusted to reflect as of the date of issue of notes or Bonds, any accrued or capitalized interest deposited in the Bond Account or any other amounts irrevocably pledged to the payment of such Debt Service for such period, actual rates of interest, any amount needed or held in the Accounts for Debt Service, and any purchase or redemption of notes or Bonds, so that there will be available on each payment date the amount necessary to pay Debt Service and so that accrued or capitalized interest will be applied to the installments of interest to which it is applicable.

After all payments are made to the Bond Account and Redemption Account, moneys on deposit in the Collection Account will be used in the following order of priority: for the benefit of Subordinate Bondholders, Subordinate Noteholders or contract parties, to the extent required by Supplemental Indentures, for the payment of the Authority's operating expenses and, as soon as practicable, to the County, free and clear of the lien of the Indenture. The County has covenanted to provide the Authority with a schedule of forecasted collections of Sales Tax Revenues before the beginning of each fiscal year and each month during such fiscal year. In the event projected collections from Sales Tax Revenues are anticipated to be insufficient during any month to completely provide for the amount required to be retained in such month, the Trustee is required to withhold additional Sales Tax Revenues in subsequent months. "APPENDIX B — SUMMARY OF INDENTURE AND AGREEMENT — Application of Revenues."

Agreements of the State and the County

In the Act, the State pledges and agrees with the holders of the Bonds that the State will not limit, alter or impair the rights vested in the Authority by the Act to fulfill the terms of the Indenture, or in any way impair the rights and remedies of such holders of the Bonds or the security for the Bonds until such Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of the Bonds, are fully paid and discharged. The State is not obligated to make any additional payments or impose any taxes to satisfy the Debt Service obligations of the Authority. The State Constitution allows the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the Local Sales Tax. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or the County.

In accordance with the Act, the County will pledge and agree with the holders of the Bonds that the County will not limit, alter or impair the rights vested by the Act in the Authority to fulfill the terms of any agreements made with such holders pursuant to the Act, or in any way impair the rights and remedies of such holders or the security for the Bonds until the Bonds are fully paid and discharged. Nothing contained in the Act or the Agreement restricts any right the County may have to amend, modify or otherwise alter local laws imposing or relating to the Local Sales Tax so long as, after giving effect to such amendment, modification or other alteration, the amount of Sales Tax Revenues projected by the Authority to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration is not less than 200% of maximum annual debt service on all Authority bonds, notes and other evidences of indebtedness then outstanding. For a description of the covenants of the County set forth in the Agreement, see "APPENDIX B — SUMMARY OF INDENTURE AND AGREEMENT."

THE BONDS ARE NOT A DEBT OF EITHER THE STATE OR THE COUNTY, AND NEITHER THE STATE NOR THE COUNTY IS LIABLE THEREON.

The covenants of the County and the State described above shall be of no force and effect with respect to any Bond if there is on deposit in trust with a bank or trust company sufficient cash or Defeasance Collateral to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Bond Insurance

Concurrently with the issuance of the Series 2004A Bonds, Ambac Assurance Corporation ("Ambac") will issue a financial guaranty insurance policy (the "Ambac Insurance Policy") with respect to the Series 2004A Bonds identified as being insured by Ambac (the "Insured Bonds"). The Ambac Insurance Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Ambac Insurance Policy included as Appendix E to this Offering Circular. The Ambac Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Information pertaining to the Bond Insurer and to the Ambac Insurance Policy has been supplied by Ambac. The Authority makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the dates indicated.

Summaries of or references to the Ambac Insurance Policy are made subject to all detailed provisions thereof to which reference is hereby made for further information and do not purport to be complete statements of any or all of such provisions.

Ambac Assurance has made a commitment to issue the Ambac Insurance Policy relating to the Series 2004A Bonds effective as of the date of issuance of the Series 2004A Bonds. Under the terms of the Ambac Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2004A Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Insurance Policy). Ambac Assurance will make such payments to the Ambac Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2004A Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2004A Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2004A Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2004A Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2004A Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on an Ambac Insured Bond which has become Due for Payment and which is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Insurance Policy does not insure any risk other than Nonpayment, as defined in the Ambac Insurance Policy. Specifically, the Ambac Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Ambac Insurance Policy, payment of principal requires surrender of the Series 2004A Bonds to the Ambac Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2004A Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Ambac Insurance Policy. Payment of interest pursuant to the Ambac Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Obligation, appurtenant coupon, if any, or right to payment of principal or interest on such Obligation and will be fully subrogated to the surrendering holder's rights to payment.

The insurance provided by the Ambac Insurance Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

The Ambac Insurance Policy does not insure against loss relating to payments made in connection with the sale of the Series 2004A Bonds at Auctions or losses suffered as a result of a holder's inability to sell the Series 2004A Bonds.

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $7,278,000,000 (audited) and statutory capital of $4,490,000,000 (audited) as of December 31, 2003. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Series 2004A Bonds.

Ambac Assurance makes no representation regarding the Series 2004A Bonds or the advisability of investing in the Series 2004A Bonds and makes no representation regarding, nor has it participated in the preparation of, the official statement other than the information supplied by Ambac Assurance and presented under the heading "SECTION II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Bond Insurance" and "APPENDIX E — SPECIMEN BOND INSURANCE POLICY."

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the Company), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the NYSE), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

The following documents filed by the Company with the SEC (File No 1-10777) are incorporated by reference in this official statement:

> The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and filed on March 15, 2004.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this offering circular will be available for inspection in the same manner as described above.

SECTION III: THE SERIES 2004A BONDS

General

The Series 2004A Bonds will be dated, will bear interest at the rates and will mature on the dates as set forth on the cover and inside cover page of this Offering Circular. The Series 2004A Bonds are not subject to redemption prior to maturity. All of the Series 2004A Bonds will be issued in book-entry only form.

The Series 2004A Bonds will be issued in denominations of $5,000 or any whole multiple thereof, and will bear interest calculated on the basis of a 360-day year of 30-day months.

Debt Service Requirements

The following schedule sets forth, for each 12-month period ending December 31 of the years shown, on a cash basis, the anticipated amounts required to be paid by the Authority for the payment of principal of, and interest on, the Series 2004A Bonds payable on their respective payment dates of each such period, and assumes the issuance of the Series 2004 ARS Bonds as described in note 3 below, and the total payments to be made with respect to debt service on Outstanding Senior Bonds.

12-Month Period Ending December 31	Prior Outstanding Bonds Debt Service[(1)]	Outstanding Bonds Debt Service[(1) (2)]	Total Series 2004A Bonds Debt Service	Series 2004 ARS Bonds Debt Service[(3)]	Total Senior Bond Debt Service[(4)]
2004	$ 80,536,166	$ 65,141,071	$ 4,035,565	$ 8,395,127	$ 77,571,763
2005	97,636,216	82,241,121	10,529,946	13,927,400	106,698,468
2006	98,814,941	73,214,846	12,974,896	13,927,400	100,117,143
2007	110,961,559	85,360,996	28,146,996	13,927,400	127,435,393
2008	103,777,309	78,180,696	27,550,896	13,927,400	119,658,993
2009	113,124,824	87,528,786	28,603,696	13,927,400	130,059,883
2010	112,223,393	86,623,105	26,354,346	13,927,400	126,904,851
2011	103,860,855	91,102,917	17,889,996	13,927,400	122,920,314
2012	101,002,049	66,369,111	39,072,715	13,927,400	119,369,226
2013	100,922,705	66,356,492	527,850	45,027,400	111,911,742
2014	93,674,330	61,035,099		58,293,622	119,328,720
2015	80,816,693	48,628,424		43,358,489	91,986,913
2016	82,341,380	50,155,874		71,955,947	122,111,820
2017	77,532,545	47,613,414		64,627,676	112,241,090
2018	77,542,963	61,332,394		49,572,208	110,904,602
2019	77,537,726	35,049,364		76,135,158	111,184,522
2020	76,977,776	41,584,864		66,020,374	107,605,238
2021	54,669,526	41,581,464		23,054,124	64,635,588
2022	40,199,158	40,199,158		9,777,734	49,976,892
2023	21,787,258	21,787,258		9,997,740	31,784,998
2024				9,902,016	9,902,016
Totals*	$1,705,939,370	$1,231,086,454	$195,686,904	$647,536,814	$2,074,310,172

* Totals may not add due to rounding.

(1) Includes Debt Service on Outstanding Series 2000A, 2001A, 2002A, 2002B, 2003A and 2003B Bonds and assumes an interest rate of five (5%) percent on Series 2002A and 2002B Bonds issued as variable interest rate Bonds.

(2) Adjusted to reflect defeasance of the Authority Refunded Bonds.

(3) Debt Service on the Series 2004 ARS Bonds is based on the actual fixed payer rates on the associated interest rate swaps.

(4) Includes the assumptions set forth in footnotes 1, 2 and 3.

Plan of Finance and Use of Proceeds

The proceeds from the sale of the Series 2004A Bonds and the Series 2004 ARS Bonds will be deposited in the Bond Proceeds Fund established under the Financing Agreement (or in escrow accounts in the case of refundings or restructurings) and will be used to provide for the refunding or payment of debt service on certain of the Authority's Outstanding Bonds identified in Appendix G (the "Authority Refunded Bonds") and on certain of the County's outstanding bonds identified in Appendix F (the proceeds of which have been used primarily to fund a portion of the County's capital program, tax certiorari judgments and settlements and other judgments), to finance tax certiorari judgments and settlements, to finance other legal judgments and settlements, to finance County capital projects and to pay costs of issuance, as set forth in the table below. Bond proceeds are not pledged or available to pay any indebtedness of the Authority (other than any refunded Bonds).

The proceeds of the Series 2004A Bonds and the Series 2004 ARS Bonds being used to refund the Authority Refunded Bonds will be invested under an escrow agreement in Defeasance Collateral the principal of and the interest on which when due will provide money which, together with uninvested money deposited with the escrow agent at the same time, will be sufficient, without further investment or reinvestment, to pay when due, the principal or redemption price of and interest due and to become due on the Authority Refunded Bonds. Accordingly, the Authority Refunded Bonds will be deemed to have been paid within the meaning and effect of the Indenture and will no longer be Outstanding.

Swap Contracts

In connection with the issuance of the Series 2004 ARS Bonds, the Authority expects to enter into certain interest rate exchange agreements (the "swap contracts") for the purpose of converting the Authority's variable rate exposure relating to the Series 2004 ARS Bonds to a fixed rate. The swap contracts are expected to have an aggregate notional amount equal to the aggregate par amount of the Series 2004 ARS Bonds. The aggregate notional amount of the swap contracts is expected to reduce on the dates and in the respective aggregate amounts specified for the mandatory sinking fund redemption of the Series 2004 ARS Bonds of all series, but under certain circumstances may terminate prior to the maturity of the Series 2004 ARS Bonds. Under the terms of the swap contracts, the Authority will pay a fixed rate to the counterparties and receive a variable rate. The counterparties are expected to be the Underwriters of the Series 2004 ARS Bonds or affiliated entities. The swap contracts will be "swap contracts" under the Indenture and, the Authority's regularly scheduled payment obligations under the swap contracts will constitute Senior Agreements under the Indenture, payable on a parity with Debt Service on the Senior Bonds, and any termination payments or related payments or fees will constitute Subordinate Agreements under the Indenture, payable after Debt Service on Senior Bonds and payments under Senior Agreements, but ahead of operating expenses.

Sources and Uses of Funds

Set forth below are the estimated sources and uses of the proceeds of the Series 2004A Bonds and Series 2004 ARS Bonds:

SOURCES OF FUNDS

Par amount of the Series 2004 ARS Bonds and the Series 2004A Bonds	$603,360,000.00
Plus Net Original Issuance Premium	13,907,785.35
Prior Debt Service Funds	7,697,547.51
Total Sources of Funds	$624,965,332.86

USES OF FUNDS

Deposit to Bond Proceeds Fund for the following Purposes:	
Funding escrow accounts to pay County debt service and NIFA Debt Service	$473,196,036.51
County capital projects	93,462,812.00
Tax certiorari judgments and settlements	34,700,000.00
Other legal judgments and settlements	17,500,000.00
County Costs of Issuance	450,000.00
Underwriters' Discount, Insurance Premiums and Other Authority	5,656,484.35
Total Uses of Funds	$ 624,965,332.86

Book-Entry Only System

Beneficial ownership interests in the Bonds will be available in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Series 2004A Bonds will not receive certificates representing their interests in the Series 2004A Bonds purchased.

DTC will act as securities depository for the Series 2004A Bonds. The Series 2004A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each principal amount of Series 2004A Bonds bearing interest at a specified interest rate, each in the aggregate principal amount of such quantity of Series 2004A Bonds, and will be deposited with DTC. If, however, the aggregate principal amount of any such quantity of Series 2004A Bonds exceeds $500 million, one bond certificate will be issued with respect to each $500 million of principal amount of such quantity of Series 2004A Bonds and an additional bond certificate will be issued with respect to any remaining principal amount of such quantity of Series 2004A Bonds.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange LLC, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2004A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2004A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2004A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Series 2004A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Series 2004A Bonds, except in the event that use of the book-entry system for the Series 2004A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2004A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2004A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2004A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2004A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2004A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2004A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2004A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2004A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers though DTC (or a successor securities depository). In that event, Series 2004A Bond certificates will be printed and delivered.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry Only System" has been extracted from information furnished by DTC. Neither the Authority nor the original purchasers make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Other Information

For additional information regarding the Series 2004A Bonds and the Indenture including the events of default under the Indenture and the remedies of the Bondholders thereunder, which include acceleration of the Series 2004A Bonds under certain circumstances, see “APPENDIX B — SUMMARY OF INDENTURE AND AGREEMENT.”

SECTION IV: THE AUTHORITY

Purpose and Operations

The Authority is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation created in June, 2000 by the Act and empowered to issue its bonds and notes for various County purposes, including the restructuring of a portion of the County’s outstanding debt. The Authority shall continue in existence until its oversight, control or other responsibilities and its liabilities, which include the payment of Authority bonds and notes, including the Series 2004A Bonds, have been met or discharged. In addition, the Authority has certain powers under the Act to monitor and oversee the County’s finances, including Covered Organizations, and upon the declaration of a “control period,” additional oversight authority, all as more fully described below under “Authority Monitoring and Control Functions.”

The Authority is not authorized by State law to file a petition in bankruptcy. In addition, under the Act, the County and the Covered Organizations are prohibited from filing any petition with any United States district court or court of bankruptcy for the composition or adjustment of municipal indebtedness without the approval of the Authority and the State Comptroller, and no such petition may be filed while Authority bonds or notes remain Outstanding.

Directors and Management

The Authority is governed by 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 of the directors of the Authority. The Governor also designates the chairperson and vice-chairperson from among the directors. There is currently one vacancy on the board of the Authority. As of the date of this Offering Circular, the following individuals have been appointed directors:

Directors

Ronald A. Stack, Director and Chairperson. Mr. Stack is a Managing Director and Head of the Public Finance Department of Lehman Brothers.

Richard M. Kessel, Director. Mr. Kessel is the Chairman and Chief Executive Officer of the Long Island Power Authority.

Martin D. Payson, Director. (Nominated by the State Comptroller.) Mr. Payson is a Director of Panavision Inc.; Delta Financial Corp.; Classic Communications, Inc; and Carl Marks & Co., Inc.

David H. Peirez, Director. (Nominated by the Speaker of the Assembly.) Mr. Peirez is a senior partner in the law firm of Reisman, Peirez & Reisman, L.L.P.

Robert G. Smith, Ph.D., Director. Dr. Smith is the Founder of Smith Affiliated Capital Corp. He is a member of the New York State Financial Control Board, director and chairman of the Audit Committee of the Guardian Insurance Family of Mutual Funds, Director of the New York State Charitable Asset Foundation, and a member of the New York State Comptroller's Investment Advisory Board for the State Common Fund.

Robert Wallach, Director. (Nominated by the Senate Majority Leader.) Mr. Wallach is Chairman and Chief Executive Officer of The Robert Plan Corporation.

Officers

The following is a brief description of certain officers and staff members of the Authority:

Richard Luke, Executive Director and Treasurer

Mr. Luke serves as Executive Director and Treasurer. Mr. Luke is a CPA with 30 years' financial management experience dealing with local governments, including 15 years working for the Office of the State Comptroller.

Jeremy Wise, General Counsel

Mr. Wise serves as General Counsel. 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.

Financing Agreement

In accordance with the provisions of the Act described above, the Authority and the County have entered into the Financing Agreement, dated as of October 1, 2000, providing for, among other things, the issuance of bonds and notes by the Authority to finance various County purposes authorized under the Act. See "APPENDIX B: SUMMARY OF INDENTURE AND AGREEMENT."

Authority Monitoring and Control Functions

During an "Interim Finance Period", as defined in the Act, the Authority is empowered, among other things, to review financial plans submitted to it; to make recommendations or, if necessary, adverse findings thereon; to monitor compliance; to make transitional State aid available as it determines; to comment on proposed borrowings by the County and Covered Organizations; and to impose a control period upon making one of the statutory findings. Even in the absence of a control period, certain of these powers may continue beyond the Interim Finance Period.

A control period will occur upon the Authority's determination that any of the following events has occurred or that there is a substantial likelihood and imminence of its occurrence: (1) the County shall have failed to pay the principal of or interest on any of its bonds or notes when due or payable; (2) the County shall have incurred a major operating funds deficit of 1% or more in the aggregate in the results of operations during its fiscal year assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles; (3) the County shall have otherwise violated any provision of the Act and such violation substantially impairs the marketability of the County's bonds or notes; (4) the County Treasurer's certification at any time, at the request of the Authority or on the County Treasurer's initiative, that on the basis of facts existing at such time, the County Treasurer cannot make the certification that securities sold by or for the benefit of the County in the general public market during the fiscal year immediately preceding such date and the then current fiscal year are satisfying the financing requirements of the County during such period and that there is a substantial likelihood of a similar result from such date through the end of the next succeeding fiscal year; or (5) if, in regard to the County's financial plan covering the County and the Covered Organizations, the County fails to make the required modifications after reductions in revenue estimates, or to provide a modified plan in detail and within such time period required by the Authority.

During a control period the Authority shall withhold transitional State aid and is empowered, among other things, to approve or disapprove proposed contracts and borrowings by the County and Covered Organizations; approve, disapprove or modify the County's financial plan; issue binding orders to the appropriate local officials; impose a wage freeze; and terminate the control period upon finding that no condition exists which would permit imposition of a control period.

At its meeting on November 5, 2003 the Authority approved the County's four-year Financial Plan, as defined in the Act, but required that the County submit an acceptable update to the Financial Plan no later than June 1, 2004.

SECTION V: NO LITIGATION

There is not now pending any litigation (i) restraining or enjoining the issuance or delivery of the Series 2004A Bonds or questioning or affecting the validity of the Series 2004A Bonds or the proceedings and authority under which they are issued or will be issued, respectively; (ii) contesting the creation, organization or existence of the Authority, or the title of the directors or officers of the Authority to their respective offices; (iii) questioning the right of the Authority to perform its obligations under the Indenture or the Agreement and to pledge the Revenues and funds and other moneys and securities purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture; or (iv) questioning or affecting the levy or collection of the Local Sales Tax in any material respect, or the application of the Local Sales Tax for the purposes contemplated by the Act, or the procedure thereunder.

SECTION VI: TAX MATTERS

In the opinion of Sidley Austin Brown & Wood LLP, New York, New York, as Bond Counsel to the Authority, except as provided in the following sentence, interest on the Series 2004A Bonds will not be includable in the gross income of the owners of the Series 2004A Bonds for Federal income tax purposes under existing law. Interest on the Series 2004A Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2004A Bonds in the event of a failure of the Authority or the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and their respective covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and no opinion is rendered by Sidley Austin Brown & Wood LLP as to the exclusion from gross income of the interest on the Series 2004A Bonds for Federal income tax purposes on or after the date on which any action is taken under the Series 2004A Bonds proceedings or related proceeding upon the approval of counsel other than such firm.

In the opinion of Bond Counsel, interest on the Series 2004A Bonds will be exempt from personal income taxes imposed by the State and its political subdivisions.

In the opinion of Bond Counsel, interest on the Series 2004A Bonds will not be a specific preference item for purposes of the Federal individual or corporate alternative minimum income tax. The Code contains other provisions that could result in tax consequences, upon which Sidley Austin Brown & Wood LLP renders no opinion, as a result of ownership of such Series 2004A Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Series 2004A Bonds owned by a corporation will be included in the calculation of a corporation's Federal alternative minimum tax liability.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Series 2004A Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The excess, if any, of the amount payable at maturity of any maturity of the Series 2004A Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2004A Bonds with original issue discount (a "Discount Bond") will be excluded from gross income for federal, State and City of New York income tax purposes to the same extent as interest on the Series 2004A Bonds. In general, the issue price of a maturity of the Series 2004A Bonds is the first price at which a substantial amount of Series 2004A Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond which is a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such substantially identical bonds is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

The excess, if any, of the tax basis of the Series 2004A Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Series 2004A Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2004A Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such Series 2004A Bonds are required to decrease their adjusted basis in such Series 2004A Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2004A Bonds are held. The amortizable bond premium on such Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Series 2004A Bonds. Owners of such Series 2004A Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premiums upon sale or other disposition of such Series 2004A Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2004A Bonds.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Series 2004A Bonds will not have an adverse effect on the status of the Series 2004A Bonds. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Series 2004A Bonds.

SECTION VII: RATINGS

The ratings on the Series 2004A Bonds, other than the Insured Bonds, are "AA+" by Fitch Ratings ("Fitch"), "AA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), and "Aa2" by Moody's Investors Service, Inc. ("Moody's") (each a "Rating Agency" and, collectively, the "Rating Agencies"). The ratings on the Insured Bonds will be based on the Ambac Insurance Policy. The ratings on the Insured Bonds are expected to be "AAA" by Fitch, "AAA" by Standard & Poor's and "Aaa" by Moody's. Such ratings will reflect only the respective views of such organizations. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. A downward revision or withdrawal of such ratings, or any of them, may have an effect on the market price of the Series 2004A Bonds.

SECTION VIII: VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein & Co., Certified Public Accountants, will deliver to the Authority and the Underwriters on or before the date of delivery of the Series 2004A Bonds its verification report indicating that it has verified, in accordance with the standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of certain computations showing the Underwriters' assertions of the adequacy of the cash and the maturing principal of and interest on certain government obligations held in the escrow funds to provide for the payment of the principal of an interest and redemption premiums, if any, on the bonds refunded or restructured identified herein.

The verification performed by Samuel Klein & Co. will be solely based upon data, information and documents provided to Samuel Klein & Co. by the Underwriters. The report of its verification will state that Samuel Klein & Co. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

SECTION IX: UNDERWRITING

The Series 2004A Bonds are being purchased for reoffering by the Underwriters for whom Goldman, Sachs & Co. and UBS Financial Services Inc. are acting as Lead Managers. The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2004A Bonds from the Authority at an aggregate underwriters' discount of $890,394.68 and to make an initial public offering of the Series 2004A Bonds at prices that are not in excess of the initial public offering prices, or at yields below the yields, set forth on the inside cover page of this Offering Circular. The Underwriters will be obligated to purchase all such Series 2004A Bonds if any such Series 2004A Bonds are purchased.

The Series 2004A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

SECTION X: APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance and delivery of the Series 2004A Bonds are subject to the approval of Sidley Austin Brown & Wood LLP, Bond Counsel to the Authority. Certain legal matters are subject to the approval of the Authority's General Counsel and of Hawkins Delafield & Wood LLP, counsel to the Underwriters.

SECTION XI: FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the year ended December 31, 2002, included in this Offering Circular, as Appendix D, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report dated April 11, 2003 appearing herein in Appendix D.

SECTION XII: CONTINUING DISCLOSURE UNDER SEC RULE 15C2-12

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Authority and the Trustee will enter into a written undertaking (the "Continuing Disclosure Agreement") for the benefit of the holders of the Series 2004A Bonds to provide continuing disclosure. The Authority will undertake for the benefit of the holders of the Series 2004A Bonds to provide each Nationally Recognized Municipal Securities Information Repository (a "Repository"), and if and when one is established, the New York State information depository (the "State Depository"), on an annual basis on or before 185 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2004, financial information and operating data concerning the Authority of the type included in this Offering Circular referred to herein as "Authority Annual Information" and described in more detail below. The Authority will undertake to provide no later than 185 days after the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2004, the Authority's annual financial statements for such year, prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards, to each Repository and to any State Depository, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided and such audited financial statements shall be provided to each Repository and to the State Depository if and when available. In addition, the Authority will undertake, for the benefit of the holders of the Series 2004A Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board ("MSRB"), and any State Depository, in a timely manner, the notices described below.

The Authority Annual Information shall consist of financial information and operating data of the type included in this Offering Circular under the headings: "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS", including information under subheadings "Sales Tax Revenues" and "Servicing Sales Tax Collection" relating to the material taxes constituting a source of revenue for the Series 2004A Bonds, a historical summary of such revenue, if available, together with an explanation of the factors affecting collection levels, for a period of at least the five most recent completed fiscal years then available. The Authority Annual Information may contain such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data and in judging the financial condition of the Authority.

The notices described above include notices of any of the following events with respect to the Series 2004A Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2004A Bonds; (7) modifications to the rights of Bondholders; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2004A Bonds; and (11) rating changes.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the Authority, and no person, including the holder of the Series 2004A Bonds, may recover monetary damages thereunder under any circumstances. Any Bondholder, including any beneficial owner, may enforce the Continuing Disclosure Agreement. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Indenture. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the Continuing Disclosure Agreement do no anticipate that it often will be necessary to amend the informational undertakings. The Continuing Disclosure Agreement, however, may be amended or modified under certain circumstances set forth therein.

The Authority may satisfy its obligations to file any notice, document or information with a NRMSIR or SID by filing the same with any dissemination agent, including any "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such NRMSIR or SID, to the extent permitted or required by the SEC. For this purpose, permission shall be deemed to have been granted by the SEC if and to the extent the agent has received a "no action" letter, which has not been revoked, from the SEC to the effect that enforcement action would not be recommended on account of using the agent, and not such NRMSIR or SID, as the source of information in determining compliance with the Rule.

SECTION XIII: LEGAL INVESTMENT

Pursuant to the Act the Bonds of the Authority are 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. Pursuant to the Act the Series 2004A Bonds 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.

SECTION XIV: TRUSTEE

The Bank of New York is acting as Trustee in connection with the Series 2004A Bonds.

SECTION XV: MISCELLANEOUS

The references herein to the Act, the Indenture and the Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the Act, the Indenture, and the Agreement for full and complete statements of such provisions. Copies of the Act, the Indenture, and the Agreement are available at the offices of the Trustee.

The agreements of the Authority with holders of the Series 2004A Bonds are fully set forth in the Indenture. Neither any advertisement of the Series 2004A Bonds nor this Offering Circular is to be construed as a contract with purchasers of the Series 2004A Bonds.

Any statements in this Offering Circular involving matters of opinion, projections or estimates, whether or not expressly stated, are intended merely as expressions of opinion, projections or estimates and not as representation of fact.

The delivery of this Offering Circular has been duly authorized by the Authority.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

By: /s/ Richard Luke
RICHARD LUKE, EXECUTIVE DIRECTOR AND TREASURER

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC PROFILE

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC PROFILE

This section has been provided by the County and presents information regarding certain major economic and demographic factors in the County which may affect Sales Tax Revenues of the Authority. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available. Sources of information are indicated in the text or immediately following the tables. Although the Authority considers the sources to be reliable, the Authority has made no independent verification of the information presented herein and does not warrant its accuracy.

Public Financial Management, Inc. ("PFM") has acted as financial advisor to the County in connection with this offering; however, PFM has not independently verified the factual information contained in this offering circular.

Overview

Established in 1899, Nassau County (the "County") is the site of some of New York State's (the "State") earliest colonial settlements, dating back to the 1640's. With a total land area of 287 square miles and a population of over 1.3 million people, the County is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes 3 towns, 2 cities, 64 incorporated villages, 56 school districts and various special districts that provide fire protection, water supply and other services. Land uses within the County are predominantly single-family residential, commercial and industrial.

Population

The County grew rapidly during the period of national suburban expansion following World War II and reached a peak population of approximately 1,428,800 residents in 1970. By 1990 the County's population had decreased by 10% to approximately 1,287,300 residents. In 2000, the County's population had increased by 3.6%, to approximately 1,334,544 residents.

The County's population density has risen by 4% from 4,489 to 4,655 persons per square mile. Residents over 75 years of age are the fastest growing segment of the population, increasing by 125% from 42,100 in 1970 to 94,880 in 2000. The population distribution of the County's towns and cities are as follows: Town of Hempstead (758,942); Town of North Hempstead (221,569); Town of Oyster Bay (297,424); City of Long Beach (35,580); and City of Glen Cove (26,774). Table 1 below shows the County's population from 1960 to 2003.

TABLE 1

COUNTY POPULATION, 1960-2003

(000's omitted)

Year	Population
2003	1,340.3
2002	1,344.9
2001	1,339.3
2000	1,334.5
1990	1,287.3
1980	1,321.6
1970	1,428.8
1960	1,300.1

Sources: U.S. Census Bureau; Long Island Power Authority Population Survey

Economic Indicators

Table 2 below shows key County economic indicators in comparison to the State and the United States. At $72,030, the median income for County households is significantly more than both the State ($43,393) and the nation ($41,994). In addition, the County has a significantly smaller percentage of families below poverty (5.2%) as determined by the U.S. Census Bureau than both the State (13.9%) and the nation (11.8%).

TABLE 2

COUNTY ECONOMIC INDICATORS IN COMPARISON TO THE STATE AND THE U.S.

Area	Median Household Income	Families Below Poverty (%)
County	$72,030	5.2
State	43,393	13.9
United States	41,994	11.8

Income and Purchasing Power

Both the County and the Nassau-Suffolk Primary Metropolitan Statistical Area ("PMSA"), of which the County is a part, rank prominently among national markets in terms of population, income and retail sales. The Nassau-Suffolk PMSA population of over 2.8 million ranks 16th in the nation.

Per Capita Personal Income

The County's total per capita personal income ("PCPI") of $47,431 in 2001 ranks 3rd in the State and is 132% more than the State average ($35,878) and 156% more than the national average ($30,413). The 2001 PCPI represents an increase of 2.2% from 2000 for the County. The 2000-2001 State change was 2.4% and the national change was 2.2%. Table 3 below shows the County's per capita personal income in relation to the State and the United States for the period from 1987 to 2001.

TABLE 3

PER CAPITA PERSONAL INCOME, 1987 TO 2001

Year	County	State	County as Percentage of State	U.S.	County as Percentage of U.S.
2001	$47,431	$35,878	132%	$30,413	156%
2000	46,390	35,041	132	29,760	156
1999	43,103	32,638	132	27,880	155
1998	42,418	31,478	135	26,893	158
1997	39,851	29,670	134	25,412	157
1996	38,132	28,566	133	24,270	157
1995	36,210	27,163	133	23,255	156
1994	34,792	25,926	134	22,340	156
1993	33,901	25,263	134	21,539	157
1992	33,327	24,972	133	20,960	159
1991	32,129	23,820	135	20,023	161
1990	31,680	23,292	136	19,572	163
1989	30,577	21,966	139	18,566	165
1988	28,275	20,604	137	17,403	163
1987	26,294	19,031	138	16,284	162

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis and the County Planning Department

Total Personal Income

The County's total personal income ("TPI") for 2001 of approximately $63.5 billion ranked 3rd in the State and accounted for 9.3% of the State total. As evidence of its economic growth, the County's TPI was approximately $41.5 billion in 1991 and ranked 4th in the State. The 2001 TPI reflected an increase of 2.4% from 2000. The 2000-2001 State change was 2.8% and the national change was 3.3%. The 1991-2001 average annual growth rate of TPI was 4.3%. The statewide and national average annual growth rates were 4.7% and 5.5%, respectively.

Employee Earnings

In the years 2000 to 2001, employee earnings in the County increased by 2.3%, from $31.96 billion to $32.7 billion. During the same period the State change was 2.5% and the national change was 2.5%. The average annual growth rate for the County between the 1991 estimate of $22.7 billion to the 2001 estimate was 3.7%. By comparison, the average annual growth rate over such period for the State and the nation was 5.1% and 5.6% percent, respectively.

Effective Buying Income

Effective Buying Income ("EBI") is defined as income less personal tax and non-tax payments and is often referred to as "disposable" or "after-tax" income. Based on a 2003 *Sales and Marketing Management Study*, the Nassau-Suffolk PMSA had a median household EBI of $54,492, which ranks fifth highest in the United States (see Table 4 below). According to *Sales and Marketing Management*, the County has the highest median household EBI ($56,731) of any county in the State.

TABLE 4

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

1	San Jose	$62,725
2	Bridgeport – Stamford – Norwalk – Danbury	56,020
3	San Francisco	55,536
4	Middlesex – Somerset – Hunterdon	54,967
5	**Nassau-Suffolk**	**54,492**
6	Washington	52,362
	U.S. median	$38,035

SOURCE: *Sales and Marketing Management,* "2003 Survey of Buying Power and Media Markets"

Additionally, the Nassau-Suffolk PMSA ranked 11th overall in the nation for households with an EBI of $150,000 or more (see Table 5 below).

TABLE 5

NUMBER OF HOUSEHOLDS WITH EFFECTIVE BUYING INCOME ABOVE $150,000

Rank		Number of Households (000's Omitted)
1	New York	114.7
2	Chicago	89.5
3	Los Angeles – Long Beach	80.1
4	Washington	71.1
5	Boston – Lawrence – Lowell – Brockton	52.9
6	Dallas	47.2
7	San Francisco	46.8
8	Houston	43.5
9	Philadelphia	42.9
10	Atlanta	42.7
11	**Nassau – Suffolk**	**39.5**
12	San Jose	36.7
13	Detroit	35.3
14	Seattle – Bellevue – Everett	35.2
15	Orange County, California	33.3
	US Total	2,078.0

SOURCE: *Sales and Marketing Management* "2003 Survey of Buying Power and Media Markets."

Consumer Price Index

The Consumer Price Index ("CPI") represents changes in prices of all goods and services purchased for consumption by households over time, and is often used to gauge levels of inflation. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are included. Income taxes and investment items (like stocks, bonds, and life insurance) are not included. Annual increases in the CPI for the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Consolidated Metropolitan Statistical Area ("CMSA"), of which the County is a part, from 1995 to 2003 are shown in Table 6 below. As indicated by the table, prices rose by approximately 3.1% from 2002 to 2003, the highest percentage since 2000.

TABLE 6

CONSUMER PRICE INDEX, 1995- 2003

Year	Percentage	Year	Percentage
2003	3.1	1998	1.6
2002	2.6	1997	2.3
2001	2.5	1996	2.9
2000	3.1	1995	2.5
1999	2.0		

SOURCES: U.S. Department of Labor, Bureau of Economic Analysis; County Planning Department.

Retail Sales and Business Activity

The County is served by six major regional shopping centers: Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres Mall in Valley Stream, Bay Harbor Mall in Lawrence, Sunrise Mall in Massapequa and the Simon Mall at the Source in Westbury. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls feature a total of 6,889,934 square feet of gross leaseable area. The median income of consumers within a 10-mile radius of these regional centers is $95,174.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets and gourmet food markets, electronics and bookstores. Major retailers in the County include Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy's, Fortunoff's, Sears, JC Penney, Marshalls, Old Navy, Kohl's and Target. Commercial outlet stores in the County include, but are not limited to Costco, Bed, Bath & Beyond and Best Buy. In addition, there are in the County designer boutique shops and specialty department stores such as Barneys, Brooks Brothers, Giorgio Armani, Ralph Lauren and Prada, and jewelers such as Tiffany & Co., Cartier and Van Cleef & Arpels.

Many of the County's downtowns enjoy vibrant economic activity. Downtowns such as Franklin Avenue in Garden City and Fulton Avenue in the Village of Hempstead provide goods and services from local merchants and regional stores to area residents.

Table 7 below indicates that, based on the latest Census of Retail Trade issued in 1997, the County ranked second in the State to New York City in retail sales activity. 2002 retail trade census data is not currently available.

TABLE 7

RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE
(000's omitted)

	1997 Rank	1997 Retail Sales	1992 Rank	1992 Retail Sales
New York (Manhattan)	1	$19,964,095	1	$17,442,237
Nassau	**2**	**16,876,869**	**2**	**13,752,351**
Suffolk	3	13,879,345	3	10,795,088
Westchester	4	9,438,521	4	7,441,033
Queens	5	9,237,429	5	7,331,563
Erie	6	8,224,419	6	7,244,316
Kings	7	8,407,009	7	6,922,469
Monroe	8	6,681,881	8	5,607,577
Onondaga	9	4,485,858	9	3,814,020
Albany	10	3,634,657	10	3,045,916

SOURCE: U.S. Census, Retail Trade

As indicated in Table 8 below, the total retail sales in the Nassau-Suffolk PMSA have increased significantly each year since the mid 1990's. Since 1999, total annual retail sales have increased by 27%. Annual retail sales for the County alone are $22.5 billion, compared to $23.2 billion and $38.2 billion for Suffolk County and Manhattan respectively.

TABLE 8

NASSAU-SUFFOLK ANNUAL RETAIL SALES, 1989-2003

Year	Sales (In billions)
2003	$45.8
2002	42.7
2001	42.3
1999-2000*	36.7
1998-1999**	33.5
1997	30.1
1996	29.2
1995	28.1
1994	28.5
1993	27.5
1992	25.1
1991	25.2
1990	24.8
1989	25.7

SOURCE: U.S. Department of Commerce, New York State Department of Taxation and Finance, and the County Planning Department; *Sales and Marketing Management* "2003 Survey of Buying Power and Media Markets."
*March 1999-February 2000
**March 1998-February 1999

The retail tax rate in the County is 8.75%. Retail sales tax revenues from all County retail vendors are sent to the State Department of Taxation and Finance. Table 9 below shows the distribution of the total sales tax revenues collected by the State from the County. The County sales tax base increased by 14% between 1997 and 2000. In the industry sector, the largest percentage increases occurred in the services to tangible personal property used in production category (45.2%), administrative/support (36%), health care (26.8%) and accommodation and food services (19.8%). The largest percentage decrease in retail sales occurred in the unclassified by industry category (20.8%), manufacturing (13.5%) and utilities (12.9%, excluding residential energy). Retail trade led all categories in total annual sales of $5,122,775 in 2000.

TABLE 9

COUNTY ANNUAL RETAIL SALES TAX BASE TOTALS BY INDUSTRY

(000's omitted)

Industry	1997	2000	Change
Utilities (excluding residential energy)	$246,314	$214,656	-12.9%
Utilities (residential energy only)	$19,108	$17,463	-8.6%
Construction	$111,019	$124,847	12.5%
Manufacturing	$179,065	$154,964	-13.5%
Wholesale Trade	$524,353	$606,011	15.6%
Retail Trade	$4,416,792	$5,122,775	16.0%
Information	$500,021	$552,502	10.5%
Professional, Scientific, and Technical	$86,996	$100,413	15.4%
Administrative/Support Services	$152,726	$208,577	36.6%
Health Care	$8,272	$10,489	26.8%
Arts, Entertainment, and Recreation	$117,195	$130,971	11.8%
Accommodation and Food Services	$580,897	$696,052	19.8%
Other Services	$201,002	$204,886	1.9%
Agriculture, Mining, Transportation, Education, Government, & Finance/Insurance/Real Estate	$360,347	$422,174	17.2%
Services to Tangible Personal Property used in Production	$3,703	$5,376	45.2%
Unclassified by Industry	$41,109	$32,573	-20.8%
Total	$7,548,918	$8,604,730*	14.0%

SOURCES: State Department of Taxation and Finance, Office of Tax Policy Analysis, Taxable Sales and Purchases; County Planning Department.

* Excludes local sales of clothing (single selling period data available only).

Employment

The State Department of Labor indicates that in 2003 the County had a workforce of 718,500 employees and an unemployment rate of 3.9%. While the County unemployment rate decreased slightly from 4.1% in 2002, Suffolk County (4.4%) remained the same, and New York City (8.4%), the State (6.3%), and the United States (5.7%) increased during the same period. Table 10 below shows the employment and unemployment rates for the County, compared with adjoining municipalities, the State, and the United States.

TABLE 10

NON-FARM ANNUAL AVERAGE EMPLOYMENT AND UNEMPLOYMENT, 1994-2003 (000's omitted)

	Nassau County		Suffolk County		New York City		New York State		United States	
Years	Employ-ment	Unemploy-ment Rate (%)	Employ-ment	Unemploy-ment Rate (%)	Employ-ment	Unemploy-ment Rate (%)	Employ-ment	Unemploy-ment Rate (%)	Employ-ment	Unemploy-ment Rate (%)
2003	718.5	3.9	733.2	4.4	3,375	8.4	9,315	6.3	137,736	6.0
2002	683.3	4.1	724.8	4.4	3,433	7.9	9,345	6.1	136,485	5.8
2001	674.1	3.1	711.9	3.5	3,433	6.0	9,113	4.9	136,933	4.7
2000	677.7	2.7	707.0	3.2	3,516	5.7	9,179	4.6	136,891	4.0
1999	699.2	3.0	704.4	3.6	3,351	6.7	9,104	5.2	133,488	4.2
1998	696.4	2.9	697.7	3.5	3,292	8.0	9,090	5.6	131,463	4.5
1997	693.4	3.5	686.7	4.3	3,188	9.4	9,025	6.4	129,558	4.9
1996	679.3	3.8	667.2	4.6	3,086	8.8	8,777	6.2	126,708	5.4
1995	675.6	4.5	655.3	5.4	3,004	8.2	8,639	6.3	124,900	5.6
1994	676.5	5.1	651.0	6.2	2,990	8.7	8,685	6.9	123,060	6.1

SOURCES: State Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics.

Key Employment Trends

Table 11 below shows the annual average employment in non-farm jobs by industry for the years 1996 through 2003 in the Nassau-Suffolk PMSA remains high. Industries that achieved their highest level of employment in the past eight years include: education and health services, leisure and hospitality and government. Eighty-eight percent of jobs within the PMSA are in service producing industries. Within the goods producing category, manufacturing jobs have decreased by 4.2% over the last year and by 16.6% since reaching a peak in 1999. Meanwhile, jobs within the natural resources, construction and mining industries have increased by 50% since 1996.

Within the service producing industries, the leisure and hospitality and educational and health service sectors showed respective increases of 3% over the past year. Moreover, since 1996, the leisure and hospitality sector has seen a 21.5% increase in jobs while the education and health service and the professional and business sectors have increased by 18.6% and 15.6%, respectively during the same period. While jobs within the financial industries have remained constant throughout the last several years, the information industries have shown job declines in each of the last two years.

TABLE 11

ANNUAL AVERAGE
NASSAU-SUFFOLK EMPLOYMENT,
NON-FARM, BY BUSINESS SECTOR, 1996-2003
(000's omitted)

Nassau-Suffolk Employment by Industry	2003	2002	2001	2000	1999	1998	1997	1996
Goods Producing								
Natural Resources, Construction & Mining	64.2	64.3	62.4	61.0	57.5	51.4	47.5	44.6
Manufacturing	88.2	92.1	98.9	105.5	105.7	103.6	101.5	101.2
TOTAL EMPLOYMENT GOODS-PRODUCING	152.5	156.4	161.2	166.5	163.2	155.0	149.8	146.1
Service Producing								
Trade, Transportation & Utilities	270.3	267.5	271.9	273.1	267.1	264.0	260.6	255.1
Financial Activities	83.0	82.0	81.4	84.2	85.5	81.0	80.3	80.0
Information	29.1	32.5	32.9	31.8	30.7	30.0	28.4	26.9
Educational and Health Services	193.2	187.5	180.9	178.5	175.6	170.3	164.7	162.9
Leisure & Hospitality	92.8	90.1	88.8	86.0	82.8	79.2	77.8	76.4
Other Services	50.8	50.1	49.7	52.1	50.8	46.0	44.5	43.4
Professional & Business Services	152.0	153.1	157.7	155.6	148.7	140.9	136.4	131.5
Government	198.9	196.3	194.1	190.2	185.7	182.1	178.7	178.9
TOTAL EMPLOYMENT SERVICE PRODUCING	1,070.2	1,059.1	1,057.4	1,051.5	1,027.0	993.4	971.3	955.0
TOTAL NON-FARM EMPLOYMENT	1,222.2	1,215.1	1,218.6	1,218.0	1,190.2	1,148.4	1,121.0	1,101.1

SOURCE: N.Y. State Department of Labor

Note: Totals may not add due to rounding.

The percentage of jobs within each category remains fairly consistent with national figures. Table 12 below compares the employment sectors in the Nassau-Suffolk PMSA to the national employment rates by industry. Nationwide, 18% of jobs were in the goods producing sector compared to 12% in the Nassau-Suffolk PMSA. In addition, the Nassau-Suffolk PMSA has fewer jobs within the trade, transportation and utility and manufacturing industries and more jobs in assorted services.

TABLE 12

PERCENTAGE OF NON-FARM EMPLOYMENT IN NASSAU-SUFFOLK, BY BUSINESS SECTOR, 2003

Business Sector	Nassau-Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	5
Manufacturing	7	13
Total Production of Goods	12	18
SERVICE PROVIDING* OR SERVICE PRODUCING**		
Trade, Transportation & Utilities	22	28
Financial Activities* or Finance, Insurance & Real Estate**	7	6
Assorted Services	42	31
Government	16	16
TOTAL PRODUCTION OF SERVICES	88	82

SOURCES: N.Y. State Department of Labor and the U.S. Department of Labor, Bureau of Labor Statistics.
*Nassau-Suffolk PMSA
**United States

Totals may not add due to rounding.

Major County Employers and Key Employer Trends

Consistent with recent job growth in the educational and health services and leisure and hospitality industries, the County's largest employer, with a work force of approximately 30,000, is the North Shore-Long Island Jewish Health System located in Great Neck (see Table 13 below for the County's major commercial and industrial employers). As evidence of the stability and growth of employment in the information and technology sectors, four of the top employers in the County are the communication firms Cablevision and Verizon, the energy company KeySpan and the defense technology firm Northrop Grumman Integrated Systems.

TABLE 13

MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS

Employer	Type	Approx. no. Employees*
North Shore-Long Island Jewish Health System	Health Care	30,000*
Cablevision Systems	Entertainment/ Telecommunications	6,567
Verizon Communications	Communications	5,500
King Kullen Grocery Company	Food Retailing	4,800*
Keyspan Corporation	Utility	4,418
Hofstra University	Institutional	2,470
Northrop Grumman Integrated Systems	Technology	1,800
Fortunoff Fine Jewelry	Jewelry and Home Furnishings	1,350
Griffon Corporation	Manufacturing	1,200

SOURCES: Long Island Business News "2004 Book of Lists", Long Island Business Association.
*Company headquarters are located in the County; number may include employees who work outside of the County.

Construction Activity

Table 14 below is a composite list of construction activity in the County for residential, business, industrial and public building construction from the years 1992 through 2001. While overall building growth decreased by 17% in 2001, construction activity in the County remains robust. 2001 ranked third over the past ten years for most building permits issued for all construction and reached peaks in the construction of public and industrial buildings.

TABLE 14

COUNTY CONSTRUCTION ACTIVITY, 1992-2001

Year	Single-Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total Buildings
2001	614	884	30	21	16	1,565
2000	790	1,009	58	21	9	1,887
1999	639	540	34	8	16	1,237
1998	746	563	42	5	13	1,369
1997	860	862	56	14	7	1,799
1996	518	498	36	7	4	1,063
1995	552	401	70	4	8	1,035
1994	522	208	35	9	11	785
1993	490	351	59	0	4	904
1992	413	184	40	6	5	648
Totals	6,144	5,500	460	95	93	12,292

SOURCE: County Planning Commission
*Other housing units include two-family, multi-family dwellings and conversions.

Table 15 below lists the number and estimated dollar value of building permits issued for Class 4 property in the County for the years 1992 through 2002. Class 4 property includes commercial, industrial, institutional buildings and vacant land. As indicated in the table, there was a 14.7% decrease in the number of permits received for these categories from 2001 to 2002 and a 17.2% decrease in estimated value, or $50.9 million dollars.

TABLE 15

NUMBER AND VALUE OF BUILDING PERMITS IN THE COUNTY, CLASS 4 PROPERTY, 1992-2002

	Number of Permits Received	Estimated Dollar Value on Permits
2002	2,730	$283,999,027
2001	3,201	$343,166,830
2000	3,444	$355,868,375
1999	3,549	$388,590,248
1998	3,405	$344,316,996
1997	3,857	$315,961,972
1996	3,156	$256,497,726
1995	3,263	$297,169,504
1994	3,208	$186,225,660
1993	3,222	$187,076,912
1992	3,063	$208,361,232

Source: County Planning Commission.

According to the latest available inventory, in 2003 the County had 215 office buildings comprising a total of approximately 22.4 million square feet. Due in most part to the return of sublet space to the market and direct space in central the County, available space increased by approximately 20% over the previous year to 2.36 million square feet. Accordingly, the vacancy rate rose from 9.8% to 10.5% over the last year. The County contains 57 and 158 buildings in the Class A and Class B categories, respectively. Class A buildings show a 13.6% availability rate while Class B buildings show 7.7%. While no new construction occurred during 2003 for Class B buildings, 110,000 square feet of new construction occurred in the Class A category.

Housing

In 2003, new residential construction activity in the County increased by approximately 5% (47 units) from 985 to 1,032. In the past year, the County issued the most building permits in the past three years. Table 16 shows the value of new construction and number of dwelling units by building permit for 1993-2003. Over the last year, the County showed a 10% decrease in the construction of single-family dwellings. By contrast, the County showed a 2% increase in the construction of two-family units. Table 17 below indicates the number of new County residential housing units by size category for 1993-2003.

TABLE 16

NEW COUNTY RESIDENTIAL CONSTRUCTION ACTIVITY, 1993-2003
(000's omitted)

Year	Value of New Residential Construction (000's omitted)	No. of New Dwelling Units By Building Permit
2003	N/A	1,032
2002	$222,722	985
2001	229,464	989
2000	266,259	1,506
1999	199,433	1,151
1998	189,668	1,021
1997	188,345	1,372
1996	156,547	976
1995	104,002	860
1994	109,032	753
1993	99,188	794

SOURCES: U.S. Census Bureau; Long Island Regional Planning Board; Suffolk County Planning Department.

TABLE 17

NUMBER OF NEW COUNTY RESIDENTIAL HOUSING UNITS AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY, 1993-2003

Calendar Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2003	663	36	0	333	1,032
2002	740	30	3	212	985
2001	688	32	4	265	989
2000	753	142	6	605	1,506
1999	730	50	3	368	1,151
1998	770	34	4	213	1,021
1997	925	42	34	371	1,372
1996	623	52	0	301	976
1995	734	60	0	66	860
1994	587	54	4	108	753
1993	534	68	0	192	794

SOURCES: US Census Bureau; Long Island Regional Planning Board

According to the 2000 U.S. Census, the number of housing units in the County increased by three percent from 446,292 in 1990 to 458,151 in 2000. The County (80%) has a higher percentage of owner-occupied units than the State (66%) and the nation (53%) as a whole.

Housing prices and sales have been one of the County's strongest economic indicators over the last several years. Median home prices in the County have risen increased by almost 56% since 2000 and 13% over the past year. In 2003, the County reached a high for annual median sales price ($395,000). It also marked the second consecutive year that over 8,600 houses were sold. Table 18 below shows home sales in the County from 1993 to 2003. According to the Multiple Listing Service of Long Island, the median value of owner-occupied homes in the County ($242,300) was higher than both the State ($148,700) and the nation ($119,600).

TABLE 18

COUNTY HOME SALES, 1993-2003

Year	Median Sales Price	Annual Sales ($000)	No. of Homes Sold
2003	$395,000	N/A	8,646
2002	350,000	$3,722,598	8,654
2001	290,000	2,422,686	7,545
2000	252,500	1,994,682	7,002
1999	230,000	1,916,307	7,389
1998	204,500	1,892,255	8,199
1997	180,000	1,641,168	7,835
1996	175,000	1,485,489	7,319
1995	168,300	1,359,012	6,795
1994	171,000	1,450,242	7,125
1993	177,500	1,200,374	5,887

SOURCES: The October 2001 LIPA Annual Business Fact Book, 1993-2000; Multiple Listing Service of Long Island Inc., 2001-2003; New York State Association of Realtors.

Transportation

MTA Long Island Bus ("MTALIB"), a subsidiary of the Metropolitan Transportation Authority, is the County's principal public surface transit provider and the third largest suburban bus system in the United States. Operating a network 54 routes, the MTALIB provides transit service for most of the County as well as parts of eastern Queens and western Suffolk County. The density of MTALIB's route network conforms to the development pattern of the County. MTALIB operates approximately 336 fixed route buses and 81 para-transit vehicles, including service across the Queens-Nassau line to subway and bus stations in Flushing, Far Rockaway and Jamaica. MTALIB has an average ridership of 105,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road ("LIRR") stations, most area colleges and universities, as well as employment centers and shopping malls.

The total MTALIB estimated budget for 2003 was $98.9 million, of which approximately 38%, or $37.8 million, was derived from passenger fares and other revenue. The estimated cost to the County and the State of operating MTALIB during 2003 was approximately $42 million. The County's share of the cost was approximately $8.3 million; the State's share was approximately $33.7 million.

The LIRR provides train service for the entire County. With an annual ridership of 85 million, the LIRR is the busiest railroad in North America. Over 60% of the LIRR's passenger trips originate in the County. On weekdays, about 70% of the system's passenger trips occur during morning and evening peak travel periods. The LIRR provides service on 9 branches: Port Washington, Oyster Bay, West Hempstead, Hempstead, Long Beach, Far Rockaway, Port Jefferson, Ronkonkoma and Babylon. These branches provide service through the County to eastern destinations in Suffolk County and western destinations of Penn Station in Manhattan, Flatbush Avenue in Brooklyn, as well as Jamaica and Hunters Point/Long Island City in Queens.

The LIRR's approximately $4.6 billion capital improvement program has helped facilitate the rehabilitation of Penn Station, renovations at Jamaica and Flatbush Avenues (all in New York City), and the continual maintenance of replacing tracks, ties, and switches and renovations underway at numerous stations. The LIRR has a fleet of M-1, M-3 and M-7 electric cars, along with bi-level coaches, which operate with diesel and dual-mode locomotives. In the County, the LIRR is completely electrified, except for the Oyster Bay Branch east of East Williston. Currently, the LIRR has contracted to expand its fleet of electric cars with the goal of phasing all M-7 into service by 2008.

The County highway system consists of over 4,000 miles of paved roads that include parkways, highways, major arteries, collector streets and local streets, which are operated and maintained by different levels of government. The eight major east-west roadways that provide direct through service to New York City and Suffolk County include: Northern Boulevard, Long Island Expressway, Northern State Parkway, Jericho Turnpike, Hempstead Turnpike, Southern State Parkway, Sunrise Highway, and Merrick Road.

The County is located within close proximity to John F. Kennedy International Airport ("JFK") and LaGuardia Airport ("LaGuardia"), both located in Queens County, and to Islip Long Island MacArthur Airport ("Islip"), located in Suffolk County. JFK and LaGuardia are easily accessible to County residents by all major east-west roadways as well as airport shuttle and express bus service. JFK is also accessible by MTALIB. The Air Train service, a light rail system connecting Jamaica Station in Queens to JFK, opened in early 2004. Islip is accessible by the Long Island Expressway and Southern State Parkway as well as the LIRR.

In order to eliminate delays, congestion, and trouble spots on the highway network, the County has adopted the Transportation Improvement Program ("TIP"), as implemented by the State Department of Transportation. The TIP is a compilation of transportation improvement projects such as preserving and upgrading bridges, highways and making system-wide capacity and safety improvements scheduled to take place during a five-year period.

Utility Services

Electrical service is provided to the County by the Long Island Power Authority ("LIPA"), which became Long Island's non-profit electric utility in 1998. LIPA's electric system, which serves 1.1 million customers, is operated by KeySpan, (the parent company of KeySpan Energy Delivery), the largest investor-owned electric generator in the State. KeySpan, which is the largest distributor of natural gas in the northeast United States, also provides gas distribution in the County. The incorporated villages of Freeport and Rockville Centre operate their own electrical generation plants.

LIPA is funded through legislation that requires the utility to make payments in lieu of taxes ("PILOTS") to municipalities and school districts commensurate with property taxes that would have been received by each jurisdiction from the Long Island Lighting Company ('LILCO"), the County's former provider of electrical service. LIPA is also required to make PILOTS for certain State and local taxes which would otherwise have been imposed on LILCO. Numerous private companies in the County provide telephone service.

Health and Hospital Facilities

Rated among the best health and hospital facilities in the country, the County provides 4,669 certified hospital beds in 13 hospitals and employs 7,688 licensed medical doctors, 1,969 dentists, 739 chiropractors, 320 podiatrists and 18,420 registered nurses. The North Shore University Hospital in Manhasset is the highest-rated hospital in the United States. The North Shore Long Island Jewish Health System is County's largest employer (approximately 30,000 employees), the third largest non-profit, secular health care system in the nation and part of the largest integrated healthcare network (Modern Healthcare) in the Northeast United States.

Other hospitals of note in the County include the Nassau University Medical Center in East Meadow, St. Francis Hospital in Roslyn, the Winthrop-University Hospital in Mineola, and the Memorial-Sloan Kettering Cancer Center at Mercy Medical Center in Rockville Centre.

Media

The daily newspaper *Newsday* has one of the largest circulations in the nation for a metropolitan daily newspaper, with a daily readership of 577,796 and the highest penetration for all daily newspapers in the County. Accounting for over 50% of the daily market readership in the County, Newsday is also circulated in Suffolk and Queens counties. Approximately 80 weekly newspapers cover news and events in the County. Some of these focus on events in specific towns, villages and communities, and others focus on niche industries, such as Long Island Business News -- a 50-year-old tabloid that covers both Nassau and Suffolk Counties.

The County is home to two broadcast television stations, Channels 21 and 57, and receives nine additional VHF and UHF stations. In addition, News 12 provides local news coverage (on cable only). Cable programming is available throughout the County via Cablevision Systems Corp., and provides access to channels with a local focus. Satellite programming is also available in the County.

Because of its proximity to New York City, events in the County attract regular coverage in New York City newspapers such as the *New York Times*, the *Daily News*, and the *New York Post*. Radio coverage includes nine County-based stations and 52 regional and neighboring stations that consider the County as part of their listening area.

Educational Facilities

There are 56 school districts in the County, with a total enrollment of 205,919 students. The individual school boards and the Board of Cooperative Educational Services (BOCES) are the primary managers of these school districts and provide services such as career training for high-school students and adults, special education, alternative schools, technology education and teacher training. Various public and private organizations manage the County's other educational facilities. The County's non-public schools, which are located in a number of municipalities, provide education in the State Regents program as well as in special and technical programs.

Many County public schools have received national recognition; a recent *Newsweek* magazine article cited 13 County high schools among the top 100 public high schools in the nation.

Over 71,000 students attend County colleges and universities, some of which are highly specialized and have garnered nationwide attention for their programs. These institutions include: Long Island University/C.W. Post College, Adelphi University, Hofstra University, New York Institute of Technology, U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College and the State University of New York/Old Westbury.

Colleges and universities in the County promote cross-disciplinary research, technology development and an integrated curriculum to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County's institutions of higher learning specialize in fields such as biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology and pharmacology.

Recreational and Cultural Facilities

The County has numerous recreational and cultural facilities. One of the most popular destinations among the County's parks and beaches is the 2,413-acre Jones Beach State Park in Wantagh. With approximately six to seven million visitors annually, Jones Beach State Park features a six-mile ocean beachfront, a two-mile boardwalk and the 11,200-seat, Tommy Hilfiger at Jones Beach Theater performing arts center, which attracts world-class musical acts. There are dozens of other public beaches located along both the Atlantic Ocean and the Long Island Sound shoreline. In addition, the County is home to the 930-acre, Eisenhower Park in the Town of Hempstead, Bethpage State Park in Farmingdale and numerous small local parks and campgrounds which offer a broad spectrum of recreational opportunities.

On a national level, the County is home to many high profile professional sporting events and teams. The Bethpage Golf Course, located in Bethpage State Park, hosted the 2002 U.S. Open and is scheduled to host the 2009 U.S. Open. Belmont Racetrack, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. The Nassau Veterans Memorial Coliseum in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League and the Arena Football League's New York Dragons. Eisenhower Park's 80,000 square foot Swimming and Diving Center is the largest pool in the Northern Hemisphere.

In terms of cultural and historic resources, the County boasts eleven museums, including the County-owned Cradle of Aviation Museum and the Long Island Children's Museum in Garden City, as well as historic sites such as Old Bethpage Village and Theodore Roosevelt's estate at Sagamore Hill in Cove Neck.

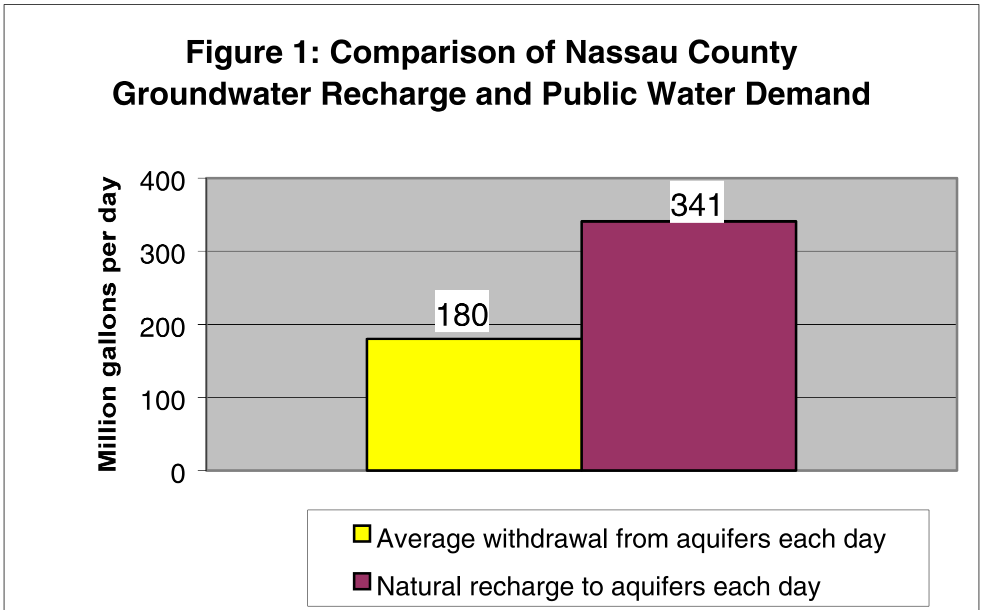
The County Sports, Entertainment and Tourism Commission ("SET") is responsible for marketing the County's facilities as venues for regional, national and international sporting and cultural events. SET works to attract endowed funds from individuals and corporations to support the maintenance and preservation of the County's parks and recreation facilities. In an effort to preserve open space, natural and scenic resources for additional recreational opportunities, in 2003 the County created the Open Space Fund, which receives 5% of the proceeds from County land sales for open space land acquisition purposes.

Water Service and Sanitary Sewer Facilities

There are 47 water districts in the County providing water service to over 90% of the County's residents. Approximately 3,550 residents of the less densely populated northern sections of the County draw their water from private wells.

The natural geology of the County yields four aquifers located between subsurface rock strata. These aquifers serve the County with fresh water and are continuously being recharged by precipitation.

In a study performed by the Long Island Regional Planning Board on Long Island's population, the projected population of Long Island for the year 2010 is predicted to remain at the present level of 1.3 million people. Based on studies of projected residential, commercial and industrial daily water use, the demand of water from Long Island's groundwater supply will be 180 million gallons per day. Recharge of the groundwater system has increased from 332 million gallons per day to 341 million gallons per day as a result of the County's storm water recharge basins capturing storm water for aquifer recharge. This leaves a daily recharge surplus of 153 million gallons. This recharge surplus ensures ample amounts of fresh water for the future. Figure 1 below compares the groundwater recharge within County aquifers per day to the average daily withdrawal from aquifers.



SOURCE: Nassau County Comprehensive Master Plan, 1997

The Division of Sanitation and Water Supply within the County Department of Public Works maintains and operates the County's sewerage and water resources facilities. In 2003, upon the approval of the County Legislature, state legislation created a single, County-wide sewer and storm water resources district, replacing the County's prior three sewage disposal districts and 27 sewage collection districts.

Most sewage in the County's sewer system is treated at the Inwood Pump Station, the Bay Park Sewage Treatment Plant (Bay Park) in East Rockaway or the Cedar Creek Water Pollution Control Plant (Cedar Creek) located in Wantagh. Sewage collected within the area corresponding to the former County sewage collection district of Lido Beach is processed at the City of Long Beach's sewage treatment plant.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre and Roslyn) own and operate their own collection districts which discharge to the County's disposal system. The sewage collected by these systems is discharged to and processed at one of the County-operated sewage treatment plants, either Bay Park or Cedar Creek. In addition, there are several sewage collection systems and treatment plants within the County that are operated by other governmental agencies or special districts.

APPENDIX B

SUMMARY OF INDENTURE AND AGREEMENT

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APPENDIX B

SUMMARY OF INDENTURE AND AGREEMENT

This summary of the Indenture and the Agreement is qualified in its entirety by reference to such documents, copies of which are available from the Authority.

Definitions. The following terms, among others, are defined in the Indenture or the Agreement:

"*Accounts*" means the Collection Account, the Bond Account and the Redemption Account.

"*Accrued Debt Service*" means, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service, calculating the accrued Debt Service with respect to each obligation to include Debt Service (including interest and Principal Installments) to accrue to the end of the then current calendar month and calculating any Principal Installments to be that portion of any such payments which would accrue during such period if such Principal Installments were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such obligations (or, if there is no preceding Principal Installment due date or such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of such obligations, whichever date is later). For the purposes of this definition, Principal Installment means, with respect to any obligations the payment of which constitute Debt Service, principal and sinking fund payments and any other such payment obligations not constituting interest or an interest component of such payment obligation.

"*Act*" means the Nassau County Interim Finance Authority Act, as supplemented by chapter 179 of the laws of 2000 and as amended from time to time, including, but not limited to, Chapter 528 of the Laws of 2002.

The term "*ancillary contracts*" means contracts entered into pursuant to law by the Authority or for its benefit or the benefit of any of the Beneficiaries to facilitate the issuance, sale, resale, purchase, repurchase or payment of Bonds or Notes, including bond insurance, letters of credit and liquidity facilities.

"*Beneficiaries*" means Bondholders and, to the extent specified in the Indenture, Noteholders and the parties to ancillary and swap contracts.

"*Bondholders*," "*Noteholders*" and similar terms mean the registered owners of the Bonds and Notes from time to time as shown on the registration books of the Authority or its designee as registrar, and, to the extent specified by Supplemental Indenture, the owners of bearer Bonds and Notes.

"*Bond Proceeds Fund*" means the Bond Proceeds Fund established pursuant to the Agreement.

"*Bonds*" means all obligations issued as Bonds.

"*Counsel*" means nationally recognized bond counsel or such other counsel as may be selected by the Authority for a specific purpose.

"*Debt Service*" means interest, redemption premium, purchase price to the extent provided by Officer's Certificate of the Authority, principal and sinking fund payments due on outstanding Senior

Bonds and (to the extent provided by Supplemental Indenture) Notes, and amounts payable from the Bond Account on Senior Agreements.

"*Debt Service Liquidity Account*" shall mean the Account so designated and held by the Trustee pursuant to the Indenture.

"Debt Service Liquidity Account Insurance Policy" shall mean the insurance policy, surety bond or other acceptable evidence of insurance, if any, to be deposited in the Debt Service Liquidity Account in lieu of or in partial substitution for cash or securities on deposit therein, for the purpose of making the payments required to be made from the Debt Service Liquidity Account under the Indenture. The issuer providing such insurance shall be a municipal bond insurer whose policy or bond results in the rating of municipal obligations secured by such policy or bond to be rated, at the time of deposit into the Debt Service Liquidity Account, in the highest rating category by (i) either S&P, Moody's or Fitch or (ii) if such corporations are dissolved or liquidated or no longer perform the functions of a securities rating agency, a nationally recognized rating agency.

"*Debt Service Liquidity Account Requirement*" shall mean, as of the date of issuance of any Senior Bonds, the amount, if any, required by the Indenture to be on deposit in the Debt Service Liquidity Account, which shall be one-twelfth of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Senior Bonds, including on the Senior Bonds to be issued contemporaneously with such computation, using the Estimated Average Interest Rate for any variable interest rate Senior Bonds (or any reimbursement obligations issued in connection therewith which are deemed to be Bonds pursuant to the related Supplemental Indenture); provided, however, such Debt Service Liquidity Account Requirement shall be equal to $0.0 unless, at the time of such required computation, the Authority's projected maximum required monthly deposit of Sales Tax Revenues upon the issuance of such Senior Bonds is greater than one-half of the lowest total of actual monthly Sales Tax Revenue collections (as deposited into the Collection Account by the State Comptroller) in the last twenty-four full calendar months.

"*Declaration of Need*" means a determination and declaration by the County that it requests the Authority to undertake a Financing of Financeable Costs pursuant to and in accordance with the Act.

"*Defeasance Collateral*" means money and (A) non-callable direct obligations of the United States of America, non-callable and non-prepayable direct federal agency obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America, non-callable direct obligations of the United States of America which have been stripped by the United States Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS" unless the Authority obtains Rating Confirmation with respect thereto) and the interest components of REFCORP bonds for which the underlying bond is non-callable (or non-callable before the due date of such interest component) for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form, and shall exclude investments in mutual funds and unit investment trusts;

(B) obligations timely maturing and bearing interest but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof;

(C) certificates evidencing ownership of the right to the payment of the principal of or interest on obligations described in clause (B) of this definition, provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a segregated trust account in the trust department separate from the general assets of such custodian; and

(D) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, and (ii) timely payment of which is fully secured by a fund consisting only of cash or obligations of the character described in clause (A), (B) or (C) of this definition which fund may be applied only to the payment when due of such bonds or other obligations.

"*Defeased Bonds*" means Bonds or Notes that remain in the hands of their Holders but are no longer deemed Outstanding.

"*Eligible Investments*" means and includes any of the following obligations to the extent they are at the time legal for investment of such funds pursuant to any applicable provision of law:

(i) Defeasance Collateral;

(ii) direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, FHLMC, FNMA or the Federal Farm Credit System;

(iii) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, if such deposits or instruments are rated A-1+ by S&P and the long-term unsecured debt obligations of the institution holding the related account has one of the two highest ratings available for such securities by Moody's and Fitch;

(iv) general obligations of, or obligations guaranteed by, any state of the United States, the District of Columbia or Puerto Rico receiving one of the two highest long-term unsecured debt ratings available for such securities by any two Rating Agencies;

(v) commercial or finance company paper (including both non-interest-bearing discount obligations and interest bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated A-1+ by S&P and in one of the two highest categories by Moody's and Fitch;

(vi) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with a broker/dealer, depository institution or trust company (acting as principal) meeting the rating standards described in clause (iii) above;

(vii) units of taxable money market funds which funds are regulated investment companies and seek to maintain a constant net asset value per share and have been rated in one of the two highest categories by Moody's and Fitch and at least AAm or AAm-G by Standard & Poor's, including if so rated any fund which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture, and (c) services performed for such funds and pursuant to the Indenture may converge at any time (the Authority specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to the Indenture);

(viii) investment agreements or guaranteed investment contracts (copies of which have been furnished to the Rating Agencies) rated, or with any financial institution whose senior long-term debt obligations are rated, or guaranteed by a financial institution whose senior long-term debt obligations are rated, at the time such agreement or contract is entered into, in one of the two highest rating categories for comparable types of obligations by any two Rating Agencies; or

(ix) investment agreements with a corporation whose principal business is to enter into such agreements if (a) such corporation has been assigned a counterparty rating by Moody's and Fitch in one of the two highest categories, S&P has rated the investment agreements of such corporation in one of the two highest categories, (b) the Authority has an option to terminate each agreement in the event that such counterparty rating is downgraded below the two highest categories by Moody's and Fitch or the investment agreements of such corporation are downgraded below the two highest categories by S&P, and (c) a copy of the investment agreement has been furnished to the Rating Agencies;

provided that no investment held in the Bond Proceeds Fund may (a) evidence the right to receive only interest with respect to the obligations underlying such instrument or (b) be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity.

"*Estimated Average Interest Rate*" means, as to any obligations bearing a variable interest rate and as of any date of calculation, the interest rate or rates anticipated to be borne by such Bonds and the period or periods for which such rate or rates are anticipated to be in effect, all as determined by the Authority as the greater of the Index plus 2%, or the actual average for the last twenty-four months of variable interest rates on Outstanding variable interest rate Bonds, which rate or rates may, to the extent determined by the Authority, be the rate or rates payable in connection with such obligations and a related swap contract meeting the requirements of the Indenture.

"*FHLMC*" means the Federal Home Loan Mortgage Corporation.

"*Fiduciary*" means the Trustee, any representative of the Holders of Notes or Subordinate Bonds appointed by Supplemental Indenture, or any Paying Agent, including each fiscal agent.

"*Financeable Costs*" has the meaning given to the term "financeable costs" in the Act.

The term "*fiscal agent*" means each Paying Agent (initially the Trustee) designated by the Authority to act as registrar and transfer agent.

"*Fitch*" means Fitch, Inc.; references to Fitch are effective so long as Fitch is a Rating Agency.

"*FNMA*" means the Federal National Mortgage Association.

"*Index*" when calculating the Estimated Average Interest Rate, shall mean the average for the last twenty-four calendar months of (a) the BMA Municipal Swap Index™ formerly, the PSA Municipal Swap Index™ (as such term is defined in the *1992 ISDA U.S. Municipal Counterparty Definitions*) (the "BMA Municipal Swap Index™") or (b) if the BMA Municipal Swap Index™ is no longer published, the Kenny Index™ (as such term is defined in the *1992 ISDA U.S. Municipal Counterparty Definitions*) or (c) if neither of the BMA Municipal Swap Index™ nor the Kenny Index™ are published, the index determined to equal the prevailing rate determined by the Authority for tax-exempt state and local government bonds meeting criteria determined in good faith by the Authority to be comparable under the circumstances to the criteria used by the Bond Market Association to determine the BMA Municipal

Swap Index™ just prior to when the Bond Market Association stopped publishing the BMA Municipal Swap Index™.

"*LFL*" means the Local Finance Law of the State, as amended from time to time.

"*Majority in Interest*" means the Holders of a majority of the Outstanding Bonds or Notes eligible to act on a matter, measured by face value at maturity unless otherwise specified in a Supplemental Indenture.

The term "*maximum annual debt service on all Authority bonds, notes and other evidences of indebtedness*" means as determined by the Authority at any give time, the greatest amount of interest, principal and sinking fund payments on all outstanding Authority bonds, notes and ancillary and swap contracts (including payments on Subordinate Bonds and Notes and Senior Bonds and Notes, but excluding payments on Bond Anticipation Notes anticipated by the Authority to be repaid from Authority bonds, whether or not any such payments constitute Debt Service) payable in the current or any future fiscal year.

"*Moody's*" means Moody's Investors Service; references to Moody's are effective so long as Moody's is a Rating Agency.

The term "*operating expenses*" means all expenses incurred by the Authority in the administration of the Authority including but not limited to salaries, administrative expenses, insurance premiums, auditing and legal expenses, fees and expenses incurred for professional consultants and fiduciaries, payments on Notes and swap and ancillary contracts not paid as Financeable Costs or from the Bond Account, transfers to pay or service Subordinate Bonds, and all operating expenses so identified by Supplemental Indenture.

"*Outstanding*," when used to modify Bonds or Notes, refers to Bonds or Notes issued under the Indenture, excluding: (i) Bonds or Notes which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment; (ii) Bonds or Notes which have been paid; (iii) Bonds or Notes which have become due and for the payment of which money has been duly provided; (iv) Bonds or Notes, including any portion of any Series thereof, for which there has been irrevocably set aside sufficient Defeasance Collateral timely maturing and bearing interest, to pay or redeem them; and if any such Bonds or Notes are to be redeemed prior to maturity, the Authority shall have taken all action necessary to redeem such Bonds or Notes and notice of such redemption shall have been duly mailed in accordance with the Indenture or irrevocable instructions so to mail shall have been given to the Trustee; (v) Bonds and Notes, including any portion of any Series thereof, the payment of which shall have been provided for pursuant to the defeasance of the Indenture; and (vi) for purposes of any consent or other action to be taken by the Holders of a Majority in Interest or specified percentage of Bonds or Notes, Bonds or Notes held by or for the account of the Authority, the County or any person controlling, controlled by or under common control with either of them.

"*Rating Agency*" means each nationally recognized statistical rating organization that has, at the request of the Authority, a rating in effect for the unenhanced Senior Bonds.

"*Rating Confirmation*" means evidence that no Senior Bond rating in effect from a Rating Agency will be withdrawn or reduced solely as a result of an action to be taken under the Indenture.

"Requisition" means a certificate in writing signed by an Authorized Officer of the County in the form required by the Authority under the Agreement.

"*Revenues*" means the Sales Tax Revenues, investment earnings on money and investments on deposit in the Accounts and all other income and receipts (other than Note or Bond proceeds) paid or payable to the Authority or the Trustee for the account of the Authority to the extent such other income and receipts are to be treated as Revenues under the terms of the Indenture, but in no event shall Revenues include any Transitional State Aid.

"*Sales Tax Revenues*" means the sales and compensating use tax net collections paid or payable to the Authority pursuant to §1261 of the Tax Law or a successor statute.

"*Senior Agreements*" means ancillary and swap contracts to the extent that amounts are payable thereon from the Bond Account pursuant to a Supplemental Indenture.

"*Senior Bonds*" means all Bonds issued as Senior Bonds.

"*Senior Notes*" means all Notes issued as Senior Notes.

"*Series*" means all Notes or Bonds so identified in a Supplemental Indenture, regardless of variations in maturity, interest rate or other provisions, and any Notes or Bonds thereafter delivered in exchange or replacement therefor.

"*S&P*" means Standard & Poor's Ratings Services; references to S&P are effective so long as S&P is a Rating Agency.

"*Subordinate Agreements*" means ancillary and swap contracts to the extent that such contracts are not Senior Agreements.

"*Subordinate Bonds*" means all Bonds other than Senior Bonds.

"*Subordinate Notes*" means all Notes other than Senior Notes.

The term "*swap contract*" means an interest rate exchange or similar agreement entered into by the Authority pursuant to the Act, with Rating Confirmation from each Rating Agency.

"*Tax-Exempt Bonds*" or "*Tax-Exempt Notes*" means all Bonds or Notes so identified in any Supplemental Indenture.

"*Tax Law*" means the Tax Law of the State, as amended from time to time.

THE INDENTURE

Directors, State and County Not Liable on Notes or Bonds. Neither the Directors of the Authority nor any person executing Notes, Bonds or other obligations of the Authority shall be liable personally thereon or be subject to any personal liability or accountability solely by reason of the issuance thereof.

The Notes, Bonds and 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 the Notes and Bonds shall contain on the face thereof a statement to such effect.

Security and Pledge. Pursuant to the Act, the Authority assigns and pledges to the Trustee subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, (a) the Revenues, (b) all rights to receive the Revenues and the proceeds of such rights, (c) all Accounts and assets thereof, including money, contract rights, general intangibles or other personal property, held by the Trustee, (d) the State Covenant and tax contract of the State and the County Covenant and the other covenants, agreements and acknowledgements of the County made in the Indenture and the Agreement and (e) any and all other property of every kind and nature from time to time, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security. Except as specifically provided, this assignment and pledge does not include: (i) the rights of the Authority pursuant to provisions for consent or other action by the Authority, notice to the Authority, indemnity or the filing of documents with the Authority, or otherwise for the Authority's benefit and not for that of the Beneficiaries, or (ii) any right, duty or power reserved to the Authority pursuant to the Act or other law. The Authority will implement, protect and defend this assignment and pledge by all appropriate legal action, the cost thereof to be an operating expense. The preceding, and all pledges and security interests made and granted by the Authority pursuant to the Indenture, are immediately valid, binding and perfected to the full extent provided by the Act. The foregoing collateral is pledged and a security interest is therein granted, to secure the payment of Bonds, Notes, and payments in respect of Senior Agreements and Subordinate Agreements; provided, however, that the pledge and security interest granted to secure the Authority's obligation to pay Subordinate Bonds and Subordinate Agreements shall be subject and subordinate to the pledge and security interest granted to secure Debt Service. The lien of such pledge and the obligation to perform such contractual provisions shall have priority over any or all other obligations and liabilities of the Authority secured by the Revenues. The Authority shall not incur any obligations, except as authorized by the Indenture, secured by a lien on the Revenues or Accounts equal or prior to the lien of the Indenture.

Defeasance. (a) If the Authority shall pay or cause to be paid to the Beneficiaries of all obligations then Outstanding the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the respective covenants of the Authority, the State and the County to the Beneficiaries shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Indenture which are not required for the payment or redemption of obligations not theretofore surrendered for such payment or redemption.

(b) Outstanding Bonds or Notes or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall, at the respective maturity or redemption dates thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) above. Outstanding Bonds or Notes or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) above either (A) as provided in the Supplemental Indenture authorizing their issuance or (B) if (i) in case any of said Bonds or Notes are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption on said date of such obligations, (ii) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Collateral the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or redemption price, if applicable, and interest due and to become due on such Bonds or Notes or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event such Bonds or Notes are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Beneficiaries of such Bonds or Notes that the deposit required by (ii) above has been made with the Trustee and that said Bonds or Notes are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which money is to be available for the payment of the principal or redemption price, if applicable, on such Bonds or Notes. Neither Defeasance Collateral nor money deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Collateral shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds or Notes provided that any money on deposit with the Trustee, (x) to the extent such money will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or Notes or otherwise existing under the Indenture, and (y) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Collateral maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds or Notes on and prior to such redemption date or maturity date thereof, as the case may be.

(c) Upon such defeasance, the funds and investments required to pay or redeem the Bonds, Notes and other obligations to Beneficiaries shall be irrevocably set aside for that purpose, subject only, however, to the provisions of the Indenture relating to unclaimed money, and money held for defeasance shall be invested only as provided above and applied by the Trustee and other Paying Agents, if any, to the retirement of the Bonds and Notes and other obligations. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds, Notes and other obligations to Beneficiaries in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Authority upon such indemnification, if any, as the Trustee reasonably requires.

Notes and Bonds of the Authority. (a) By Supplemental Indenture complying procedurally and in substance with the Act and the Indenture, the Authority may authorize, issue, sell and deliver (i) Bonds or (ii) Notes, including Notes in anticipation of Bonds, from time to time in such principal amounts as the Authority shall determine to be necessary, to provide sufficient funds to finance Financeable Costs by payment or reimbursement, and funding reserves to secure Notes or Bonds; and may issue Notes or Bonds to renew or refund Notes or Bonds, by exchange, purchase, redemption or payment, and establish such escrows therefor as it may determine.

(b) Bonds and Notes may be issued only:

(i) as Senior Bonds or Notes, or as Subordinate Bonds or Notes;

(x) to pay or reimburse Financeable Costs, but not to exceed the limitations for specified Financeable Costs set forth in the Act in issuance amount, measured by proceeds to the Authority, and in the case of variable interest rate Bonds, not to exceed a total aggregate principal amount Outstanding at any time of $500 million of such variable interest rate Bonds except to the extent Rating Confirmation is obtained, and

(y) to refund or renew such Bonds or Notes; but

(ii) no Senior Bonds or Notes shall be authenticated and delivered except upon receipt by the Trustee of the following:

(y) an Officer's Certificate of the Authority setting forth, and based upon information provided to the Authorized Officer filing such Officer's Certificate by the State Comptroller or other State official on whom such Authorized Officer may reasonably rely, the most recent receipts by the Trustee (or by the Authority or the County, as applicable, with respect to the period prior to redirection of such amounts to the Trustee) for the 12 consecutive calendar months ended not more than three months prior to the date of such certificate, of the Sales Tax Revenues, in effect at the date of issuance of such Series of Bonds or Notes, collected by the State and to be payable to the Authority; and

(z) an Officer's Certificate of the Authority setting forth

(I) the aggregate amount of Debt Service (excluding any accrued or capitalized interest), including such Series of Bonds or Notes, for each Fiscal Year Bonds or Notes that will be Outstanding, and

(II) that the amounts set forth pursuant to clause (y) will be at least three times the aggregate amount set forth in clause (z)(I) for each Fiscal Year set forth pursuant to clause (z)(I).

(iii) no Senior Bonds shall be authenticated and delivered except upon receipt by the Trustee of (y) an Officer's Certificate of the Authority making the computation required in the definition of Debt Service Liquidity Account Requirement, determining whether or not such requirement has been triggered, and if so, the amount required to be deposited to the Debt Service Liquidity Account to fulfill such Debt Service Liquidity Account Requirement, and (z) provision for such deposit.

Each interest rate on Outstanding and proposed variable interest-rate Bonds or Notes, shall be assumed at the Estimated Average Interest Rate.

(c) The Notes and Bonds shall bear such dates and shall mature at such times as the Authority may provide pursuant to the Act. The Notes and Bonds shall bear interest at such fixed or variable rates, and shall be in such denomination, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place and be subject to such terms of redemption as the Authority may provide pursuant to the Act. The Notes and Bonds may be sold by the Authority at public or private sale pursuant to the Act.

Documents to be Delivered to Trustee. The Authority may from time to time request the authentication and delivery of a Series of Bonds or Notes by providing to the Trustee (at or prior to such authentication and delivery), among other documents, the following:

(a) an Officer's Certificate as to the purposes to be financed and to the effect that there is no default that will remain uncured immediately following such delivery, nor an uncured failure of the State or the County to comply with their respective agreements provided for in the Act, as in effect at the date of the Indenture; and

(b) an opinion of Counsel as to the due authorization, execution and delivery by the Authority of the Indenture and each relevant Supplemental Indenture; to the effect that the Indenture is in full force and effect and that the Bonds or Notes are valid and binding; and after delivery of the initial

Series of Bonds, to the effect that the issuance of the Bonds or Notes will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or Tax-Exempt Notes theretofore issued (as set forth in the opinions delivered with such prior Bonds or Notes).

Ancillary and Swap Contracts. Pursuant to the Act, the Authority may enter into, amend or terminate, as it determines to be necessary or appropriate, any ancillary or swap contracts, including Senior Agreements. The Authority may by Supplemental Indenture provide for the payment through the Bond Account of any amounts due pursuant to ancillary and swap contracts (excluding termination payments), any such ancillary and swap contracts thereby constituting Senior Agreements. Any amounts paid or payable to the Authority pursuant to any ancillary or swap contract shall constitute a Revenue and, except as otherwise provided in a Supplemental Indenture, shall be deposited in the Bond Account.

Bond Anticipation Notes. Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by Supplemental Indenture, authorize the issuance of Notes and renewals thereof in anticipation of such Series. The interest on such Notes and renewals thereof may be made payable from the proceeds of such Notes, from the Bond Account or from the proceeds of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of or interest on such Notes, and any such pledge shall have a priority over any other pledge of such proceeds created by the Indenture. Subject to the Indenture, the Authority may also pledge the Revenues and the Accounts to the payment of the principal of such Notes.

Financeable Costs. Proceeds of the sale of the Bonds and Notes issued for Financeable Costs shall be promptly deposited in the Bond Proceeds Fund to the extent set forth by Supplemental Indenture, and applied to finance Financeable Costs. The Authority shall transfer its earnings on the Bond Proceeds Fund to the Collection Account as Revenues, or otherwise apply such earnings in accordance with the Tax Code pursuant to Officer's Certificate.

Limited Purpose of Indenture. The Indenture provides for the issuance and payment of the Authority's obligations and the financing and refinancing of Financeable Costs. The Indenture is not intended to convey to the Trustee or the Beneficiaries any right to exercise or approve the Authority's oversight powers and duties, including those set forth in the Act, and the right and obligation to exercise such powers and duties is reserved solely to the Authority, nor is the Indenture intended to convey to the Trustee or the Beneficiaries the benefit of any provisions of the Agreement not expressly pledged pursuant to the Indenture. Except as set forth in the Indenture and the Agreement, the Authority, the County and the Trustee shall have no liability to each other or to the Beneficiaries for the construction, reconstruction, acquisition, installation, physical condition, ownership or operation of any capital project of the County financed as a Financeable Cost or for the financing of Financeable Costs.

Application of Revenues. (a) Provision is made in the Act for the payment to the Authority of the Sales Tax Revenues, and the Authority has requested the State Comptroller to make such payments to the Collection Account to be held by the Trustee. Any Revenues received by the Authority shall be promptly deposited in the Collection Account. All Revenues in the Collection Account shall be applied upon receipt by the Trustee, in the following order of priority: *first* to the Bond Account to pay Debt Service pursuant to paragraph (b) summarized below, and any amount, if any, necessary to replenish the Debt Service Liquidity Account to the extent of any withdrawal therefrom; *second*, pursuant to Supplemental Indentures for the benefit of Subordinate Noteholders, Subordinate Bondholders and parties to Subordinate Agreements, to the extent such Supplemental Indentures may require application of Revenues to pay such items after payment of Debt Service but prior to Authority operating expenses; *third*, to the Authority's operating expenses, which may include deposits to the Redemption Account for optional redemption and reserves to be held by the Authority for payment of operating expenses, in such amounts as may be determined by Supplemental Indenture or Officer's Certificate; and *fourth* except to the extent set forth in the next sentence hereof, as soon as practicable, to the order of the County, free and clear of the lien of the Indenture. The Authority shall set aside Revenues otherwise payable to the County in a "county of Nassau revenue anticipation note withholding fund" to the extent required to comply with Section 3657(6) of the Act.

(b) At the beginning of each calendar month, the Trustee shall begin to transfer all Revenues from the Collection Account to the Bond Account, and shall continue such transfers until the amount in the Bond Account is equal to Accrued Debt Service to the last day of such month (or, if Debt Service is payable on a date other than the first day of each calendar month, to such day of the succeeding month). To the extent that Debt Service includes principal, interest or premium on Bonds or Notes to be purchased or redeemed prior to maturity, such Debt Service may be paid through the Redemption Account, and the Authority may by Officer's Certificate direct the Trustee to transfer Revenues thereto, rather than to the Bond Account.

(c) Prior to any payment date for Debt Service, the Authority may by Officer's Certificate estimate interest payable at a variable rate; or treat anticipated receipts on an ancillary or swap contract as offsets thereto as specified in the Indenture.

(d) The transfers and payments shall be appropriately adjusted by Officer's Certificate of the Authority to reflect the date of issue of Notes or Bonds, any accrued or capitalized interest deposited in the Bond Account or any other amounts irrevocably pledged to the payment of such Debt Service for such period, dates of receipt of Revenues, actual rates of interest, any amount needed or held in the Accounts for Debt Service, and any purchase or redemption of Notes or Bonds, so that there will be available on each payment date the amount necessary to pay Debt Service and so that accrued or capitalized interest will be applied to the installments of interest to which it is applicable.

(e) Revenues shall in all events be transferred from the Collection Account to the Bond Account or Redemption Account to provide for the timely payment of Debt Service, and all Revenues shall be applied to pay Debt Service and other amounts then overdue pursuant to the Indenture.

(f) Money, if any, on deposit in the Debt Service Liquidity Account shall be held in trust and, except as otherwise provided, shall be applied solely to remedy any shortfall in the Bond Account in amounts due on Debt Service. If at any time the amount, if any, on deposit in the Debt Service Liquidity Account is in excess of the Debt Service Liquidity Account Requirement, the Trustee shall transfer such excess from the Debt Service Liquidity Account to the Collection Account.

Simultaneously with the delivery of the Series 2004A Bonds, the Indenture is expected to be amended substantially to the effect that notwithstanding anything in the Indenture to the contrary, in lieu, or in partial satisfaction, of any additionally required deposit into the Debt Service Liquidity Account, the Authority may cause to be deposited into the Debt Service Liquidity Account a Debt Service Liquidity Account Insurance Policy, for the benefit of the holders of the Bonds in an amount equal to the required deposit or any portion thereof, and which Debt Service Liquidity Account Insurance Policy shall be payable or available to be drawn upon, as the case may be (upon the giving of notice as required thereunder), on any date on which moneys are required to be paid out of the Debt Service Liquidity Account pursuant to the Indenture.

Bond Account. A Bond Account is established with the Trustee and money shall be deposited therein as provided in the Indenture. Accrued interest received upon the sale of Notes (if so specified by Supplemental Indenture) or Senior Bonds shall be deposited in the Bond Account. The money in the Bond Account shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of Debt Service. If at any time the amount held in the Bond Account exceeds Accrued Debt Service, the Trustee shall transfer such excess to the Collection Account as Revenues. The Trustee shall pay, or transfer money from the Bond Account to a Paying Agent in time for the Paying Agent to pay, Debt Service when due in same-day funds.

Redemption Account. A Redemption Account is established with the Trustee and money shall be deposited therein as provided in the Indenture. The money and investments in such Account shall be held in trust and, except as otherwise specified, shall be applied by the Trustee to the redemption of Bonds and Notes. Upon direction by Officer's Certificate of the Authority, the Trustee shall apply money in the Redemption Account to the purchase of Bonds and Notes for cancellation at prices not exceeding (unless so directed by Officer's Certificate of the Authority) the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not with money required to pay Bonds or Notes for which notice of redemption has been given. Accrued interest on the purchase of Bonds and Notes may be paid from the Bond Account (if so payable under the Indenture) or as directed by Officer's Certificate of the Authority.

When money in the Redemption Account is to be applied to the redemption of Notes or Bonds, the Trustee shall pay, or transfer such money to a Paying Agent in time for the Paying Agent to pay, such Notes or Bonds when due in same-day funds.

If on any date the amount in the Bond Account is less than the amount then required to be applied to pay Debt Service then due, the Trustee shall apply the amount in the Redemption Account (other than any sum irrevocably set aside for particular Notes or Bonds no longer Outstanding) to the extent necessary to meet the deficiency.

Redemption of the Bonds and Notes. The Authority may redeem Bonds and Notes at its option in accordance with their terms and shall redeem Bonds and Notes in accordance with their terms pursuant to any mandatory redemption ("sinking fund") requirements established by Supplemental Indenture. When Bonds or Notes are called for redemption, the accrued interest thereon shall become due on the redemption date. To the extent not otherwise provided, the Authority shall deposit with the Trustee on or prior to the redemption date a sufficient sum to pay principal, redemption premium, and accrued interest.

Unless otherwise specified by Supplemental Indenture, there shall, at the option of the Authority, be applied to or credited against any sinking fund requirement the principal amount of any such Bonds that have been defeased, purchased or redeemed and not previously so applied or credited.

When Bonds or Notes are to be redeemed prior to maturity, the Trustee shall give notice in the name of the Authority, which notice shall identify the Bonds or Notes to be redeemed, state the date fixed for redemption and state that such Bonds or Notes will be redeemed at the corporate trust office of the Trustee or a Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Bond or Note to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that money therefor having been deposited with the Trustee or Paying Agent, from and after such date, interest thereon shall cease to accrue. The Trustee shall give 30 days' notice by mail, or otherwise transmit the redemption notice in accordance with the applicable Supplemental Indenture, to the registered owners of any Bonds or Notes which are to be redeemed, at their addresses shown on the registration books of the Authority. Such notice may be waived by any Holder of Bonds or Notes to be redeemed. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, shall not affect the redemption of any other Bond or Note.

Investments. Pending its use, money in the Accounts may be invested by the Trustee in Eligible Investments maturing or redeemable at the option of the holder at or before the time when such money is expected to be needed and shall be so invested pursuant to written direction of the Authority if there is not then an Event of Default known to the Trustee. Investments shall be held by the Trustee in the respective Accounts and shall be sold or redeemed to the extent necessary to make payments or transfers from each Account.

Except as otherwise specified, any interest realized on investments in any Account and any profit realized upon the sale or other disposition thereof shall be credited to the Collection Account.

The Trustee may hold undivided interests in Eligible Investments for more than one Account (for which they are eligible) and may make interfund transfers in kind.

If any money is invested under the Indenture and a loss results therefrom so that there are insufficient funds to pay Debt Service or to redeem Bonds or Notes called for redemption, then the deficiency shall be timely filled from Revenues (as Debt Service if so payable under the Indenture).

Unclaimed Money. Except as may otherwise be required by applicable law, in case any money deposited with the Trustee or a Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond or Note remain unclaimed for two years after such principal, interest or premium has become due and payable, the Fiduciary may and upon receipt of a written request of the Authority will pay over to the Authority the amount so deposited and the owner of such Bond or Note shall be entitled (subject to any applicable statute of limitations) to look only to the Authority as an unsecured creditor for the payment thereof.

Contract; Obligations to Beneficiaries. In consideration of the purchase and acceptance of any or all of the Bonds and Notes and ancillary and swap contracts by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Authority with the Beneficiaries, and shall be deemed to be and shall constitute contracts among the Authority, the Trustee, the County to the extent specified in the Agreement, the Beneficiaries from time to time and, to the extent specified in the Act, the State. The pledge made in the Indenture and the covenants set forth to be performed by the Authority, the County and the State shall be for the equal benefit, protection and security of the Beneficiaries of the same priority. All of the Bonds or Notes or ancillary or swap contracts of the same priority, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any thereof over any other except as expressly provided pursuant to the Indenture and the Act.

The Authority shall pay when due all sums payable on the Bonds and Notes, from the Revenues and money designated in the Indenture, subject only to (i) the Act and the Indenture, and (ii) to the extent permitted by the Act and the Indenture, (x) agreements with Holders of Bonds and Notes pledging particular collateral for the payment thereof and (y) the rights of Beneficiaries under ancillary and swap contracts. The obligation of the Authority to pay principal, interest and redemption premium, if any, to the Holders of Bonds and Notes shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, and shall not be subject to setoff, recoupment or counterclaim. The Authority shall also pay its operating expenses.

Enforcement. The Authority shall enforce or cause the Trustee to enforce by appropriate legal proceedings, each covenant, pledge or agreement made by the County or the State in the Indenture or in or pursuant to the Act for the benefit of any of the Beneficiaries.

Tax Covenant. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on Tax-Exempt Bonds and Tax-Exempt Notes shall be excludable from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code; and no funds of the Authority shall at any time be used directly or indirectly to acquire securities or obligations the acquisition or holding of which would cause any Tax-Exempt Bond or Tax-Exempt Note to be an arbitrage bond as defined in such Code and any applicable Regulations issued thereunder. If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, pay from the Bond Proceeds Fund or as an operating expense the amount, if any, required by the Code to be rebated thereto or paid as a related penalty.

Accounts and Reports. The Authority shall (1) cause to be kept books of account in which complete and accurate entries shall be made of its transactions relating to all funds and accounts under the Indenture, which books shall at all reasonable times be subject to the inspection of the County, the Trustee and the Holders of an aggregate of not less than 25% in principal amount of Bonds and Notes then Outstanding or their representatives duly authorized in writing; and

(2) keep in effect at all times by Officer's Certificate an accurate and current schedule of all Debt Service to be payable during the life of then Outstanding Bonds, Notes and Senior Agreements secured by the Bond Account, certifying for the purpose such estimates as may be necessary.

Ratings. Unless otherwise specified by Supplemental Indenture, the Authority shall pay such reasonable fees and provide such available information as may be necessary to obtain and keep in effect ratings on all the Senior Bonds from at least two nationally recognized statistical rating organizations.

No Other Business. The Authority shall not engage in any line of business not contemplated by the Act.

No Indebtedness or Funds of County. Except to the extent required by the Act, the Indenture does not constitute indebtedness of the County for purposes of Section 20.00 of the LFL or any constitutional or statutory limitation. The Authority's revenues, including the Revenues, are not funds of the County.

County Covenant. The Authority includes in the Indenture the County's pledge and agreement with the holders of any bonds, notes or other evidences of indebtedness of the Authority that the County will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such holders pursuant to the Act (including the ability to enforce the County's obligations under the Agreement), or in any way impair the rights and remedies of such holders or the security for such bonds, notes or other evidences of indebtedness until such bonds, notes or other evidences of indebtedness, 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. This County Covenant shall not be deemed to restrict any right the County may have to amend, modify or otherwise alter local laws, ordinances or resolutions imposing or relating to the Sales Tax Revenues 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 Sales Tax Revenues projected by the Authority to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 200% of maximum annual debt service on all Authority bonds, notes and other evidences of indebtedness then outstanding.

State Covenant and Tax Contract. The Authority includes in the Indenture: (a) the State's pledge and agreement with the holders of outstanding bonds, notes or other evidences of indebtedness that the State will not limit, alter or impair the rights vested in the Authority by the Act to fulfill the terms of any agreements made with the holders (including the ability to enforce the County's obligations under the Agreement), or in any way impair the rights and remedies of such holders or the security for the bonds, notes or other evidences of indebtedness until such bonds, notes or other evidences of indebtedness, 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; (b) the further terms of Section 3658 of the Act to the effect that: nothing contained in this covenant or the Act shall be deemed to restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the Sales Tax Revenues and nothing in this covenant shall be deemed to obligate the State to make any additional payments or impose any taxes to satisfy the obligations of the Authority; and (c) the tax contract of the State in the Act.

Authority Acknowledgments. (a) The Authority acknowledges that the County's covenants and pledge and agreement for the benefit of the Holders and the State Covenant and Tax Contract constitute important security provisions of the Bonds and Notes, and to the fullest extent permitted by applicable Federal and State law, waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the County, the State or any other person of, any such claim to the contrary.

(b) By acknowledging that the County's covenants and pledge and agreement for the benefit of the Holders and the State Covenant and Tax Contract constitute important security provisions of the Bonds and Notes, the Authority also acknowledges, to the fullest extent permitted by applicable Federal and State law, that, in the event of any failure or refusal by the County or the State to comply therewith, the Holders of the Bonds or Notes may have suffered monetary damages, the extent of the remedy for which may be, to the fullest extent permitted by applicable Federal and State law, determined, in addition to any other remedy available at law or in equity, in the course of any action taken pursuant to the Indenture; and to the fullest extent permitted by applicable Federal and State law, the Authority waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support the assertion by the County, the State or any other person of, any claim to the effect that no such monetary damages have been suffered.

(c) The Authority confirms that the acknowledgments and agreements summarized in paragraphs (a) and (b) above have been included as a result of negotiations with the underwriters of the initial Series of Bonds and may further acknowledge in any Supplemental Indenture if and the extent to which any provision of the Indenture has been amended, or any provision of such Supplemental Indenture has been included therein, as a result of the same or similar negotiations.

Rights and Duties of the Fiduciaries. The Fiduciaries shall not be required to monitor the financial condition of the Authority or the physical condition of any Project and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with them under the Indenture, except to make them available for inspection by Beneficiaries.

Upon a failure of the Authority to make a payment of Debt Service when due or a failure known to an Authorized Officer of the Trustee to make any other required payment within 7 days after the same becomes due and payable, the Trustee shall give written notice thereof to the Authority. The Trustee shall give notices of default when instructed to do so by the written direction of another Fiduciary or the owners of at least 25% in principal amount of the Outstanding Senior Bonds or with respect to the Indenture, if the Event of Default is actually known to an Authorized Officer. The Trustee shall proceed under the Indenture for the benefit of the Holders in accordance with the written directions of a Majority in Interest of the Outstanding Senior Bonds. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred.

Each Fiduciary shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken in good faith in reliance on such advice. Each Fiduciary may rely conclusively on any notice, certificate or other document furnished to it under the Indenture and reasonably believed by it to be genuine. A Fiduciary shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed under the Indenture or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any payment or consent or other action by a Fiduciary is called for by the Indenture, the Fiduciary may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. A permissive right or power to act shall not be construed as a requirement to act.

Any fees, expenses, reimbursements or other charges which any Fiduciary may be entitled to receive from the Authority, if not otherwise paid, shall be a first lien upon (but only upon) any funds held by the Trustee for payment of operating expenses.

Paying Agents. The Authority designates the Trustee a Paying Agent. The Authority may appoint additional Paying Agents, generally or for specific purposes, may discharge a Paying Agent from time to time and may appoint a successor. The Authority shall designate a successor if the Trustee ceases to serve as Paying Agent. Each Paying Agent shall be a bank or trust company eligible under the Act, and unless otherwise provided by Supplemental Indenture shall have a capital and surplus of not less than $50,000,000 and be registered as a transfer agent with the Securities and Exchange Commission. The Authority shall give notice of the appointment of a successor to the Trustee as Paying Agent in writing to each Beneficiary shown on the books of the Trustee. A Paying Agent may but need not be the same person as the Trustee. Unless otherwise provided by the Authority, the Trustee as Paying Agent shall act as Bond and Note registrar and transfer agent.

Resignation or Removal of the Trustee. The Trustee may resign on not less than 45 days' written notice to the Authority and the Holders. The Trustee will promptly certify to the Authority that it has given written notice to all Holders and such certificate will be conclusive evidence that such notice was given as required by the Indenture. The Trustee may be removed by written notice from the Authority (if not in default) or a Majority in Interest of the Outstanding Senior Bonds to the Trustee and the Authority. Such resignation or removal shall not take effect until a successor has been appointed.

Successor Fiduciaries. Any corporation or association which succeeds to the municipal corporate trust business of a Fiduciary as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights, powers and duties thereof under the Indenture, without any further act or conveyance.

In case a Fiduciary resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of a Fiduciary or of its property is appointed, or if a public officer takes charge or control of a Fiduciary, or of its property or affairs, then such Fiduciary shall with due care terminate its activities and a successor may, or in the case of the Trustee shall, be appointed by the Authority. If no appointment of a successor Trustee is made within 45 days after the giving of written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Trustee shall be a trust company or a bank having the powers of a trust company, located in the State, having a capital and surplus of not less than $50,000,000.

Fiduciaries for Notes and Subordinate Bonds. The Authority may by Supplemental Indenture provide for the appointment of a Fiduciary (which may be the Trustee) to represent the Holders of Notes or Subordinate Bonds, having powers and duties not inconsistent with the Indenture or the Act.

Action by Holder. Any request, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be given or taken by Holders of Bonds or Notes may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Holders or their attorneys duly appointed in writing or by such electronic or other means as may be recognized pursuant to applicable law. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of the Indenture (except as otherwise therein expressly provided) if made in the following manner, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate or signature guarantee, which need not be acknowledged or verified, of an officer of a bank, trust company or securities dealer satisfactory to the Authority or to the Trustee; or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or secretary. Any action of the Owner of any Bond or Note shall be irrevocable and bind all future record and beneficial owners thereof.

Registered Owners. The enumeration of certain provisions applicable to DTC as Holder of immobilized Notes and Bonds shall not be construed in limitation of the rights of the Authority and each Fiduciary to rely upon the registration books in all circumstances and to treat the registered owners of Notes and Bonds as the owners thereof for all purposes not otherwise specifically provided for. Notwithstanding any other provisions of the Indenture, any payment to the registered owner of a Note or Bond shall satisfy the Authority's obligations thereon to the extent of such payment.

Events of Default; Default. "Event of Default" in the Indenture means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice: (a) the Authority shall fail to pay when due any interest, principal or redemption premium on a Note or Bond; (b) the Authority shall fail to observe or perform any of its other agreements, covenants or obligations under the Indenture and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the Authority; (c) specified events of insolvency relating to the Authority; (d) the State shall (i) amend, alter, repeal or fail to comply with the State Covenant or its tax contract in the Act as in effect on the date of the Indenture or (ii) enact a moratorium or other similar law affecting the Bonds or Notes; and (e) the County shall fail to observe or perform any of its agreements, covenants or obligations under the Agreement that have been pledged for the benefit of the Holders and such failure is not remedied within 30 days after written notice thereof is given by the Trustee to the County and the Authority or by the Authority to the Trustee and the County.

Remedies of the Trustee. If an Event of Default occurs and is continuing: (1) the Trustee may, and upon written request of the Holders of 25% in principal amount of the Senior Bonds and Notes Outstanding shall, in its own name by action or proceeding in accordance with the Civil Practice Law and Rules of the State: (a) enforce all rights of the Holders and require the Authority or, to the extent permitted by law, the State or the County to carry out its agreements with the Holders and to perform its duties under the Act; (b) sue upon such Bonds and Notes; (c) require the Authority to account as if it were the trustee of an express trust for the Holders of such Bonds and Notes; and (d) enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds and Notes; (2) the Trustee shall, in addition, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Act or incident to the general representation of Holders in the enforcement and protection of their rights; and (3) if such Event of Default is described in clause (a), and relates to a Bond or Note the payment of which constitutes Debt Service or is described in clause (c), the Trustee shall (a) give Written Notice thereof to the Authority, the Holders, the County Executive, the County Legislature, the County 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 and (b) if so directed by a Majority in Interest of the Senior Bonds, and having given 30 days' notice to the Authority, declare the principal amount of all Bonds and Notes to be, and the same shall become, due and payable.

Subordinate Note and Subordinate Bond Remedies. Subject to the prior application of the Accounts to pay Debt Service, the Indenture and to each applicable Supplemental Indenture, the Holders of Subordinate Notes or Subordinate Bonds, or a Fiduciary appointed for them, may enforce the provisions of the Indenture for their benefit by appropriate legal proceedings.

Individual Remedies. No one or more Holders shall by his or their action affect, disturb or prejudice the pledge created by the Indenture, or enforce any right under the Indenture, except in the manner therein provided; and all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided therein and for the equal benefit of all Holders of the same class; but nothing in the Indenture shall affect or impair the right of any Holder of any Bond or Note to enforce payment of the principal thereof, premium, if any, or interest thereon at and after the maturity thereof, or the obligation of the Authority to pay such principal, premium, if any, and interest on each of the Bonds and Notes to the respective Holders thereof at the time, place, from the source and in the manner expressed in the Indenture and in the Bonds and Notes.

Venue. The venue of every action, suit or special proceeding against the Authority shall be laid in the County of Nassau, New York.

Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, by written notice to the Authority, and shall do so upon written instruction of the Holders of at least 25% in principal amount of the Outstanding Senior Bonds and Notes.

Application of Money. If available money in the Accounts is not sufficient on any day to pay all Debt Service, Subordinate Bonds and Subordinate Agreements then due or overdue, such money (subject to provisions theretofore made for the payment of Bonds or Notes no longer outstanding) shall be applied *first* to the Trustee's fees and other costs of collecting and applying the Revenues and administering the accounts, *second* to the payment of interest, including interest on overdue principal and interest, in the order in which the same became due (pro rata with respect to interest which became due at the same time), and if the amount available shall not be sufficient to pay in full any installment or installments of interest or obligations with respect to Senior Agreements maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; *third* to the payment of principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due), and if the amount available shall not be sufficient to pay in full all principal, premium or obligations with respect to Senior Agreements maturing on the same date, then to the payment thereof ratably, according to the amounts due in respect of each item of Debt Service without priority or preference of any item over any other; and *fourth* to the payment to any Notes (to the extent not paid as Debt Service), Subordinate Bonds and Subordinate Agreements then due and, if the amounts available are insufficient to pay in full all such subordinated payment obligations, then to the payment thereof ratably, without preference or priority of any such item over any other. For this purpose Debt Service on Senior Agreements shall be characterized in accordance with their financial terms and interest on overdue principal shall be treated as coming due on the first day of each month. Whenever money is to be applied pursuant to this section, such money shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Upon the exercise of such discretion the Trustee shall fix the date (which shall be the first of a month unless it deems another date more suitable) upon which such application is to be made, and upon such date interest on the principal then provided for shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing, of any such date. When interest or a portion of the principal is to be paid on an overdue Bond or Note, the Trustee may require presentation of the Bond or Note for endorsement of the payment.

Supplements and Amendments. (A) The Indenture may be (1) supplemented by delivery to the Trustee of an instrument certified by an Authorized Officer of the Authority to (a) provide for earlier or greater deposits into the Bond Account, (b) subject any property to the lien of the Indenture, (c) add to the covenants and agreements of the Authority or surrender or limit any right or power of the Authority, (d) identify particular Notes or Bonds for purposes not inconsistent with the Indenture including credit or liquidity support, remarketing, serialization and defeasance, or (e) authorize Bonds or Notes of a Series and in connection therewith determine the matters referred to in the Indenture and any other things relative to such Bonds or Notes that are not prejudicial to the Holders, or to modify or rescind any such authorization or determination at any time prior to the first authentication and delivery of such Series of Bonds or Notes; or

(2) amended by the Authority and the Trustee (a) to cure any ambiguity or defect, (b) to add provisions that are not prejudicial to the Holders, (c) to adopt amendments that do not take effect unless and until (i) no Bonds or Notes Outstanding prior to the adoption of such amendment remain Outstanding or (ii) such amendment is consented to by the Holders of such Bonds or Notes in accordance with the Indenture, or (d) pursuant to paragraph (B) summarized below.

(B) Except as described in the foregoing paragraph (A), the Indenture may be amended (1) only with the written consent of a Majority in Interest of the Subordinate Bonds, Senior Bonds and Notes (acting as three separate classes) to be Outstanding at the effective date thereof and affected thereby; but (2) only with the unanimous written consent of the affected Holders for any of the following purposes: (a) to extend the maturity of any Bond or Note, (b) to reduce the principal amount or interest rate of any Bond or Note, (c) to make any Bond or Note redeemable other than in accordance with its terms, (d) to create a preference or priority of any Bond or Note over any other Bond or Note of the same class or (e) to reduce the percentage of the Bonds and Notes required to be represented by the Holders giving their consent to any amendment.

(C) Any amendment of the Indenture shall be accompanied by a Counsel's Opinion to the effect that the amendment is permitted by law and does not adversely affect the exclusion of interest on the Tax-Exempt Bonds and Tax-Exempt Notes from gross income for Federal income tax purposes.

Beneficiaries. The Indenture is not intended for the benefit of and shall not be construed to create rights in parties other than the Authority, the Fiduciaries, the Holders of Notes and Senior Bonds, and the other Beneficiaries to the extent specified therein.

Additional Provisions Relating to the Ambac Insurance Policies. In connection with obtaining the Financial Guaranty Insurance Policies (the "Ambac Insurance Policies") issued by Ambac Assurance Corporation ("Ambac") relating to the Series 2004A Bonds maturing in the years 2006 through 2013, inclusive, and the Series 2004 ARS Bonds, respectively (collectively, the "Ambac Insured Bonds"), the Authority has adopted the following provisions, among others:

(a) Ambac's consent shall be required in addition to Holder consent with respect to the Ambac Insured Bonds for any action which requires Holder consent, absent a default by Ambac under the respective Ambac Insurance Policy. In the event of any reorganization or liquidation of the Authority, Ambac shall have the right to vote on behalf of all Holders of the Ambac Insured Bonds, absent a default by Ambac under the respective Ambac Insurance Policy.

(b) In the event the principal and/or interest on the Ambac Insured Bonds shall be paid by Ambac pursuant to the respective Ambac Insurance Policy, the Ambac Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge in the Indenture and all covenants, agreements and other obligations of the Authority to the Holders of the Ambac Insured Bonds shall continue to exist and shall run to the benefit of Ambac, and Ambac shall be subrogated to the rights of such Holders.

Additional Provisions Relating to the Surety Bond. In connection with obtaining the surety bond issued by Ambac guaranteeing certain payments into the Debt Service Liquidity Account with respect to the Bonds (the "Surety Bond"), the Authority has adopted the following provisions, among others:

(a) Ambac's consent shall be required in addition to Holder consent with respect to the Bonds for any action which requires Holder consent, absent a default by Ambac under the Surety Bond.

(b) In the event and to the extent that moneys on deposit in the Bond Account, plus all amounts on deposit in and credited to the Debt Service Liquidity Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal of and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee and certifying that payment due under the Indenture has not been made to the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Debt Service Liquidity Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, other surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(c) The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Debt Service Liquidity Account to the extent of moneys received pursuant to such Demand.

(d) The Debt Service Liquidity Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Revenues and any Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Debt Service Liquidity Account to the Debt

Service Liquidity Account Requirement, after taking into account the amounts available under the Surety Bond and any Additional Funding shall be deposited from next available Revenues.

THE AGREEMENT

County's Further Assurances. Pursuant to the Act, the County acknowledges the State's grant to the Authority and the Authority's pledge and assignment to the Trustee of, and disclaims ownership of, all subject to the terms of the Act: the County's right, title and interest in and to the Sales Tax Revenues, and all rights to receive the same and the proceeds thereof; and the County will protect and defend the Trustee's title to assets thereto.

Separate Accounts and Records. The Authority and the County represent and covenant, each for itself, that: (a) Each of them will maintain its books, financial records and accounts (including, without limitation, inter-entity transaction accounts) in a manner so as to identify separately the assets and liabilities of each such entity; each has observed and will observe all applicable corporate procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between and among the Authority, the County and the Trustee have reflected and will reflect the separate legal existence of each entity and have been and will be formally documented in writing; and (b) Neither the Authority nor the County has commingled or will commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other person or entity. Each of them has conducted and will conduct all business between itself and third parties in its own name and separate and distinct from the other.

Bond Proceeds Fund. A Bond Proceeds Fund is established to be held by the Trustee in trust for the benefit of the Authority and the County. The Beneficiaries shall have no interest in the Bond Proceeds Fund or any amounts from time to time on deposit in it. Money shall be deposited therein as provided in the Indenture. The money and investments in the Bond Proceeds Fund shall be applied at the direction of the Authority as described below.

The Trustee shall pay from the Bond Proceeds Fund the Costs of Issuance that are approved by the Authority, and except as otherwise directed by the Authority in accordance with this Agreement, disburse funds to the County upon receipt of a Requisition to finance, by payment or reimbursement, of Financeable Costs to the extent set forth in the related Declaration of Need or as otherwise approved by the Authority. When all Costs of Issuance and other Financeable Costs have been paid or reimbursed, as evidenced by Officer's Certificates of the Authority and the County, any excess in the Bond Proceeds Fund shall promptly be paid to the Trustee for deposit in the Redemption Account.

The Authority shall develop, and may from time to time modify, procedures for the disbursement, of money to the County from the Bond Proceeds Fund, upon terms, conditions and documentation providing for compliance with the Act, the provisions of the related Arbitrage and Use of Proceeds Certificate, the Agreement, the Indenture, and the advice of Counsel as to the application of proceeds of Tax-Exempt Notes and Tax-Exempt Bonds. The County shall apply Note and Bond proceeds made available to it only to pay such Financeable Costs as have been included in a Declaration of Need previously approved by the Authority and for which a Requisition in proper form has been submitted. The County shall apply such proceeds to pay such Financeable Costs under contracts awarded by the County or to make a contribution of such proceeds as County funds to another entity for the payment or reimbursement of such Financeable Costs.

To the extent provided in any applicable Supplemental Indenture, the Trustee shall, upon the direction of the Authority, pay from the Bond Proceeds Fund amounts necessary to accomplish any restructuring or refunding of the County's or the Authority's debt, as applicable, into a separate account or fund for investment in appropriate defeasance securities as provided in a Supplemental Indenture.

Money in the Bond Proceeds Fund shall be invested and reinvested at the direction of the Authority in accordance with the Act and the Indenture, consistent with the related Arbitrage and Use of Proceeds Certificate. Earnings thereon shall be transferred to the Collection Account as Revenues.

Indemnity. To the extent permitted by law, the County shall indemnify the Authority and hold it harmless against any claim, demand, action, liability, damages, cost, loss or expense (including legal fees and disbursements) that the Authority incurs arising out of or in relation to any capital project of the County or the financing of any Financeable Cost by the Authority.

Limited Purpose of Agreement. The Agreement provides for the Authority's financing of Financeable Costs. Except as specified in the Agreement, the Authority, the County, and the Trustee shall have no liability to each other or to the Beneficiaries of the Indenture for the construction, reconstruction, acquisition, installation, physical condition, ownership or operation of any capital project of the County or arising out of the status of any such capital project under the State Environmental Quality Review Act or otherwise. Whether to undertake any financing, as well as the specific Financeable Costs to be paid or reimbursed by the Authority, shall be determined by the Authority, in its sole discretion, upon the request of the County as evidenced by submission to the Authority by the County of a Declaration of Need.

Covenants of the County. The County covenants with the Authority, and consents to the pledge and assignment to the Trustee of any of its covenants, that:

(A) The County will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on Tax-Exempt Bonds and Tax-Exempt Notes shall be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code; and shall execute and deliver to the Authority an Arbitrage and Use of Proceeds Certificate, as requested by the Authority or Counsel to the Authority and shall comply with the terms thereof; and no funds of the County shall at any time be used directly or indirectly to acquire securities or obligations the acquisition or holding of which would cause any Tax-Exempt Bond or Tax-Exempt Note to be an arbitrage bond as defined in the Code and any applicable Regulations issued thereunder.

(B) The County in its papers and in the statements of its officials has referred and will refer to the Authority as a separate and distinct legal entity; and the County will take no action that is inconsistent with the Agreement and that would give any creditor of the County cause to believe either that any such obligations incurred by the County would be not only the obligation of the County, but also of the Authority, or that the County were not or would not continue to remain an entity separate and distinct from the Authority.

(C) An Authorized Officer of the County shall, not less than 60 days prior to the beginning of each County fiscal year, and as often as such Authorized Officer deems necessary but at least monthly thereafter, certify to the Authority and the Trustee the County's estimated projection of Sales Tax Revenues payable to the Authority each month during such fiscal year.

(D) The County will not exercise any right it may have to amend, modify or otherwise alter local laws imposing or relating to the Sales Tax Revenues without first requesting in writing the Authority to make the projection of Sales Tax Revenues required by the Agreement and confirming with the Authority that such exercise will not violate the County covenant contained therein and in the Act. The foregoing is not intended to limit the right of the County to adopt one or more local laws or ordinances imposing or extending the imposition of sales and use taxes.

(E) The County will at all times do and perform all acts and things permitted by law and necessary or desirable to maintain compliance with its undertakings hereunder and in connection with any financing by the Authority, including, cooperating with the Authority, its employees, consultants and underwriters, and in providing certifications and opinions requested by the Authority, and, further, providing all material disclosure for any Offering Circular of the Authority or in connection with any necessary undertaking under Securities and Exchange Commission ("SEC") Rule 15c2-12 to allow the underwriters of Authority financings to meet their obligations thereunder and under SEC Rule 10b-5.

(F) The County will comply, and will take all reasonable efforts in its power to cause any "covered organization", as such term is defined in the Act, to comply with the provisions of the Act.

(G) Except to the extent expressly identified in any such Declaration of Need, the County will not make any Declaration of Need or submit any Requisition except with respect to Financeable Costs that could be financed by the County by the issuance of its bonds or notes as of the date of such Declaration of Need or Requisition, there being in effect with respect to each capital project constituting such a Financeable Cost (i) findings or other proceedings meeting the requirements of the State Environmental Quality Review Act and (ii) all proceedings necessary under the County Charter and all other applicable State law necessary to authorize the appropriation and expenditure of County funds for such purposes, and each Declaration of Need and Requisition shall be deemed to be a representation by the County to such effect with respect to the Financeable Costs that are the subject thereof. The County shall provide to the Authority such documentation and information as requested, and in the form requested, by the Authority from time to time in connection with Financeable Costs proposed for financing.

Statutory Pledge and Agreement ("County Covenant"). The County pledges and agrees with the Holders of the Outstanding Bonds and Notes that the County will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Holders pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds and Notes until such Bonds and Notes, 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. This paragraph shall not be deemed to restrict any right the County may have to amend, modify or otherwise alter local laws imposing or relating to the Sales Tax Revenues so long as, after giving effect to such amendment, modification or other alteration, the amount of Sales Tax Revenues projected by the Authority to be available to the Authority during each of its fiscal years following the effective date of such amendment, modification or other alteration shall be not less than 200% of maximum annual debt service on all bonds, notes and other evidences of indebtedness then outstanding. Nothing in the Act or the Agreement 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 1210 of the Tax Law of the State to satisfy the debt service obligations of the Authority.

Statutory Requirement. To the extent required by the Act, the County agrees that it shall require every contract entered into by the County, or entered into by any other entity receiving funds from the County, for projects or 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.

Transfers to County; Issuance of Bonds or Notes. Subject to the provisions of the Act and the Agreement, all money received by the Authority which, together with other money available for the purposes of the Indenture, exceeds the amount determined by the Authority to be necessary for such purposes shall be transferred to the order of the County as frequently as practicable. The County acknowledges that any decision by the Authority to either (i) issue or incur its Bonds, Notes or other evidences of indebtedness from time to time, or (ii) withhold from the County or transfer to the County "transitional state aid" as such term is defined in the Act, is in the sole discretion of the Authority consistent with the Act and the Indenture.

County Acknowledgments. (a) The County acknowledges that the sections entitled "Covenants of the County" and "Statutory Pledge and Agreement" above constitute important security provisions of the Bonds and Notes, and to the fullest extent permitted by applicable Federal and State law, waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support any assertion of, any claim to the contrary.

(b) By acknowledging that its covenants and pledge and agreement for the benefit of the Holders constitute important security provisions of the Bonds and Notes, the County also acknowledges, to the fullest extent permitted by applicable Federal and State law, that, in the event of any failure or refusal by the County to comply therewith, the Holders of the Bonds or Notes may have suffered monetary damages, the extent of the remedy for which may be, to the fullest extent permitted by applicable Federal and State law, determined, in addition to any other remedy available at law or in equity, in the course of any action taken pursuant to the Agreement; and to the fullest extent permitted by applicable Federal and State law, the County waives any right to assert any claim to the contrary and agrees that it will neither in any manner directly or indirectly assert, nor in any manner directly or indirectly support any assertion of, any claim to the effect that no such monetary damages have been suffered.

(c) The County further acknowledges that the acknowledgments and agreements described in paragraphs (a) and (b) above have been included as a result of negotiations with the underwriters of the Authority's initial series of bonds and may further acknowledge if and the extent to which any provision of the Agreement has been amended, or any provision of a Supplemental Indenture has been included therein, as a result of the same or similar negotiations.

Remedies. If the County shall fail to observe or perform any covenant, condition or agreement on its part to be observed or performed, the Authority shall, if such default has not been cured, have the right (i) to institute any action at law or in equity deemed by the Authority to be necessary or desirable to collect any amounts then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the County under the Agreement and (ii) to withhold disbursement of any amounts from the Bond Proceeds Fund other than amounts set aside for the payment of County bonds or notes. At its election, the Authority may withhold any amounts adjudged or decreed payable to it from the Revenues as an Operating Expense.

Amendment. (A) The Agreement may be (1) supplemented by delivery to the Trustee of an instrument certified by an Authorized Officer of the Authority and executed or approved by the County to the extent required by the Agreement and the Act, to add to the covenants and agreements of the County or the Authority for the benefit of the Holders or surrender or limit for the benefit of the Holders any right or power of the County or the Authority; or (2) amended by the parties with notice to the Trustee but without Bondholder or Noteholder consent to (a) cure any ambiguity or defect, (b) change any provision of the Agreement that is not pledged to the Trustee pursuant to the Indenture, or (c) add provisions that are not prejudicial to the Holders of the Bonds and Notes, including provisions that do not take effect unless and until (i) no Bonds or Notes Outstanding prior to the adoption of such amendment remain

Outstanding or (ii) such amendment is consented to by Holders in accordance with the provisions of the Agreement.

(B) Except as described in the foregoing paragraph (A), the Agreement may be amended only by the County and the Authority with the written consent of a Majority in Interest of the Subordinate Bonds, Senior Bonds and Notes (acting as three separate classes) Outstanding at the effective date thereof and affected thereby; but only with the unanimous written consent of the affected Holders to reduce the percentage of the Bonds and Notes required to be represented by the Holders giving their consent to any amendment.

(C) Any amendment of the Agreement shall be accompanied by a Counsel's Opinion to the effect that the amendment is permitted by law and does not adversely affect the exclusion of interest on the Tax-Exempt Bonds and Tax-Exempt Notes from gross income for federal income tax purposes.

Beneficiaries. The Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the County, the Authority, and to the extent specified in the Agreement and the Indenture, the Holders of Notes and Senior Bonds and the other Beneficiaries.

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2004A Bonds in definitive form, Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel to the Authority, proposes to render its final approving opinion in substantially the following form:

[Date of Closing]

NASSAU COUNTY INTERIM
FINANCE AUTHORITY

Ladies and Gentlemen:

We have acted as bond counsel to the Nassau County Interim Finance Authority (the "Authority") relating to the issuance of $153,360,000 Nassau County Interim Finance Authority Sales Tax Secured Bonds, Series 2004A (the "Series 2004A Bonds") and $450,000,000 Nassau County Finance Authority Sales Tax Secured Variable Rate Bonds, Series 2004 ARS (the "Series 2004 ARS Bonds" and, collectively with the Series 2004A Bonds, the "Series 2004 Bonds"), as more particularly described below. The Series 2004 Bonds are dated, bear interest, mature, are subject to redemption and are secured as set forth in the Indenture between the Authority and The Bank of New York, as successor Trustee, as amended and supplemented (the "Indenture"). Terms defined in the Indenture and used herein shall have the meanings assigned in the Indenture, unless the context otherwise requires.

The Series 2004 Bonds are issued as Senior Bonds under the Indenture. The Authority is authorized to issue additional Senior Bonds (the Series 2004 Bonds, together with all Senior Bonds heretofore and hereafter issued the "Bonds") only on the terms and conditions set forth in the Indenture and all such Bonds shall with the Series 2004 Bonds be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Indenture.

Nassau County, New York (the "County"), has requested the Authority to undertake the financing of Financeable Costs (as defined in the Act), and the Authority and the County have entered into a Financing Agreement dated as of October 1, 2000 (the "Agreement"), provisions of which have been pledged by the Authority to secure the Bonds. We assume the parties will perform their respective covenants in the Indenture and the Agreement in all material respects.

A portion of the proceeds of the Series 2004 Bonds is being used to refund certain outstanding bonds (the "Authority Refunded Bonds") of the Authority. A portion of the proceeds of the Series 2004 Bonds, together with any other amounts made available by the Authority (collectively, the "Defeasance Deposit") has been used to purchase Defeasance Collateral in an aggregate amount sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or redemption price, if applicable, and interest due and to become due on said Authority Refunded Bonds (the "Defeasance Requirement"). Such Defeasance Deposit is being held in trust under an escrow deposit agreement, dated April 8, 2004 (the "Escrow Agreement"), between the Authority and The Bank of New York, as escrow agent. Samuel Klein & Co., verification agent, has certified that it has reviewed the accuracy of the mathematical computations of the adequacy of the Defeasance Deposit, as invested, to pay in full the Defeasance Requirement when due. We have undertaken no independent verification of the adequacy of the Defeasance Deposit.

Based on the foregoing and our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

1. The Authority is a duly organized and validly existing public benefit corporation under the Constitution and laws of the State of New York, and such proceedings show lawful authority for the issuance and sale of the Series 2004 Bonds pursuant to the Nassau County Interim Finance Authority Act, Title 1 of Article 10 D of the Public Authorities Law, constituting Chapter 43 A of the Consolidated Laws of the State of New York, as supplemented by Chapter 179 of the Laws of 2000 and as amended by Chapter 528 of the Laws of 2002 (the "Act"), and the Indenture.

2. The Series 2004 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding obligations of the Authority payable from the Revenues pledged and the other collateral provided therefor in the Indenture. The Bonds do not constitute a debt of the State or the County, and neither the State nor the County shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority.

3. The Act validly provides for (a) the payment to the Authority of sales and compensating use tax net collections paid or payable to the Authority pursuant to §1261 of the Tax Law or a successor statute (the "Sales Tax Revenues"), (b) the Authority's pledge to the Trustee of the Sales Tax Revenues, the Accounts and the money and investments on deposit therein (collectively, the "Revenues"), and (c) the application of proceeds of the Bonds to finance Financeable Costs. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matter of this opinion letter.

4. The Sales Tax Revenues are subject neither to appropriation by the County or the State, nor to prior claims in favor of other obligations or purposes of the County or the State except as specified in §1261 of the Tax Law with respect to overpayments and the State's reasonable costs in administering, collecting and distributing such taxes. Upon any failure of the State Legislature to make required appropriations for State debt obligations, the Sales Tax Revenues would not constitute revenues applicable to the General Fund of the State; hence Article 7, Section 16 of the State Constitution does not mandate such money to be set apart by the State Comptroller for the payment of State obligations.

5. The Indenture (a) has been duly and lawfully authorized, executed and delivered by the Authority, (b) creates the valid pledge of Revenues and other collateral that it purports to create and (c) is a valid and binding agreement, enforceable in accordance with its terms, of the Authority and, to the extent specified in the Act, the State. The lien of the Indenture on the Revenues for the security of the Bonds is prior to all other liens thereon. The Act does not restrict the right of the State to amend, modify, repeal or otherwise alter statutes imposing or relating to the taxes payable to the Authority pursuant to § 1261 of the Tax Law or fees, or appropriations relating thereto, nor does it obligate the State to make any payments not specified in the Act or impose any taxes to satisfy the obligations of the Authority.

6. The pledge of Revenues and other collateral made by the Authority in the Indenture is valid, binding and perfected without any physical delivery of the collateral or further act, and the lien thereof is valid, binding and perfected against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of such parties' notice thereof.

7. The Agreement has been duly authorized, executed and delivered by the Authority and assuming due and proper authorization, execution and delivery by the County, constitutes a legal, valid and binding agreement of the parties (including with respect to the County, its pledge and agreement not to limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made

with Holders of Outstanding Bonds pursuant to the Act, or in any way impair the rights and remedies of such Holders or the security for such Bonds), enforceable in accordance with its terms.

8. Pursuant to the Act, the State Comptroller shall pay the Sales Tax Revenues to the Trustee, to be applied first pursuant to the Authority's contracts with the holders of the Bonds, then to pay the Authority's operating expenses, and then pursuant to the Authority's agreements with the County, which shall require the Authority to transfer the balance of such taxes to the County as frequently as practicable; all of which is provided for in the Indenture and the Agreement.

9. The Authority is not eligible for protection from its creditors pursuant to Title 11 (the "Bankruptcy Code") of the United States Code. Pursuant to the Act, so long as any Bonds are Outstanding, neither the County nor any "covered organization" (as defined in the Act) is eligible to file a petition for protection from its creditors under either the Bankruptcy Code or the laws of the State.

10. No registration with, consent of, or approval by any governmental agency or commission that has not been obtained is necessary for the execution and delivery of the Series 2004 Bonds.

11. Except as provided in the following sentence, interest on the Series 2004 Bonds is not includable in the gross income of the owners of the Series 2004 Bonds for purposes of Federal income taxation under existing law. Interest on the Series 2004 Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2004 Bonds in the event of a failure by the Authority or the County to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and their respective covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the Series 2004 Bonds for Federal income tax purposes on or after the date on which any action is taken under the Series 2004 Bond proceedings or related proceedings upon the approval of counsel other than ourselves.

12. Interest on the Series 2004 Bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum tax. The Tax Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

13. Under the Act, interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

14. The Escrow Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery of the Escrow Agreement by the escrow agent, the Escrow Agreement is a valid and binding obligation of the Authority, enforceable in accordance with its terms. The Authority Refunded Bonds have been paid within the meaning and with the effect expressed in the Indenture, and the covenants, agreements and other obligations of the Authority to the holders of the Authority Refunded Bonds have been discharged and satisfied.

15. The excess, if any, of the amount payable at maturity of any maturity of the Series 2004 Bonds over the initial offering price of such Series 2004 Bonds to the public at which price a substantial amount of such maturity is sold represents original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2004 Bonds. The Code further provides that such original issue discount excluded as interest accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjusted basis for purposes of

determining a holder's gain or loss on disposition of Series 2004 Bonds with original issue discount will be increased by the amount of such accrued interest.

The rights of the Bondholders and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable and except as specifically stated above, and may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

APPENDIX D

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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Nassau County Interim Finance Authority

Independent Auditors' Report

Financial Statements
Year Ended December 31, 2002

NASSAU COUNTY INTERIM FINANCE AUTHORITY

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nassau County Interim Finance Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Nassau County Interim Finance Authority (the "Authority"), as of December 31, 2002, and for the year then ended, which collectively comprise the Authority's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority, as of December 31, 2002, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2002 the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* as amended by GASB Statement No. 37.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 2002 supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

April 11, 2003

Deloitte
Touche
Tohmatsu

NASSAU COUNTY INTERIM FINANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2002

Introduction

The Nassau Interim Finance Authority (the "Authority") is a New York State authority empowered to monitor and oversee the finances of Nassau County, New York (the "County") and to issue bonds and notes for various County purposes. In its oversight capacity, the Authority is empowered to, among other things, review County financial plans submitted to it; make recommendations or, if necessary, adverse findings thereon; make transitional State aid available as it determines; comment on proposed borrowings by the County and certain affiliated organizations; and impose a "control period" upon making one of several statutory finds concerning the County's financial position. To date, the Authority has not imposed a control period.

In its capacity to issue bonds and notes on behalf of the County, the Authority has funded cash flow, capital and working capital needs of the County since the Authority was created in 2000. Revenues to fund Authority operations and pay Authority debt service are provided by a portion of the sales tax revenues of the County on which the Authority has a first lien and, to a much smaller extent, by investment earnings. The Authority has no operating income or taxing power.

Overview of the Financial Statements

The annual financial statements of the Authority consist of the following components: management's discussion and analysis (this section), financial statements, and notes to the financial statements.

Management's discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2002. The overview, which covers the most important financial events of the period, should be read in conjunction with the Authority's financial statements, including the notes to the financial statements.

Entity-wide financial statements of the Authority are being introduced this year in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." The entity-wide financial statements use the economic resource measurement focus and accrual basis of accounting. These statements are presented to display information about the reporting entity as a whole. The statement of net assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. These statements are the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance*. They recognize revenue when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. These are the type of financial statements prepared by the Authority prior to GASB No. 34, though they have been modified to conform to GASB No. 34.

In addition to these two types of statements, the financial statements include a reconciliation between the entity-wide and governmental fund statements. Accompanying notes to the financial statements are an integral part of the financial statements.

Financial Highlights and Overall Analysis

The single most critical factor in the Authority's financial position is sales tax revenue, which provided over 99% of the Authority's 2002 revenue. The State legislation that created NIFA in June 2000 granted the Authority a first lien and perfected security interest in net collections from sales and compensating use taxes authorized by the State and imposed by the County, currently at the rate of 4 ¼%, on the sales and use of personal property and services in the County, excluding the up to 1/3% component that is allocable to towns, cities and villages within the County. Sales taxes are collected by the State and remitted to the Authority's bond trustee, usually several times each month. After provision for Authority debt service deposits and operating expenses, the remaining funds are remitted immediately to the County.

The amount of sales tax revenues to be collected depends upon various factors including the economic conditions in the County, which has experienced numerous cycles of growth and recession. In addition, specific goods and services can be exempted from the imposition of sales tax, and the rate of taxation can be changed. Of the current 4 ¼% sales tax rate, 3% is a base rate and the remaining 1 ¼% is subject to periodic renewals. From County fiscal year 1981 to County fiscal year 2001, the average annual compound growth for rate for sales tax collections was approximately 6.39%. (County collections are described because the Authority was only created in 2000.) There can be no assurance that historical data is predictive of future trends. The Authority does not make projections of sales tax revenues.

Sales tax revenue for the year ended December 31, 2002 was $814,872,291, an increase of 4% over the prior year. Investment income, which accounts for the remaining Authority revenue (apart from State Transitional Assistance to Nassau County, which is received and disbursed by the Authority), totaled $2,046,854 in 2002, a decrease of 78% from 2001. This decrease is attributable to lower interest rates and lower fund balances to invest.

Sales tax revenue provided 20.6 times coverage of the Authority's 2002 total monthly set-asides for debt service of $39,502,088. This coverage will decrease as the Authority issues more debt. The Authority has covenanted to not issue senior debt unless sales tax revenue for 12 consecutive months of the prior 15 months is at least three times the amount of annual senior bond debt service in any future year (3 times coverage). All together, the Authority used $39,789,897 of sales tax revenue for debt service set-asides and Authority operations, remitting the balance of $775,082,395 to Nassau County. A portion of the Authority's total operating expense of $1,221,515 was also provided by interest earnings. As with sales tax, interest earnings that are not required for Authority operations or reserves are remitted to the County.

Other significant elements in the Authority's financial position include long-term and short-term debt of the Authority, reported as long- and short-term liabilities, and proceeds from Authority debt issuance that are retained by the Authority until requisitioned by the County, which are reported as cash and investments. Many of the financial elements typical of other governmental entities, such as operating revenues, program revenues and expenses, capital assets, and inventories, are not present at the Authority.

During 2002, the Authority issued $202,155,000 short-term Bond Anticipation Notes ("BANs") and $225,650,000 long-term bonds. The Series 2002A-1 BANs in the amount of $109,145,000 financed cash flow needs of the County and were retired at maturity in March 2003. The Series 2002B-1 BANs of $24,090,000 financed extraordinary working capital needs of the County and are scheduled to mature in May 2003. The Series 2002B-2 BANs totaling $68,920,000 financed cash flow needs of the County and are scheduled to mature in May and September 2003. The Authority's Sales Tax Secured Bonds, Series 2002A and Series 2002B, each in the amount of $112,825,000 for a total of $225,650,000, were issued to fund various capital, working capital and extraordinary working capital needs of the County. The bonds, which were issued as variable rate demand obligations, have a final maturity of November 15, 2022.

Bonds payable increased in fiscal year 2002 by $213,980,000 (49%), to $650,180,000, principally due to the issuance of the Series 2002A and Series 2002B Bonds, as offset by principal retirements on prior bond issues. Notes payable decreased by $263,810,000 (57%), to $202,155,000. This change resulted principally from a reduction in short term Authority debt outstanding due to reduced County cash flow needs ($162,000,000 of the reduction) and reduced borrowing in the Capital Projects Fund ($101,805,000 of the reduction). GASB Interpretation No. 6 redefined the term "early in the following year" as it relates to provisions for debt service payments in the subsequent year. Accordingly, the Authority has reduced the amount set aside for subsequent year's debt service, resulting in the remaining decrease in the other short-term liabilities.

The statement of net assets shows a total net deficit of $603,311,000. The deficit results largely from Authority debt issuance that is backed by securitization of future sales tax revenue. The debt is reported as a long-term liability, but the future revenues are not reportable. As of December 31, 2002, the Authority had bonds payable of $650,180,000. In any year where the Authority issues more long-term debt than it retires, the deficit is likely to increase. The reconciliation on page 9 of these financial statements provides additional detail on the determination of the net deficit amount.

Cash and investments decreased by 48% or $235,166,879. The decrease resulted from reduced County cash flow borrowing, which reduced the amount of County notes held by NIFA, and from debt proceeds requisitions by the County in excess of the new debt issued by the Authority.

* * * * *

NASSAU COUNTY INTERIM FINANCE AUTHORITY

STATEMENT OF NET ASSETS
DECEMBER 31, 2002
(Dollars in Thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 72,842
Investments	6,547
Investments - Nassau County RAN's/TAN's	178,065
Sales tax receivable	86,292
Interest receivable	55
Other assets	17
Bond issue cost, net of amortization	1,715
Total assets	$ 345,533
LIABILITIES	
Accrued liabilities	$ 15,110
Due to Nassau County - sales tax	79,369
Due to Nassau County - interest	48
Accrued interest	1,705
Bonds and notes (BAN) payable:	
Due within one year	219,600
Due in more than one year	632,735
Accrued vacation and sick pay	277
Total liabilities	948,844
NET ASSETS	
Unrestricted (deficit)	(603,311)
Total net assets	$ 345,533

See notes to financial statements.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

		Governmental Activities
EXPENSES		
General and administrative		$ 1,280
Cost of issuances - notes		530
Bond interest expense		24,170
Distribution to Nassau County for financeable costs		199,575
Distribution to Nassau County for general operations		1,034
Total expenses		226,589
GENERAL REVENUES		
Sales tax	$ 814,872	
Less distributions to Nassau County	(775,082)	
State aid	20,000	
Less distributions to Nassau County	(20,000)	
Sales tax and state aid revenues retained		39,790
Interest income, net		3,861
Unrealized gain on investments		12
Total general revenues		43,663
Change in net assets		(226,589)
NET ASSETS - BEGINNING OF YEAR		(376,722)
NET ASSETS - END OF YEAR		$ (603,311)

See notes to financial statements.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

BALANCE SHEET
DECEMBER 31, 2002
(Dollars in Thousands)

	Governmental Funds				
	General	Special Revenue	Debt Service	Capital Projects	Total (Governmental Funds)
ASSETS					
Cash and cash equivalents	$ 681	$ 4,833	$ 2,041	$ 65,287	$ 72,842
Investments	-	-	6,547	-	6,547
Investments - Nassau County RAN's/TAN's	178,065	-	-	-	178,065
Sales tax receivable	86,292	-	-	-	86,292
Interest receivable	5	-	2	48	55
Due from other funds	2	-	6,923	-	6,925
Other assets	17	-	-	-	17
TOTAL ASSETS	$ 265,062	$ 4,833	$ 15,513	$ 65,335	$ 350,743
LIABILITIES AND FUND BALANCES					
Accrued liabilities	$ 80	$ 4,833	$ 10,133	$ 64	$ 15,110
Bond anticipation notes (BAN) payable	178,065	-	-	24,090	202,155
Due to Nassau County - sales tax	79,369	-	-	-	79,369
Due to Nassau County - interest	-	-	-	48	48
Due to other funds	6,923	-	2	-	6,925
Total liabilities	264,437	4,833	10,135	24,202	303,607
FUND BALANCES - Unreserved	625	-	5,378	4,133	47,136
Total liabilities	625	-	5,378	41,133	47,136
TOTAL LIABILITIES AND FUND BALANCES	$ 265,062	$ 4,833	$ 15,513	$ 65,335	$ 350,743

See notes to financial statements.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2002
(Dollars in Thousands)

TOTAL FUND BALANCES - Governmental funds	$ 47,136
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds	
Bonds payable	(650,180)
Accrued vacation and sick pay	(277)
Accrued interest	(1,705)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,715
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ (603,311)

See notes to financial statements.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

	Governmental Funds				
	General	Special Revenue	Debt Service	Capital Projects	Total (Governmental funds)
REVENUES					
Sales tax	$ 814,872	$ -	$ -	$ -	$ 814,872
State aid	-	20,000	-	-	20,000
Interest income, net	344	-	221	1,483	2,048
Unrealized gain on investments	-	-	12	-	12
Total revenues	815,216	20,000	233	1,483	836,932
OTHER FINANCING SOURCES					
Principal amount of bonds issued		-	-	225,650	225,650
Other sources	1,693	-	-	120	1,813
Operating transfers in	804	-	39,502	-	40,306
Total revenues and other financing sources	817,713	20,000	39,735	227,253	1,104,701
EXPENDITURES					
Current:					
General and administrative	1,221	-	-	-	1,221
Cost of issuances - notes/bonds	196	-	-	308	504
Distribution to Nassau County for financeable costs	1,277	-	-	198,298	199,575
Distribution to Nassau County for general operation	226	20,000	10	798	21,034
Total current expenditures	2,920	20,000	10	199,404	222,334
Debt service	-	-	34,135	-	34,135
Total expenditures	2,920	20,000	34,145	199,404	256,469
OTHER FINANCING USES					
Transfers to Nassau County - sales tax	775,082	-	-	-	775,082
Cost of debt issuance	220	-	-	1,520	1,740
Operating transfers out	39,392	-	230	684	40,306
Total expenditures and other financing uses	817,614	20,000	34,375	201,608	1,073,597
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	99	-	5,360	25,645	31,104
FUND BALANCES, BEGINNING OF PERIOD	526	-	18	15,488	16,032
FUND BALANCES, END OF PERIOD	$ 625	$ -	$ 5,378	$ 41,133	$ 47,136

See notes to financial statements.

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2002
(Dollars in Thousands)

NET CHANGE IN FUND BALANCES - Total governmental funds	$ 31,104
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
Bond proceeds provide current financial resources to governmental funds, but debt issued increases long-term liabilities in the statement of net assets	(225,650)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	11,670
Governmental funds report costs of debt issuance as expenditures. However, in the statement of activities, the cost of debt issuance is amortized over the lives of the debt	1,715
Interest expense is reported in the statement of activities on the accrual basis, but interest is reported as an expenditure in governmental funds when outlay of financial resources is required	(1,705)
Some expense (accrued vacation and sick pay) reported in the statement of activities do not require the use of current financial resource and therefore, are not reported as expenditures in the governmental funds financial	(60)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$(182,926)

See notes to financial statements.

1. ORGANIZATION

The Nassau County Interim Finance Authority (the "Authority") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time, including but not limited to Chapter 528 of the laws of 2002 (the "Act"). The Act became effective June 23, 2000. Although legally separate and independent of Nassau County (the "County"), the Authority is a component unit of the County for County financial reporting purposes and, accordingly, is included in the County's financial statements.

The Authority is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

The Authority has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. The Authority is also empowered to issue its bonds and notes for various County purposes, defined in the Act as "Financeable Costs". The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the County, as well as, to the extent authorized by State law, any County deficit. In addition, the Authority may issue bonds up to the limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, to refinance any County's indebtedness (up to $415,000,000); to refinance only tax certiorari settlements or assignments of any kind to which the County is a party (up to $790,000,000); and to finance tax certiorari judgments and settlements of the County (up to $400,000,000 if the proceeding commenced before June 1, 2000 and up to $400,000,000, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2004). Bonds issued to refund bonds theretofore issued for purposes subject to the debt limits described above are not counted against such limits. The Act currently provides that the Authority may not issue bonds or notes after 2005, other than to retire or otherwise refund Authority debt. No bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issuance.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

In accordance with the Act, the Authority's fiscal year is the calendar year.

During the year ended December 31, 2002, the Authority adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board ("GASB"), "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and GASB Statement No. 38, "*Certain Financial Statement Disclosures*." Statement No.34 (as amended by Statement No.37) represents a very significant change in the financial reporting model used by state and local governments. GASB Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of GASB Statement No. 34.

The entity-wide financial statements of the Authority, which include the statement of net assets and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB No. 34. The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Authority's governmental fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balance are presented using the current financial resources measurement focus and the modified accrual basis of accounting. They recognize revenue when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the related liability is incurred, except for unmatured debt service on bonds payable, which is recognized when due (see Note 5).

The Authority uses four governmental funds to report its financial position and the results of operations. The General Fund accounts for sales tax revenues received by the Authority and for general operating expenses of the Authority. Short-term borrowings of the Authority are also accounted for in the General Fund except for those bond anticipation notes intended to be refinanced with long term obligations of the Authority, which are accounted for in the Capital Fund. The Special Revenue Fund accounts for Transitional State Aid, as defined in the Act, which includes assistance for general County needs and aid targeted to assist the County in streamlining its tax certiorari processing. Both types of aid are provided to the County through the Authority. The Debt Service Fund accounts for the accumulation of resources for payment of principal and interest on the Authority's bonds. Only that portion of bonds payable expected to be financed from expendable available resources is reported as a liability of the Debt Service Fund. The Capital Projects Fund accounts for resources to be transferred to the County for its Financeable Costs.

Bond premiums, discounts and issuance costs for bonds issued in 2002 are capitalized and amortized over the lives of the related debt issues using the straight-line method in the entity-wide financial statements. The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, together with bond premiums, is reported as other financing sources, while discounts on debt issuances, credit enhancement costs, and costs of issuance are reported as other financing uses.

Interest expense is recognized on the accrual basis in the entity-wide financial statements. In the governmental fund statements, interest expenditures are recognized when funds are deposited in the debt service fund.

The Authority receives Sales Tax Revenues several times each month, and receives interest earnings from time to time as investments mature. Funds for debt service are required to be set aside from revenues on a monthly basis, and the Authority also deducts, as necessary, amounts which in its judgment are required for Authority operations and operating reserves. Residual Sales Tax Revenues and investment earnings are then transferred to the County as cash.

No Revenues are generated from operating activities of the Authority, therefore, all Revenues are defined by the Authority as non-operating revenues. Revenues are received in the General Fund, Special Revenue Fund, Debt Service Fund or Capital Projects Fund, depending on their source. Overhead expenses of the Authority that arise in the course of providing Authority's oversight and debt issuance services, such as payroll and office expenses, are considered operating expenses and are accounted for in the General Fund. Expenditures related to debt issuance, and transfers of funds to the County, are considered non-operating expenses and are accounted for in the appropriate fund. See Note 3, "Transactions with and On Behalf of Nassau County."

Assets are capitalized only if their value is greater than $15,000. The Authority has no such assets. The Authority holds no inventory beyond small amounts of office supplies. Prepaid expense accruals are minor and are adjusted at the close of each fiscal year. The Authority does not presently accrue for rebatable arbitrage, if any. The first date on which it may owe rebate on its bonds is in 2006. Rebate liability on the Authority's notes is being calculated and, if necessary will be paid by Nassau County. See Note 7, "Bond Anticipation Notes Payable."

3. TRANSACTIONS WITH AND ON BEHALF OF NASSAU COUNTY

The Act and other legal documents of the Authority establish various financial relationships between the Authority and the County. The resulting financial transactions between the Authority and the County include the receipt and use of Revenues as well as Authority debt issuance to fund Financeable Costs of the County.

The receipt and remittance of Revenues in 2002 included:

- The receipt and remittance to the County of Sales Tax Revenues (see Notes 1, 2 and 5). Revenues of $814,872,291 were received, of which $775,082,395 was remitted to Nassau County. The balance was retained for Authority debt service and operations.

- The remittance to the County for general County operations, of earnings on various funds held by or on behalf of the Authority, to the extent that those earnings are not required for the payment of Authority debt service or expenses. In 2002, the Authority remitted $1,033,567 of interest earnings.

- The receipt from New York State of Transitional State Aid for Nassau County, and transfer of that aid to the County. Transitional State Aid for general County needs in 2002 was $20,000,000, which was fully disbursed to the County. In addition, of the $5,000,000 of aid appropriated by New York State in 2000 to assist the County in streamlining its tax certiorari process, $4,832,938 continues to be held by the Authority pending appropriate County action.

Authority debt issuance to fund Financeable Costs of the County encompassed the following types of activity and transfers to Nassau County in 2002:

- The sale of $225,650,000 of Bonds by the Authority to finance Financeable Costs of the County (see Notes 1 and 6).

- The sale of $202,155,000 Bond Anticipation Notes by the Authority to finance Financeable Costs of the County (see Notes 1 and 7).

- Transfer to the County, upon County requisition, of bond and note proceeds from debt issuance in 2002 and prior years. For the year ended December 31, 2002, $198,298,292 of proceeds was distributed to Nassau County from the Capital Projects Fund. In the General Fund, $1,277,109 was distributed to the County, which represents the Original Issue Premium on Authority notes issued for County cash flow purposes, less Authority expenses of financing. The principal amount of the notes is provided to the County, but not reported as a revenue or expenditure because the notes are retired within one year of issuance (see Note 7).

4. CASH AND INVESTMENTS

The Authority invests in accordance with the Act, as well as other applicable rules and regulations, the Indenture, and Authority Investment Guidelines originally adopted by the Authority Directors in November, 2000. As of December 31, 2002 the Authority held cash, collateralized Certificates of Deposit, Treasury Note Strips, Treasury Bills, Federal National Mortgage Association Discount Notes, Federal Home Loan Mortgage Corporation Discount Notes and commercial paper of the General Electric Capital Corporation. All bank deposits of Authority funds are required to be fully collateralized or insured. Collateral for the Authority cash and certificates of deposit (in amounts in excess of Federal deposit insurance) is 102% of the amount of the cash or certificate of deposit amount, is held by a third party custodian in the Authority's account, and consists of U.S. government or agency obligations.

Investments of the Authority are categorized by level of credit risk (the risk that a counterparty to an investment transaction will not fulfill its obligations). Category 1, the lowest risk, includes investments that are insured or registered or for which securities are held by the entity or its agent in the entity's name, including collateralized bank deposits for which collateral is held by a third party, segregated in the entity's name. Category 2, includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. Category 3, the highest risk, includes investments that are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. The Authority's investments were Category 1.

As of December 31, 2002, the Authority also held Nassau County Revenue Anticipation Notes, Series 2002A (the "RANs") in the principal amount of $109,145,000, which matured on February 28, 2003; and Nassau County Tax Anticipation Notes, Series 2002A and 2002B (together, the "TANs"), in the aggregate principal amount of $68,920,000 and maturing in May and August 2003, respectively. The RANs were sold to the Authority at private sale, in connection with the Authority's Series 2002A-1 Bond Anticipation Note issuance in July 2002. The TANs were sold to the Authority at private sale, in connection with the Authority's 2002B-2 Bond Anticipation Note issuance in December 2002 (see Note 7). The RANs and TANs are not considered to be marketable securities for financial reporting purposes.

The following table summarizes the Authority's cash and investments as of December 31, 2002. Short-term investments with maturities of 90 days or less, and non-marketable securities, are recorded at cost. Marketable securities with maturities longer than 90 days are recorded at fair value and all investment income, including changes in fair value, is reported as revenue on the Statement of Revenue, Expenditures and Changes in Fund Balance. Fair value is determined using market values at December 31, 2002. On the Balance Sheet, the accrual of interest on short-term investments is reported as interest receivable, and the unrealized change in fair value of marketable securities with maturities longer than 90 days is reflected in the amount of the investment asset.

	Dollars in Thousands		
	Held by Authority	Held by Trustee	Total
Cash	$ 6	$ 10	$ 16
Certificates of Deposit (maturities less than 90 days)	5,450	-	5,450
Commercial Paper		2,041	2,041
U.S. government and agency discount notes (maturities less than 90 days)	-	65,335	65,335
Total cash and cash equivalents	5,456	67,386	72,842
Nassau County RANs/TANs*	-	178,065	178,065
Total non-marketable securities	-	178,065	178,065
U.S. government and agency discount notes (maturities greater than 90 days)	-	6,547	6,547
Total marketable securities	-	6,547	6,547
Total cash and investments	$ 5,456	$ 251,998	$ 257,454

*County RANs and TANs are held by Trustee as Custodian and are not pledged to Authority debt holders

5. SALES TAX REVENUE RECEIVABLE

Sales Tax Revenues received after December 31 but attributable to the prior year are shown on the Balance Sheet as Sales Tax Receivable and as Due to Nassau County and Due to Debt Service Fund. On the Statement of Revenues, Expenditures and Changes in Fund Balance, the full amount of the receivable has been recognized as Sales Tax Revenue and applicable portions of these funds have been included as Transfers to Nassau County and Debt Service expense.

6. BONDS PAYABLE

Bonds of the Authority are issued pursuant to an Indenture, as supplemented and amended (the "Indenture") between the Authority and the United States Trust Company of New York and its successor The Bank of New York (the "Trustee"), under which the Authority has pledged its right, title and interest in the Revenues of the Authority to secure repayment of Authority debt. The Act provides that the Authority's pledge of its Revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the Indenture on the Revenues for the security of Authority bonds is prior to all other liens thereon. The Authority does not have any significant assets or sources of funds other than Sales Tax Revenues and amounts on deposit pursuant to the Indenture. The Authority has no independent taxing power.

The Authority issued $254,720,000 of Sales Tax Secured Bonds, Series 2000A (the "2000A Bonds"), on October 25, 2000; $181,480,000 of Sales Tax Secured Bonds, Series 2001A (the "2001A Bonds") on June 27, 2001; and $112,825,000 of Sales Tax Secured Bonds, Series 2002A (the "2002A Bonds) and $112,825,000 Sales Tax Secured Bonds, Series 2002B (the "2002B Bonds" and together with the 2002A Bonds, the "2002A/B Bonds") on July 10, 2002. The 2000A Bonds, the 2001A Bonds, and the 2002A/B Bonds are collectively referred to as the "Bonds."

The 2000A Bonds and the 2001A Bonds were sold at fixed rates of interest as serial and term bonds and are collectively referred to as the "Fixed Rate Bonds". The 2002A/B Bonds were sold as variable rate demand obligations and are collectively referred to as the "Variable Rate Bonds." The 2002A Bonds and the 2002B Bonds are each term bonds maturing in 2022 with scheduled sinking fund redemptions in each year starting in 2003.

Interest rates on the 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 determined and set separately for the 2002A Bonds and the 2002B Bonds.

The Variable Rate Bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible 2002A Bonds and 2002B Bonds subject to optional or mandatory tender for purchase and not remarketed by the remarketing agent, will be made under and pursuant to, and subject to the terms, conditions and provisions of, a liquidity facility issued by Dexia Credit Local, acting through its New York Agency, with respect to the Series 2002A Bonds; or a liquidity facility issued by BNP Paribas, acting through its Los Angeles branch, with respect to the Series 2002B Bonds. Each liquidity facility is stated to expire July 9, 2007, subject to extension or early termination. Bonds that are purchased by Dexia Credit Local or BNP Paribas and not remarketed, if any, must be repaid over a five year period. If this was to occur, annual Authority debt service expense would increase substantially.

Bonds are recorded at the principal amount outstanding and consist of the following:

	Dollars in Thousands			
	Balance at December 31, 2001	Issued	Retired	Balance at December 31, 2002
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2002 to 2020	$ 254,720	$ -	$ 6,980	$ 247,740
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due 2002 to 2021	181,480	-	4,690	176,790
Sales Tax Secured Bonds,Series 2002A (variable rate) Term Bond due 2022 with mandatory sinking fund redemptions 2003-2021	-	112,825	-	112,825
Sales Tax Secured Bonds,Series 2002B (variable rate) Term Bond due 2022 with mandatory sinking fund redemptions 2003-2021	-	112,825	-	112,825
	$ 436,200	$ 225,650	$ 11,670	$ 650,180

Aggregate debt service to maturity as of December 31, 2002 is as follows:

	Dollars in Thousands		
Year Ended December 31,	**Principal**	**Interest***	**Total**
2003	$ 17,445	$ 25,158	$ 42,603
2004	18,220	24,547	42,767
2005	24,435	23,905	48,340
2006	24,980	23,055	48,035
2007	26,675	22,190	48,865
2008-2012	151,860	95,952	247,812
2013-2017	194,580	61,745	256,325
2018-2022	191,985	17,382	209,367
	$ 650,180	$ 293,934	$ 944,114

* Interest on the Variable Rate Bonds is calculated at 1.5%, the interest rate in effect as of December 31, 2002. During 2002, the interest rate on the Variable Rate Bonds ranged from 0.90% to 1.80%.

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. Because of this monthly deposit requirement, the amount accrued for debt service in the Authority's financial statements in any year will not be the same as the debt service on the Bonds paid to Bondholders in that year.

7. BOND ANTICIPATION NOTES PAYABLE

On July 2, 2002 the Authority issued $109,145,000 Bond Anticipation Notes, Series 2002A-1 (the "2002A-1 Notes"). The Notes were issued to finance cash flow needs of Nassau County. On December 19, 2002 the Authority issued $24,090,000 Bond Anticipation Notes, Series 2002B-1 (the "2002B-1 Notes") and $68,9200,000 Bond Anticipation Notes, Series 2002B-2 (the "2002B-2 Notes" and, together with the 2002B-1 Notes, the "2002B Notes"). The 2002B-1 Notes were issued to finance extraordinary working capital needs of the County. The 2002B-2 Notes were issued to finance cash flow needs of Nassau County. Bond anticipation notes payable are recorded at the principal amount outstanding and consist of the following:

	Dollars in Thousands	
	Issued	Balance at December 31, 2002
Bond Anticipation Notes, Series 2002A-1	$ 109,145	$ 109,145

The 2002A-1 Notes bear interest at the rate of 3% per annum, pay interest only at maturity, and matured on March 13, 2003.

	Dollars in Thousands	
	Issued	Balance at December 31, 2002
Bond Anticipation Notes, Series 2002B-1	$ 24,090	$ 24,090
Bond Anticipation Notes, Series 2002B-2	68,920	68,920

The 2002B Notes bear interest at the rate of 2.25% per annum, pay interest only at maturity, and mature in the following amounts (in thousands) at the following dates:

May 22, 2003 (2002B-1)	$ 24,090
May 22, 2003 (2002 B-2)	20,000
September 11, 2003 (2002B-2)	48,920

The 2002A-1 Notes and the 2002B Notes are legally payable from the proceeds of future Authority bonds or renewal notes, and such future issuance has been authorized. However, the Authority is permitted to apply certain other funds to the repayment of the Notes, and has repaid or plans to repay, respectively, the 2002A-1 Notes and the 2002B-2 Notes as follows. Proceeds of the Authority's 2002A-1 Note sale were used to purchase the County RANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority 2002A-1 Notes. Proceeds of the Authority's 2002B-2 Note sale were used to purchase the County TANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority Series 2002B-2 Notes. See Note 4 for additional description of the RANs and TANs. The County will pay principal and interest on the RANs and TANs to the Trustee, which has used and will use the funds to pay principal and interest on the 2002A-1 Notes and 2002B-2 Notes, respectively. The RANs and TANs are not pledged to the holders of the 2002A-1 Notes or the 2002B-2 Notes, but the Authority has covenanted that to the extent it receives payments on the RANs and TANs, respectively, it will apply such payments to the payment of the respective Authority notes.

It is anticipated the Series 2002B-1 Notes will be retired from proceeds of an Authority Bond issue or Authority renewal note issue in 2003.

The County is responsible for calculating arbitrage rebate liability on notes issued by the Authority, and for paying any rebate liability determined to exist. The County currently estimates that it has a rebate liability of approximately $1,000,000 pertaining to retired Authority notes.

The following chart shows the change in the Authority's short-term debt in 2002.

	Dollars in Thousands			
	Balance at December 31, 2001	**Issued**	**Retired**	**Balance at December 31, 2002**
Bond Anticipation Notes, Series 2001B-1	$ 285,045	$ -	$ 285,045	$ -
Bond Anticipation Notes, Series 2002A	-	109,145	-	109,145
Bond Anticipation Notes, Series 2002B	-	93,010	-	93,010
	$ 285,045	$ 202,155	$ 285,045	$ 202,155

8. PENSION LIABILITY

Eligible Authority employees participate in the New York State and Local Employees' Retirement System and the Public Employees Group Life Insurance Plan (together, the "System"), a cost-sharing multiple-employer defined benefit retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as the sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12236.

Employer contribution rates are determined by the Comptroller. Under the Authority of the NYSRSSL, the Comptroller certifies annually the rates, expressed as proportions of the payroll of members, which shall be used in computing the contributions required to be made by the employer to the pension accumulation fund.

As of December 31, 2002, the Authority has paid its pension bill from the State in the amount of $10,301, covering the period April 1, 2002 to March 31, 2003. The portion of this payment attributable to the year ended December 31, 2002 is presented as an expense in the financial statements, together with the prepaid amount from the prior year. The balance is treated as a prepaid expense and reported on the Balance Sheet in "Other Assets" in the General Fund.

9. COMMITMENTS AND CONTINGENCIES

The Authority was not a defendant in any litigation as of December 31, 2002. Authority employees are entitled to accumulate unused vacation and holiday leave, and to be paid for that leave, up to amounts specified by the Authority, upon separation. The amount is limited for vacation pay and unlimited or holiday pay. At current salary levels, the Authority's liability for payment of this accumulation is $146,626, which includes the employers' share of taxes and other withholdings. Authority employees are permitted to accrue unused sick leave without limitation and, upon certain conditions, apply the salary value of the leave upon retirement to the cost of the retiree's share of his or her health insurance premium. At current salary levels, the Authority's liability for payment of this accumulation is $130,276, which includes only the salary value of the time accumulated. Authority employees who were previously employed by the State or a State agency or authority were permitted to transfer leave balances to the Authority. The value of these transferred balances is included in the foregoing amounts. The value of accrued unused leave is included as a non-current liability in the Entity-wide Statement of Net assets.

10. RESTATEMENT

The following table shows the beginning fund balances and net assets as of December 31, 2001 restated for the effect of implementation of GASB 34.

Governmental fund balances at December 31, 2001	
General Fund	$ 526
Special Revenue Fund	-
Debt Service Fund	18
Capital Projects Fund	15,488
Governmental fund balances at December 31, 2001	16,032
GASB 34 adjustments to reconcile governmental fund balances to governmental activities net assets:	
Long-term Liabilities	(436,200)
Accrued vacation and sick pay	(217)
Governmental activities net assets as of December 31, 2001 (as restated)	$(420,385)

* * * * * *

APPENDIX E

SPECIMEN BOND INSURANCE POLICY

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: Policy Number:

Obligations: Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

Ambac

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

The insurance provided by this Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation

Robert J. Genader

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Anne G. Gill

President

Secretary

Authorized Representative

Form No.: 2B-0005 (7/97)

APPENDIX F

COUNTY REFUNDED BONDS

Upon delivery of the Nassau County Interim Finance Authority Sales Tax Secured Bonds, Series 2004A and Sales Tax Secured Variable Rate Bonds, Series 2004 ARS, an escrow will be established to economically defease the Nassau County Serial General Improvement Bonds and Serial General Improvement Refunding Bonds listed in the table below. The escrow will be comprised of a combination of uninvested money and direct, noncallable obligations of the United States of America.

Please note that these bonds will not be legally defeased.

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date (if applicable)	Call Price
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2005	5.375%	$1,670,000	5/15/2004	101%
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2006	5.500	1,645,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2007	5.600	690,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2008	5.700	685,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2009	5.750	675,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2010	5.750	670,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2011	5.750	665,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2012	5.875	655,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2013	5.875	650,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2014	5.875	645,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2015	5.875	635,000	5/15/2004	101
Series 1993D General Imp. Refunding Bonds	SERIAL	5/15/2016	5.875	625,000	5/15/2004	101
Series 1993H General Imp. Refunding Bonds	SERIAL*	6/15/2004	5.000	3,645,000		
Series 1999B General Imp. Bonds	SERIAL	6/1/2016	5.250	7,005,000	6/1/2009	102
Series 1999B General Imp. Bonds	SERIAL	6/1/2017	5.250	7,005,000	6/1/2009	102
Series 1999B General Imp. Bonds	SERIAL	6/1/2018	5.250	7,005,000	6/1/2009	102
Series 1999B General Imp. Bonds	SERIAL	6/1/2019	5.250	7,005,000	6/1/2009	102
Series 1999B General Imp. Bonds	SERIAL	6/1/2020	5.250	7,005,000	6/1/2009	102
Series 1999B General Imp. Bonds	SERIAL*	6/1/2004	5.000	5,210,000		
Series 1999C General Imp. Bonds	SERIAL	1/1/2016	5.250	4,225,000	1/1/2010	102
Series 1999C General Imp. Bonds	SERIAL	1/1/2017	5.250	4,305,000	1/1/2010	102
Series 1999C General Imp. Bonds	SERIAL	1/1/2018	5.250	4,405,000	1/1/2010	102
Series 1999C General Imp. Bonds	SERIAL	1/1/2019	5.250	4,465,000	1/1/2010	102
Series 1999D General Imp. Bonds	SERIAL	9/1/2016	5.300	895,000	9/1/2009	102
Series 1999D General Imp. Bonds	SERIAL	9/1/2017	5.300	915,000	9/1/2009	102
Series 1999D General Imp. Bonds	SERIAL	9/1/2018	5.300	930,000	9/1/2009	102
Series 1999D General Imp. Bonds	SERIAL	9/1/2019	5.300	945,000	9/1/2009	102
Series 2000E General Imp. Bonds	SERIAL	3/1/2014	5.800	5,050,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2015	5.900	5,160,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2016	6.000	5,265,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2017	6.000	5,375,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2018	6.000	5,475,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2019	6.000	5,580,000	3/1/2010	100
Series 2000E General Imp. Bonds	SERIAL	3/1/2020	6.000	5,685,000	3/1/2010	100
Series 2000F General Imp. Bonds	SERIAL	3/1/2017	6.500	3,505,000	3/1/2010	100
Series 2000F General Imp. Bonds	SERIAL	3/1/2018	6.500	3,575,000	3/1/2010	100

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* Non-callable.

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date (if applicable)	Call Price
Series 2000F General Imp. Bonds	SERIAL	3/1/2019	6.500%	$3,635,000	3/1/2010	100%
Series 2000F General Imp. Bonds	SERIAL	3/1/2020	6.500	910,000	3/1/2010	100
Series U General Imp. Bonds	SERIAL	11/1/2011	5.250	2,735,000	11/1/2006	102
Series V General Imp. Bonds	SERIAL	3/1/2016	5.250	5,845,000	3/1/2007	102

APPENDIX G

AUTHORITY REFUNDED BONDS

Upon delivery of the Nassau County Interim Finance Authority Sales Tax Secured Bonds, Series 2004A and Sales Tax Secured Variable Rate Bonds, Series 2004 ARS, an escrow will be established to legally defease the Authority's Sales Tax Secured Bonds listed in the table below. The escrow will be comprised of a combination of uninvested money and direct obligations of the United States of America. Except as otherwise indicated, all of the Outstanding Bonds of each maturity shown below are being refunded.

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
NIFA Series 2000A	SERIAL	11/15/2012	5.750%	$13,585,000	11/15/2010	100%
NIFA Series 2000A	SERIAL	11/15/2013	5.750	14,360,000	11/15/2010	100
NIFA Series 2000A	SERIAL	11/15/2014	5.750	15,190,000	11/15/2010	100
NIFA Series 2000A	SERIAL	11/15/2015	5.750	16,060,000	11/15/2010	100
NIFA Series 2000A	SERIAL	11/15/2016	5.750	16,985,000	11/15/2010	100
NIFA Series 2000A	SERIAL	11/15/2017	5.375	13,010,000	11/15/2010	100
NIFA Series 2000A	SERIAL	11/15/2006	4.650	10,205,000	11/15/2005	101
NIFA Series 2000A	SERIAL	11/15/2007	4.625	10,680,000	11/15/2005	101
NIFA Series 2000A	SERIAL	11/15/2008	4.750	11,170,000	11/15/2005	101
NIFA Series 2000A	SERIAL	11/15/2009	4.750	11,700,000	11/15/2005	101
NIFA Series 2000A	SERIAL	11/15/2010	4.750	12,260,000	11/15/2005	101
NIFA Series 2000A	TERM	11/15/2020	5.625	41,135,000	11/15/2005	101
NIFA Series 2001A	SERIAL	11/15/2013	5.375	8,675,000*	11/15/2006	101
NIFA Series 2001A	SERIAL	11/15/2014	5.375	2,425,000*	11/15/2006	101
NIFA Series 2001A	SERIAL	11/15/2014	5.375	4,785,000*	11/15/2011	100
NIFA Series 2001A	SERIAL	11/15/2015	5.375	7,150,000*	11/15/2011	100
NIFA Series 2001A	SERIAL	11/15/2016	5.375	7,530,000*	11/15/2011	100
NIFA Series 2001A	TERM	11/15/2021	5.125	57,800,000*	11/15/2006	101
NIFA Series 2001A	SERIAL	11/15/2012	5.375	8,290,000*	11/15/2006	101
NIFA Series 2003A	SERIAL	11/15/2019	5.000	6,275,000*	11/15/2013	100

* The amount shown is a portion of the Outstanding Bonds of that maturity.

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NASSAU COUNTY INTERIM FINANCE AUTHORITY

$153,360,000

Sales Tax Secured Bonds, Series 2004A

OFFERING CIRCULAR

April 2, 2004

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