

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON MAY 2, 2007**

Pursuant to notice dated April 24, 2007, the Nassau County Interim Finance Authority (“NIFA”) was convened at 3:20 PM on the second floor of the Omni Building located in Uniondale, NY.

The following Directors of the Authority were present:

**Ronald Stack, Chairman
Richard M. Kessel, Vice Chairman
Paul Leventhal
Gregory Raphael
Robert Smith (via telephone)**

Also representing the Authority were Richard Luke, Executive Director, Jeremy Wise, General Counsel, Evan Cohen, Deputy Director, Susan Rich, Treasurer, Jane Cunneen, Deputy Treasurer, and Laurie Leat, Corporate Secretary.

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

Richard Luke stated that the first items on the agenda were resolutions to approve the minutes of the October 17 and November 3 Directors’ meetings.

Upon motion duly made and seconded, the following resolutions were

approved unanimously:

Resolution No. 07-196

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE OCTOBER 17, 2006 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on October 17, 2006 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Resolution No. 07-197

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE NOVEMBER 3, 2006 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on November 3, 2006 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Mr. Luke stated that the next item on the agenda was a resolution on the receipt and acceptance of the Audited Financial statements. He stated that an earlier version sent to the Directors had an open issue concerning arbitration related liability. He stated that after subsequent discussions with the County, NIFA is fairly comfortable that there is no liability.

Upon motion duly made and seconded, the following resolution was

approved unanimously:

Resolution No. 07-198

RECEIPT AND ACCEPTANCE OF INDEPENDENT AUDITORS' REPORT ON THE AUTHORITY'S FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2006

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

RESOLVED, that the Authority acknowledges receipt of the Deloitte & Touche LLP Independent Auditors' Report on NIFA's Financial Statements for fiscal year ended December 31, 2006 (the "Audit") presented at the May 2, 2007 meeting of the Directors; and be it further

RESOLVED, that the Authority accepts the Audit and approves the release of the Audit to the public; and be it further

RESOLVED, that the Executive Director of the Authority or his designee(s) are hereby directed to promptly submit the Audit to those persons identified in the Authority Act to whom the Audit must be submitted, to make a reasonable number of copies available on request to all persons that request copies, and to take all actions he or she may in his or her sole discretion consider necessary to effectuate the foregoing and related actions; and be it further

RESOLVED, that this resolution shall take effect immediately.

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Mr. Luke stated that the next item on the agenda is a resolution to approve NIFA's Annual Report.

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

Resolution No. 07-199

APPROVAL OF REPORTS REQUIRED BY THE NASSAU COUNTY INTERIM FINANCE AUTHORITY ACT, PUBLIC AUTHORITIES LAW AND PUBLIC AUTHORITIES ACCOUNTABILITY ACT OF 2005, AND AUTHORIZATION TO TAKE RELATED ACTIONS

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

RESOLVED, that in accordance with the Materials, the 2006 Annual Report of the Authority is hereby approved together with all the attachments thereto including:

- 1. Authority Report on Debt Issuance**
- 2. Audited Financial Statements for the Period Ended December 31, 2005 together with Independent Auditor's Compliance Report on Investment Policies and Procedures;**
- 3. Authority Report on Investments;**
- 4. Authority Prompt Payment Report;**
- 5. Authority Procurement Guidelines Report;**
- 6. Property Disposition Inventory and Report, and**
- 7. Authority Code of Ethics.**

and be it further

RESOLVED, that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Chairman Stack stated that the next item on the agenda was a resolution of appreciation for Executive Director Richard Luke who is retiring.

Upon motion duly made and seconded, the following resolution was

approved unanimously:

Resolution No. 07-200

**RESOLUTION OF APPRECIATION TO RICHARD L. LUKE, EXECUTIVE DIRECTOR
OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY**

WHEREAS, in response to a deterioration in the financial condition of Nassau County, in June of 2000 former Governor George Pataki and the New York State Legislature created the Nassau County Interim Finance Authority (“NIFA”) and immediately thereafter the Directors named Richard L. Luke as its Executive Director; and

WHEREAS, under the leadership of Richard L. Luke, NIFA has achieved numerous milestones that have benefited Nassau County, including:

- Providing Nassau County with monetary assistance in excess of \$482 million including \$105 million of State aid, \$146.5 million of debt service savings through NIFA’s ability to issue higher rated debt and \$236.1 million of temporary budget relief from debt restructuring; and
- Improving County finances through new financial reporting requirements, which included reviewing and commenting on the County’s four-year financial plan; and;

WHEREAS, Richard L. Luke has worked successfully with Directors from diverse backgrounds and been able to successfully carry out their mandates; and

WHEREAS, Richard L. Luke has been able to attract and retain senior staff to carry out the mission of its Directors; and

WHEREAS, it is unanimously agreed that the County of Nassau is in a far better economic position than it was at the commencement of NIFA, in large part due to the unceasing efforts of Richard L. Luke.

NOW, THEREFORE, BE IT RESOLVED THAT the Directors of NIFA, on behalf of themselves, the staff of NIFA, the people of Nassau County and the State of New York wish to express our appreciation to Richard L. Luke for his leadership and wish him well in all his future endeavors.

* * *

Mr. Luke thanked Governor Pataki, Senator Skelos, Comptroller DiNapoli,

MaryAnn Gridley, Dottie Johnson, Presiding Officer Judy Jacobs, Minority Leader Peter Schmitt, County Executive Suozzi and his team, Comptroller Weitzman and his staff, Eric Naughton and his staff, the NIFA Board, Frank Zarb and the NIFA Staff for all they contributed.

Chairman Stack, County Executive Suozzi, and Presiding Officer Judy Jacobs thanked Richard Luke for the great job and hard work he had done.

Chairman Stack asked Richard Luke to report on Nassau County's financial plan that was submitted to NIFA in April.

Mr. Luke stated that the revised plan submitted by the County did not do anything to mitigate NIFA's serious concerns as it relates to increasing the large amounts of non-recurring resources used to balance the plan. He stated that the revision now plans to use an additional \$20 million of non-recurring tobacco proceeds from the tobacco borrowing that was done in 1999, before NIFA was created, to balance a plan. He stated that the plan continues to rely on labor concessions from the PBA, DAI, ShOA of about \$30.9 million beginning in FY 2007 and new concessions from CSEA and Superior Officers' Association of \$23.4 million beginning in FY 2008. Mr. Luke stated that with the year about a third done, NIFA is concerned about the ability to achieve these targets during 2007.

Mr. Luke stated that in the revised plan the gaps have been decreased by approximately \$22 million in FY 2008, \$12.9 million in FY 2009 and \$15.1 million in 2010 primarily because of reduced health insurance rates and revised assumptions that increased state aid. He stated that the out-year gaps are now projected to be \$142 million in FY 2008, \$196.3 million in FY 2009 and \$241 million in FY 2010. He stated that the County has appropriately reduced the projected 2007 sales tax revenue by \$5.1 million because FY 2006 receipts were less than budgeted.

Mr. Luke stated that NIFA had an issue trying to get data related to the Sewer and Storm Water Resource District. He stated that NIFA recommends that the Directors require that the County submit a financial plan for the District including gap closure measures as part of the Financial Plan.

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

Resolution No. 07 - 201

RESOLUTION ADOPTING A REPORT CONCERNING THE APRIL 1, 2007 NASSAU COUNTY MULTI – YEAR FINANCIAL PLAN UPDATE FISCAL YEARS 2007 – 2010

RESOLVED, that the “Review of the April 1, 2007 Nassau County Multi-Year Financial Plan Update Fiscal 2007 - 2010” (the “Report”), dated May 2, 2007, which is attached to this resolution and incorporated herein, is hereby approved as a report of the Directors; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby authorized to submit said Report to the County Executive, the majority and minority leaders of the Nassau

County Legislature and other interested parties; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby authorized to take all actions necessary to implement the foregoing and to take any further or related actions.

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Chairman Stack stated that NIFA considers the County's ability to achieve \$3.9 million in labor concessions for the year, which is needed to reach its projected \$3.1 million surplus for the year, a challenge. He stated that the Plan seems to be in reasonable shape, although there is a challenge for the County.

Chairman Stack stated that NIFA's concern is the Financial Plan for the next fiscal year. He stated that the County has used a lot of its reserves, and there seems to be a lack of support in Albany for its cigarette tax. The Chairman stated that NIFA is mandated by its statute to comment on the County's financial condition, direction and choices and will continue to do so with or without the statutory mandate to approve the Plan.

Vice Chairman Kessel agreed that the County has made extraordinary progress but still has challenges. He stated that he has confidence that the County will meet its challenges.

Director Smith stated that the County is relying more and more on one-

shots and reserve draw-downs.

Director Raphael stated that he echoed the other Directors comments and that the NIFA report speaks for itself.

Director Leventhal stated that he agreed with the other Directors that there are big challenges ahead and looks forward to receiving the multiyear plan in October.

County Executive Suozzi stated that while Nassau does have challenges, the County will do the best job it can to make sure that NIFA views the budget as a responsible, conservative budget and approves it.

Majority Leader Jacobs echoed the County Executive remarks.

Comptroller Weitzman stated that he believes the County can meet the challenges it faces on a going forward basis.

Richard Luke stated that the next item on the agenda is a resolution to approve the submission of the 2007 Budget and Financial Plan which is required by the State Comptrollers' Office.

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

Resolution No. 07- 202

APPROVE SUBMISSION OF 2007 BUDGET AND FINANCIAL PLAN TO THE OFFICE STATE COMPTROLLER AND THE AUTHORITY BUDGET OFFICE TO COMPLY WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS.

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

RESOLVED, that the Authority acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a Proposed Budget for FY 2007 and a Proposed Multi-Year Financial Plan for FY 2007 – FY 2010; and be it further

RESOLVED, that the Authority hereby approves of the Proposed Budget for FY 2007 (“Budget”) and the Proposed Multi-Year Financial Plan for FY 2007 – FY 2010 (“Plan”); and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to file the Budget and Plan with the State Comptroller and to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Luke stated that the next item on the agenda is a resolution to readopt the amended investment guidelines.

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

Resolution No. 07- 203

RE-ADOPTION OF AMENDED INVESTMENT GUIDELINES AND THE TAKING OF RELATED ACTIONS

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

RESOLVED, that the Investment Guidelines, as amended and annexed to the Materials, are found to be satisfactory and are hereby readopted, as amended; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Luke stated that the next item on the agenda was a resolution to readopt the procurement guidelines.

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

Resolution No. 07- 204

RE-ADOPTION OF PROCUREMENT CONTRACT GUIDELINES AND THE TAKING OF

RELATED ACTIONS

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

RESOLVED, that the “NASSAU COUNTY INTERIM FINANCE AUTHORITY GUIDELINES REGARDING THE USE, AWARDING, MONITORING AND REPORTING OF PROCURMENT GUIDLEINES,” (the “Procurement Guidelines), annexed to the Materials, are hereby adopted as the Guidelines of the Authority; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Luke stated that the next item on the agenda was a resolution to approve the property disposition guidelines.

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

Resolution No. 07- 205

RE-ADOPTION OF PROPERTY DISPOSITION GUIDELINES AND THE TAKING OF RELATED ACTIONS

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

RESOLVED, that the Authority Guidelines Regarding Property Disposition Contracts (the “Guidelines), annexed to the Materials, are hereby re-adopted as the Guidelines of the Authority; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Wise stated that the next items on the agenda were resolutions to comply with the Government Accountability Act of 2005.

Upon motions duly made and seconded, the following resolutions were approved unanimously:

Resolution No. 07- 206

ADOPTION OF ANTI-RETALIATION POLICY AND THE TAKING OF RELATED ACTIONS

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

RESOLVED, that the “Anti-Retaliation Policy” annexed to the Materials, is found to be satisfactory and are hereby adopted as a Policy of the Authority, and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Resolution No. 07- 207

RE-ADOPTION OF AN AMENDED CODE OF ETHICS AND THE TAKING OF RELATED ACTIONS

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

RESOLVED, that the proposed Code of Ethics, as amended, which is annexed to the Materials, is found to be satisfactory and is hereby re-adopted, as amended; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Wise stated that the next item on the agenda is a resolution for a change in mode for the 2002A and 2002B Bonds. He stated that the Underwriters are recommending that the mode change from weeklies to dailies.

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

Resolution No. 07- 208

CHANGE IN MODE FOR THE SERIES 2002A BONDS AND THE TAKING OF RELATED ACTIONS

WHEREAS, in May of 2002, the Directors approved the issuance by the Authority of Sales Tax Secured Revenue Bonds, Series 2002A and Series 2002B (the “2002A Bonds,” the “2002B Bonds, collectively the “Bonds”) in the amount of \$225,650,000, and

WHEREAS, the Bonds were issued on a variable rate basis, as requested by Nassau County, and sold as “weekly floaters” with rates reset each week; and

WHEREAS, the Bonds were split evenly between UBS and Goldman, Sachs & Co. (the “Underwriters); and

WHEREAS, there are currently outstanding \$101,500,000 of 2002A Bonds and \$98,120,000 of 2002B Bonds, and,

WHEREAS, the Underwriters have recommended that the Series 2002A bonds be issued as daily floaters, and

NOW, THEREFORE, BE IT

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

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to allow the issuance of the Series 2002A Bonds as daily floaters, including but not limited to the employment of Sidley Austin as legal counsel, and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Wise stated that the next item on the agenda was a resolution to re-hire PNB Pariba and Dexia Banks based on the RFP results.

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

Resolution No. 07- 209

EXTENSION OF LIQUIDITY PROVIDERS AND THE TAKING OF RELATED ACTIONS

WHEREAS, in May of 2002, the Directors approved the issuance by the Authority of Sales Tax Secured Revenue Bonds, Series 2002A and Series 2002B (the “2002A Bonds,” the “2002B Bonds,” and collectively, the “Bonds”) in the amount of \$225,650, and further

WHEREAS, the Bonds were issued on a variable rate basis, and were split evenly between UBS and Goldman, Sachs & Co., and

WHEREAS, in connection with the issuance of the Bonds, a liquidity facility was required, and

WHEREAS, on original issuance Dexia Credit Local and BNP Paribas were selected as liquidity providers (“Liquidity Providers”), each in the amount of \$112,825,000, with an initial term that expired on July 9, 2007; and

WHEREAS, an ad was placed in “The New York State Contract Reporter” soliciting bids for the Bonds, and

WHEREAS, only Dexia Credit Local and BNP Paribas submitted a bid for the renewal of their existing contracts for a 15 year extension for 14 basis points per annum.

NOW, THEREFORE, BE IT

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

RESOLVED, that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to negotiate and execute an extension of the liquidity facilities for the Bonds with Dexia Credit Local and BNP Paribas as liquidity providers, substantially upon the terms outlined in the Materials, and be it further

RESOLVED, that if required to consummate the transaction, legal counsel may be employed for a sum not to exceed \$15,000, and be it further

RESOLVED, that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and

deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Mr. Luke stated that the last item on the agenda is a resolution authorizing the Chairman to appoint an Acting Executive Director.

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

Resolution No. 07-210

AUTHORIZATION TO APPOINT ACTING EXECUTIVE DIRECTOR AND TO TAKE RELATED ACTIONS

RESOLVED, that Richard Luke, currently the Executive Director of the Nassau County Interim Finance Authority (“NIFA” or “Authority”), has indicated his desire to resign on or about June 30, 2007; and be it further

RESOLVED, that the NIFA Act and Bylaws authorize the Directors to appoint officers and agents of NIFA; and be it further

RESOLVED, that until such time as Mr. Luke’s resignation is effective, the Directors do not wish to officially appoint his successor, but would rather delegate the authority to the Chairman to select an “Acting Executive Director” from among the current staff of NIFA; and be it further

RESOLVED, that the Acting Executive Director shall assume all of the rights, privileges, authorizations, indemnifications, and responsibilities formerly held by the Executive Director until such time as this resolution is either replaced or repealed; and be it further

RESOLVED, that the Chairman of the Authority or his designees(s) be, and each of

them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

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Chairman Stack entertained a motion to go into executive session to discuss personnel issues.

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

RESOLUTION NO. 07-211

EXECUTIVE SESSION - PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Directors of the Nassau County Interim Finance Authority shall convene in Executive Session for the purpose of discussing litigation and personnel matters.

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At 4:11 p.m. the open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 4:30 p.m. the executive session was adjourned and the open session was reconvened. No votes were taken during executive session.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 4:31 PM.

Respectfully submitted,

Laurie A. Leat

Corporate Secretary