

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE
AUDIT AND INTERNAL CONTROLS COMMITTEE
HELD ON APRIL 13, 2010**

Pursuant to notice dated April 7, 2010, the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority (“NIFA”) was convened at 10:00 AM, at the offices of Smith Affiliated Capital Corp. located at 800 Third Ave, 12th floor in New York, NY.

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

**Robert Smith, Chairman
Ronald Stack
Christopher Wright**

Also representing the Authority were Evan Cohen, Executive Director, Jeremy Wise, General Counsel and Jane Cunneen, Acting Treasurer.

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

Chairman Robert Smith stated that the first items on the agenda were resolutions to approve the minutes of the November 17th meeting.

Upon motion duly made and seconded, the minutes were approved

unanimously.

Resolution No. 10-06

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE NOVEMBER 17, 2009 AUDIT AND INTERNAL CONROLS COMMITTEE MEETING OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting held on November 17, 2009 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Chairman Smith then entertained a motion to go into executive session pursuant to Open Meetings Law for management discussion with Deloitte and Touche.

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

Resolution No. 10-07

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 a management discussion with the auditors.

* * *

At 10:02 AM the meeting of the Audit and Internal Controls committee was temporarily adjourned and an executive session was convened. At 10:25 AM the executive session was adjourned and the open session was reconvened. The Chairman stated that no votes were taken during executive session.

Chairman Smith stated that the next item on the agenda was a resolution acknowledging the receipt and acceptance of the Independent Auditors' Report on NIFA's Financial Statements for the Year Ended December 31, 2009 as required by the NIFA Act. He stated that if the report was accepted by the Committee, then it would be forwarded to the full Board for approval.

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

Resolution No. 10-08

RECEIPT AND ACCEPTANCE OF THE INDEPENDENT AUDITORS' REPORT ON THE AUTHORITY'S FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2009 AND RECOMMENDATION THAT THE REPORT BE SENT TO THE DIRECTORS OF NIFA

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

RESOLVED, that the Committee acknowledges receipt of the Deloitte & Touche LLP Independent Auditors' Report on NIFA's Financial Statements for the Year Ended December 31, 2009 (the "Audit") presented at the April 13, 2010 meeting of the Committee; and be it further

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

RESOLVED, that this resolution shall take effect immediately.

* * *

Chairman Smith stated that the next item on the agenda was a resolution to recommend that NIFA's 2009 Annual Report be sent to the full NIFA Board for approval. Executive Director Cohen stated that NIFA is required to submit an annual report each year.

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

Resolution No. 10-09

RECEIPT AND ACCEPTANCE OF THE ANNUAL AND STATUTORY REPORTS FOR FISCAL YEAR ENDED DECEMBER 31, 2009 AND RECOMMENDATION THAT THEY BE SENT TO THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

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

RESOLVED, that in accordance with the Materials, the 2009 Annual Report of the Authority is hereby approved together with all the attachments thereto including but not limited to:

1. Authority Report on Debt Issuance
2. Audited Financial Statements for the Year Ended December 31, 2009 together with Independent Auditor’s Compliance Report on Investment Policies and Procedures;
3. Authority Report on Investments;
4. Authority Prompt Payment Report;
5. Authority Procurement Contracts Guidelines Report;
6. Authority Property Disposition Report; and
7. Authority Code of Ethics.

and be it further

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

RESOLVED, that this resolution shall take effect immediately.

* * *

Chairman Smith stated that the next item on the agenda was a resolution to recommend that the Investment Guidelines be sent to the full NIFA Board for approval. He stated that the Investment Guidelines remain unchanged from last year.

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

Resolution No. 10-10

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

RESOLVED, that the materials presented to this meeting (the “Materials”) are

ordered to be filed with the records of the Audit and Internal Controls Committee of the Nassau County Interim Finance Authority (the "Committee"); and be it further

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

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

RESOLVED, that this resolution shall take effect immediately.

* * *

Chairman Smith stated that the next item was a presentation of NIFA's budget for the preceding three months versus actual results. He stated that NIFA is on budget and that no action is necessary.

Executive Director Cohen stated that the next item on the agenda is for informational purposes only. He stated that NIFA must file the Internal Control Summary and Certification Form with the New York State Division of Budget. The form was reviewed and there was a short discussion of NIFA's internal controls.

Chairman Smith stated that the next item on the agenda was a resolution to approve a three year extension of a liquidity facility with JPMorgan Chase Bank in connection with NIFA's 2008C Bonds. General Counsel Wise stated that NIFA currently has \$150 million in variable rate bonds in the 2008C series with a one year letter of credit from JP Morgan to support them, which cost NIFA 100 basis points

per annum. General Counsel Wise stated that after receiving responses from the RFP issued for a replacement liquidity facility, only JPMorgan met the terms of the RFP. He stated that JP Morgan gave them the letter of credit in the form of a Standby Bond Purchase Agreement, at 57 basis points for three years with no penalty for early termination as part of a refunding. A penalty would be assessed only if a partial refunding left \$50 million or less with JP Morgan.

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

Resolution No. 10-11

AUTHORIZATION TO EXTEND A LIQUIDITY FACILITY WITH JPMORGAN CHASE BANK IN CONNECTION WITH NIFA'S 2008C BONDS AND 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 ("NIFA"); and be it further

RESOLVED, that in accordance with the Materials, the Chairman or his designee(s) is hereby authorized to negotiate and execute an agreement with JPMorgan Chase Bank ("JP Morgan") for an extension of its liquidity agreement in connection with NIFA's 2008C Bonds, for a three year term substantially upon the terms and conditions discussed in the Materials; and be it further

RESOLVED, that outside counsel fees for JP Morgan in an amount not to exceed \$5,000 are approved, and if deemed necessary by NIFA, a similar amount for outside NIFA counsel, and be it further

RESOLVED, that all actions heretofore taken by the Chairman or his designee(s) in furtherance of the foregoing resolutions are hereby ratified and approved; and be it further

RESOLVED that the Chairman or his designee(s) are further authorized to take all actions deemed necessary or appropriate to implement the foregoing.

* * *

Chairman Smith then entertained a motion to go into executive session pursuant to Open Meetings Law to discuss NIFA's interest rate exchange program.

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

Resolution No. 10-12

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 the proposed sale or exchange of NIFA securities.

* * *

The Audit and Internal Controls committee was temporarily adjourned and an executive session was convened. At 11:00 AM the executive session was adjourned and the open session was reconvened. The Chairman stated that no votes were taken during executive session. He stated that there was a discussion on hiring a consultant to perform an independent review of NIFA's interest rate exchange program.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 11:10 AM.

Respectfully submitted,

**Laurie A. Leat
Corporate Secretary**