Swap Policy. State law does not empower the County to enter into interest rate exchange agreements (i.e., swaps). The Nassau County Interim Finance Authority ("NIFA") and the Nassau Health Care Corporation ("NHCC") are each statutorily empowered, under certain circumstances, to enter into swaps. Currently, neither NIFA nor NHCC has any outstanding swaps.

The County utilizes a swap policy to guide its decisions regarding swaps. The policy identifies six reasons for entering into swaps: optimize the County's capital structure; achieve appropriate asset/liability match; actively manage or reduce interest rate risk; provide greater financial flexibility; generate interest rate savings; and enhance investment yields.

The County's swap policy puts forth a series of recommended terms for swap agreements. The policy recommends the use of ISDA swap documentation, including the Schedule to the Master Agreement, the Credit Support Annex, and a Swap Confirmation. The policy recommends that swaps should provide for optional termination at market at any time and in the event of a counterparty credit downgrade. The policy also recommends that swap agreements should only be made with qualified swap counterparties, and that the County should seek to diversify counterparty credit risk.