

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

**COUNTY OF NASSAU, NEW YORK
GENERAL OBLIGATIONS**

\$338,205,000 GENERAL IMPROVEMENT BONDS, 2017 REFUNDING SERIES C

Dated: Date of Delivery

Due: October 1, as shown on the inside cover

The General Improvement Bonds, 2017 Refunding Series C (the “2017 Series C Bonds” or the “Bonds”) are general obligations of the County of Nassau, New York (the “County”), for the payment of which the County has pledged its faith and credit. All of the taxable real property within the County is subject to the levy of ad valorem taxes, subject to applicable statutory limitations, to pay both the principal of and interest on the Bonds. See “THE BONDS — Tax Levy Limitation Law” herein.

Interest on the Bonds is payable on April 1 and October 1 of each year commencing April 1, 2018. The Bonds are payable from amounts provided by the County. See “THE BONDS” herein.

The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchases will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive physical certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the County to DTC which will in turn remit same to its Participants as described herein, for subsequent distribution to the beneficial owner of the Bonds. The Bonds are subject to redemption prior to maturity as set forth herein.

The Bonds are offered when, as and if issued and received by the Underwriters. The issuance of the Bonds is subject to the approval of the legality thereof by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County. Certain legal matters with respect to the Bonds will be passed upon for the Underwriters by their counsel, Barclay Damon LLP, Albany, New York. It is anticipated that the Bonds will be available for delivery on or about December 21, 2017, through the facilities of DTC in Jersey City, New Jersey.

THIS OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE COUNTY FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12.

Morgan Stanley

Siebert Cisneros Shank & Co., L.L.C.

COUNTY OF NASSAU, NEW YORK
\$338,205,000 GENERAL IMPROVEMENT BONDS
2017 REFUNDING SERIES C

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>CUSIP*</u>
10/1/2018	\$ 705,000	2.00%	1.39%	63165TZH1
10/1/2019	65,000	3.00	1.66	63165TZJ7
10/1/2020	10,920,000	4.00	1.82	63165TZK4
10/1/2021	16,750,000	5.00	1.98	63165TZL2
10/1/2022	20,475,000	5.00	2.13	63165TZM0
10/1/2023	31,350,000	5.00	2.26	63165TZN8
10/1/2024	37,165,000	5.00	2.35	63165TZP3
10/1/2025	24,300,000	5.00	2.44	63165TZQ1
10/1/2026	34,365,000	5.00	2.50	63165TZR9
10/1/2027	57,805,000	5.00	2.59	63165TZS7
10/1/2028 [†]	24,050,000	5.00	2.69	63165TZT5
10/1/2029 [†]	13,220,000	5.00	2.75	63165TZU2
10/1/2030 [†]	14,055,000	5.00	2.82	63165TZV0
10/1/2031 [†]	14,740,000	5.00	2.87	63165TZW8
10/1/2032 [†]	7,390,000	5.00	2.92	63165TZX6
10/1/2033 [†]	7,750,000	5.00	2.97	63165TZY4
10/1/2034 [†]	6,845,000	5.00	3.01	63165TZZ1
10/1/2035 [†]	6,155,000	5.00	3.05	63165TA21
10/1/2036 [†]	6,435,000	5.00	3.08	63165TA39
10/1/2037 [†]	1,240,000	5.00	3.11	63165TA47
10/1/2038 [†]	1,300,000	5.00	3.13	63165TA54
10/1/2039 [†]	1,125,000	5.00	3.14	63165TA62

* CUSIP numbers have been assigned by an organization not affiliated with the County. The CUSIP numbers listed are being provided solely for the convenience of the holders of the Bonds only at the time of issuance of the Bonds and the County makes no representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

[†] The Bonds stated to mature on or after October 1, 2028 shall be subject to optional redemption on October 1, 2027 or on any date thereafter.

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE

Edward P. Mangano

COUNTY LEGISLATURE

Presiding Officer

Norma L. Gonsalves

Kevan Abrahams
Ellen W. Birnbaum
Siela A. Bynoe
Laura Curran
Delia DeRiggi-Whitton
Arnold W. Drucker
Denise Ford
C. William Gaylor III
James Kennedy

Howard J. Kopel
Donald N. MacKenzie
Vincent T. Muscarella
Richard J. Nicoletto
Steven D. Rhoads
Laura Schaefer
Carrié Solages
Rose Marie Walker
Vacant

COUNTY COMPTROLLER

George Maragos

DEPUTY COUNTY EXECUTIVE FOR FINANCE

Eric C. Naughton

COUNTY TREASURER

Beaumont A. Jefferson

BUDGET DIRECTOR

Roseann D'Alleva

COUNTY ATTORNEY

Carnell T. Foskey, Esq.

FINANCIAL ADVISOR

PFM Financial Advisors LLC

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

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

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement; and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the County from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

PFM Financial Advisors LLC as Financial Advisor has not been engaged to and has not made any independent investigation of the accuracy or completeness of any financial information respecting the County which is included in this Official Statement or which was otherwise examined by the Financial Advisor. All such information was supplied by the County and its other professionals and has not been verified by the Financial Advisor. The Financial Advisor's exclusive engagement has been to advise the County on the likely financial consequences under present market circumstances of various financial actions based exclusively upon assumptions and data furnished by the County and its other professionals, and the Financial Advisor has assumed no responsibility with respect to the reasonableness or accuracy of any such assumptions or information. The Financial Advisor disclaims any implication that the Financial Advisor can be deemed to represent that the narrative and financial information in this Official Statement is complete or accurate.

The report of RSM US LLP, the County's independent auditor, relating to the County's financial statements for the fiscal year ended December 31, 2016, which is a matter of public record, is included by reference in this Official Statement in APPENDIX B. RSM US LLP, the County's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES OR OTHER PROCEEDINGS OF THE COUNTY BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

TABLE OF CONTENTS

<p>INTRODUCTION 1</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">Plan of Refunding 2</p> <p style="padding-left: 20px;">Sources and Uses of Proceeds of the Bonds 2</p> <p style="padding-left: 20px;">Optional Redemption 3</p> <p style="padding-left: 20px;">Selection of Bonds to be Redeemed in Partial Redemption 3</p> <p style="padding-left: 20px;">Nature of Bonds 3</p> <p style="padding-left: 20px;">Tax Levy Limitation Law 5</p> <p style="padding-left: 20px;">County May Not File For Bankruptcy Protection 6</p> <p style="padding-left: 20px;">Contract Remedies 6</p> <p style="padding-left: 20px;">Book-Entry-Only System 6</p> <p style="padding-left: 20px;">Certificated Bonds 9</p> <p>THE COUNTY 9</p> <p>LITIGATION 9</p> <p>OTHER INFORMATION 9</p> <p>COVENANT TO MAKE CONTINUING DISCLOSURE 9</p> <p>RISK FACTORS 11</p> <p>LEGAL MATTERS 12</p> <p>TAX MATTERS 12</p> <p>RATINGS 14</p> <p>FINANCIAL ADVISOR 15</p> <p>UNDERWRITING 15</p> <p>VERIFICATION OF MATHEMATICAL COMPUTATIONS 15</p> <p>MISCELLANEOUS 16</p>	<p>APPENDIX A INFORMATION ABOUT THE COUNTYA-1</p> <p>APPENDIX B BASIC AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2016 B-1</p> <p>APPENDIX C FORM OF BOND COUNSEL OPINION C-1</p> <p>APPENDIX D OUTSTANDING OBLIGATIONS D-1</p> <p>APPENDIX E UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY E-1</p> <p>APPENDIX F COUNTY WORKFORCE F-1</p> <p>APPENDIX G ECONOMIC AND DEMOGRAPHIC PROFILE G-1</p> <p>APPENDIX H BONDS TO BE REDEEMED H-1</p>
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OFFICIAL STATEMENT
of the
COUNTY OF NASSAU, NEW YORK

Relating to
GENERAL OBLIGATIONS
\$338,205,000 GENERAL IMPROVEMENT BONDS, 2017 REFUNDING SERIES C

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices, has been prepared by the County of Nassau (the “County”), in the State of New York (the “State”), and provides certain information in connection with the sale by the County of \$338,205,000 principal amount of General Improvement Bonds, 2017 Refunding Series C (the “2017 Series C Bonds” or the “Bonds”). The Bonds are dated their date of delivery. The interest rates, maturities and prices or yields of the Bonds are set forth on the inside cover page of this Official Statement. The Bonds are subject to redemption prior to maturity as set forth herein.

THE BONDS

The Bonds have been authorized and are to be issued pursuant to the Constitution and laws of the State including the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and various ordinances adopted by the legislative body of the County and approved by the County Executive pursuant to the Local Finance Law, the County Charter (the “County Charter”), the County Administrative Code and other related proceedings and determinations. In addition, the Nassau County Interim Finance Authority (“NIFA”), created pursuant to the Nassau County Interim Finance Authority Act, codified as Title I of Article 10-D of the State Public Authorities Law (the “NIFA Act”), has approved the issuance of the Bonds, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not within NIFA’s powers to restrict the County’s obligation to pay debt service on the Bonds or other County debt. For further information regarding NIFA’s declaration of a control period, see “APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*” herein.

The County is in the process of complying with the Estoppel Procedure (as defined in Appendix A hereto) with respect to the Bonds and expects to do so prior to the delivery of the Bonds. See “APPENDIX A – INFORMATION ABOUT THE COUNTY – COUNTY INDEBTEDNESS AND DEBT LIMITATIONS – Statutory Procedure” herein for information about the Estoppel Procedure. The issuance of the Bonds is subject to the receipt of the approval of the Office of the State Comptroller pursuant to Section 90.10 of the New York State Local Finance Law.

The Bonds are being issued to refund all or a portion of certain outstanding bonds of the County, and to pay costs of issuance. See “Plan of Refunding” below. The Bonds will be general obligations of the County, and will be issued, bear interest, mature and be payable as described on the inside cover page of this Official Statement and herein. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The record date for the payment of interest on the Bonds is the fifteenth day of the calendar month immediately preceding an interest payment date. The Bonds have

been duly authorized and, when executed and delivered, will constitute legal, valid and binding obligations of the County. The County has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, the County is authorized to levy on all taxable real property such as ad valorem taxes as may be necessary to pay the Bonds and the interest thereon subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein. The Bonds do not constitute debt of NIFA.

Plan of Refunding

The Bonds are being issued to refund all or a portion of selected maturities of certain outstanding bonds of the County set forth in Appendix H hereto (the "Refunded Bonds").

Upon delivery of the Bonds, proceeds will be deposited in an escrow fund with Manufacturers and Traders Trust Company (the "Escrow Agent"), under an Escrow Agreement (the "Escrow Agreement") to be dated the date of delivery of the Bonds, between the Escrow Agent and the County. The Escrow Agent will deposit \$394,067,065.01 in an irrevocable trust fund called the Escrow Deposit Fund which will be used to purchase direct obligations or obligations guaranteed by the United States of America (the "Government Obligations"), the principal of and interest on which, when due, along with the uninvested cash amounts, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal and premium of, if any, and interest on the Refunded Bonds will be irrevocably deposited by the County, or its agent, for payment of the Refunded Bonds.

The Refunded Bonds will continue to be general obligations of the County and will continue to be payable from County funds legally available therefore. However, since the maturing Government Obligations together with interest earnings thereon and cash held in the Escrow Deposit Fund will be sufficient to meet all required payments of principal of, and interest on, and redemption premiums, if any, payable with respect to, the Refunded Bonds, it is not anticipated that other sources of payment will be utilized. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

Sources and Uses of Proceeds of the Bonds

The County expects to apply the proceeds from the sale of the Bonds as follows:

<u>Sources</u>	
Par Amount.....	\$338,205,000
Net Original Issuance Premium*	<u>56,596,213</u>
Total Sources	\$394,801,213
<u>Uses</u>	
Deposit to Escrow Deposit Fund**	<u>\$394,801,213</u>
Total Uses.....	\$394,801,213
* Net of underwriters' discount.	
** Includes costs of issuance.	

Optional Redemption

The Bonds stated to mature on or after October 1, 2028 shall be subject to redemption prior to maturity, at the option of the County, as a whole or in part, from time to time, in any order of maturity or portion of a maturity as designated by the County, on or after October 1, 2027, upon payment of a redemption price of 100% of the principal. Notice of such call for redemption shall be given by transmitting such notice to the registered holder not more than sixty (60) nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date. See “Selection of Bonds to be Redeemed in Partial Redemption,” within this section.

Selection of Bonds to be Redeemed in Partial Redemption

If less than all of the Bonds of a series are called for optional redemption, the Bonds to be redeemed shall be selected by the County Treasurer in such manner as may be determined to be in the best interest of the County. If less than all of the Bonds of a particular maturity and series are called for redemption, DTC or any successor securities depository will select the Bonds to be redeemed pursuant to its rules and procedures or, if the book-entry system is discontinued, the Bonds to be redeemed will be selected by the County Treasurer, who has been appointed registrar (the “Registrar”), by lot in such manner as the Registrar in its discretion may determine. In either case, each portion of the \$5,000 principal amount is counted as one Bond for such purpose.

Nature of Bonds

Each of the Bonds when duly issued and paid for will constitute a contract between the County and the holder thereof.

Holders of any series of notes or bonds of the County may bring an action or commence a proceeding in accordance with the New York Civil Practice Law and Rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the County's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "Tax Levy Limitation Law," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in the State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean. So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded."

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in the State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank Court noted, the term "faith and credit" in its context is "not qualified in any way." Indeed, in Flushing National Bank, the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority was to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In *Quirk*, the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

Tax Levy Limitation Law

As mentioned previously, the Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). It also applies to independent special districts and to town and county improvement districts as part of the tax levies of their parent municipalities.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2020 unless further extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases or changes due to physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The

legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

While the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation is not clear.

County May Not File For Bankruptcy Protection

Under the NIFA Act, the County is prohibited from filing any petition with any United States district court or bankruptcy court for the composition or adjustment of municipal indebtedness without the approval of NIFA and the State Comptroller and no such petition may be filed while NIFA bonds or notes remain outstanding. NIFA currently has bonds outstanding through November 15, 2025.

Contract Remedies

The General Municipal Law (“GML”) of the State provides that it shall be the duty of the governing board (in the case of the County, the County Legislature) to assess, levy and cause to be collected a sum of money sufficient to pay a final judgment which has been recovered against the County and remains unpaid. The GML further provides that the rate of interest to be paid by a municipal corporation upon any judgment against a municipal corporation shall not exceed the rate of nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of principal of and interest on the Bonds. Execution or attachment of County property cannot be obtained to satisfy a judgment by holders of the Bonds.

In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation (none of which involved the County). While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to ensure the continuation of essential public services prior to the payment of debt service.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds. See “Tax Levy Limitation Law” above.

Book-Entry-Only System

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Bonds. The 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 maturity of Bonds and will be deposited with DTC.

DTC 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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"). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 interests in the 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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest on the 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 detail information from the County, on a payment 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 Bonds 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 nor its nominee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

Source: DTC.

The information in the above section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) NOTICES SENT TO DTC OR CEDE & CO., AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the book-entry-only system of transfers through DTC (or a successor securities depository) at any time. In the event that such book-entry-only system is discontinued, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof. The Bonds will remain subject to redemption prior to their stated final maturity date.

THE COUNTY

The County is located in New York State on Long Island and has a population of over 1.3 million. For a description of the County, its financial condition and projections, and certain economic factors affecting the County, see “APPENDIX A – INFORMATION ABOUT THE COUNTY” and other appendices herein.

LITIGATION

The County and its officers and employees are defendants in a number of lawsuits. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of or related to: condemnation proceedings and assessments, and alleged torts, civil rights violations, breaches of contracts including union and employee disputes, and other alleged violations of law. The County intends to defend itself vigorously against all claims and actions. See “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein.

OTHER INFORMATION

The County is authorized to spend money for the objects or purposes for which the Bonds are to be issued by the General Municipal Law, the County Law, the County Charter, the County Administrative Code or other applicable law.

The County has no past due principal or interest on any of its indebtedness. To the best of the knowledge of current officials of the County, the County has never defaulted on the payment of principal and interest on any indebtedness.

This Official Statement does not include either the debt or the tax collection records of the several cities, towns, villages, school districts or other municipal corporations or public corporations within the County, except as herein set forth.

COVENANT TO MAKE CONTINUING DISCLOSURE

At the time of the issuance and delivery of the Bonds, the County will covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Bonds, in accordance with the requirements of Rule 15c2-12 (as the same may be amended or officially interpreted from time to time) (the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”), to provide during any fiscal year in which the Bonds are outstanding, to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (“MSRB”) or other entity authorized or designated by the Commission, (i) certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained herein and a copy of the audited financial statements (prepared in accordance with generally accepted accounting principles in effect at the time of the audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided

on or prior to August 1 of each such fiscal year, but in no event, not later than the last business day of each such fiscal year and (ii) in a timely manner not later than ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material. It should be noted that none of the Bonds, the proceedings of the County authorizing the Bonds, the Local Finance Law, nor any other law, makes any provision for non-payment related defaults on the Bonds, or other general obligations of the County;
3. Unscheduled draws on debt service reserves reflecting financial difficulties. It should be noted that the County is not legally authorized to establish, nor has it established a debt service reserve securing the Bonds;
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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Beneficial Owners or holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances. It should be noted that none of the Bonds, the proceedings authorizing the Bonds, the Local Finance Law, nor any other law makes any provision for the legal defeasance of the Bonds;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material. It should be noted that the Bonds are general obligations of the County and are not secured by any collateral, but rather are entitled to the pledge of the faith and credit of the County;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the County;*
13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to

* For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material. It should be noted that there is no trustee for the Bonds.

The County will also undertake to provide, in a timely manner, notice of a failure to provide the required annual financial information, operating data and audited financial statements described above on or before the date specified above.

The sole remedy of a Beneficial Owner of the Bonds under this covenant will be to bring an action to compel specific performance in a court in the State having appropriate jurisdiction. A default by the County of its obligations under the covenant shall not be deemed a default on the Bonds.

The County may amend its obligations under the provisions of the covenant without the consent of any holder of the Bonds or Beneficial Owner of the Bonds provided that the County shall first obtain an opinion of nationally recognized bond counsel to the effect that the proposed amendment would not in and of itself cause the covenant to violate the requirements of the Rule if such amendment had been effective at the time of issuance of the Bonds, but taking into account any subsequent change in or official interpretation of the Rule.

The County has not, in the previous five years, failed to comply in all material respects with any previous undertaking made pursuant to the Rule.

RISK FACTORS

The following description summarizes some of the risk factors associated with the Bonds and does not purport to be complete. This Official Statement should be read in its entirety.

The financial condition of the County as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State and in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the federal Bankruptcy Code or otherwise, will not occur which might affect the market price of, and the market for, the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions or in other jurisdictions of the country thereby further impacting the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The County is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. See "STATEMENT OF REVENUES AND EXPENDITURES – Revenues - *State and Federal Aid*" in "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein. For a description of the County's current multi-year financial plan and the budget gap closing measures contained therein, see "COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan" in "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

In addition, adverse events within the County could affect the market for the Bonds. These include, but are not limited to, events which impact the County's ability to reduce expenditures and raise revenues, economic trends, the willingness and ability of the State to provide aid and to enact various other legislation and the County's ability to market its securities in the public credit markets. It is anticipated that the various news media will report on events which occur in the County and that such media coverage, as well as such events, could have an impact on the market for, and the market price of, the Bonds.

A major portion of the County's annual expenditures is utilized in the administration of various federal and State mandated aid programs including Medicaid, Temporary Assistance to Needy Families, and community services. Although a substantial portion of these expenditures (other than Medicaid) is reimbursed by the State and federal governments, expenditures fluctuate in response to overall economic conditions and are difficult to predict. These expenditures may increase in the future.

Furthermore, following from NIFA's declaration of a control period on January 26, 2011, NIFA may continue to seek, among other things, to restrict in whole or in part the County's ability to issue debt to finance expenditures, including, but not limited to, capital projects, judgments and settlements, and property tax refunds. For further information regarding NIFA's declaration of a control period, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*" herein.

On October 29, 2012, Superstorm Sandy hit the New York metropolitan region. For further information regarding the storm and its impact on the County, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – COUNTY FINANCIAL CONDITION – Superstorm Sandy" herein.

From time to time, legislation is introduced on the federal and State levels, which, if enacted into law, could affect the County and its operations. The County is not able to represent whether such bills will be introduced in the future or become law.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the final approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. The proposed form of such opinion is set forth in APPENDIX C hereto. Certain legal matters with respect to the Bonds will be passed upon for the Underwriters by their counsel, Barclay Damon LLP, Albany, New York.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. As discussed further below, legislation has been introduced which, if enacted, would repeal the alternative minimum tax for tax years beginning after December 31, 2017. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent that the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in Premium Bonds, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Contemporaneously with the issuance of the Bonds, the County will make certain representations and will covenant to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition (including sale, redemption or payment on maturity) of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislation has been introduced in Congress which, if enacted, would significantly change the income tax rates for individuals and corporations and would repeal the alternative minimum tax for tax years beginning after December 31, 2017. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Contemporaneously with the issuance of the Bonds, the County will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Beneficial Owners to incur significant expense.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings have assigned ratings of "A2" (stable outlook), "A+" (stable outlook) and "A" (stable outlook) respectively, to the Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of, or the availability of a secondary market for, the Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

FINANCIAL ADVISOR

The County has retained PFM Financial Advisors LLC (“PFMFA”) of New York, New York, as Financial Advisor in connection with the issuance and sale of the Bonds. Although PFMFA has assisted in the preparation of the Official Statement, PFMFA is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. PFMFA is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by the underwriters for whom Morgan Stanley & Co. LLC is acting as the representative (the “Underwriters”), for reoffering to the public. The purchase contract for the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$394,801,212.75, reflecting an original issue premium of \$57,905,758.60 and an underwriters’ discount of \$1,309,545.85 and reoffer such Bonds at the public offering prices or yields set forth on the inside cover page hereof. The Bonds may be offered and sold to dealers (including dealers depositing the Bonds into investment trusts) at prices lower and yields higher than such public offering prices and yields. Prices and yields may be changed, from time to time, by the Underwriters.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the County and its affiliates in connection with such activities. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company will deliver to the County, on or before the closing date of the Bonds, its attestation report that it has examined the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of

and interest on the Government Obligations to pay, when due, the maturing principal of and interest and redemption premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under the Code.

MISCELLANEOUS

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the County management’s beliefs, as well as assumptions made by, and information currently available to, the County’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the County files with the MSRB. When used in County documents or oral presentations, the words “anticipate,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” or similar words are intended to identify forward-looking statements.

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, such matters of opinion and estimates are set forth as such and not as representations of fact. Neither this Official Statement nor any statement which may have been made verbally or in writing in connection therewith is to be construed as a contract with the holders of the Bonds.

Neither the County’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Upon delivery of the Bonds, the County Treasurer shall furnish a certificate stating (i) to his knowledge the Official Statement did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the County is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, (ii) to his knowledge, since the date of said Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the County and no material adverse changes in the general affairs of the County or in its financial condition as shown in the Official Statement other than as disclosed or contemplated by said Official Statement, and (iii) that no litigation is pending or, to the knowledge of the County, threatened affecting the Bonds.

Various departments of the County, including the Office of Management and Budget, the County Comptroller and the Office of Legislative Budget Review, prepare periodic public reports relating to the

financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County. The County's financial statements are audited by independent certified public accountants.

Information pertaining to the Official Statement may be obtained upon request from the Office of the County Treasurer, 1 West Street, Mineola, New York 11501, telephone (516) 571-2090.

The Official Statement is submitted only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

The execution and delivery of this Official Statement have been duly authorized by the County Treasurer on behalf of the County.

COUNTY OF NASSAU, NEW YORK

By: /s/ Beaumont A. Jefferson
County Treasurer

December 12, 2017

APPENDIX A
INFORMATION ABOUT THE COUNTY

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INFORMATION ABOUT THE COUNTY

The information below provides comprehensive information on the County, its financial management, current financial condition, litigation and other information and factors affecting the County.

THE COUNTY

The County is located on Long Island and has a population of over 1.3 million. It 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. The County was formed on January 1, 1899 and since 1938 has operated under the County Charter. The County Charter was the first of its type in the State and established a form of government headed by a County Executive and a Board of Supervisors.

The County Executive heads the executive branch of County government. The legislative power of the County is vested in the 19-member County Legislature, which superseded the Board of Supervisors in 1996. The County Comptroller has the authority to audit the records of the County departments and special districts, to examine and approve all payment vouchers including payroll, to ascertain that funds to be paid are both appropriated and available, and to report the financial status of the County to the County Legislature. The County Treasurer, the County's chief fiscal officer, receives and has custody of all County funds (unless otherwise provided by law) including County taxes, collects most revenues and is responsible for the issuance of all County debt.

The County Executive and the County Comptroller are each elected for four-year terms and the members of the County Legislature are elected for two-year terms. On January 1, 2018, Laura Curran will take office as County Executive and Jack E. Schnirman will take office as County Comptroller. The County Treasurer is appointed by the County Executive and confirmed by the County Legislature.

County Officials

County Executive – Edward P. Mangano

Edward P. Mangano was elected as County Executive on November 3, 2009 and sworn into office on January 1, 2010. He was re-elected on November 5, 2013 and sworn into office in January, 2014. He did not seek re-election in 2017. Prior to becoming County Executive, Mr. Mangano gained extensive experience as a County Legislator, where he served the 17th Legislative District for seven terms until leaving the position in 2009. Notable among Mr. Mangano's many accomplishments as County Legislator were helping revitalize the former Grumman property, attracting more than 15,000 jobs to the site, establishing a Senior Citizen and Community Center, and preserving and protecting open space in the County.

A graduate of Hofstra University and Hofstra Law School, Mr. Mangano was admitted to the New York State Bar in 1988. He went on to have a successful career in printing and publishing newspapers, as well as serving as counsel to the law firm of Rivkin Radler LLP.

Mr. Mangano also has been active in many charitable and fraternal organizations.

County Legislators

Kevan Abrahams	Howard J. Kopel
Ellen W. Birnbaum	Donald N. MacKenzie
Siela A. Bynoe	Vincent T. Muscarella
Laura Curran	Richard J. Nicoletto
Delia DeRiggi-Whitton	Steven D. Rhoads
Arnold W. Drucker	Laura Schaefer
Denise Ford	Carrié Solages
C. William Gaylor III	Rose Marie Walker
James Kennedy	Vacant

Presiding Officer, County Legislature – Norma L. Gonsalves

Norma L. Gonsalves was first elected to the County Legislature in 1997. She was re-elected in nine successive elections to represent her constituents in the communities of East Meadow, North Bellmore, North Merrick, North Wantagh and Seaford. She did not seek re-election in 2017. Mrs. Gonsalves serves as the Presiding Officer of the County Legislature, having previously served as Deputy Presiding Officer.

Mrs. Gonsalves is active in various civic and charitable organizations and has received numerous awards and honors in recognition of her public service, including the 1999 Woman of the Year Award from the East Meadow Chamber of Commerce, the 1998 Woman of Distinction Award from the New York State Senate, the Newsday 1992 Volunteer Award; she was named 1976 Woman of the Year as Bicentennial Chairperson by the East Meadow Chamber of Commerce.

Mrs. Gonsalves received her Bachelor of Arts degree in History from St. Joseph's College for Women and received her Master of Arts degree from Hunter College and Brooklyn College. Mrs. Gonsalves was an educator for 25 years in the New York City School System.

County Comptroller – George Maragos

George Maragos was elected as County Comptroller on November 3, 2009 and sworn into office on January 1, 2010. He was re-elected on November 5, 2013 and sworn into office in January, 2014. He did not seek re-election in 2017. Mr. Maragos has over 35 years of senior management positions and accomplishments with leading organizations in banking, consulting and information systems. Mr. Maragos is the founder of SDS Financial Technologies, an organization providing financial information and online trading services to the financial industry. As president of SDS Technologies, he guided the firm's growth for 20 years.

Prior to SDS Technologies, Mr. Maragos was a Vice President of Citicorp and the Director of Telecommunications for Treasury Systems. Prior to Citicorp, Mr. Maragos was a Vice President at the Chase Manhattan Bank. Earlier positions held by Mr. Maragos were with Booz Allen and Hamilton, as an Associate, and with Bell-Northern Research, as Manager of Communications Planning.

Mr. Maragos holds an M.B.A. from Pace University, and a Bachelor of Electrical Engineering Degree from McGill University.

Deputy County Executive for Finance – Eric C. Naughton

Eric C. Naughton was appointed Deputy County Executive for Finance in November 2014, and brings more than 25 years of progressive financial analysis experience with large municipalities. Some of his prior positions have been Budget Director for Pinellas County, Florida, Budget Director for the County and

Deputy County Executive for Finance for Suffolk County, New York. Previously, he also worked for the County Legislature's Office of Legislative Budget Review, serving as Deputy Director from 1996 to 2001, and subsequently as Director from 2001 to 2009. Prior to joining the County Legislature, Mr. Naughton was Director of Financial Planning for the Atlanta Housing Authority and the Budget/Accounting Manager for the City of Marietta, Ga., where he was responsible for the city receiving its first Government Finance Officers Association of the United States and Canada's ("GFOA") Distinguished Budget Presentation Award.

Mr. Naughton received his bachelor's degree in Finance from the Wharton School of the University of Pennsylvania.

County Treasurer – Beaumont A. Jefferson

Beaumont A. Jefferson was appointed Deputy County Treasurer on February 5, 2010. Mr. Jefferson became Acting County Treasurer on December 1, 2011 upon the retirement of the appointed County Treasurer, and was confirmed as County Treasurer by the County Legislature on March 18, 2013.

Mr. Jefferson has 24 years of banking experience and is a former Vice President at JPMorgan Chase Bank. Mr. Jefferson's banking experience includes technology project and program management, call center management, retail back office operations and retail branch management.

Mr. Jefferson holds a B.S. in Business Administration and Management from SUNY Old Westbury.

County Budget Director – Roseann D'Alleva

Ms. D'Alleva became Acting County Budget Director in November 2012 and became Budget Director in December 2014. Ms. D'Alleva joined the Office of Management and Budget in June 2003 as a Senior Operations Analyst where she was responsible for special projects. In March of 2006, she became Director of Finance for the Legislative Majority. Ms. D'Alleva re-joined the Office of Management and Budget in January 2010 as a Deputy Director responsible for Project and Performance Management which included Risk Management.

Prior to her employment by the County, she worked for New York City's Department of Education, Division of Budget and Operations as a Supervisor for all Queens School Districts from 2001 to 2003. She began her career in New York City's Office of Management and Budget in 1990 and held numerous positions, the last as Unit Head for the Departments of Housing Preservation, Buildings and Planning.

She received a bachelor's degree in Finance from Pace University in 1990.

County Attorney – Carnell T. Foskey

The Honorable Carnell T. Foskey was appointed Acting County Attorney on November 13, 2013 and was confirmed as County Attorney on December 19, 2013. Judge Foskey served as the County's Commissioner of Parks, Recreation and Museums from March 2010 through November 2013. Judge Foskey was the Deputy County Clerk from January 2009 through March 2010.

In 2005, Judge Foskey was appointed Supervising Judge of the Nassau County Family Court, the first African-American so named, and served as a Family Court Judge from 1999 through 2008. Judge Foskey was elected as District Court Judge in 1991 and served from 1992 through 1998. Judge Foskey has served as a Deputy County Attorney for the County.

A graduate of the State University of New York, Stony Brook and California Western School of Law, Judge Foskey was admitted to the New York State Bar in 1981 and earned an LL.M. in Taxation in 1982. Judge Foskey is active in many charitable and community organizations.

County Government

County Executive

The County Executive is the chief administrator of County government, supervising the performance of all County agencies and departments including, but not limited to, the Office of Management and Budget (“OMB”), law enforcement, economic development, planning, social services, public works and parks. The County Executive appoints department heads, commissioners, and other employees. In addition, the County Executive proposes to the County Legislature the County’s operating budget, multi-year financial plan, capital budget and capital plan.

County Legislature

Pursuant to the County Charter, the County Legislature meets to consider the approval of County laws, ordinances and resolutions, including those relating to multi-year financial plans, budgets, capital plans and capital budgets, certain contracts, the appointment of department heads and tax rates and levies. See “Budget Process and Controls” within this section. The County Legislature is also empowered to hold public investigative hearings. Ordinances, resolutions and local laws require at least ten affirmative votes for passage, except that bond ordinances and certain other actions require at least thirteen votes.

County Financial Management

The Deputy County Executive for Finance is responsible for all budget and finance matters in the County - overseeing OMB, the Office of the County Treasurer, the Office of Purchasing, the Department of Assessment and the Department of Information Technology - and is the County Executive’s principal liaison with the County Comptroller and the Assessment Review Commission (“ARC”).

Key Departments

OMB. OMB is primarily responsible for developing the County’s operating budgets and multi-year financial plans, as well as monthly financial forecasting reports. This is accomplished by assigning a budget examiner to each key County operational area. OMB may work with departments to develop smart government initiatives which are reviewed in conjunction with monthly forecasts. OMB is responsible for approving and processing financial transactions, contracts and purchase orders, and providing expertise on operating and capital budget-related matters as well as revenue management. OMB is also responsible for performance measurement used by the County’s management, departments, fiscal monitors, investors and the public.

County Treasurer. The Office of the County Treasurer is responsible for managing the County’s cash receipts and disbursements, maintaining the County’s bank accounts and investing County funds on a daily basis. The office also coordinates with the County Comptroller’s Office to ensure that all transactions are recorded in a timely fashion and the County’s books and records are accurate and complete. The County Treasurer is responsible for the issuance of all County debt obligations. The Office of the County Treasurer also tracks the use of bond and note proceeds and the investment of unexpended funds.

Department of Shared Services (Office of Purchasing). The Department of Shared Services purchases all materials, supplies, and equipment for the County, except for the Board of Elections, pursuant to

applicable procurement procedures, and is responsible for price and vendor selections, placement of purchase orders and contract administration.

Financial Policies

Debt Policy. The goals and objectives of the County's debt policy are as follows: (1) to guide the County and its managers in policy and debt issuance decisions; (2) to maintain appropriate capital assets for present and future needs; (3) to promote sound financial management; (4) to protect and enhance the County's credit rating; (5) to ensure the legal and prudent use of the County's debt issuance authority; and (6) to evaluate debt issuance options.

The policy provides that debt issuance will be planned to achieve relatively level debt service while matching debt service to the useful life of the projects. The policy also states that the County will avoid the use of bullet or balloon maturities except in those instances where these maturities serve to make existing overall debt service level (to the extent permissible under the Local Finance Law). The County may elect a more rapid or other debt service structure, such as declining debt service (i.e., equal principal amortization), at its discretion.

The County will consider the refinancing of outstanding indebtedness whenever the present value savings of such transactions, taking into account costs of issuance, so warrant, provided that the refinancing opportunity meets the criteria established in the County's debt policy.

Fund Balance and Reserve Policy. The County's fund balance and reserve policy draws upon the recommendations of the GFOA. The policy outlines an approach for the accumulation and use of unreserved fund balance and reserve funds that takes into consideration issues that are particular to the County. It identifies an array of reserve funds that help the County stabilize its budget and finance important policy objectives. The policy sets a recommended level of fund balance of no less than 4% and no more than 5% of normal prior-year expenditures made from the General Fund, the County-wide special revenue funds (the Fire Prevention and Police Headquarters Funds), the Police District Fund, and reserves. The policy outlines the conditions under which the County's fund balance ought to be replenished, and identifies the appropriate uses for fund balance, formally created reserves, and any projected operating surpluses. As of December 31, 2016, the County's unreserved budgetary fund balance and reserves totaled approximately \$271.0 million, which includes all special revenue funds and reserves, such as the Employee Benefit Accrued Liability Reserve Fund (\$13.1 million), Retirement Contribution Reserve Fund (\$8.0 million), Litigation Fund (\$43.6 million) and Bonded Indebtedness Reserve Fund (\$3.6 million). See "COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan" herein.

Investment Policy. Under the law of the State, the County is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State, or certificates of deposits arranged by such entities in one or more banking institutions under certain conditions; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State (or public authorities of the State as may be provided by law); (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality (other than the County), school district or district corporation in the State; (6) certain certificates of participation issued on behalf of political subdivisions of the State; and (7) in the case of County monies held in certain reserve funds established pursuant to law, obligations issued by the County. The law further requires that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities (or a pro rata portion of a pool of eligible securities), an eligible surety bond or an eligible letter of credit, as those terms are defined in the law. From time to time, the County Legislature adopts a resolution setting forth the County's investment policy in accordance with the above statutory limitations, which policy currently substantially mirrors (1) through (7)

above. The primary objectives of the County's investment activities are, in priority order: (i) to conform with all applicable federal, State and other legal requirements (legality); (ii) to adequately safeguard principal (safety); (iii) to provide sufficient liquidity to meet all operating requirements (liquidity) and (iv) to obtain a reasonable rate of return (yield). The investment policy authorizes the County Treasurer to purchase obligations subject to a repurchase agreement in accordance with guidance promulgated by the State Comptroller.

Swap Policy. State law does not empower the County to enter into interest rate exchange agreements (i.e., swaps). NIFA and the Nassau Health Care Corporation ("NHCC") are each statutorily empowered, under certain circumstances, to enter into swaps. NIFA and NHCC have each executed several LIBOR-based swaps to hedge their respective variable rate debt exposures and to enhance the savings generated by refundings of outstanding debt, which conform to the County's swap policy described below. For a description of existing interest rate exchange agreements, see "APPENDIX D - OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements."

To the extent that the swaps into which NIFA has entered do not perform as expected, the County's financial position will be positively or negatively affected. Pursuant to the Stabilization Agreement and the Successor Agreement (each as described under "NASSAU HEALTH CARE CORPORATION" herein), the interest and net swap payments are made by the County on behalf of NHCC, and are secured by offsets of service payments and other amounts owed to NHCC and liens on certain of NHCC's assets.

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.

LIBOR-based interest rate swaps carry certain risks, notably basis risk, counterparty risk, rollover risk, tax risk, and termination risk. Working with NIFA and NHCC, respectively, the County has made efforts to mitigate these risks. As recommended by the swap policy, the County regularly monitors these risks.

Risk Management

The County is exposed to various risks of loss related to torts, property loss, employee injuries, motor vehicle accidents and errors and omissions of its employees. The County self-insures for most risk exposures. It has transferred some of its risk by means of carrying property and liability insurance coverage on its police helicopters, a blanket fidelity bond covering all County employees and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. The County has a contractual obligation to reimburse NHCC for the cost of certain insurance coverage in connection with NHCC's provision of health care services at the County's correctional center. Essentially all other risks are assumed directly by the County.

Budget Process and Controls

The County Charter requires the County Executive to submit, no later than September 15th of each year, to the County Legislature for its review an annual operating budget for the ensuing fiscal year (January 1st through December 31st) and a multi-year financial plan. Each year during a control period (as described herein), the NIFA Act requires the County to submit the proposed budget to NIFA no later than September 15th, which must be consistent with the accompanying multi-year financial plan that the County must submit for NIFA's approval. For further information regarding NIFA's powers and responsibilities upon its declaration of a control period on January 26, 2011, see "MONITORING AND OVERSIGHT – External – NIFA" herein.

The County Legislature holds budget hearings after the County Executive submits the proposed budget. After the conclusion of the public hearings, the County Legislature may reduce, increase or strike out any item of appropriation in the proposed budget. Prior to any increase, however, another public hearing is necessary. The County Executive has the power to veto any item that constitutes an addition or increase in the proposed budget. The County Legislature has the power to override such a veto by affirmative vote of at least thirteen out of its nineteen members and then approve by ordinance the final budget. Within ten days of the final approval of the budget by the County Legislature, the County Executive may veto any item that constitutes a change from the proposed budget, while at the same time approving the remainder of the budget. The County Legislature may override any such vetoed item within seven days by an affirmative vote of at least thirteen members. Upon final adoption of the budget, the County Legislature must pass an appropriation ordinance for such budget, and must levy taxes for the ensuing year not later than October 30th. See "COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan" herein for a description of the actions of the County Executive and County Legislature with respect to adoption of the 2018 Budget and 2018-2021 Multi-Year Financial Plan, and for a description of NIFA's actions with respect to the 2018 Budget and 2018-2021 Multi-Year Financial Plan.

During the year, the County Executive may recommend changes to the adopted budget. Transfers of spending authority between departments and certain transfers within departments require approval by majority vote of the County Legislature. The County Executive may also recommend appropriating revenues not recognized in the adopted budget. Such supplemental appropriations require approval by at least thirteen affirmative votes of the County Legislature.

The County has established controls to ensure compliance with adopted budgets. OMB and the County Comptroller supervise and control the expenditure and encumbrance of appropriations, and monitor revenues. The County's financial management system provides for on-line inquiries of budgeted and actual obligations and revenues, which are used to analyze current activity and historical trends, and to formulate forecasts of future operating results. Appropriations that have not been expended or encumbered lapse at the end of the year.

The County received the GFOA Distinguished Budget Presentation Award for its 2016 Budget.

Multi-Year Financial Plan Process under the County Charter

Each year, the County Executive is required to prepare and file with the Clerk of the County Legislature a four-year financial plan (the "multi-year financial plan") covering the Major Operating Funds not later than September 15, in accordance with the provisions of the County Charter. Upon the adoption of a budget, the County Executive must, if necessary, revise the multi-year financial plan to reflect the adopted budget. The County Executive must then submit such revised multi-year financial plan to the County Legislature within thirty days following adoption of the budget. The County Legislature may modify the revised multi-year financial plan in accordance with the County Charter, subject to the veto in whole or in part of the County Executive, which may be overridden by at least thirteen affirmative votes by the County

Legislature. The County Charter requires the County Legislature to adopt the final multi-year financial plan on or before December 31.

No later than June 30 of the fiscal year following the adoption of the final multi-year financial plan, the County Executive is required to re-examine the expenditure and revenue estimates included in the final multi-year financial plan and file a report summarizing such re-examination with the Clerk of the County Legislature. In the event that the County Executive identifies actual or anticipated reductions in revenues or increases in expenditures that are likely to adversely impact the County's projected financial position in the out-years of the multi-year financial plan, the County Executive must submit to the County Legislature a modified multi-year financial plan, along with the report summarizing the re-examination, in accordance with the County Charter. The County Legislature may then further amend the modified multi-year financial plan within sixty days of the submission by the County Executive, subject to the veto in whole or in part of the County Executive, which may be overridden by at least thirteen affirmative votes by the County Legislature.

The County Charter does not address the effect of NIFA's powers during a control period under the NIFA Act on the provisions described above. See "MONITORING AND OVERSIGHT – External – NIFA" herein for information regarding NIFA's powers with respect to the multi-year financial plan during a control period. See "COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan" herein for a description of NIFA's actions with respect to the 2018 Budget and 2018-2021 Multi-Year Financial Plan.

COUNTY FINANCIAL CONDITION

Financial Results and Projections

The County's budgetary surplus in the Major Operating Funds for fiscal year 2016 was \$41.0 million. According to governmental generally accepted accounting principles ("GAAP"), the County ended fiscal year 2016 with a surplus in the Major Operating Funds of \$27.1 million. For purposes of the NIFA control period test under the NIFA Act, the County ended fiscal year 2016 with a negative \$83.1 million result.

As of October 31, 2017, the projected surplus in the Major Operating Funds for fiscal year 2017 is approximately \$1.3 million.

2018 Budget and 2018-2021 Multi-Year Financial Plan

On September 15, 2017 the County Executive submitted the proposed 2018 Budget and accompanying 2018-2021 Multi-Year Financial Plan to the County Legislature for approval. On October 30, 2017, the County Legislature amended the proposed 2018 Budget to provide for \$60 million in alternative revenue increases and expenditure reductions to offset its removal of approximately \$60 million in revenue from proposed fee increases (hereinafter, the "2018 Budget", which has been modified to conform to the modifications to the 2018-2021 Multi-Year Financial Plan approved by NIFA, as described in the following paragraph). The 2018 Budget includes \$3.0 billion in appropriations, excluding interdepartmental transfers, in the Major Operating Funds and is balanced according to the budgetary basis of accounting. On October 30, 2017, the County Legislature approved the 2018-2021 Multi-Year Financial Plan in the form submitted by the County Executive. On November 9, 2017, the 2018 Budget took effect by operation of law (due to the County Executive taking no action thereupon within ten days of approval by the County Legislature), subject to the modifications of the 2018-2021 Multi-Year Financial Plan approved by NIFA, as described in the following paragraph.

On November 9, 2017, pursuant to its statutory authority during the control period, NIFA approved a resolution (i) disapproving the County's 2018-2021 Multi-Year Financial Plan because it failed to (1) contain projections of revenues and expenditures that are based on reasonable and appropriate assumptions and

methods of estimation, (2) provide that operations of the County will be conducted within the cash resources available according to NIFA's revenue estimates, (3) comply with the requirements of the NIFA Act and (4) comply with NIFA Resolution 17-689 (dated October 17, 2017 entitled "Resolution Outlining NIFA's Expectations Regarding Nassau County's Adoption of its FY 2018 – FY 2021 Multi-Year Financial Plan") and (ii) requiring that the County provide NIFA no later than November 27, 2017 (or such later date as approved by the NIFA chairman), with a modification of the 2018 Budget, which substitutes \$31.5 million of recurring revenues or recurring expenditure reductions to substitute for (1) \$19.5 million to substitute for the use of fund balance and disencumbrances in the 2018-2021 Multi-Year Financial Plan (i.e., the 2018 Budget) because they are not recurring and not allowable as a revenue under GAAP, (2) \$2 million to substitute for the over estimation of savings in the 2018 Budget from a (potential) County refunding, (3) \$5 million to substitute for sales tax receipts because the assumed growth rate in the 2018 Budget exceeds historical average growth rates, and (4) \$5 million to substitute for overly-optimistic overtime reductions. The resolution further provided that (1) any changes to the 2018 Budget be carried forward and reflected in the 2018-2021 Multi-Year Financial Plan, (2) the failure of the County to fully fund the 2018 Budget with recurring revenues or recurring expenditure reductions totaling the \$31.5 million required by the Resolution, shall, in the opinion of NIFA, place the County in a "fiscal crisis" as defined in the NIFA Act, and (3) NIFA stands ready, should the County fail to provide a modified plan in sufficient detail or within the time-period specified in the Resolution, to make an appropriate finding of such failure, to declare a "fiscal crisis," and to formulate and adopt its own modifications to the 2018-2021 Multi-Year Financial Plan, such modifications to become effective on their adoption by NIFA. On November 27, 2017, in response to the November 9, 2017 NIFA resolution, the Presiding Officer of the County Legislature delivered to NIFA \$31.7 million in proposed 2018 budgetary adjustments, along with various contingencies.

On December 7, 2017, NIFA approved a resolution that: (1) determined that the modifications to the 2018 Budget proposed by the Presiding Officer of the County Legislature failed to completely and satisfactorily address the concerns of the NIFA directors and the requirements of the NIFA Act; (2) determined to impose on the County a modified 2018 Budget that, among other items, reduces County expenditures by \$31.5 million, including \$19.5 million of new changes prepared by the County as directed by NIFA; (3) approved the 2018-2021 Multi-Year Financial Plan, which incorporates the 2018 Budget as modified by NIFA; (4) directed the incoming County Executive to cause to be prepared and submitted under her name to NIFA, no later than March 15, 2018, a letter explaining how the County has implemented the \$19.5 million of new changes outlined in the resolution, together with such supporting documentation as may be required by NIFA, and/or a comprehensive substitute plan that details any changes to the 2018 Budget as modified by NIFA that the County would like to make; (5) stated that the County is free to reallocate budgeted resources and appropriations, including between departments and categories of spending (object codes); and (6) stated that unless the County Legislature passes Clerk Item 359-17, an ordinance to impose certain new fees within the Traffic and Parking Violations Agency relating to tracking and processing scofflaws, valued at approximately \$1 million, and such ordinance is subsequently approved by the County Executive on or before January 31, 2018, NIFA shall consider the County to be in violation of the resolution and shall pursue all appropriate and necessary remedies.

The descriptions of the 2018 Budget and the 2018-2021 Multi-Year Financial Plan that follow in this Appendix A reflect the 2018-2021 Multi-Year Financial Plan approved by NIFA on December 7, 2017.

As described in the 2018-2021 Multi-Year Financial Plan, the County is projecting budgetary deficits of \$32.2 million in 2019, \$56.4 million in 2020 and \$60.0 million in 2021, before gap closing measures. Figure 1 shows the gap projections and gap closing options contained in the 2018-2021 Multi-Year Financial Plan.

**FIGURE 1
GAP CLOSING PLAN (MAJOR OPERATING FUNDS)
2018-2021 MULTI-YEAR FINANCIAL PLAN
(IN MILLIONS)**

	2019 Plan	2020 Plan	2021 Plan
Current Baseline Surplus / (Gap)	\$(32.2)	\$(56.4)	\$(60.0)
<u>Gap Closing Options</u>			
<u>Expense/Revenue Actions</u>			
Revenue Initiatives	\$28.6	\$27.7	\$26.0
Health Insurance Cost Reduction	5.0	5.5	7.0
SUEZ Water Long Island Inc. Synergy Savings	3.0	3.0	4.0
Technology	1.0	2.0	2.0
ERP Implementation	1.0	2.0	2.0
Public Private Partnership (P3)		20.0	20.0
County's District Energy Facility	-	10.0	10.0
Strategic Sourcing	-	3.0	4.0
Consolidation Efficiencies	-	1.0	2.0
<u>NYS Actions</u>			
Mandate Reform	14.0	28.7	28.7
E-911 Reimbursement	3.5	6.9	6.9
NYS Highway Traffic Offense Reimbursement	2.8	5.7	5.7
Other NYS Legislative Actions	2.5	5.0	5.0
Hotel Motel Tax Rate Increase	2.4	4.8	4.8
Gap Closing Options	\$63.8	\$125.3	\$128.1
Surplus/ (Deficit) After Gap Closing Actions	\$31.6	\$68.9	\$68.1

The County plans to implement some or all of the gap-closing options described above to produce savings and/or generate revenues in order to close the projected gaps. One or more of these items may require State legislation, actions by the County Legislature, approval from NIFA and/or other actions beyond the control of the administration of the County. No assurance can be made that any such actions will be taken and/or necessary agreement will be achieved.

The County has identified a number of potential risks to its future financial performance. Such risks include, but are not limited to, a decline in County sales tax revenues, a decline in the real estate market, the inability to achieve various gap closing measures, the County's exposure to potentially adverse legal judgments, the continued commitment to institutionalization of financial and managerial reforms, the stability of NHCC and the future of the New York Racing Association and Off-Track Betting Corporations in the State. See "2018 Budget and 2018-2021 Multi-Year Financial Plan" herein. See "LITIGATION - Property

Tax Litigation - *Assessments*” herein for a discussion of the County’s ability to finance the payment of property tax refunds through borrowing.

Raising the age for criminal responsibility to 18 years of age was included as part of the State's fiscal year 2017-2018 budget legislation. The County may incur additional costs relating to juvenile offenders, including Family Court and social services. The State will reimburse the County for such costs only if the County’s tax levy is consistent with the limitations in the Tax Levy Limitation Law.

There are a number of contingencies the County could exercise in the event that risks emerge which threaten the County’s financial performance. For example, the County may continue using surplus current-year resources, if any, to defray expenses in the out-years of the 2018-2021 Multi-Year Financial Plan.

As discussed herein, the County is required to close substantial future budgetary gaps in order to maintain balanced operating results. There can be no assurance that the County will continue to maintain balanced operating results as required by the County Charter without revenue increases or expense reductions.

Following NIFA’s declaration of a control period on January 26, 2011, NIFA may continue to seek, among other things, to restrict in whole or in part, the County’s ability to issue debt to finance expenditures, including, but not limited to, capital projects, judgments and settlements, and property tax refunds. For further information regarding NIFA’s declaration of a control period, see “MONITORING AND OVERSIGHT – External – *NIFA*” herein.

For its normal operations, the County depends on aid from the State both to enable the County to balance its budget and to meet its cash flow requirements. There can be no assurance that there will not be reductions in State aid to the County from amounts currently projected, that State budgets will be adopted by the April 1 statutory deadline, that interim appropriations will be enacted or that any such reductions or delays will not have adverse effects on the County’s cash flow or revenues. In addition, the annual federal budget negotiation process could result in a reduction or a delay in the receipt of federal reimbursements that could have adverse effects on the County’s cash flow or revenues.

The County’s projections in its multi-year financial plans are based on various assumptions which are uncertain and may not materialize. Such assumptions are described throughout this Official Statement and include the condition of the regional and local economies, the provision of State and federal aid, and the impact on County revenues and expenditures of any future federal or State policies affecting the County.

Actual revenues and expenditures may be different from those forecasted in multi-year financial plans.

Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the County from its records. The presentation of such information is intended to show recent historical data and is not intended to indicate future or continuing trends in the financial position or other affairs of the County.

The factors affecting the County’s financial condition described throughout the Official Statement, including but not limited to those in this “APPENDIX A – INFORMATION ABOUT THE COUNTY,” are complex and are not intended to be summarized in this section. The Official Statement, including the Appendices, should be read in its entirety.

Superstorm Sandy

On October 29, 2012, Superstorm Sandy hit the New York metropolitan region causing widespread damage, including substantial damage to private homes, schools, and County and local government

infrastructure. In the aftermath, the County has worked with federal, State and other local governments, utility providers, and the private sector, to ensure a full recovery. The County has secured substantial federal assistance, including reimbursement of certain storm-related costs and losses, from FEMA and other federal agencies. On January 29, 2013, President Obama signed legislation providing supplemental appropriations of approximately \$50.5 billion to fund Superstorm Sandy recovery efforts and, on May 23, 2013, he ordered that all eligible storm expenses qualify for 90% federal reimbursement from FEMA.

As the County continues to rebuild damaged infrastructure to withstand future storm events, it is working with FEMA and the State to finalize and close out federal obligations awarded for debris removal and emergency protective measures. These obligations include reimbursement of eligible costs for storm preparation, evacuation and other emergency response and clean-up activities. To date, the County has received approvals from FEMA totaling over \$1.0 billion for disaster related activities and projects. The federal commitment is expected to continue to grow as FEMA is reviewing storm-related claims and obligating funds upon approval of those claims. The 10% non-federal share is funded from the State's Community Development Block Grant Disaster Recovery ("CDBG-DR") Program allocation, as noted in the New York State Action Plan, dated April 2013, and reaffirmed by Governor Cuomo in July 2014. The County is participating in this Local Match program administered by the Governor's Office of Storm Recovery and, to date, has received \$16.6 million from the program.

The County's largest disaster-related project (included in the amount noted above) is the permanent repair and mitigation of the Bay Park Sewer Treatment Plant and its related systems. Storm-related damages shut down the plant for several days. While the plant operations were quickly restored and waste treatment was within permitted levels in less than two months, the long-term repairs, which include building an earthen berm around the plant and other mitigation measures, will take several years to complete. In September, 2014, FEMA awarded \$729.7 million (90%) toward the total cost of \$810.7 million for the permanent repairs and mitigation measures. The remaining \$81.1 million (10%) is being provided through the State's CDBG-DR Program allocation, along with an additional \$20.0 million for needed electrical upgrades to the plant.

MONITORING AND OVERSIGHT

In addition to the oversight role of OMB within the administration, various entities monitor and review the County's finances pursuant to State or local law, including the County Comptroller, the County Office of Legislative Budget Review, NIFA, independent auditors and the State Comptroller.

Internal

County Comptroller

In accordance with the County Charter, the County Comptroller maintains and audits the County's accounts. These powers include: auditing County departments and contractors to identify and prevent waste, fraud and abuse; reviewing contract payment terms, and determining that funds are available for payment and that payment of vendor claims are appropriate; monitoring the County's budget and financial operations; preparing the County's year-end financial statements; and issuing fiscal impact statements on matters that significantly affect the financial health of the County.

Certificate of Achievement for Excellence in Financial Reporting

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. Such certificate is valid for a period of one year only.

Office of Legislative Budget Review

The non-partisan Office of Legislative Budget Review, established by the County Charter, analyzes financial data such as budgets, multi-year financial plans and capital plans on behalf of the County Legislature. The Office of Legislative Budget Review publishes reports from time to time on budgets, multi-year financial plans and the operations of select County departments. Such reports are available at the Office of Legislative Budget Review, 1550 Franklin Avenue, Mineola, New York 11501.

External

NIFA

Since enactment in 2000 of the Nassau County Interim Finance Authority Act, codified as Title I of Article 10-D of the State Public Authorities Law (the “NIFA Act”), creating NIFA, the County’s finances have been subject to oversight by NIFA, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. Under the NIFA Act, NIFA has both limited authority to oversee the County’s finances, including covered organizations as defined in the NIFA Act (“Covered Organizations”) and discussed further below, and upon the declaration of a control period (described below), additional oversight authority. The interim finance period under the NIFA Act expired at the end of 2008.

Pursuant to the NIFA Act, NIFA performs ongoing monitoring and review of the County’s financial operations, including, but not limited to: recommending to the County and the Covered Organizations measures related to their operation, management, efficiency and productivity; consulting with the County in preparation of the County’s budget; reviewing and commenting on proposed borrowings by the County (in the absence of a control period, as more fully described below); determining whether to make transitional State aid available; and performing audits and reviews of the County, any of its agencies and any Covered Organization.

As part of its oversight responsibilities, in the absence of a control period (described herein) NIFA is required to review the terms of and comment on the prudence of each issuance of bonds proposed to be issued by the County, and no such borrowing may be made unless first reviewed and commented upon by NIFA.

NIFA is further empowered to impose a control period, as defined in the NIFA Act, upon its 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 one percent or more in the aggregate results of operations of such funds during its fiscal year assuming all revenues and expenditures are reported in accordance with GAAP; (3) the County shall have otherwise violated any provision of the NIFA Act and such violation substantially impairs the marketability of the County’s bonds; or (4) the County Treasurer certifies at any time, at the request of NIFA or on the County Treasurer’s initiative, that on the basis of facts existing at such time, the County Treasurer cannot certify 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.

On January 26, 2011, NIFA adopted a resolution declaring a control period upon its determination that there existed a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures were reported in accordance with GAAP. In its determination, NIFA stated, among other things, that the County under GAAP, and thus the NIFA Act, could not count as revenues the proceeds of borrowings to pay property tax refunds, nor fund balance, despite having done so in prior years.

During a control period, NIFA is required to 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 multi-year 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. See "COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan" herein for a description of NIFA's actions with respect to the 2018-2021 Multi-Year Financial Plan.

On March 24, 2011, by resolution NIFA adopted Contract Approval Guidelines establishing parameters for approval of certain County contracts, including a dollar threshold for certain contracts of \$50,000 or more which must be approved by NIFA. Pursuant to the Contract Approval Guidelines, as amended, certain contracts are submitted to NIFA for approval following the County's internal approval process.

On March 24, 2011, NIFA (i) found that a wage freeze as authorized by the NIFA Act was essential to the County's adoption and maintenance of a fiscal year 2011 Budget that was in compliance with such legislation and (ii) declared a fiscal crisis; ordered that all increases in salary or wages of employees of the County, which were to take effect after the date of the order pursuant to collective bargaining agreements, other analogous contracts or interest arbitration awards, then in existence or thereafter entered into, requiring such salary increases as of any date thereafter were suspended; and ordered that all increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments for employees of the County which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitration awards requiring such increased payments as of any date thereafter were, in the same manner, suspended. On March 22, 2012, NIFA adopted (i) a similar wage freeze resolution with respect to the 2012 Budget and (ii) a similar resolution declaring a continuing fiscal crisis and ordering the suspension of increases in salary and wages and other payments as described above for a second year. On March 14, 2013, NIFA adopted (i) another similar wage freeze resolution with respect to the 2013 Budget and (ii) another similar resolution declaring a continuing fiscal crisis and ordering the suspension of increases in salary and wages and other payments as described above for a third year. On March 10, 2014, NIFA adopted (i) another similar wage freeze resolution with respect to the 2014 Budget and (ii) another similar resolution declaring a continuing fiscal crisis and ordering the suspension of increases in salary and wages and other payments as described above for a fourth year. On May 3, 2014, NIFA adopted resolutions approving respective memorandums of agreement between the County and four employee unions ending the wage freeze with respect to such unions. On September 10, 2014, NIFA adopted a resolution approving a memorandum of agreement between the County and a fifth employee union ending the wage freeze with respect to such union. The memorandums of agreement contain provisions to pay certain step increases and cost of living adjustments, among other things. On August 28, 2017, an arbitrator determined that members of a sixth union were entitled to certain benefits retroactive to March 23, 2015 related to the lifting of the wage freeze. See "APPENDIX F – COUNTY WORKFORCE" herein for information regarding such memorandums of agreement. Various collective bargaining units of the County have brought suits against the County and NIFA challenging the wage freeze actions described in this paragraph. The County and five of its unions respectively have agreed (among other things) to settle in part these cases, and such unions respectively have released the County and NIFA from liability for the parts of the lawsuit which were settled. The County intends to continue to defend itself vigorously against such action(s). See "LITIGATION – Other Litigation" herein for a description of such litigation.

NIFA has approved the issuance of the Bonds, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not within NIFA's powers to restrict the County's obligation to pay debt service on the Bonds or other County debt.

Under the NIFA 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 NIFA and the State Comptroller, and no such petition may be filed while NIFA bonds remain outstanding. NIFA bonds are outstanding through November 15, 2025. Under the NIFA Act, the term Covered Organizations includes NHCC and any other governmental agency, public authority or public benefit corporation which receives or may receive monies directly, indirectly or contingently from the County, with certain statutory exceptions. In addition, pursuant to Chapter No. 685 of the Laws of 2003, the Nassau County Sewer and Storm Water Finance Authority is a Covered Organization under the NIFA Act. See “NASSAU COUNTY SEWER AND STORM WATER FINANCE AUTHORITY” herein.

Independent Auditors

The County’s audited financial statements for the fiscal year ended December 31, 2016 are included by reference in this Official Statement as APPENDIX B. The report of RSM US LLP, the County’s independent auditor, relating to the County’s financial statements for the fiscal year ended December 31, 2016, which is a matter of public record, is included by reference in this Official Statement in APPENDIX B. RSM US LLP, the County’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement. The County’s financial statements are prepared in accordance with GAAP.

State Comptroller

The Department of Audit and Control of the State Comptroller’s office periodically undertakes performance audits and is also authorized to perform compliance reviews to ascertain whether the County has complied with the requirements of various State and federal laws.

STATEMENT OF REVENUES AND EXPENDITURES

Major Operating Funds

The 2018 Budget contains five major operating funds (the “Major Operating Funds”) - the General Fund, the Police Headquarters Fund, the Police District Fund, the Fire Prevention Fund and the Debt Service Fund - that support the primary operations of the County. The Police Headquarters Fund and the Fire Prevention Fund are special revenue funds with the same tax base as the General Fund. The Police District Fund does not have the same tax base as the General Fund.

The General Fund contains revenues and expenses for all County departments and offices other than the Fire Commission and the Police Department. The County frequently transfers funds between departments and offices in the General Fund to address needs as they arise. Revenues in this fund come primarily from County sales tax collections and a designated portion of the County property tax. Other sources of revenue include departmental fees, permits and licenses, investment income and State and federal aid.

The Police Headquarters Fund contains revenues and expenses for services the Police Department provides to all County residents, including crime investigations, ambulance services, traffic safety, highway patrol and administrative/support services. Revenues in this fund come primarily from a designated portion of the County property tax, special taxes, motor vehicle registration and other fees, and various fines and permits.

The Police District Fund contains revenues and expenses for the crime prevention services the Police Department’s precincts provide to a portion of the County’s residents. Revenues in this fund come primarily from a designated portion of the County property tax and various fines, permits and fees. Of the Major

Operating Funds, the Police District Fund is the only one that does not fund County-wide services. Only areas of the County receiving such services pay the Police District property tax.

The Fire Prevention Fund contains revenues and expenses for the Fire Commission, which ensures compliance with County fire safety codes and coordinates the operations of the various local fire districts. Revenues in this fund come primarily from a designated portion of the County property tax and various fees, fines and permits.

The Debt Service Fund contains all interest and principal payments for the County’s debt obligations, including administrative costs in connection with such borrowings, and accounts for NIFA sales tax set-asides. Because the County charges debt service payments to specific projects in departments, the Debt Service Fund is entirely supported by revenues transferred from other funds.

Revenues

The County derives its revenues from a variety of sources. The largest of these are the sales tax, the property tax, federal and State aid and departmental revenues. Figure 2 shows Major Operating Funds revenues.

FIGURE 2
REVENUES
(MAJOR OPERATING FUNDS)

REVENUE CATEGORY	<u>2014</u>	<u>2015</u>	<u>2016</u>	Projected <u>2017⁽³⁾</u>	Budgeted <u>2018</u>
Sales Tax ⁽¹⁾	\$1,095,192,899	\$1,105,800,932	\$1,124,085,638	\$1,149,735,127	\$1,188,796,610
Property Tax	803,356,948	832,121,705	813,761,925	818,486,402	814,701,604
State Aid	198,793,267	211,043,602	214,847,479	210,930,469	211,574,980
Federal Aid	131,876,700	140,203,328	140,444,717	135,906,002	134,593,732
Departmental Revenues	157,830,331	170,026,084	216,450,309	236,073,652	237,100,578
Other Revenues ⁽²⁾	<u>333,745,981</u>	<u>343,830,057</u>	<u>393,239,800</u>	<u>399,172,269</u>	<u>368,662,729</u>
Sub-total	\$2,720,796,126	\$2,803,025,708	\$2,902,829,868	\$2,950,303,921	\$2,955,430,233
Interdepartmental Transfers	<u>401,091,978</u>	<u>383,188,714</u>	<u>366,280,032</u>	<u>426,637,246</u>	<u>426,026,663</u>
Total	\$3,121,888,104	\$3,186,214,422	\$3,269,109,900	\$3,376,941,167	\$3,381,456,896

⁽¹⁾ Sales tax totals reflect collections prior to NIFA set-asides.

⁽²⁾ Consists primarily of fines and forfeitures, investment income, permits and licenses, and interest on unpaid property taxes, none of which individually exceeds the lowest amount from the other categories.

⁽³⁾ Projected as of October 31, 2017.

Sales Tax

The largest source of revenues for the County in the Major Operating Funds is the sales and compensating use tax (referred to herein as the “sales tax”), which constitutes approximately 40.2% of the total revenues in the 2018 Budget (excluding interdepartmental transfers). Figure 3 shows budgeted and actual (if available) sales tax revenues compared to budgeted and actual total revenues for the Major Operating Funds. See “COUNTY FINANCIAL CONDITION” herein.

FIGURE 3
 BUDGETED AND ACTUAL SALES TAX REVENUES COMPARED TO BUDGETED
 AND ACTUAL TOTAL REVENUES
 (MAJOR OPERATING FUNDS)

<u>Fiscal Year</u>	<u>Budgeted</u>			<u>Actual</u>		
	<u>Total Revenues</u>	<u>Sales Tax Revenues</u>	<u>Sales Tax as % of Total Revenues</u>	<u>Total Revenues</u>	<u>Sales Tax Collected</u>	<u>Sales Tax Collected as % of Total Revenues</u>
2018	\$2,955,430,233	\$1,188,796,610	40.2%	N/A	N/A	N/A
2017	2,970,979,140	1,142,491,476	38.5	N/A	N/A	N/A
2016	2,916,125,215	1,113,587,688	38.2	\$2,902,829,868	\$1,124,085,638	38.7%
2015	2,980,250,308	1,146,196,410	38.5	2,803,025,708	1,105,800,932	39.5
2014	2,789,811,937	1,165,863,333	41.8	2,720,796,126	1,095,192,899	40.3

Note: Sales tax totals reflect collections prior to NIFA set asides. All data exclude interdepartmental transfers.

The County’s sales tax is collected by the State. The total current sales tax rate in the County is 8½%, of which (i) 4¾% is the State’s share (including a ¾% component that is imposed within the Metropolitan Commuter Transportation District pursuant to Section 1109 of the State Tax Law) and (ii) 4¼% is the County’s share, out of which the County (a) must allocate a ¼% component to towns and cities within the County under a local government assistance program established by the County and authorized pursuant to Section 1262-e of the State Tax Law and (b) is authorized to allocate up to a ½% component to the villages within the County under a local government assistance program.

Pursuant to Section 1261 of the State Tax Law, all sales taxes, other than (i) amounts payable to towns, cities and villages in the County pursuant to a local government assistance program established by the County and (ii) amounts which the State Comptroller has reserved for refunds of taxes and the State’s reasonable costs in administering, collecting and distributing such taxes, are paid by the State Comptroller to NIFA as long as NIFA bonds are outstanding. These monies are applied by NIFA in the following order of priority: first, pursuant to NIFA’s contracts with bondholders to pay debt service on NIFA notes and bonds, second, to pay NIFA’s operating expenses not otherwise provided for, and third, pursuant to NIFA’s agreements with the County to the County as frequently as practicable.

The State has authorized the County to continue to impose the 4¼% local sales tax until November 30, 2020, and the County Legislature has implemented this authorization. The State has, in the past, enacted amendments to the State Tax Law to exempt specified goods and services from the imposition of sales taxes, or to reduce the rate of such taxes on such goods and services. There can be no assurance that future proposals will not result in additional exemptions or reductions.

Real Property Tax

The County’s second largest source of revenues in the Major Operating Funds is the real property tax, which constitutes approximately 27.6% of total revenues in the 2018 Budget (excluding interdepartmental transfers). The levy of the property tax is at the sole discretion of the County, subject to constitutional and statutory limitations. State law limits property tax levy increases by most municipalities in the State, including the County, to the lesser of 2% or the annual increase in CPI, over the prior year’s levy, with certain exceptions. See “THE BONDS – Tax Levy Limitation Law” in the Official Statement to which this Appendix is attached. The County is only at approximately 9.96% of its constitutional tax limit. See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Tax Limit” herein. Figure 4 shows

property tax levies in the Major Operating Funds. As indicated in Figure 4, beginning in 2016, LIPA PILOTs (defined below) are no longer included in the property tax levy but are being billed and collected separately.

FIGURE 4
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

<u>Fund⁽¹⁾</u>	<u>2014 Budgeted Levy</u>	<u>2015 Budgeted Levy</u>	<u>2016 Budgeted Levy⁽²⁾</u>	<u>2016 Tax Warrants⁽³⁾</u>	<u>2017 Budgeted Levy</u>	<u>2018 Budgeted Levy</u>
Police District Fund	\$361,727,267	\$367,974,960	\$391,419,191	\$374,661,129	\$384,142,945	\$380,448,990
Police Headquarters Fund	348,867,518	342,069,082	366,170,221	357,232,338	359,106,917	367,316,702
General Fund	80,509,740	106,380,782	30,502,492	66,745,688	57,628,750	51,677,392
Fire Prevention Fund	15,944,884	15,852,193	16,473,621	16,068,930	16,115,628	15,258,520
Total	\$807,049,409	\$832,277,017	\$804,565,525	\$814,708,085	\$816,994,240	\$814,701,604

(1) Excludes the Debt Service Fund, which is entirely supported by revenues transferred from other funds.

(2) Long Island Power Authority (“LIPA”) payments-in-lieu-of-taxes (“PILOTs”) paid pursuant to N.Y. Public Authorities Law (“PAL”) §1020-q in the amount of approximately \$37.8 million were not included in the budgeted 2016 tax levy in the Major Operating Funds. Such PILOTs were included in the tax levies in prior years, but are being billed and collected separately due to the implementation of amendments to PAL §1020-q.

(3) Subsequent to the adoption of the 2016 Budget, implementation of the amendments to PAL §1020-q required an adjustment to apply LIPA PILOTs budgeted in the General Fund to various other funds of the County, resulting in an increase in the 2016 tax levy in the Major Operating Funds of \$10,142,560, as reflected in the warrants for the collection of taxes from the County Legislature to the receivers of taxes in the County.

The percentage of Major Operating Funds revenues derived from the property tax has varied in recent years depending on the size of the annual property tax levy. Figure 5 shows budgeted and actual (if available) property tax revenues compared to budgeted and actual total revenues for the Major Operating Funds.

FIGURE 5
BUDGETED AND ACTUAL PROPERTY TAX REVENUES
(MAJOR OPERATING FUNDS)

<u>Fiscal Year</u>	<u>Budget</u>			<u>Actual</u>		
	<u>Total Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax as % of Total Revenues</u>	<u>Total Revenues</u>	<u>Property Tax Collected⁽¹⁾</u>	<u>Property Tax Collected as % of Total Revenues</u>
2018	\$2,955,430,233	\$814,701,604	27.6%	N/A	N/A	N/A
2017	2,970,979,140	816,994,240	27.5	N/A	N/A	N/A
2016	2,916,125,215	814,708,085 ⁽²⁾	27.9	\$2,902,829,868	\$813,761,925	28.0%
2015	2,980,250,308	832,277,017	27.9	2,803,025,708	832,121,705	29.7
2014	2,789,811,937	807,049,409	28.9	2,720,796,126	803,356,948	29.5

Note: All data exclude interdepartmental transfers.

(1) Includes collection of prior years’ taxes.

(2) Reflects the increase in the 2016 tax levy made subsequent to the adoption of the 2016 Budget. See footnote (3) to Figure 4 above.

The County typically collects approximately 97% of its levy in the fiscal year in which it is due. Substantially all of the remaining 3% is collected within two years, as shown in Figure 6.

FIGURE 6
PROPERTY TAX COLLECTIONS VERSUS LEVY
(IN THOUSANDS)
(MAJOR OPERATING FUNDS)

<u>Fiscal Year Beginning Jan. 1</u>	<u>Total Real Property Tax</u>	<u>Uncollected at End of Fiscal Year</u>	<u>Percentage Uncollected at End of Fiscal Year</u>	<u>Uncollected as of October 31, 2017</u>	<u>Percentage Uncollected as of October 31, 2017</u>
2017	\$816,994	N/A	N/A	\$33,630	4.12%
2016	814,708 ⁽¹⁾	\$20,273	2.49%	1,129	0.14
2015	832,277	22,638	2.72	959	0.12
2014	807,049	22,534	2.79	874	0.11
2013	804,789	22,418	2.79	667	0.08

⁽¹⁾ Reflects the increase in the 2016 tax levy made subsequent to the adoption of the 2016 Budget. See footnote (3) to Figure 4 above.

See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION” herein.

State and Federal Aid

Approximately 11.7% of the total revenues in the 2018 Budget (excluding interdepartmental transfers) is expected to come from federal and State reimbursement, mainly for human services and other mandated entitlement programs. Consequently, changes in the amount of County revenues derived from federal and State aid result from the levels of payments in connection with public assistance, day care, foster care, early intervention and special education.

Departmental Revenues

Departmental revenues include a variety of receipts generated by County departments, including parks usage fees, inspection fees, registration and licensing fees, data sales and permit fees.

Other Revenues

The remainder of the County’s revenues comes from several sources, among which are prior-year recoveries, contract disencumbrances, interest and penalties on delinquent taxes, investment income, miscellaneous revenues and special taxes. Special taxes include the off-track betting tax, the hotel/motel occupancy tax, the entertainment surcharge and the motor vehicle registration surcharge.

Expenditures

The County incurs expenditures in the Major Operating Funds for personnel-related costs, Medicaid, other social services entitlement programs, contractual services, debt service and a variety of other expenditures. Figure 7 shows annual expenditures by category.

FIGURE 7
EXPENDITURES BY CATEGORY
(MAJOR OPERATING FUNDS)

EXPENDITURE CATEGORY	2014	2015	2016	Projected 2017 ⁽²⁾	Budgeted 2018
Salaries & Wages	\$824,929,678	\$818,306,227	\$839,658,747	\$892,383,358	\$871,418,303
Fringe Benefits	464,006,054	475,096,830	501,979,811	542,614,782	577,169,228
Medicaid	248,230,297	235,725,135	237,423,889	233,870,224	237,685,256
DSS Entitlement Programs	175,533,094	175,774,422	166,064,979	169,979,171	170,258,171
Contractual Services	236,711,356	242,172,528	246,131,311	257,910,997	251,352,038
Administrative Expenses	72,878,504	71,167,204	62,813,205	72,490,296	67,425,252
Debt Service (Interest & Principal) ⁽¹⁾	151,335,384	164,158,118	183,450,296	209,915,920	221,296,800
Local Government Assistance	65,321,196	66,494,098	67,746,680	67,575,679	70,855,824
Mass Transportation	42,785,669	42,697,935	42,884,542	43,699,392	44,170,818
Other Expenses	428,407,673	426,289,281	441,699,080	458,545,394	443,798,543
SUB-TOTAL	\$2,710,138,905	\$2,717,881,778	\$2,789,852,540	\$2,948,985,213	\$2,955,430,233
Interdepartmental Transfers	401,091,978	411,256,724	438,272,986	426,637,246	426,026,663
TOTAL	\$3,111,230,883	\$3,129,138,502	\$3,228,125,526	\$3,375,622,459	\$3,381,456,896

⁽¹⁾ Does not include NIFA set-asides which are included in Other Expenses.

⁽²⁾ Projected as of October 31, 2017.

Figure 8 shows annual expenditures by fund, excluding interdepartmental transfers, in the Major Operating Funds.

FIGURE 8
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

	2014	2015	2016	Projected 2017 ⁽¹⁾	Budgeted 2018
General Fund	\$1,619,864,264	\$1,624,334,317	\$1,659,496,384	\$1,745,409,954	\$1,757,848,650
Debt Service Fund	339,404,270	346,253,622	355,907,690	375,264,357	369,528,944
Police District Fund	354,787,761	354,797,195	356,445,903	390,830,658	384,133,898
Police Headquarters Fund	376,179,217	372,236,388	397,532,197	415,688,939	422,520,612
Fire Prevention Fund	19,903,393	20,260,256	20,470,365	21,791,305	21,398,129
Total	\$2,710,138,905	\$2,717,881,778	\$2,789,852,540	\$2,948,985,213	\$2,955,430,233

Note: All data exclude interdepartmental transfers. Totals may not add due to rounding.

⁽¹⁾ Projected as of October 31, 2017.

Personnel-Related Expenditures

The largest category of expenditures in the Major Operating Funds is for personnel-related costs, including salaries and wages, fringe benefits and workers' compensation expenses, which comprise approximately 50.2% of total Major Operating Funds expenditures in the 2018 Budget (excluding interdepartmental transfers). Figure 9 shows the County's personnel-related expenditures, excluding interdepartmental transfers, in the Major Operating Funds.

FIGURE 9
PERSONNEL-RELATED EXPENDITURES
(MAJOR OPERATING FUNDS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Projected 2017⁽¹⁾</u>	<u>Budgeted 2018</u>
Salaries & Wages	\$824,929,678	\$818,306,227	\$839,658,747	\$892,383,358	\$871,418,303
Fringe Benefits	464,006,054	475,096,830	501,979,811	542,614,782	577,169,228
Workers' Compensation	25,184,905	28,163,422	31,173,496	33,236,575	34,299,182
Total	\$1,314,120,637	\$1,321,566,479	\$1,372,812,054	\$1,468,234,715	\$1,482,886,713

⁽¹⁾ Projected as of October 31, 2017.

Employee Earnings

Employee earnings include base wages, overtime, termination pay and other payments made to employees. Growth relates primarily to annual step increases and cost of living increases pursuant to collective bargaining agreements. See "APPENDIX F - COUNTY WORKFORCE" for details of wage agreements, staffing levels and wage freezes.

Health Insurance Contributions

The County pays the entire cost of health insurance coverage for all active employees and retirees hired prior to certain dates in 2014 other than non-union employees hired since January 1, 2002, for whom it pays 90% of the cost for family coverage and 95% of the cost for individual coverage. For union employees hired on or after certain dates in 2014, other than members of the Investigators Police Benevolent Association, the County pays 85% of the total cost of coverage for employees enrolled in the State's Empire Plan, or if such employees are enrolled in alternative health insurance plans, the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan. The vast majority of County employees are enrolled in the State's Empire Plan.

Health insurance rates are set by the State with respect to employees enrolled in the Empire Plan. Figure 10 displays the growth in the County's health insurance costs, excluding interdepartmental transfers, in the Major Operating Funds.

FIGURE 10
HEALTH INSURANCE COSTS
(MAJOR OPERATING FUNDS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Projected 2017⁽¹⁾</u>	<u>Budgeted 2018</u>
Employees	\$124,439,104	\$128,426,193	\$132,212,351	\$148,029,796	\$165,938,274
Retirees	127,619,183	128,807,683	141,390,715	144,143,950	153,842,571
Total	\$252,058,287	\$257,233,876	\$273,603,066	\$292,173,746	\$319,780,845

⁽¹⁾ Projected as of October 31, 2017.

Pension Contributions

The majority of County employees are members of the New York State and Local Employees' Retirement System (the "ERS"), a defined benefit plan. Sworn County police officers are members of the New York State and Local Police and Fire Retirement System (the "PFRS"), also a defined benefit plan.

The County is required to make contributions on behalf of its employees into the pension system. ERS has six different tiers of membership which cover service dates ranging from prior to July 1, 1973 for Tier 1 through April 1, 2012 and after for Tier 6. PFRS has five different tiers of membership which cover service dates ranging from prior to July 31, 1973 for Tier 1 through April 1, 2012 and after for Tier 6. PFRS has no Tier 4. ERS Tiers 3 and 4 members are required to contribute 3% of their gross salaries for their first ten years of service, while there are no contributions required of PFRS members through Tier 3. Tier 5 was enacted in 2009 and is effective for ERS employees hired on or after January 1, 2010, and PFRS employees hired on or after January 9, 2010, but before April 1, 2012. ERS and PFRS employees in Tier 5 contribute 3% of their salaries and there is no provision for these contributions to cease after a certain period of service. Tier 6 is effective for new ERS and PFRS employees hired on or after April 1, 2012 other than PFRS members subject to an existing collective bargaining agreement. All new County PFRS members hired on or after April 1, 2014 are enrolled in Tier 6. Among other provisions, Tier 6 increases employee contribution rates in a progressive fashion from 3% to 6% (depending on the level of salary); increases the retirement age from 62 to 63; vests after 10 years of service; includes an optional defined contribution plan for new non-union employees with salaries \$75,000 and above; changes the time period for final average salary calculations from three to five years; and limits pension benefits for employees earning more than the Governor's salary. The County's expenses are funded on an actuarial basis determined by the State, and the County is assessed on an annual basis for its share of the State retirement system's pension costs. The County's pension costs are shown in Figure 11.

Beginning in fiscal year 2011, the Contribution Stabilization Program, created pursuant to Part TT of Chapter 57 of the Laws of 2010 (the "Contribution Stabilization Program"), authorized participating employers to defer a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the Contribution Stabilization Program, thereby reducing a participating employer's annual pension contribution in a given year by paying a portion of such contribution over time. The County participated in the program in fiscal years 2012 and 2013. Through 2013, the total amount of pension expense the County has deferred under this program was approximately \$96.4 million (all funds)*. Pursuant to the terms of the Contribution Stabilization Program, the County pays the amount deferred in equal annual installments with interest over a ten-year period, which it may prepay at any time without penalty. The interest rate on the deferred amount in a particular year is fixed for the duration of the ten-year repayment period. For more information regarding the County's pension plans and funding policy, see Note 12 in the County's financial statements attached hereto as APPENDIX B.

* A portion of the County's pension costs is reimbursed by Nassau Community College and certain grant programs.

Beginning in fiscal year 2014, the County elected to participate in an alternate option to the Contribution Stabilization Program. Similar to the Contribution Stabilization Program, this option known as the “Alternate Contribution Stabilization Program,” establishes a graded contribution rate system that enables eligible employers to pay a portion of their annual contribution over time. This is intended to lead to smoother, more predictable pension costs, while still achieving full funding in each system over the long-term. By switching to the Alternate Contribution Stabilization Program, the County cannot return to the Contribution Stabilization Program. The Alternate Contribution Stabilization Program is characterized by the following provisions: contribution rates for 2014 and 2015 of 12% for ERS and 20% for PFRS; rates thereafter can only increase/(decrease) 0.50% per year; the difference between the Alternate Contribution Stabilization Program and the normal contribution amounts are amortized over 12 years; interest accrues at the 12-year U.S. Treasury rate plus 1%; and employers cannot withdraw once opting in, but retain the flexibility to pre-pay the deferred amount. Through 2017, the total amount of pension expense that the County has deferred under the Alternate Contribution Stabilization Program is approximately \$203.2 million (all funds)*, which, when added to the \$96.4 million deferred under the Contribution Stabilization Program results in the County having deferred a total of approximately \$299.6 million of pension expense under both programs. As of December 31, 2017, the total deferred pension expense is estimated to be \$210.1 million.

FIGURE 11
PENSION COSTS
(ALL FUNDS)

<u>Pension System</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Budgeted 2018</u>
Gross Invoice Amounts (Excluding Installments on Prior Deferrals)	\$189,168,805	\$204,494,966	\$191,835,323	\$175,064,061	\$174,116,889	\$173,130,894
Installments on Prior Deferrals	<u>4,744,262</u>	<u>11,519,829</u>	<u>19,064,351</u>	<u>25,392,188</u>	<u>29,618,567</u>	<u>32,549,959</u>
Gross Invoice Amounts	\$193,913,067	\$216,014,795	\$210,899,674	\$200,456,249	\$203,735,456	\$205,680,853
Less: Pension amounts deferred ⁽¹⁾	(57,583,796)	(71,471,700)	(60,885,653)	(41,133,654)	(29,737,580)	(24,647,652)
Less: Discount for Paying December 15th vs. February 1st	<u>(1,724,203)</u>	<u>(1,887,118)</u>	<u>(1,807,915)</u>	<u>(1,684,135)</u>	<u>(1,592,215)</u>	<u>(1,593,408)</u>
Pension Amounts (Net of Deferrals and Discounts)	\$134,605,068	\$142,655,977	\$148,206,106	\$157,638,460	\$172,405,661	\$179,439,793
Employees Retirement System (ERS)	66,276,404	68,624,350	73,017,518	79,679,088	84,576,729	88,054,338
Police and Fire Retirement System (PFRS)	<u>68,328,664</u>	<u>74,031,627</u>	<u>75,188,588</u>	<u>77,959,372</u>	<u>87,828,932</u>	<u>91,385,455</u>
Total Net Pension Expense	\$134,605,068	\$142,655,977	\$148,206,106	\$157,638,460	\$172,405,661	\$179,439,793

(1) Represents amounts deferred and paid over time pursuant to the Contribution Stabilization Program and the Alternate Contribution Stabilization Program. The amounts for 2013 are from the Contribution Stabilization Program and are being amortized over the subsequent ten years, while the amounts from 2014, 2015, 2016, 2017 and 2018 are from the Alternate Contribution Stabilization Program which first became available in 2014 and are being amortized over the subsequent twelve years.

Other Post-Employment Benefits

GASB Statement No. 45 (“GASB 45”) issued by the Government Accounting Standards Board (“GASB”) requires municipalities and school districts to account for other post-employment benefits (“OPEB”) much like they account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities

* A portion of the County’s pension costs is reimbursed by Nassau Community College and certain grant programs.

and school districts have not set aside any funds against this liability. The County is in compliance with the requirements of GASB 45 and as of December 31, 2016, the County's net OPEB obligation was approximately \$5.2 billion, which includes both the County and an allocation of NHCC cost. In 2016, the County expended approximately \$164.8 million to pay for OPEB. The County is not required to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current benefits. For more information, see Note 15 and "Required Supplementary Information" in the County's financial statements attached hereto as APPENDIX B.

Medicaid

Under the State Medicaid cap law, certain of the County's Medicaid expenses are capped at a formula-derived base amount, which is a percentage increase from certain actual 2005 local share expenses, less certain 2005 Medicaid-related revenues. The County's required local share of Medicaid disproportionate share payments to NHCC are not subject to the cap.

The County's 2016 Medicaid expenditures, other than its required local share of Medicaid disproportionate share payments to NHCC, were \$237.4 million. The County expects to continue to fund its disproportionate share payments through inter-governmental transfer payments from NHCC, such that there is no budget impact to the County. The 2018-2021 Multi-Year Financial Plan reflects annual Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of \$237.7 million.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 5.7% (excluding interdepartmental transfers) of the 2018 Budget, such as payments for public assistance, foster care, day care and preventive services, the majority of which are partially reimbursed by the federal government or the State.

Contractual Services

Contractual services total 8.9% (excluding interdepartmental transfers) of the 2018 Budget. The majority of this category is a contract with a private operator to provide bus service in the County. In addition, this category covers payments to outside vendors for a variety of services, including community-based human services programming, consulting services and legal services.

Debt Service

Debt service expenditures, which include interest and principal payments and NIFA set-asides, total \$369.6 million in the 2018 Budget. See "COUNTY INDEBTEDNESS AND DEBT LIMITATIONS" herein.

Other Expenses

The remainder of the County's expenditures falls into several categories including: special education; the local government assistance program to cities, towns and villages; mass transportation subsidies; and other-than-personal services costs for utilities and administrative expenses.

Other Funds

Other County funds include:

The Community College Fund supports the County's financial obligations with respect to Nassau Community College, which receives approximately 24.7% of its operating revenues from a dedicated property tax levied County-wide.

The Sewer and Storm Water Resources District Fund is self-supporting and contains funding for the County's sewage disposal and collection system as well as the storm water resources system. It contains

expenses related to the County's agreement with an operator to manage the system, County Department of Public Works employees assigned to these functions, associated debt service and other costs.

The Capital Fund contains expenses associated with the County's infrastructure improvement program and bonded judgments and settlements. The bulk of revenue supporting the Capital Fund comes from the proceeds of debt issued by or on behalf of the County. A lesser amount originates from non-County sources such as the federal government and the State.

The County receives outside funding, primarily from the federal government and the State, that completely funds the cost of certain programs, most of which are for health and human services and public safety, which it allocates to the Grant Fund.

The Open Space Fund contains revenues generated from a percentage of County real estate sales, private gifts and grants to preserve undeveloped land in the County.

COUNTY INDEBTEDNESS AND DEBT LIMITATIONS

Computation of County Debt Limit

The Constitutional limit of total indebtedness that can be incurred by the County is 10% of the average full valuation of real estate for the latest five years. See “Constitutional Provisions” herein. Figure 12 sets forth the debt limit of the County and its debt contracting margin. As shown in Figure 12, the County has substantial additional debt issuance capacity.

FIGURE 12
STATEMENT OF CONSTITUTIONAL DEBT MARGIN
(AS OF OCTOBER 31, 2017)
(IN THOUSANDS)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2013 through 2017 ⁽¹⁾	
2017 Full Valuation ⁽²⁾	\$ 215,397,489
2016 Full Valuation	212,185,368
2015 Full Valuation	204,607,718
2014 Full Valuation	200,331,933
2013 Full Valuation	205,123,200
Total	\$1,037,645,708
Average Full Valuation	\$207,529,142
Constitutional Debt Margin	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	\$20,752,914
Outstanding Indebtedness	
County General Obligations ⁽³⁾	\$2,282,581
NIFA Bonds	783,650
Notes	187,813
Real Property Liabilities	8,372
Guarantees	206,635
Contract Liabilities	521,545
Total Outstanding Indebtedness	\$3,990,596
Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	\$419,598
Tax and Revenue Anticipation Notes Payable	39,495
Less: Total Exclusions	\$459,093
Net Outstanding Indebtedness (17.02%)	\$3,531,503
Constitutional Debt Margin (82.98%)	\$17,221,411

⁽¹⁾ Full valuation figures for 2013 through 2016 are verified by the Office of the State Comptroller.

⁽²⁾ 2017 full valuation is based on preliminary data from the County and the Office of the State Comptroller.

⁽³⁾ Includes County General Improvement Bonds, Sewer and Storm Water Resources District Bonds and County Bonds issued to the New York State Environmental Facilities Corporation (“EFC”). See “APPENDIX D – OUTSTANDING OBLIGATIONS” for further information about such indebtedness.

Bonded Indebtedness

Figure 13 shows outstanding County and NIFA bonds and the purposes for which such debt was issued.

FIGURE 13
BONDED INDEBTEDNESS
(AS OF OCTOBER 31, 2017)

County Debt ⁽¹⁾	\$2,282,580,686
NIFA Debt	783,650,000
Total	<u>\$3,066,230,686</u>

⁽¹⁾ Includes County General Improvement Bonds, Sewer and Storm Water Resources District Bonds and County Bonds issued to EFC. See "APPENDIX D – OUTSTANDING OBLIGATIONS" for further information about such indebtedness.

See APPENDIX D herein for a list of outstanding County and NIFA obligations.

Following from NIFA's declaration of a control period on January 26, 2011, NIFA may continue to seek, among other things, to restrict in whole or in part the County's ability to issue debt to finance expenditures, including, but not limited to, capital projects, judgments and settlements, and property tax refunds. For further information regarding NIFA's declaration of a control period, see "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

Figure 14 sets forth the amount of County debt that has been authorized but unissued by purpose.

FIGURE 14
SUMMARY OF BONDS AUTHORIZED BUT UNISSUED
(AS OF OCTOBER 31, 2017)
(IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	\$20,092
Information Technology	13,148
Infrastructure	171,242
Land Acquisition	12,070
Parks & Recreation	17,305
Public Safety	56,502
Sewer & Storm Water	855,076
Property Tax Refunds and Other Judgments & Settlements	9,640
TOTAL	\$1,155,075

The authorized amounts in Figure 14 refer to amounts for which the County has adopted ordinances authorizing the issuance of debt for capital projects and other purposes pursuant to the Local Finance Law, but has not yet issued debt pursuant to such authority. Such authorization expires ten years after adoption of the approving bond ordinance if it has not been used, encumbered or rescinded prior to that time. See “CAPITAL PLANNING AND BUDGETING” herein.

Debt Service Requirements

Figure 15 sets forth the principal and interest payments on outstanding County bonds and NIFA bonds.

Figure 15
Total County and NIFA Debt Service
(as of October 31, 2017)

Date	County Bonds ^{1,2}			NIFA Bonds ³			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2017	\$ 6,910,000	\$ 2,904,192	\$ 9,814,192	\$129,666,000	\$ 13,997,436	\$143,663,436	\$ 136,576,000	\$ 16,901,628	\$ 153,477,628
12/31/2018	111,093,490	118,196,707	229,290,197	118,505,000	23,931,235	142,436,235	229,598,490	142,127,942	371,726,432
12/31/2019	119,006,051	105,131,314	224,137,365	123,500,000	19,891,280	143,391,280	242,506,051	125,022,594	367,528,645
12/31/2020	124,995,174	99,199,991	224,195,165	117,556,000	15,639,788	133,195,788	242,551,174	114,839,779	357,390,953
12/31/2021	130,312,736	92,883,275	223,196,011	90,085,000	11,414,579	101,499,579	220,397,736	104,297,854	324,695,590
12/31/2022	136,539,858	86,418,381	222,958,239	78,689,000	8,056,427	86,745,427	215,228,858	94,474,808	309,703,666
12/31/2023	128,084,981	80,171,695	208,256,676	59,719,000	4,867,813	64,586,813	187,803,981	85,039,508	272,843,489
12/31/2024	129,484,104	74,032,380	203,516,484	46,465,000	2,646,387	49,111,387	175,949,104	76,678,767	252,627,871
12/31/2025	129,932,788	67,713,259	197,646,047	19,465,000	830,682	20,295,682	149,397,788	68,543,941	217,941,729
12/31/2026	123,226,911	61,473,592	184,700,503	0	0	0	123,226,911	61,473,592	184,700,503
12/31/2027	129,231,034	55,293,557	184,524,591	0	0	0	129,231,034	55,293,557	184,524,591
12/31/2028	120,174,718	48,738,775	168,913,493	0	0	0	120,174,718	48,738,775	168,913,493
12/31/2029	116,953,841	42,801,460	159,755,301	0	0	0	116,953,841	42,801,460	159,755,301
12/31/2030	102,473,000	37,266,634	139,739,634	0	0	0	102,473,000	37,266,634	139,739,634
12/31/2031	86,343,000	32,169,001	118,512,001	0	0	0	86,343,000	32,169,001	118,512,001
12/31/2032	79,368,000	27,743,338	107,111,338	0	0	0	79,368,000	27,743,338	107,111,338
12/31/2033	83,423,000	23,648,380	107,071,380	0	0	0	83,423,000	23,648,380	107,071,380
12/31/2034	73,753,000	19,566,183	93,319,183	0	0	0	73,753,000	19,566,183	93,319,183
12/31/2035	72,060,000	15,725,647	87,785,647	0	0	0	72,060,000	15,725,647	87,785,647
12/31/2036	51,355,000	12,175,658	63,530,658	0	0	0	51,355,000	12,175,658	63,530,658
12/31/2037	48,245,000	9,722,252	57,967,252	0	0	0	48,245,000	9,722,252	57,967,252
12/31/2038	35,450,000	7,694,870	43,144,870	0	0	0	35,450,000	7,694,870	43,144,870
12/31/2039	31,840,000	6,077,848	37,917,848	0	0	0	31,840,000	6,077,848	37,917,848
12/31/2040	28,735,000	4,608,253	33,343,253	0	0	0	28,735,000	4,608,253	33,343,253
12/31/2041	30,120,000	3,215,670	33,335,670	0	0	0	30,120,000	3,215,670	33,335,670
12/31/2042	31,570,000	1,755,412	33,325,412	0	0	0	31,570,000	1,755,412	33,325,412
12/31/2043	21,900,000	503,985	22,403,985	0	0	0	21,900,000	503,985	22,403,985
Total	\$2,282,580,686	\$1,136,831,709	\$3,419,412,395	\$783,650,000	\$101,275,627	\$884,925,627	\$3,066,230,686	\$1,238,107,336	\$4,304,338,022

1. Payments under County guarantees in connection with NHCC debt are not included in the chart.

2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations.

3. Interest rates on the NIFA 2008 Series A-D variable rate bonds are calculated using the fixed rate swap.

Each of NIFA and NHCC is a party to existing interest rate exchange agreements entered into to hedge outstanding variable rate bonds. NHCC interest rate exchange agreements are backed by a guaranty of the County. Though the County is not a counter-party to any of these interest rate exchange agreements, the County's financial position may be affected in certain instances by their performance. The County understands and regularly monitors these risks. See "THE COUNTY – County Financial Management – *Financial Policies* – Swap Policy" and "NASSAU HEALTH CARE CORPORATION" herein. For a description of existing interest rate exchange agreements, see "APPENDIX D – OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements."

Refunded Bonds

Various outstanding County bond issues have been refunded for present value debt service savings, in addition to County bonds refunded or restructured by NIFA.

Capital Leases

The County has entered into various capital leases, installment sales contracts and lease purchase agreements. Figure 16 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 16
MINIMUM LEASE PAYMENTS
CAPITAL LEASES (IN THOUSANDS)
(AS OF DECEMBER 31, 2016)⁽¹⁾

Fiscal Year Ending December 31:	
2017	\$ 847
2018	860
2019	873
2020	887
2021	901
2022-2025	<u>3,348</u>
Future Minimum Payments	7,716
Less Interest	<u>3,141</u>
Present Value of Future Minimum Lease Payments	\$ 4,575

⁽¹⁾ Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2016.

Short-Term Indebtedness

The County expects from time to time to issue bond anticipation notes (“BANs”), tax anticipation notes (“TANs”) and revenue anticipation notes (“RANs”).

Bond Anticipation Notes

The County utilizes BANs for short-term financing of capital expenditures with the expectation that the principal amount thereof will be refinanced with the proceeds of long-term bonds or repaid with State or federal funds. Figure 17 shows recent and expected issuance of BANs by the County.

FIGURE 17
SHORT-TERM INDEBTEDNESS
BOND ANTICIPATION NOTES (IN MILLIONS)

Note	2014	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018 ⁽³⁾
Bond Anticipation Notes	<u>\$114.4</u>	<u>\$92.9</u>	<u>\$164.5</u>	<u>\$139.3</u>	<u>\$0</u>

⁽¹⁾ Includes \$5,170,000 Bond Anticipation Notes, 2016 Series B, issued June 14, 2016, to renew, in part, the Bond Anticipation Notes, 2015 Series B, and \$98,895,000 Bond Anticipation Notes, 2016 Series D (Federally Taxable), issued December 14, 2016, to renew, in part, the Bond Anticipation Notes, 2015 Series C (Federally Taxable), 2016 Series A (Federally Taxable) and 2016 Series C (Federally Taxable).

⁽²⁾ Includes the 2017 Series B Bond Anticipation Notes, dated December 12, 2017.

⁽³⁾ Projected, based on the 2018-2021 Multi-Year Financial Plan projections.

Cash Flow Notes

The County periodically issues RANs and TANs to fund the County’s short-term cash flow needs. Figure 18 shows recent and expected issuances of RANs and TANs by the County.

FIGURE 18
CASH FLOW NOTES (IN MILLIONS)

Note	2014	2015	2016	2017⁽¹⁾	2018⁽²⁾
Revenue Anticipation Notes	\$199.9	\$178.5	\$119.6	\$ 0.0	\$377.0
Tax Anticipation Notes	197.9	198.5	257.8	377.3	0.0
Total	\$397.8	\$377.0	\$377.4	\$377.3	\$377.0

⁽¹⁾ Inclusive of the 2017 Series A and 2017 Series B Tax Anticipation Notes, dated December 12, 2017.

⁽²⁾ Projected.

The County expects to continue to undertake one or more cash flow borrowings annually.

Recent and Projected Bond Issuances

Figure 19 shows the County’s recent and projected bond issuances.

FIGURE 19
COUNTY BONDS (IN MILLIONS)

2014	2015	2016⁽¹⁾	2017⁽²⁾	2018⁽³⁾
\$237.8	\$198.5	\$533.1	\$473.4	\$339.3

⁽¹⁾ Inclusive of the \$272,810,000 General Obligation Bonds, 2016 Refunding Series A.

⁽²⁾ Includes the 2017 Series C Bonds offered hereby.

⁽³⁾ Projected.

See “CAPITAL PLANNING AND BUDGETING” herein for additional information concerning the County’s projected borrowings.

Constitutional Provisions

Limitations on indebtedness (some of which apply to guarantees by the County of NHCC debt as hereinafter described below and under “NASSAU HEALTH CARE CORPORATION” herein) are found in Article VIII of the State Constitution and are implemented by the Local Finance Law. The provisions of Article VIII referred to in the following summaries are generally applicable to the County and the obligations authorized by its County Legislature. There is no constitutional limitation on the amount that may be raised by the County by tax upon real estate in any fiscal year to pay principal of and interest on County indebtedness. See, however, “THE BONDS – Tax Levy Limitation Law” in the Official Statement to which this Appendix is attached regarding statutory limitations on the ability of the County to levy taxes.

Article VIII, Section 1

The County shall not give or loan any money or property to or in aid of any individual or private corporation, association or private undertaking nor shall the County give or loan its credit to or in aid of any of the foregoing or a public corporation. This provision does not prevent the County from contracting indebtedness for the purpose of advancing to a town or school district pursuant to law the amount of unpaid taxes returned to the County. Notwithstanding the provisions of Article VIII, Section 1 of the State Constitution, Article 17, Section 7 provides that the State Legislature may authorize a municipality to lend its money or credit to or in aid of any corporation or association, regulated by law as to its charges, profits, dividends, and disposition of its property or franchises, for the purpose of providing hospital or other facilities for the prevention, diagnosis or treatment of human disease, pain, injury, disability, deformity or physical condition, and for facilities incidental or appurtenant thereto as may be prescribed by law.

Article VIII, Section 2

The County shall not contract indebtedness except for a County purpose. No such indebtedness shall be contracted for longer than the period of probable usefulness of the purpose or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. The County must pledge its faith and credit for the payment of the principal of and the interest on any of its indebtedness. Except for certain short-term indebtedness contracted in anticipation of the collection of taxes and indebtedness to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, all indebtedness shall be paid in annual installments. Indebtedness must be paid in annual installments commencing not more than two years after the debt was contracted and no installment shall be more than 50% in excess of the smallest prior installment unless the governing body of the County provides for and utilizes substantially level or declining annual debt service payments. Provision shall be made annually by appropriation by the County for the payment of interest on all indebtedness and for the amounts required for the amortization and redemption of serial bonds.

Article VIII, Section 4

The County shall not contract indebtedness which including existing indebtedness shall exceed 10% of the five-year average full valuation of taxable real estate therein. The average full valuation of taxable real estate of the County is determined pursuant to Article VIII, Section 10 of the State Constitution by taking the assessed valuations of taxable real estate on the last completed assessment roll and the four preceding rolls and applying to such rolls the ratio (as determined by the State Office of Real Property Tax Services or such other State agency or official as the State Legislature shall direct) which such assessed valuation bears to the full valuation. The Local Finance Law requires that the face value of the principal amount of guarantees by the County of NHCC debt be deemed indebtedness for the purpose of this constitutional provision. See "NASSAU HEALTH CARE CORPORATION" herein. Article VIII, Section 5 and Article VIII, Section 2-a, of the State Constitution enumerate exclusions and deductions from the Constitutional debt limit. Such deductions include indebtedness incurred for water and certain sewer facilities.

Statutory Provisions

Title 8 of the Local Finance Law contains the statutory limitations on the power to contract indebtedness. Section 104.00 limits, in accordance with Article VIII, Section 4 of the Constitution, the ability of the County to contract indebtedness to 10% of the five-year average full valuation of taxable real estate. The statutory provisions implementing constitutional provisions authorizing deductions and

excluding indebtedness from the debt limits are found in Title 9 and Title 10 of the Local Finance Law. In addition to the constitutionally enumerated exclusions and deductions, deductions are allowed for cash or appropriations for debt service pursuant to the authority of a decision of the State Court of Appeals. NIFA is not subject to the provisions of the Local Finance Law; however, obligations issued by NIFA on behalf of the County count toward the County's debt limit.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the power and procedure for the County to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including, but not limited to, the County Charter and the County Law.

Pursuant to the Local Finance Law, the County Charter and the County Law, the County authorizes the issuance of bonds by the adoption of an ordinance, approved by a super-majority vote of the voting strength of the members of the County Legislature, the finance board of the County. Customarily, the County Legislature has delegated to the County Treasurer, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds. The Local Finance Law also provides that where a bond ordinance is published with a statutory form of estoppel notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. such obligations are authorized for a purpose for which the County is not authorized to expend money; or
2. (a) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations; and (b) an action, suit, or proceeding contesting such validity, is commenced within twenty days after the date of such publication; or
3. such obligations are authorized in violation of the provisions of the State Constitution (the "Estoppel Procedure").

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, or class of objects or purposes, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (State Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. Historically, the County has authorized bonds for a variety of County objects or purposes.

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing.

In general, the Local Finance Law also contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including budget notes, capital notes, deficiency notes, revenue anticipation notes and tax anticipation notes.

CAPITAL PLANNING AND BUDGETING

The County Charter requires the County to have a four-year capital plan and an annual capital budget. The Charter sets forth deadlines for the County Executive to submit a proposed capital plan and capital budget to the County Legislature, describes the minimum informational requirements to be contained therein, and contains a schedule and structure for the legislative review, modification and approval process.

Capital Plan and Capital Budget

The County Legislature has approved the capital budget for fiscal year 2016 (as it may be amended from time to time, the “2016 Capital Budget”) and the capital plan for fiscal years 2016-2019 (as it may be amended from time to time, the “2016-2019 Capital Plan”). The 2016 Capital Budget is approximately \$206.1 million, the revenue for which is a combination of long-term debt (or bond anticipation notes) and local, State or federal aid. The amount of such debt projected to be issued by or on behalf of the County for objects or purposes in the 2016 Capital Budget is approximately \$192.5 million. The amount of debt issued by the County each year will vary depending upon capital expenditure requirements. Following from NIFA’s declaration of a control period on January 26, 2011, NIFA may continue to seek, among other things, to restrict in whole or in part the County’s ability to issue debt to finance expenditures, including, but not limited to, capital projects, judgments and settlements, and property tax refunds. For further information regarding NIFA’s declaration of a control period, see “MONITORING AND OVERSIGHT – External – *NIFA*” herein. County financings often include prior-year(s) approved capital items. The major components of the 2016 Capital Budget and the 2016-2019 Capital Plan are listed in Figure 20.

FIGURE 20
2016-2019 CAPITAL PLAN

<u>Category</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Buildings	\$11,704,482	\$13,269,272	\$14,037,478	\$7,850,000
Equipment	7,935,119	7,350,000	7,100,000	7,125,000
Infrastructure	23,713,218	21,650,000	10,750,000	10,750,000
Parks	10,600,000	3,500,000	2,250,000	2,250,000
Property	-	500,000	-	-
Public Safety	27,600,000	18,700,000	7,750,000	7,750,000
Roads	32,650,000	30,500,000	23,500,000	23,500,000
Technology	6,050,000	3,350,000	3,350,000	3,350,000
Traffic	8,400,000	23,113,000	20,113,000	20,113,000
Transportation	2,700,000	4,500,000	3,000,000	1,000,000
Sewer and Storm Water	74,700,000	88,300,000	13,750,000	13,750,000
Total	\$206,052,819	\$214,732,272	\$105,600,478	\$97,438,000
Non Debt Financed	\$13,508,337	\$17,688,000	\$12,688,000	\$12,688,000
Debt Financed	\$192,544,482	\$197,044,272	\$92,912,478	\$84,750,000

REAL PROPERTY ASSESSMENT AND TAX COLLECTION

Real Property Assessment

The County Assessor assesses all real property within the County to support the County's property tax levy and the tax levies for the three towns, all but one of the 56 school districts, and approximately 225 County and town special districts. The County is one of only two county assessing units in the State.

Property Tax Refunds

The County pays refunds of property taxes levied or imposed by the County Legislature, which, in addition to County taxes, includes those of the towns, special districts and all but one of the school districts in the County. Based on a provision of the County Administrative Code, the County may not charge the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by Article 7 of the State Real Property Tax Law ("RPTL").

Administrative Review of Assessments

Administrative review of assessments in the County is the responsibility of ARC, which is headed by a chairman appointed by the County Executive. During the tentative roll period, corrections of assessments by ARC do not generate refund liability for the County. In addition to its ability to correct the tentative assessment roll, ARC is authorized to resolve administratively up to three years of pending litigation. See "LITIGATION – Property Tax Litigation" herein.

Real Property Tax Limit

The amount that may be raised by the County tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness is limited to two per centum (2%) of the average five-year full valuation of real estate of the County in accordance with the provisions of Article VIII of the State Constitution (1½%) and the County Law (additional ½%), less certain deductions as prescribed therein. State legislation limits the amount by which the real property tax levy may be increased from year to year. See "THE BONDS – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.

Figure 21 sets forth the constitutional real property taxing limit of the County.

FIGURE 21
 COMPUTATION OF CONSTITUTIONAL TAXING POWER
 (IN THOUSANDS)

Year Roll Completed	Full Valuation of Real Estate ^(c)
2017	\$ 215,397,489 ^(d)
2016	212,185,368
2015	204,607,718
2014	200,331,933
2013	205,123,200
Total	<u>\$1,037,645,708</u>
Five-Year Average Full Valuation	\$ 207,529,142
Tax Limit ^(a)	\$4,150,583
Total Exclusions ^(b)	186,506
Total Taxing Power for 2017 Levy	4,337,089
Total Levy 2017	600,070
Tax Levy Subject to Limit	413,564
Percentage of Taxing Power Exhausted	9.96%

- ^(a) The State Constitution limits the tax on real estate to one and one-half per centum of the average five-year full valuation, and provides that the State Legislature may prescribe a method to increase this limitation to not to exceed two per centum. The tax limit was raised to two per centum by provisions of the County Law and a resolution adopted by the County Board of Supervisors, predecessor to the County Legislature. See "THE BONDS – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.
- ^(b) Interest on and principal of indebtedness supported by real property taxes for fiscal year 2017 is excluded from the calculation of real estate taxes limited under the provisions of Article VIII, Section 10 of the State Constitution.
- ^(c) Full valuation figures for 2013 through 2016 are verified by the Office of the State Comptroller.
- ^(d) Full valuation for 2017 is based on preliminary data from the County and the Office of the State Comptroller.

Largest Real Property Taxpayers

Figure 22 shows the largest real property taxpayers in the County.

FIGURE 22
LARGEST REAL PROPERTY TAXPAYERS
2017

Taxpayer	Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value (%)
KEYSPAN GAS EAST CORP	\$ 14,976,042	2.64%
VERIZON NEW YORK INC	4,146,864	0.73
RETAIL PROPERTY TRUST	3,971,029	0.70
LONG ISLAND WATER CORP	2,045,643	0.36
LONG ISLAND POWER AUTHORITY (LIPA)	1,834,739	0.32
THE STATE OF NEW YORK	1,312,085	0.23
SUNRISE MALL LLC	1,037,366	0.18
FIFTH AVENUE OF LONG ISLAND REALTY ASSOC.	933,928	0.16
REXCORP PLAZA SPE LLC	905,794	0.16
RECKSON ASSOCIATION	879,814	0.16
JQ ASSOCIATES	768,577	0.14
MARCUS AVENUE UNIT ONE NOMINEE LLC	752,158	0.13
KRE BROADWAY OWNER LLC	714,400	0.13
TREELINE 100-400 GCP LLC	631,761	0.11
CLK MARCUS AVENUE PROPERTY OWNER LLC	628,605	0.11
ONE-TWO JERICHO PLAZA OWNER LLC	622,208	0.11
CORPORATE PROPERTY INVESTORS	607,313	0.11
WE'RE ASSOCIATES INC	599,813	0.11
CLK-HP	564,979	0.10
JMM RACEWAY LLC & MATTONE GROUP	535,393	0.09
EQUITY 1 WESTBURY LLC	528,059	0.09
COUNTRY GLEN LLC	502,356	0.09
T1 FRANKLIN AVENUE PLAZA LLC	468,980	0.08
ASN ROOSEVELT CENTER LLC	468,620	0.08
ROCKAWAY REALTY ASSOCIATES	410,853	0.07
TOTAL (TOP 25)	\$ 40,847,379	7.21%
TOTAL TAX BASE	\$566,820,068	100%

⁽¹⁾The amounts reflect a level of assessment for commercial properties of 1% of full value.

Collection

General and school district taxes levied by the County are collected by the receivers of taxes for each of the three towns and the two cities within the County, as applicable. General taxes include taxes and similar levies for the County, towns and special districts.

County, Town and Special District Taxes

One-half of all taxes upon real estate, except school district taxes, are due and payable on the first day of January, and the remaining and final one-half of such taxes on real estate are due and payable on the first day of July. All such taxes are and become liens on the real estate affected thereby and are

construed and deemed to be charged thereon on the respective days when they become due and payable and remain such liens until paid. The second half of such tax on real estate which is due on the first day of July may be paid on the first day of January, the date when the first half becomes due and payable, or at any time thereafter. The second half may be thus paid if the first half shall have been paid or shall be paid at the same time. A discount of one per cent is allowed on those payments of the second half which are made on or before February tenth. Such discounts are a town or city charge as the case may be. In the event such discounts allowed by a city receiver on the State and County taxes of a given taxable year exceed fifty per cent of the amount of penalties and interest collected by such city receiver on the State and County taxes of such taxable year during the time the receiver has had in his or her possession the consolidated tax warrant for such taxable year and the portion of the assessment roll annexed thereto containing the real property within such city, the County must reimburse such city for such excess of such discounts.

The receivers of taxes pay to the towns and special districts, as applicable, the amount of the levies for town and special districts and then pay the difference to the County. The County collects delinquent general taxes following the return of unpaid general taxes by the receivers to the County on September first. See *"Delinquency Procedure"* within this section.

The receivers of taxes are required to pay to the County Treasurer on the fifteenth day of each month all County taxes they have collected prior to the first day of such month.

School District Taxes

One-half of all school taxes upon real estate are due and payable on the first day of October and the remaining and final one-half of such taxes on real estate are due and payable on the first day of the following April. All such taxes are liens on the real estate affected thereby and are construed and deemed to be charged thereon on the respective days when they become due and payable and remain such liens until paid. The second half of such tax which is due on the first day of April may be paid on the first day of October, the date when the first half becomes due and payable, or at any time thereafter. The second half may be thus paid if the first half shall have been paid or shall be paid at the same time. A discount of one per cent is allowed on those payments of the second half which are made on or before November tenth. Such discounts are a town charge.

Uncollected school district taxes are returned by the receivers to the County on June first. The County then pays the school districts the amounts billed and uncollected by the receivers. The County collects delinquent school district taxes following the return of unpaid school district taxes. See *"Delinquency Procedure"* within this section. This procedure covers all but one of the school districts in the County.

The County is authorized to pay monies due to the school districts from funds on hand or may borrow monies for such purpose pursuant to the provisions of the Local Finance Law.

Delinquency Procedure

(a) General taxes

Penalties on taxes due January first: if paid on or before February tenth, no interest or penalty; if paid on or before August thirty-first, no penalty; if paid after February tenth, interest is added at the rate of one per cent per month calculated from January first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes

and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of September. If taxes are paid after August thirty-first, a penalty fee of 6% is added.

Penalties on taxes due July first: if paid on or before August tenth, no interest or penalty; if paid on or before August thirty-first, no penalty; if paid after August tenth, interest is added at the rate of one per cent per month calculated from July first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of September. If taxes are paid after August thirty-first, a penalty fee of 6% is added.

Penalties and interest on general taxes collected by the receivers are paid to the towns or cities as applicable; those collected by the County (i.e., after the return of taxes by the receivers to the County) are retained by the County.

(b) School district taxes

Penalties on taxes due October first: if paid on or before November tenth of the current year, no interest or penalty; if paid on or before May thirty-first of the following year, no penalty; if paid after November tenth of the current year, interest shall be added at the rate of one per cent per month calculated from October first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of June of the following year. If taxes are paid after May thirty-first of the following year, a penalty fee of 6% is added.

Penalties on taxes due April first: if paid on or before May tenth, no interest or penalty; if paid on or before May thirty-first, no penalty; if paid after May tenth, interest is added at the rate of one per cent per month calculated from April first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of June. If taxes are paid after May thirty-first, a penalty fee of 6% is added.

Penalties and interest on school district taxes collected by the receivers are paid to the towns; those collected by the County (i.e., after the return of taxes by the receivers to the County) are retained by the County.

(c) Tax Lien Sale

The County holds an annual tax lien sale each February. The taxpayer is charged additional statutory interest of 10% per each six-month period, for a maximum of 24 months until paid if he pays his taxes after the tax lien sale. Taxpayers receiving a hardship designation pay additional statutory interest of 5% per each six-month period until paid for up to an additional year (following the initial 24 months). Tax liens not sold at auction become owned by the County.

The holder of a tax lien for a property other than those classified as class one or as a class two condominium pursuant to section 1802 of the RPTL, if it has not been satisfied within 24 months of the sale date, may obtain a deed of conveyance from the County Treasurer or foreclose his tax lien. The holder of a tax lien for a property classified as class one or as a class two condominium pursuant to section 1802 of the RPTL, if it has not been satisfied within 24 months of the sale date, may commence a foreclosure action provided the property owner has not been granted a one-year extension through hardship designation.

The County Treasurer has at times sold groups of County-owned tax liens in bulk.

NASSAU HEALTH CARE CORPORATION

NHCC is a public benefit corporation that provides health care primarily to the County's uninsured and underinsured population. Pursuant to State authorizing legislation (hereinafter referred to as the "NHCC Act"), the County transferred its hospital, nursing home and health centers and clinics to NHCC effective September 29, 1999 as provided in the Acquisition Agreement between the County and NHCC dated as of September 24, 1999. The County and NHCC subsequently entered into the Stabilization Agreement dated as of September 22, 2004 (the "Stabilization Agreement") in order to stabilize the financial condition of NHCC. The County and NHCC then entered into the Successor Agreement dated as of November 1, 2007 (the "Successor Agreement") to clarify the relationship between the parties. The NHCC Act also permits the County (i) to enter into contracts with NHCC for services; (ii) to appropriate sums of money to defray NHCC's project costs or other expenses; (iii) to lend its money or credit to NHCC; and (iv) to issue County notes and bonds for NHCC objects or purposes.

Under the NHCC Act, NHCC is governed by a board of fifteen directors, eight of whom are appointed by the Governor (two on recommendation of the County Executive, three on recommendation of the majority leader of the County Legislature, one on recommendation of the minority leader of the County Legislature, one on recommendation of the Speaker of the State Assembly and one on recommendation of the Temporary President of the State Senate), four by the County Legislature and three by the County Executive.

County-guaranteed NHCC Bonds

The County has provided a direct-pay guaranty on NHCC's Series 2009A Bonds and on its Series 2009B, C and D Bonds, which are variable rate bonds secured by letters of credit. The County also has guaranteed interest rate exchange agreements associated with NHCC bonds. See APPENDIX D herein for listings of outstanding County-guaranteed NHCC variable rate bonds and associated interest rate exchange agreements.

See "COUNTY INDEBTEDNESS AND DEBT LIMITATIONS – Debt Service Requirements" and "THE COUNTY – County Financial Management – *Financial Policies* – Swap Policy" herein. The Successor Agreement provides for the County to offset all debt service related payments, including payments to swap counterparties, against any payments it makes to NHCC.

NASSAU COUNTY SEWER AND STORM WATER FINANCE AUTHORITY

The Nassau County Sewer and Storm Water Finance Authority (the "SSWFA") is a State public authority empowered to issue debt to finance County sewer or storm water projects within its statutory authorization. It does not own or operate any facilities, and does not provide sewer or storm water services. The SSWFA is governed by a seven-member board appointed by the County Executive and confirmed by the County Legislature. The presiding officer and the minority leader of the County Legislature each nominate two of the appointees, and the County Comptroller nominates one of the appointees. It is a Covered Organization under the NIFA Act. See "MONITORING AND OVERSIGHT – External – NIFA" herein.

The County has entered into an agreement with the SSWFA for the financing of County sewer or storm water projects, although the County also continues to issue debt for such purposes.

The County includes in its annual levy of an ad valorem assessment (tax) for the Nassau County Sewer and Storm Water Resources District (the “District”) amounts needed to pay the costs of the SSWFA. Each city and town receiver of taxes in the County collects such assessments and distributes them to the SSWFA trustee for SSWFA requirements. The County on behalf of the District then receives the balance of the assessments.

LITIGATION

The County and its officers and employees are defendants in a number of lawsuits. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of or related to: condemnation proceedings and assessments, and alleged torts, civil rights violations, breaches of contracts including union and employee disputes, and other alleged violations of law. The County intends to defend itself vigorously against all claims and actions.

The County self-insures for most risk exposures. It has transferred some of its risk by means of carrying property and liability insurance coverage on its police helicopters, a blanket fidelity bond covering all County employees and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. The County has a contractual obligation to reimburse NHCC for the cost of certain insurance coverage in connection with NHCC’s provision of health care services at the County’s correctional center. Essentially all other risks are assumed directly by the County. The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County bonds, subject, however, to NIFA approval during the control period. Estimated liabilities of approximately \$367.3 million for claims and litigation (excluding tax certiorari claims) have been recorded as a liability in the County’s government-wide financial statement of net position as of December 31, 2016. Such estimated liabilities include liabilities resulting from several third-party actions that were filed against the County seeking indemnification for judgments and/or claims pending against the Towns of Hempstead, North Hempstead and Oyster Bay, as well as garbage districts within these towns relating to the refund of special ad valorem levies on mass properties of utilities (Verizon, American Water and others) for garbage and refuse collection services. The towns and garbage districts have sought to have the County indemnify these judgments on the basis that the County is allegedly a guarantor for any claim for an illegal assessment for non-benefitted properties. In January 2017, the County settled the outstanding claims of the Town of Hempstead. The settlement agreement requires the County to pay to the Town of Hempstead (x) approximately \$18 million in satisfaction of certain judgments and claims against the County (which the County has paid) and (y) seventy percent of the amount of judgments and settlements paid by such town prospectively on the remaining existing claims of such town, in installments over ten years, subject to certain conditions. The County estimates that the cumulative amount of all such resolved claims of the Town of Hempstead is approximately \$125 million. The remaining claims of the Town of North Hempstead and the two Town of Oyster Bay garbage districts are estimated to be approximately \$13 million.

Approximately \$235.7 million has been recorded as a liability in the County’s government-wide financial statement of net position at December 31, 2016 related to workers’ compensation claims, as estimated by the County’s third-party administrator. Such amounts are only estimates, and no assurance can be given that additional claims will not be made or that the ultimate liability on existing and future claims will not be greater.

The County is a party to numerous claims and legal actions for refunds of real property taxes asserted by taxpayers seeking review of assessments. See “Property Tax Litigation – *Assessments*” within this section.

Property Tax Litigation

Assessments

The County is a party to numerous claims and legal actions for refunds of real property taxes asserted by taxpayers. The County intends to defend itself vigorously against all such claims and actions.

Expenditures recorded in the County’s governmental fund statements for all such claims in each of the fiscal years 2012 to 2016, inclusive, is shown below (in millions):

2016.....	\$92.1
2015.....	96.9
2014.....	95.4
2013.....	81.3
2012.....	9.5

The County Comptroller recorded a long-term liability of \$302.9 million for estimated future property tax refunds in the County’s government-wide financial statement of net position at December 31, 2016. The County Comptroller recorded an additional accrued liability for property tax refunds of \$37.1 million as liabilities in the governmental fund statements and as current liabilities in the government-wide financial statement of net position at December 31, 2016 (which is also included in the \$92.1 million in 2016 expenditures recorded in the governmental fund statements described in the preceding paragraph). The 2018-2021 Multi-Year Financial Plan includes no borrowing to finance property tax refunds. Various taxpayers have brought actions to convert certain judgments and/or settlements for real property tax refunds into enforceable money judgments, certain of which have been withdrawn following payment. While intending to continue to defend itself vigorously in the remaining money judgment actions, the County nevertheless expects to pay the remaining underlying judgments and/or settlements (approximately \$51 million) by the end of 2018. State law creating a Disputed Assessment Fund requires class four (commercial) property owners in the County to pay a charge projected to be equivalent to the amount of taxes being disputed in proceedings brought by them under Article 7 of the RPTL. This provides a recurring revenue source for the payment for such refunds related to the 2016-2017 school districts and 2017 general tax rolls and each tax roll thereafter.

Following from NIFA’s declaration of a control period on January 26, 2011, NIFA may continue to seek, among other things, to restrict in whole or in part the County’s ability to issue debt to finance expenditures, including, but not limited to, the payment of property tax refunds. For further information regarding NIFA’s declaration of a control period, see “MONITORING AND OVERSIGHT – External – NIFA” herein. See “COUNTY FINANCIAL CONDITION – 2018 Budget and 2018-2021 Multi-Year Financial Plan” herein.

No assurance can be given as to the County’s ultimate liability on existing and future refund claims. Furthermore, these amounts do not include litigation relating to real estate taxation other than challenges to assessments. For a discussion of such other litigation, see “*Other Property Tax Litigation*” within this section.

Other Property Tax Litigation

New York Telephone Company (now known as Verizon), New York Water Service Corporation (now known as American Water), Long Island Water Corporation (now known as American Water) and KeySpan (collectively, the “Utilities”) have each filed actions and proceedings challenging the determination of their taxes in 1997, 1998, 1999, and 2000 in the non-County-wide special districts such as police, fire, water and library districts. The Utilities allege that the County erroneously placed all

parcels in classes pursuant to the RPTL in calculating their assessed values for the payment of special district taxes. The Supreme Court, Nassau County declared that the assessments violated the RPTL and constitutional requirements of equal protection. The court directed that discovery be conducted and a trial held to determine the amount of tax refunds, if any, to be awarded to the Utilities. In 2002, the Appellate Division, Second Department, determined that the County violated the RPTL, but granted the County summary judgment dismissing the complaints on the grounds that no refunds should be awarded because of the fiscal impact on the special districts. In 2004, the Court of Appeals remitted the case to the Supreme Court, Nassau County for a trial on both the amount of the refunds due and whether those damages would have such an adverse impact on the County that no refunds should be ordered. In the KeySpan litigation, the Supreme Court, Nassau County denied the County's motion to dismiss the complaint and ordered discovery to proceed in the matter and the related Utilities cases. The court then stayed discovery pending the County's appeal to the Appellate Division concerning the application of the so-called County guaranty in these matters and those described in succeeding paragraph (ii). In June 2014, the Appellate Division denied the County's appeal and in September 2014, the Court of Appeals denied the County's application for leave to appeal the Appellate Division's decision. The court lifted the stay of discovery and has denied the County's motion to dismiss on the grounds that the relief sought could only be granted by the exclusive remedy of an RPTL Article 7 challenge. Plaintiffs moved for re-argument based on the court's ruling that evidence of financial hardship could be a mitigating factor in determining damages. The County also moved for re-argument, which is scheduled for December 2017. The trial on damages is expected to take place in 2018. The County intends to continue to defend itself vigorously in these actions and proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. The County cannot state with certainty the amount of a refund if the court were to order one, but has estimated, depending on the methodology of calculation, that such refund could be as high as \$200 million. The matters described in this paragraph were considered when estimating liabilities for claims and litigation (excluding tax certiorari claims) that were recorded as a liability in the County's government-wide financial statement of net position as of December 31, 2016 as described earlier in this section.

Other Litigation

(i) In February 2013, the U.S. District Court for the Eastern District of New York issued a decision in *Carver, et al. v. Nassau County Interim Finance Authority, et al.* granting the plaintiffs' (law enforcement unions) motion for summary judgment seeking to nullify NIFA's imposition of a wage freeze in 2011. Although the matter was brought by plaintiffs in federal court, the court resolved the motion on exclusively State law grounds, i.e., an interpretation of State Public Authorities Law Section 3669. In September 2013, the U.S. Court of Appeals for the Second Circuit vacated the decision of the U.S. District Court and remanded the matter for further proceedings, specifically, directing the U.S. District Court to dismiss the State law claim and retain jurisdiction only over the federal constitutional claim. In October 2013, plaintiffs notified the U.S. District Court that they intended to file a State court action regarding the authority of NIFA to impose the wage freeze under State law. At that time, the U.S. District Court stayed the federal action "pending completion of the state court proceeding...without prejudice to re-opening, upon letter application, at the conclusion of the state court proceedings." In March 2014, the State Supreme Court ruled in this and related lawsuits that NIFA "did not exceed its authority to impose wage freezes in 2011, 2012 and 2013." In August 2016, the Appellate Division upheld the Supreme Court's decision, and in December 2016, the State Court of Appeals denied the plaintiffs' motions seeking leave to appeal the Appellate Division decision. The parties are awaiting a decision from the U.S. District Court on the federal questions raised by the plaintiffs. The County and the unions respectively have agreed (among other things) to settle in part this and certain related cases, and such unions respectively have released the County and NIFA from liability for the parts of the lawsuits that were settled. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the ultimate outcome of this and related cases or their ultimate impact on the County's

financial condition; however, the County estimates that, in the event of a final adverse decision, the amount of its retroactive liability for this and related cases would be approximately \$101 million, including ancillary costs such as payroll taxes and pension contributions, among others. This amount is not included in the 2018-2021 Multi-Year Financial Plan. The matters described in this paragraph were considered when estimating liabilities for claims and litigation (excluding tax certiorari claims) that were recorded as a liability in the County's government-wide financial statement of net position as of December 31, 2016 as described earlier in this section.

(ii) In *Restivo v. County of Nassau, et al.*, *Kogut v. County of Nassau, et al.* and *Halstead v. County of Nassau, et al.*, plaintiffs sued for compensatory and punitive damages arising out of their 1985 arrests and 1986 convictions in the rape and murder of Theresa Fusco. In 2003, the Nassau County District Attorney's Office joined plaintiffs' (then defendants') counsel in a motion to vacate the judgment of conviction against them because DNA technology disclosed that John Kogut, John Restivo and Dennis Halstead were not the sources of the DNA found in the victim's body. Based upon Mr. Kogut's prior confession, he was re-tried in 2005. After a bench trial, the County Court Judge acquitted Mr. Kogut. Shortly thereafter (in 2005), the indictment against Mr. Restivo and Mr. Halstead was dismissed. In 2006, plaintiffs commenced the present federal civil rights actions. In November 2012, the jury found the County and the other defendants not liable in these actions. In July 2013, Judge Joanna Seybert denied Mr. Kogut's motion to set aside the jury verdict and granted in part Mr. Halstead's and Mr. Restivo's motions to set aside the verdict due to the possibility the jury did not understand the court's charge with respect to their claim of malicious prosecution, which the Judge nonetheless deemed "legally correct." In May 2015, the U.S. Court of Appeals for the Second Circuit affirmed the denial of Mr. Kogut's motion for a new trial. The County moved for reconsideration of the decision granting Mr. Halstead and Mr. Restivo a new trial, or, in the alternative, for permission to appeal the decision. In October 2013, Judge Seybert denied the County's motion and in a re-trial that concluded in April 2014, the jury found only one defendant, a now-deceased County police officer, liable for violations of the plaintiffs' civil rights. A subsequent trial for damages was held and in April 2014 the jury set damages at \$36 million. In November 2014, Judge Seybert denied the County's post-verdict motion to set aside the verdict at the re-trial. The County appealed the verdict from the re-trial as well the original underlying determination to grant the re-trial after the County and the other defendants were found not liable in November 2012. The estate of the deceased County police officer (which the County is indemnifying) has taken over the appeal in its entirety. In March 2015, plaintiffs began proceedings seeking enforcement of the \$36 million judgment, including having the court impose the judgment against the County. Pursuant to a stipulated agreement, the enforcement of the judgment has been stayed pending the outcome of the appeal by the estate. In November 2015, Judge Seybert awarded plaintiffs approximately \$5 million in attorneys' fees and costs, which the estate appealed. In August 2016, plaintiffs moved to lift the stay of enforcement of the \$36 million judgment. In January 2017, a three-judge panel of the U.S. Court of Appeals for the Second Circuit affirmed the \$36 million judgment and the award of approximately \$5 million in attorneys' fees and costs. In April 2017, U.S. Court of Appeals for the Second Circuit denied the estate's motion for rehearing suggesting *en banc* determination. The estate's petition for review to the U.S. Supreme Court is pending. Judge Seybert ordered a stay of enforcement of the judgment pending appeal conditioned upon the County setting aside \$45 million in a dedicated bank account for payment if the appeal is unsuccessful, which it has done. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. The matters described in this paragraph were considered when estimating liabilities of claims and litigation (excluding tax certiorari claims) that were recorded as a liability in the County's government-wide financial statement of net position as of December 31, 2016 as described earlier in this section.

(iii) In March 2014, plaintiffs in *Donald & Norman Boening v. Nassau County Department of Assessment and the County of Nassau* brought said action to have County Local Law 8-2013 declared

invalid on the grounds that the County did not have the authority to require commercial property owners to submit annual income and expense statements to the County Department of Assessment. In May 2015, the State Supreme Court upheld the validity of the law while reserving a decision on the ability of the County to enforce its penalty provisions. Appellate arguments were held in May 2017 on the plaintiffs' appeal of that decision. In 2015 and in early 2017, the court granted temporary restraining orders ("TROs") in this and similar actions preventing the County from enforcing the law's penalty provisions with respect to litigants and non-litigants pending litigation. In April 2017, the court lifted the TROs except with respect to the plaintiffs in this and similar actions (approximately 1,500) challenging enforcement of the law. The 2017 Budget includes \$10 million in projected revenues from enforcement of the law. The County has collected approximately \$1 million of penalties to date but has not recognized such revenue in 2017. On December 5, 2017, the State Supreme Court ruled that the law's penalties constitute an illegal tax in view of the manner in which the funds are utilized. As such, the County may not impose the penalties. The County expects to appeal the decision. If the decision is not reversed, the County would be required to refund any penalties collected. Approximately \$5.2 million of such penalties are included in the 2018 Budget. The County will continue to defend itself vigorously in these actions and proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition.

(iv) In January 2017, plaintiff Jeffrey Falk, on behalf of himself and others similarly situated, brought a lawsuit in State Supreme Court challenging the County's tax map verification fee alleging that the fee is excessive of costs and constitutes an illegal tax enacted for general revenue purposes. The fee is charged for the verification of a tax map of real property that must accompany the recordings of mortgages, satisfactions, and other real property transactions. The plaintiff sought an injunction of the fee, a declaration that the fee is unlawful and money damages. The court granted the County's motion to dismiss the request for injunctive relief, conversion and money damages. The court, however, did not dismiss the plaintiff's claim for declaratory judgment on the legality of the fee. The County will continue to defend itself vigorously in these actions and proceedings. If the fee is declared illegal in its entirety, the County would forego annual collections of approximately \$43 million.

(v) In 2015, 2016, and 2017, certain members of County collective bargaining units respectively filed five lawsuits in federal court challenging the County's calculation of overtime under the federal Fair Labor Standards Act ("FLSA"). Among plaintiffs' allegations are that the County did not calculate their overtime correctly because longevity pay, shift differential payments and hazardous duty payments were not included in their regular rate of pay, and that the County systemically failed to pay overtime timely within the pay period earned. Beginning in 2017, the court has either certified or is expected to certify respective classes of County employees that allegedly may have been affected by an improper calculation and payment of overtime, and consolidated certain lawsuits for efficiency. If plaintiffs are successful in establishing that the County's calculations of overtime are not consistent with FLSA, the County would be responsible for liquidated damages for the classes. The County will continue to defend itself vigorously in these actions and proceedings. The County cannot state with certainty the amount of such potential damages and attorneys' fees, but has estimated, depending on the size of the classes and the methodology of calculation, that they could total approximately \$80-120 million.

With the exception of the litigation discussed herein, based on historical precedent, no litigation is pending by or against the County which will be finally determined so as to result individually or in the aggregate in final judgments against the County which would materially adversely affect the financial condition of the County.

RECENT LEGAL DEVELOPMENTS

On October 20, 2016, an indictment was unsealed in United States District Court, Eastern District of New York charging County Executive Mangano and then-Oyster Bay Town Supervisor John Venditto with conspiracy to commit federal program bribery and honest services fraud, as well as the related substantive counts, and charging Mr. Mangano and others with extortion. The indictment also charges Mr. Mangano, Linda Mangano, and Mr. Venditto with obstructing justice, and Mrs. Mangano and Mr. Venditto with making false statements. On November 21, 2017, a superseding indictment was unsealed charging Mr. Venditto with additional counts of securities fraud. The Manganos are not charged in any of the counts of securities fraud, which resulted in the superseding indictment. The charges in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty. Mr. Mangano and the other defendants have entered pleas of not guilty.

PROPERTY TAX RATES AND LEVIES

Property Tax Rates

Figures 23 and 24 show County tax rates but do not include local, town, city, school, village or town special district tax rates for the respective political subdivisions in the County.

FIGURE 23
GENERAL COUNTY TAX RATES
COUNTY-WIDE PURPOSES BY FUND AND CLASS (I-IV)
PER \$100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN

	<u>Town of Hempstead</u>					<u>Town of North Hempstead</u>					<u>Town of Oyster Bay</u>				
	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013
General County ^(a)															
I	12.169	17.056	24.008	18.711	24.142	12.169	17.056	24.002	18.699	24.130	12.169	17.066	24.000	18.702	24.140
II	5.864	2.322	6.370	3.318	7.792	5.864	2.322	6.364	3.306	7.781	5.864	2.332	6.362	3.309	7.791
III	8.524	9.774	14.599	9.620	14.252	8.524	9.774	14.593	9.608	14.240	8.524	9.784	14.592	9.612	14.250
IV	6.356	.922	4.587	1.872	6.821	6.356	.922	4.581	1.861	6.810	6.356	.933	4.579	1.864	6.819
Community College															
I	11.024	10.343	10.043	9.820	9.421	11.024	10.343	10.043	9.820	9.421	11.024	10.343	10.043	9.820	9.421
II	5.313	5.429	5.457	5.298	5.300	5.313	5.429	5.457	5.298	5.300	5.313	5.429	5.457	5.298	5.300
III	7.722	7.915	7.596	7.150	6.928	7.722	7.915	7.596	7.150	6.928	7.722	7.915	7.596	7.150	6.928
IV	5.759	4.963	4.994	4.873	5.055	5.759	4.963	4.994	4.873	5.055	5.759	4.963	4.994	4.873	5.055
Police Headquarters															
I	78.485	72.925	66.184	65.989	56.970	78.486	72.925	66.184	65.989	56.970	78.483	72.925	66.184	65.989	56.970
II	29.561	38.279	35.962	35.601	32.047	29.562	38.279	35.962	35.601	32.047	29.560	38.279	35.962	35.601	32.047
III	50.201	55.802	50.063	48.043	41.894	50.202	55.802	50.063	48.043	41.894	50.200	55.802	50.063	48.043	41.894
IV	33.379	34.988	32.906	32.748	30.566	33.380	34.988	32.906	32.748	30.566	33.378	34.998	32.906	32.748	30.566
Fire Prevention															
I	3.403	3.301	3.087	3.036	2.790	3.403	3.301	3.087	3.036	2.790	3.403	3.301	3.087	3.036	2.790
II	1.640	1.733	1.677	1.637	1.570	1.640	1.733	1.677	1.637	1.570	1.640	1.733	1.677	1.637	1.570
III	2.383	2.526	2.335	2.210	2.052	2.383	2.526	2.335	2.210	2.052	2.383	2.526	2.335	2.210	2.052
IV	1.778	1.584	1.535	1.506	1.497	1.778	1.584	1.535	1.506	1.497	1.778	1.584	1.535	1.506	1.497
Environmental Bond															
I	0	0	1.881	1.851	2.067	0	0	1.881	1.851	2.067	0	0	1.881	1.851	2.067
II	0	0	1.022	.998	1.163	0	0	1.022	.998	1.163	0	0	1.022	.998	1.163
III	0	0	1.423	1.347	1.520	0	0	1.423	1.347	1.520	0	0	1.423	1.347	1.520
IV	0	0	.935	.918	1.109	0	0	0.935	.918	1.109	0	0	.935	.918	1.109

^(a) The County Legislature determines the general County tax rate for each of the towns and cities in the County after allocation of certain sales and compensating use tax revenues in the County.

FIGURE 24
GENERAL COUNTY TAX RATES
COUNTY-WIDE PURPOSES, BY FUND AND CLASS (I-IV)
PER \$100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN

	<u>City of Glen Cove</u>					<u>City of Long Beach</u>				
	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013
General County(a)										
I	12.169	17.048	24.012	18.730	24.138	12.169	31.013	38.624	33.425	37.371
II	5.864	2.314	6.374	3.337	7.789	5.864	16.279	20.986	18.032	21.022
III	8.524	9.766	14.604	9.639	14.248	8.524	23.730	29.216	24.335	27.481
IV	6.356	.915	4.591	1.892	6.817	6.356	14.879	19.203	16.587	20.050
Community College										
I	11.024	10.343	10.043	9.820	9.421	11.024	10.343	10.043	9.820	9.421
II	5.313	5.429	5.457	5.298	5.300	5.313	5.429	5.457	5.298	5.300
III	7.722	7.915	7.596	7.150	6.928	7.722	7.915	7.596	7.150	6.928
IV	5.759	4.963	4.994	4.873	5.055	5.759	4.963	4.994	4.873	5.055
Police Headquarters										
I	78.489	72.925	66.184	65.989	56.970	94.435	72.925	66.184	65.989	56.970
II	29.565	38.279	35.962	35.601	32.047	45.512	38.279	35.962	35.601	32.047
III	50.205	55.802	50.063	48.043	41.894	66.151	55.802	50.063	48.043	41.894
IV	33.383	34.988	32.906	32.748	30.566	49.329	34.988	32.906	32.748	30.566
Fire Prevention										
I	3.403	3.301	3.087	3.036	2.790	3.403	3.301	3.087	3.036	2.790
II	1.640	1.733	1.677	1.637	1.570	1.640	1.733	1.677	1.637	1.570
III	2.383	2.526	2.235	2.210	2.052	2.383	2.526	2.335	2.210	2.052
IV	1.778	1.584	1.535	1.506	1.497	1.778	1.584	1.535	1.506	1.497
Environmental Bond										
I	0	0	1.881	1.851	2.067	0	0	1.881	1.851	2.067
II	0	0	1.022	.998	1.163	0	0	1.022	.998	1.163
III	0	0	1.423	1.347	1.520	0	0	1.423	1.347	1.520
IV	0	0	.935	.918	1.109	0	0	.935	.918	1.109

(a) The County Legislature determines the general County tax rate for each of the towns and cities in the County after allocation of certain sales and compensating use tax revenues in the County.

Figure 25 shows tax rates for County special districts.

FIGURE 25
TAX RATES FOR SPECIAL DISTRICTS/ZONES OF ASSESSMENT
BY FUND AND CLASS (I-IV)
PER \$100 OF ASSESSED VALUATION-FISCAL YEAR BEGINNING AS SHOWN

	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013
Police District					
I	83.749	82.423	75.532	72.229	69.174
II	62.298	61.789	58.757	57.600	56.724
III	219.205	130.533	123.148	120.750	120.404
IV	86.204	76.545	69.812	66.803	65.452
Sewer and Storm Water Resources District					
Storm Water Resources Zone of Assessment					
I	2.413	2.978	2.917	3.202	n/a
II	1.163	1.563	1.585	1.727	n/a
III	1.690	2.279	2.207	2.331	n/a
IV	1.261	1.429	1.450	1.589	n/a
Sewer Collection & Disposal Zone of Assessment					
I	22.15	20.954	23.421	20.804	n/a
II	16.505	15.971	19.158	17.020	n/a
III	170.246	158.235	69.323	61.582	n/a
IV	24.214	20.356	22.608	20.085	n/a
Sewer Disposal Zone of Assessment					
I	27.661	26.94	19.411	21.602	n/a
II	3.623	3.475	2.600	2.821	n/a
III	103.855	95.476	36.049	39.116	n/a
IV	22.542	19.904	14.424	15.652	n/a

Property Tax Levies

Figure 26 lists the percentage of the total tax levy of all political subdivisions (by category) that real property taxes bear in relation to each other.

FIGURE 26
COUNTY OF NASSAU, NEW YORK
PROPERTY TAX LEVIES
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS
(\$ IN THOUSANDS)

	2015		2014		2013		2012	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	\$884,484	13.75%	\$859,257	13.71%	\$856,996	14.00%	\$856,539	14.28%
Sewer & Storm Water Consolidated	123,494	1.92	117,271	1.87%	117,271	1.92%	117,271	1.96%
Environmental Bond Fund	9,607	0.15	9,671	0.15%	11,250	0.18%	11,250	0.19%
Town & City Governments	320,740	4.99	298,138	4.76%	288,718	4.72%	288,795	4.82%
Incorporated Villages	461,889	7.18	451,152	7.20%	439,677	7.18%	428,901	7.15%
School Districts	\$4,041,334	62.83%	\$3,951,434	63.04%	\$3,841,766	62.77%	\$3,746,069	62.46%
Special Districts:								
Fire	115,293	1.79	\$113,417	1.81%	\$111,346	1.82%	\$108,892	1.82%
Fire Protection	19,914	0.31	19,981	0.32%	19,579	0.32%	19,113	0.32%
Garbage, Refuse & Sanitary	226,019	3.51	220,218	3.51%	213,956	3.50%	209,324	3.49%
Lighting	19,016	0.30	17,044	0.27%	16,216	0.26%	17,497	0.29%
Park	90,840	1.41	92,373	1.47%	90,620	1.48%	86,288	1.44%
Parking & Improvement	55,726	0.87	52,659	0.84%	50,351	0.82%	50,048	0.83%
Sewer Special	18,933	0.29	18,698	0.30%	16,295	0.27%	15,649	0.26%
Water	44,892	0.70	47,102	0.75%	46,363	0.76%	41,837	0.70%
Total Special Districts	590,633	9.18%	581,492	9.28%	564,726	9.23%	548,648	9.15%
Total	\$6,432,181	100.00%	\$6,268,415	100.00%	\$6,120,404	100.00%	\$5,997,473	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2016.

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APPENDIX B

BASIC AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2016

The County's financial statements, including the report of RSM US LLP, the independent auditor of the County's audited financial statements for the fiscal year ended December 31, 2016, which are a matter of public record, are included by reference in this Official Statement as APPENDIX B. RSM US LLP, the County's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement. The County's financial statements for the fiscal year ended December 31, 2016 have been filed with the MSRB through its EMMA system.

Copies of the County's financial statements for the fiscal year ended December 31, 2016 are available on EMMA (<http://emma.msrb.org>) or on the County's website (<http://www.nassaucountyny.gov/1602/Nassau-County-Finances-Special-Tax-Studi>).

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

December 21, 2017

County of Nassau,
State of New York

Re: County of Nassau, New York

\$338,205,000 GENERAL IMPROVEMENT BONDS, 2017 REFUNDING SERIES C

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of \$338,205,000 principal amount of General Improvement Bonds, 2017 Refunding Series C (the "Bonds"). The Bonds are dated the date of delivery. The interest rates, maturity dates and price or yield of the Bonds are set forth on the inside cover of the Official Statement. The Bonds are issued pursuant to the Constitution and statutes of the State of New York and proceedings of the finance board of the County.

In such connection, we have reviewed the Constitution and statutes of the State of New York, the Tax Certificate of the County dated the date hereof (the "Tax Certificate"), the Bond Certificate of the County dated the date hereof (the "County Bond Certificate"), a certified copy of proceedings of the finance board of the County and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the County Bond Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Tax Certificate and the County Bond Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents described in the

second paragraph hereof. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the County.
2. The County Bond Certificate has been duly executed and remains in full force and effect.
3. The County Legislature has power and is obligated to levy ad valorem taxes, subject to applicable statutory limitations, upon all property within the County's boundaries subject to taxation by the County for the payment of the Bonds and the interest thereon.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

APPENDIX D
OUTSTANDING OBLIGATIONS

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County of Nassau, New York

General Obligation Bonds of the County and Nassau County Interim Finance Authority Bonds

as of October 31, 2017

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/2017
6/13/2017	General Improvement Series 2017B	\$ 90,080,000	3.00-5.00%	2018-2037	\$ 90,080,000
1/26/2017	General Improvement Series 2017A	45,110,000	3.00-5.00	2018-2031	45,110,000
6/14/2016	General Improvement Series 2016C	140,195,000	5.00	2018-2043	140,195,000
2/9/2016	General Improvement Refunding Series 2016A	272,810,000	2.50-5.00	2017-2039	272,790,000
2/9/2016	General Improvement Series 2016B	120,140,000	5.00	2017-2030	114,405,000
6/2/2015	General Improvement Series 2015B	168,895,000	5.00	2017-2035	163,970,000
1/29/2015	General Improvement Series 2015A	29,640,000	2.00-5.00	2015-2033	26,360,000
12/10/2014	General Improvement Series 2014A	237,755,000	5.00	2016-2030	215,675,000
12/11/2013	General Improvement Series 2013C	90,710,000	5.00	2015-2043	87,685,000
8/15/2013	General Improvement Series 2013B	127,920,000	4.00-5.00	2014-2043	122,070,000
2/28/2013	General Improvement Series 2013A	152,430,000	3.00-5.00	2014-2043	142,570,000
5/2/2012	General Improvement Series 2012A	196,630,000	4.00-5.00	2012-2034	171,885,000
6/2/2011	General Improvement Series 2011A	82,045,000	2.00-5.00	2012-2036	70,955,000
12/16/2010	General Improvement Series 2010F	71,745,000	6.65-7.40	2026-2035	71,745,000
12/16/2010	General Improvement Series 2010E	53,255,000	3.00-5.00	2012-2025	34,730,000
8/24/2010	General Improvement Series 2010D	15,105,000	5.20-5.375	2026-2027	15,105,000
8/24/2010	General Improvement Series 2010C	126,620,000	4.00-5.00	2012-2026	85,625,000
6/24/2010	General Improvement Series 2010B	82,060,000	5.05-6.70	2019-2037	82,060,000
6/24/2010	General Improvement Series 2010A	13,280,000	3.00-5.00	2012-2018	2,340,000
12/15/2009	General Improvement Series 2009I	35,000,000	5.75-6.20	2025-2031	35,000,000
12/15/2009	General Improvement Series 2009H	55,215,000	2.00-4.00	2010-2025	31,250,000
9/9/2009	General Improvement Series 2009G	26,400,000	5.25-5.375	2023-2025	26,400,000
9/9/2009	General Improvement Series 2009F	83,600,000	4.00-5.00	2011-2023	42,290,000
8/19/2009	General Improvement Refunding Series 2009E	50,875,000	3.00-5.00	2010-2018	675,000
7/21/2009	General Improvement Series 2009C	135,300,000	5.00-5.25	2010-2039	10,305,000
5/5/2009	General Improvement Series 2009A	99,000,000	2.50-5.00	2011-2029	9,930,000
7/8/2008	General Improvement Refunding Series 2008D	22,285,000	4.00-5.00	2009-2019	240,000
7/8/2008	General Improvement Series 2008C	149,525,000	4.00-5.00	2010-2028	16,570,000
1/22/2008	General Improvement Series 2008A	105,000,000	3.25-5.00	2009-2028	6,625,000
12/1/2010	General Improvement Series 2007B Remarketing	40,000,000	2.50-5.00	2011-2024	22,165,000
12/1/2010	General Improvement Series 2007A Remarketing	35,000,000	2.50-5.00	2011-2023	18,105,000
Total					\$2,174,910,000

County Sewer and Storm Water Resources District Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/2017
7/21/2009	Sewers Series 2009D	\$ 14,700,000	5.00-5.50%	2010-2039	\$12,910,000
5/5/2009	Sewers Series 2009B	15,000,000	4.00-6.00	2011-2034	12,190,000
1/22/2008	Sewers Series 2008B	20,000,000	3.00-5.00	2009-2033	15,055,000
Total					\$40,155,000

County Bonds Issued to New York State Environmental Facilities Corporation ("EFC")

Dated Date		Issue Size	Interest Rates	Maturity	Principal Outstanding as of 10/31/2017
5/15/2015	EFC Series 2015D ⁽¹⁾	\$ 1,168,949	3.808-4.569%	2016-2034	\$ 1,054,000
5/15/2014	EFC Series 2014B ⁽¹⁾	2,210,000	4.061-4.595	2017-2028	2,210,000
7/15/2013	EFC Series 2013B ⁽¹⁾	3,185,419	0.263-4.756	2014-2043	2,820,000
7/15/2013	EFC Series 2013B ⁽¹⁾	5,218,233	3.363-4.612	2014-2029	4,100,686
11/15/2012	EFC Series 2012F ⁽¹⁾	56,518,000	4.49-6.182	2013-2024	34,321,000
6/15/2012	EFC Series 2012C ⁽¹⁾	26,070,000	4.70-6.259	2013-2029	19,180,000
6/01/2011	EFC Series 2011C ⁽¹⁾	5,395,000	.836-4.80	2012-2028	3,830,000
Total					\$67,515,686

⁽¹⁾ Such bond series and year designation is that of associated EFC refunding bonds for which the original County mirror bonds are outstanding.

Nassau County Interim Finance Authority (“NIFA”) Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/2017
10/22/2015	NIFA Series 2015A	\$116,310,000	4.00-5.00%	2016–2025	\$107,385,000
10/4/2012	NIFA Series 2012A	141,580,000	3.00-5.00	2015–2025	94,780,000
10/4/2012	NIFA Series 2012B	176,133,000	.688-2.822	2014–2023	101,330,000
4/21/2009	NIFA Series 2009A	303,100,000	1.00-5.00	2009–2025	49,555,000
5/16/2008	NIFA Series 2008D	150,000,000	VRDB	2014–2017	30,600,000
5/16/2008	NIFA Series 2008C	150,000,000	VRDB	2017–2019	150,000,000
5/16/2008	NIFA Series 2008B	125,000,000	VRDB	2019–2021	125,000,000
5/16/2008	NIFA Series 2008A	125,000,000	VRDB	2021–2025	125,000,000
Total					\$783,650,000

Total County and NIFA Bonds

\$3,066,230,686

Variable Rate Demand Bonds - Letters of Credit and Liquidity Facilities
(as of October 31, 2017)

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Provider</u>	<u>Facility Type</u>	<u>Expiration or Optional Termination by Provider</u>
NHCC				
2009A	\$15,195,000	JPMorgan Chase Bank, N.A.	LOC ⁽¹⁾	May 15, 2018
2009B-1	35,590,000	TD Bank, N.A.	LOC	June 30, 2018
2009B-2	35,515,000	TD Bank, N.A.	LOC	June 30, 2018
2009C-1	31,780,000	Wells Fargo Bank N.A.	LOC	July 6, 2018
2009C-2	30,080,000	Wells Fargo Bank N.A.	LOC	July 6, 2018
2009D-1	27,935,000	JPMorgan Chase Bank, N.A.	LOC	May 15, 2018
2009D-2	26,190,000	JPMorgan Chase Bank, N.A.	LOC	May 15, 2018
Total NHCC	\$202,285,000			
NIFA				
2008A	\$125,000,000	TD Bank, N.A.	SBPA ⁽²⁾	May 7, 2019
2008B	125,000,000	Sumitomo Mitsui Banking Corp.	SBPA	November 15, 2021
2008C	150,000,000	BMO Harris Bank, N.A.	SBPA	November 15, 2019
2008D-1	30,600,000	BMO Harris Bank, N.A.	SBPA	November 15, 2017 ⁽³⁾
Total NIFA	\$430,600,000			

⁽¹⁾ Letter of Credit

⁽²⁾ Standby Bond Purchase Agreement

⁽³⁾ Final maturity of the 2008D-1 Bonds.

**Interest Rate Exchange Agreements
(as of October 31, 2017)**

<u>Current Notional Amount</u>	<u>Counterparty</u>	<u>Pays</u>	<u>Receives</u>	<u>Maturity Date</u>	<u>Associated Bonds</u>
NHCC					
\$ 62,976,666	JPMorgan Chase Bank, N.A.	3.457%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
62,811,667	Merrill Lynch Capital Services, Inc.	3.457%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
62,811,667	UBS AG	3.457%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
Total NHCC	\$188,600,000				
NIFA					
\$70,150,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.146%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D
70,150,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.146%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D
70,150,000	UBS AG	3.146%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D
70,150,000	UBS AG	3.146%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D
50,000,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.432%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D
50,000,000	Morgan Stanley Capital Services Inc.	3.432%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D
50,000,000	UBS AG	3.432%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D
Total NIFA	\$430,600,000				

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APPENDIX E

UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

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UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

The estimated gross outstanding bonded indebtedness of the towns and cities located within the County, based on public information, is described below. These figures do not include the indebtedness of the school districts and certain other taxing districts within the County.

FIGURE 1
TOWNS AND CITIES
COMPUTATION OF OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS AS SHOWN*
(Dollars in Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OVERLAPPING DEBT, TOWNS AND CITIES					
Town of Hempstead					
Bonds	\$298,450	\$335,243	\$306,769	\$301,431	\$338,638
Other Debt Obligations	24,803	57,034	80,035	0	0
Total	<u>\$323,253</u>	<u>\$392,277</u>	<u>\$386,804</u>	<u>\$301,431</u>	<u>\$338,638</u>
Town of North Hempstead:					
Bonds	\$288,722	\$232,990	\$254,020	\$233,290	\$256,646
Other Debt Obligations	45,798	101,486	89,768	116,365	108,052
Total	<u>\$334,520</u>	<u>\$334,476</u>	<u>\$343,788</u>	<u>\$349,655</u>	<u>\$364,698</u>
Town of Oyster Bay:					
Bonds	\$609,325	\$662,465	\$717,421	\$451,421	\$357,155
Other Debt Obligations	231,610	190,965	126,920	353,150	476,635
Total	<u>\$840,935</u>	<u>\$853,430</u>	<u>\$844,341</u>	<u>\$804,571</u>	<u>\$833,790</u>
City of Glen Cove:					
Bonds	\$35,689	\$36,770	\$41,595	\$42,052	\$51,953
Other Debt Obligations	21,788	23,056	17,995	21,821	16,678
Total	<u>\$57,477</u>	<u>\$59,826</u>	<u>\$59,590</u>	<u>\$63,873</u>	<u>\$68,631</u>
City of Long Beach:					
Bonds	\$71,482	\$61,525	\$59,729	\$40,372	\$44,385
Other Debt Obligations	41,210	47,427	45,479	10,227	11,886
Total	<u>\$112,692</u>	<u>\$108,952</u>	<u>\$105,208</u>	<u>\$50,599</u>	<u>\$56,271</u>
Total Overlapping Debt, Towns and Cities:					
Bonds	\$1,303,668	\$1,328,993	\$1,379,534	\$1,068,566	\$1,048,777
Other Debt Obligations	365,209	419,968	360,197	501,563	613,251
Total	<u>\$1,668,877</u>	<u>\$1,748,961</u>	<u>\$1,739,731</u>	<u>\$1,570,129</u>	<u>\$1,662,028</u>

(*) SOURCE: Most recent official statement for each town and city.

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APPENDIX F
COUNTY WORKFORCE

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COUNTY WORKFORCE

See “APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – NIFA” herein for information regarding NIFA’s declaration of a control period and “APPENDIX A – INFORMATION ABOUT THE COUNTY – LITIGATION – Other Litigation” herein for a description of litigation challenging NIFA’s imposition of a wage freeze during the control period.

County Employees

As of October 31, 2017, the full-time County workforce totaled 7,139 in the Major Operating Funds. This represents a decrease of 1,783 full-time positions when compared to December 31, 2009 and estimated current annual savings of approximately \$160 million, and is evidence of the County’s workforce reduction initiative. This initiative has included layoffs, separation incentives, attrition and the institution of a hiring freeze to limit the back-filling of positions.

County employees are represented by six labor organizations recognized under the provisions of the New York State Taylor Law. These are the Nassau County Civil Service Employees Association (“CSEA”), the Nassau County Police Benevolent Association (“PBA”), the Detectives Association, Inc. (“DAI”), the Superior Officers Association (“SOA”), the Nassau County Sheriff’s Correction Officers Benevolent Association (“COBA”), and the Investigators Police Benevolent Association (“IPBA”). The following table summarizes labor organization enrollment:

**Full-Time County Workforce as of October 31, 2017
(Major Operating Funds)**

Labor Organization	Full-Time Employees
CSEA	3,304
PBA	1,766
DAI	349
COBA	805
IPBA	33
SOA	339
NON UNION	543
Total	7,139

Civil Service Employees Association (CSEA)

The CSEA represents all County titles other than those represented by the other unions and those titles classified as management or confidential. The Memorandum of Agreement and Stipulation of Settlement dated as of March 18, 2014 includes cost of living adjustments (“COLAs”) of 12.75% from April 1, 2014 through December 31, 2017, scheduled as follows: 3.50% in April 2014, 3.75% in July 2015, 3.50% in July 2016 and 2% in July 2017. Other key provisions include:

- All CSEA members are subject to a 0.75% wage deferral of COLAs beginning April 1, 2014 through March 31, 2016. Such wage deferral will be paid at a prevailing rate at separation.
- New salary schedule applies for CSEA members hired on or after April 1, 2014.
- All new members hired on or after April 1, 2014 contribute 15% to health insurance premium costs, unless such employees are enrolled in alternative health insurance plans, whereby the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan.
- Compensatory time is no longer granted to any member for blood donation.

- Restricted approval for vacation leave usage.
- The County no longer provides CSEA members with short-term disability insurance.
- CSEA member's compensatory time bank is increased to a maximum of 400 hours.

Nassau County Police Benevolent Association (PBA)

The PBA represents all of the County's full-time police officers. The Memorandum of Agreement and Stipulation of Settlement dated as of March 15, 2014 includes COLAs of 12.75% from April 1, 2014 through December 31, 2017, scheduled as follows: 3.50% in April 2014, 3.75% in September 2015, 3.50% in September 2016 and 2% in January 2017. Other key provisions include:

- New salary schedule applies for PBA members hired on or after April 1, 2014.
- All PBA members receive annual increments on their anniversary date rather than January 1st of each year.
- All new PBA members hired on or after April 1, 2014 contribute 15% to health insurance premium costs, unless such employees are enrolled in alternative health insurance plans, whereby the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan.
- All new PBA members hired on or after April 1, 2014 are enrolled in the PFRS Tier 6 contributory plan.
- Restricted approval for vacation, personal and compensatory leave usage.
- PBA member's compensatory time bank is increased to a maximum of 400 hours.
- Reduced level of minimum staffing in the second precinct.

Detectives Association, Inc. (DAI)

The DAI represents all of the County's full-time detective officers. The Memorandum of Agreement and Stipulation of Settlement dated as of March 15, 2014 includes COLAs of 12.75% from April 1, 2014 through December 31, 2017, scheduled as follows: 3.50% in April 2014, 3.75% in September 2015, 3.50% in September 2016 and 2% in January 2017. Other key provisions include:

- All DAI members receive annual increments on their anniversary date rather than January 1st of each year.
- All new DAI members hired on or after April 1, 2014 contribute 15% to health insurance premium costs, unless such employees are enrolled in alternative health insurance plans, whereby the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan.
- All new DAI members hired on or after April 1, 2014 are enrolled in the PFRS Tier 6 contributory plan.
- Includes work rule changes with respect to training days, tour changes and operational schedules.
- DAI member's compensatory time bank is increased to a maximum of 400 hours.
- The County has the ability to civilianize 12 DAI positions in the crime lab.

Superior Officers Association (SOA)

The SOA represents all of the County's full-time superior officers other than detectives. The Memorandum of Agreement and Stipulation of Settlement dated as of March 31, 2014 includes COLAs of 12.75% from April 1, 2014 through December 31, 2017, scheduled as follows: 3.50% in April 2014,

3.75% in September 2015, 3.50% in September 2016 and 2% in January 2017. Other key provisions include:

- All SOA members receive annual increments on their anniversary date rather than January 1st of each year.
- All new SOA members hired on or after April 1, 2014 contribute 15% to health insurance premium costs, unless such employees are enrolled in alternative health insurance plans, whereby the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan.
- All new SOA members hired on or after April 1, 2014 are enrolled in the PFRS Tier 6 contributory plan.
- Includes work rule changes with respect to training days and tour changes.
- SOA member's compensatory time bank is increased to a maximum of 400 hours.
- The County has the ability to civilianize 7 SOA positions in the Forensic Evidence Bureau and the Emergency Ambulance Bureau.
- Restricted approval for vacation leave usage.

Nassau County Sheriff's Correction Officers Benevolent Association (COBA)

COBA represents all of the County's full-time officers in the Sheriff's Department. The Memorandum of Agreement and Stipulation of Settlement dated as of June 18, 2014 includes COLAs of 12.75% from June 1, 2014 through December 31, 2017, scheduled as follows: 3.50% in June 2014, 3.75% in September 2015, 3.50% in September 2016 and 2% in July 2017. Other key provisions include:

- New salary schedule applies for COBA members hired on or after June 1, 2014.
- All new members hired on or after the implementation of the agreement contribute 15% to health insurance premium costs, unless such employees are enrolled in alternative health insurance plans, whereby the County pays up to 85% of the monetary equivalent of the cost of the Empire Plan.
- Restricted approval for vacation leave usage.
- No COBA member may earn additional compensatory time for the donation of blood.
- Reduced allowance from four hours to two hours of leave permitted for employees receiving New York General Municipal Law Section 207-c benefits and for doctor appointments, therapies, etc.
- Uniform maintenance and education allowance previously deferred will now be paid upon termination.

Investigators Police Benevolent Association (IPBA)

The IPBA represents investigators employed by the Nassau County District Attorney. On September 13, 2012, the panel for the IPBA interest arbitration issued its award, covering the eight-year period from December 1, 2004 through December 31, 2012. Although the agreement has expired, pursuant to State law all the terms of such an expired agreement continue until a new agreement is negotiated (unless the employee organization engaged in certain prohibited conduct during or prior to the resolution of such negotiations). The total wage increase of 34.9% was not in the form of a COLA increase but rather the introduction of a new step chart as of January 1, 2011. Other features of the award, each effective as of January 1, 2012, include the following key provisions:

- Longevity is paid for employees at top step with 6 or more years of service at a rate of \$300 per year for each year of completed service.

- Shift differential is paid to employees at a 12% premium.
- Special assignment payments of 3% of base pay for time working on assignment to a federal or State agency task force.
- Members of the IPBA are entitled to clothing, equipment, and an education allowance and/or incentive pay totaling \$2,425 per year per member.
- Members are entitled to increased sick and vacation days.

On August 28, 2017, an arbitrator determined that IPBA members were entitled to certain benefits retroactive to March 23, 2015 related to the lifting of the NIFA wage freeze.

APPENDIX G

ECONOMIC AND DEMOGRAPHIC PROFILE

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ECONOMIC AND DEMOGRAPHIC PROFILE

Overview

Established in 1899, Nassau County (the “County”) is the site of some of New York State’s (the “State”) earliest colonial settlements, many of which date to the 1640s. With a total land area of 287 square miles and a population of over 1.3 million, the County borders the New York City borough of Queens to the west, Suffolk County to the east, Long Island Sound to the north, and the Atlantic Ocean to the south. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes three towns, two 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

Table 1 shows the County’s population from 1970 to 2010. The County’s population reached a peak of 1,428,080 residents in 1970. Between 1970 and 1990, the County’s population decreased 9.9% to 1,287,348 residents. By 2010, the U.S. Census Bureau estimated the County’s population had increased by 4.1% (from 1990) to 1,339,532 residents.

TABLE 1

COUNTY POPULATION

2010	1,339,532
2000	1,336,073
1990	1,287,348
1980	1,321,582
1970	1,428,080

SOURCE: U.S. Census Decennial

Economic Indicators

Median Household Income

As shown in Table 2, the County’s estimated median household income for 2016 was \$105,870, up from \$101,830 in 2015, and significantly higher than that of the State (\$62,909) and the United States (\$57,617). Moreover, the County continues to have a smaller percentage of families below the poverty level (3.9%) than the State (10.9%) and the United States (10.0%).

TABLE 2
MEDIAN HOUSEHOLD INCOME IN THE COUNTY
IN COMPARISON TO THE STATE AND THE U.S., 2016 AND 2015

Area	2016		2015	
	Median Household Income	Families Below Poverty (%)	Median Household Income	Families Below Poverty (%)
County	\$105,870	3.9	\$101,830	4.1
State	62,909	10.9	60,850	11.6
United States	57,617	10.0	55,775	10.6

U.S. Census, 2015 and 2016 American Community Survey, 1-Year Estimates

Consumer Price Index

The Consumer Price Index (“CPI”) represents changes in prices of a typical market basket of goods and services that households purchase over time, which analysts use to gauge the level of inflation. The CPI includes user fees such as for water and sewer services and sales and excise taxes paid by consumers, but does not include income taxes and investments such as stocks, bonds, and life insurance. Table 3 shows annual totals and increases in the CPI for both the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Consolidated Metropolitan Statistical Area (“CMSA”) and U.S. cities between the years 2007 and 2016.

In 2016, the CPI in the CMSA rose by 1.84%, which was in line with the 2016 U.S. city average CPI increase of 1.86%.

TABLE 3
CONSUMER PRICE INDEX

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
2016	241.4	1.86%	265.4	1.84%
2015	237.0	0.13	260.6	0.15
2014	236.7	1.60	260.2	1.30
2013	233.0	1.50	256.8	1.70
2012	229.6	2.09	252.6	1.98
2011	224.9	3.12	247.7	2.82
2010	218.1	1.68	240.9	1.73
2009	214.5	-0.37	236.8	0.41
2008	215.3	3.86	235.8	3.94
2007	207.3	2.83	226.9	2.81

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

Retail Sales and Business Activity

Six major regional shopping centers serve the County. The Gallery at Westbury Plaza is a new 330,000 square foot, LEED-certified (Leadership in Energy and Environmental Design), open-air shopping center located on the grounds of the former Avis corporate headquarters. The other major retail centers are the Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres Mall in Valley Stream, Americana Manhasset in Manhasset and Sunrise Mall in Massapequa. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls have approximately 7 million square feet of gross leasable area.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets, gourmet food markets, electronic stores, and bookstores. Major retailers in the County include Wal-Mart, Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy'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, B.J.'s, and Best Buy. In addition, there are designer boutique shops and specialty department stores such as Brooks Brothers, Giorgio Armani, Ralph Lauren, Prada, and the newly-opened Neiman Marcus at Roosevelt Field, and jewelers such as Tiffany & Co., Cartier, and Van Cleef & Arpels.

Based on a report released by the New York State Department of Taxation and Finance, the County ranked third in the State with taxable sales and purchases totaling approximately \$25.6 billion for the most recent reporting period (2015/2016), an increase of 0.95% from the prior reporting period (2014/2015).

TABLE 4

RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE

<u>County</u>	<u>Rank</u> <u>(2014/2015)</u>	<u>Taxable Sales</u> <u>(2014/2015)</u>	<u>Rank</u> <u>(2015/2016)</u>	<u>Taxable Sales</u> <u>(2015/2016)</u>	<u>Change</u>
New York City*	1	\$145,650,806,023	1	\$149,554,958,477	2.68%
Suffolk	2	30,958,710,069	2	30,912,062,536	-0.15
Nassau	3	25,402,450,990	3	25,642,564,165	0.95
Westchester	4	19,438,471,110	4	19,453,550,319	0.08
Erie	5	15,174,549,686	5	15,331,331,106	1.03
Monroe	6	11,172,579,432	6	11,411,734,168	2.14
Onondaga	7	8,325,220,898	7	8,268,129,248	-0.69
Orange	8	6,820,775,134	8	6,792,085,127	-0.42
Albany	9	6,259,013,027	9	6,321,231,902	0.99
Rockland	10	4,677,181,669	10	4,783,936,931	2.28

SOURCE: New York State Website DATA.NY.GOV (<https://data.ny.gov/Government-Finance/Taxable-Sales-And-Purchases-Quarterly-Data-Beginni/ny73-2j3u>). Represents sales reported from March through February.

* Includes the five counties of the Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island).

Employment

Table 5 compares employment totals and unemployment rates in the County to adjoining municipalities, the State, and the United States. The County had an employed labor force of approximately 671,800 in 2016. The unemployment rate in the County has continued to decrease from a recent high of 7.1% in 2012 to 3.9% in 2016. Nassau County's unemployment rate continues to be less than that of Suffolk County, New York City, the State, and the United States.

TABLE 5

**ANNUAL AVERAGE
EMPLOYMENT (in thousands)
AND UNEMPLOYMENT RATE (%)**

Year	Nassau County		Suffolk County		New York City		New York State		United States	
	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>
2016	671.8	3.9%	743.9	4.3%	3,924	5.2%	9,121	4.8%	151,436	4.9%
2015	665.8	4.3	739.1	4.8	3,960	5.7	9,166	5.3	148,834	5.3
2014	652.2	4.8	725.9	5.3	3,826	7.2	8,964	6.3	146,305	6.2
2013	655.2	5.9	792.8	6.4	3,702	8.7	8,898	7.7	143,929	7.4
2012	642.5	7.1	728.8	7.6	3,632	9.2	8,773	8.5	142,469	8.1
2011	635.9	6.7	721.3	7.4	3,592	9.0	8,683	8.2	139,869	8.9
2010	638.4	7.1	726.7	7.6	3,625	9.3	8,553	8.6	148,250	9.6
2009	642.4	7.1	731.2	7.4	3,633	9.5	8,556	8.4	139,877	9.3
2008	665.7	4.7	757.9	5.0	3,719	5.4	8,793	5.3	145,362	5.8
2007	670.0	3.7	758.2	3.9	3,684	4.9	8,734	4.5	146,047	4.6

SOURCES: Compiled by the County from: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics. These sources may revise the employment data later. The table above reflects the figures as of the date of original publication.

Key Employment Trends

Table 6 shows the annual average employment in non-farm jobs by industry for the years 2007 to 2016 in the Nassau-Suffolk Primary Metropolitan Statistical Area (“PMSA”).

TABLE 6
ANNUAL AVERAGE
NASSAU-SUFFOLK EMPLOYMENT,
NON-FARM, BY BUSINESS SECTOR
(in thousands)

Business Sector/ Industry	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Goods Producing										
Natural Resources, Construction & Mining	72.0	73.1	65.0	60.8	60.3	61.4	67.0	70.5	73.5	76.7
Manufacturing	<u>83.8</u>	<u>81.3</u>	<u>75.1</u>	<u>73.0</u>	<u>72.8</u>	<u>74.0</u>	<u>73.8</u>	<u>71.9</u>	<u>71.7</u>	<u>71.6</u>
Total – Goods Producing	155.8	154.4	140.1	133.8	133.1	135.4	140.8	142.3	145.2	148.4
Service Providing										
Trade, Transportation & Utilities	273.7	272.4	257.2	256.2	258.7	264.0	267.0	272.4	273.6	276.0
Financial Activities	79.2	75.0	70.8	69.8	70.5	72.4	72.6	72.6	73.5	72.2
Information	27.9	27.1	27.3	25.4	24.3	24.0	23.9	22.0	20.4	19.3
Educational & Health Services	210.8	215.7	220.6	225.8	230.8	237.1	238.4	241.7	248.5	260.2
Leisure & Hospitality	99.2	99.4	98.4	100.9	102.9	110.6	115.3	118.5	121.0	122.3
Other Services	52.7	53.6	52.7	52.9	54.4	54.9	56.0	57.6	57.9	58.8
Professional & Business Services	164.2	163.1	153.6	152.8	159.3	163.3	167.4	169.0	171.9	175.7
Government	<u>202.1</u>	<u>203.2</u>	<u>206.7</u>	<u>208.9</u>	<u>205.3</u>	<u>199.9</u>	<u>195.1</u>	<u>193.7</u>	<u>194.5</u>	<u>195.7</u>
Total - Service Providing	1,109.6	1,109.5	1,087.2	1,092.6	1,106.2	1,126.1	1,135.7	1,147.4	1,161.2	1,180.2
Total Non-Farm	1,265.6	1,264.0	1,227.4	1,226.5	1,239.3	1,261.5	1,276.5	1,289.8	1,306.4	1,328.5

SOURCE: New York State Department of Labor

Note: Totals may not equal the sum of the entries due to rounding.

Table 7 compares the employment shares by business sector and industry in the PMSA to the United States. The percentage of jobs within each category is consistent with national figures.

TABLE 7
PERCENTAGE OF NON-FARM EMPLOYMENT
BY BUSINESS SECTOR, 2016

BUSINESS SECTOR	Nassau- Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources, Construction & Mining	6	8
Manufacturing	<u>5</u>	<u>8</u>
Total Goods Producing	11	15
SERVICE PROVIDING⁽¹⁾ OR SERVICE PRODUCING⁽²⁾		
Trade, Transportation & Utilities	21	19
Financial Activities ⁽¹⁾ or Finance, Insurance & Real Estate ⁽²⁾	5	6
Assorted Services	48	46
Government	<u>15</u>	<u>15</u>
Total Service Providing / Producing	89	86

Note: Totals may not equal 100% due to rounding.

SOURCES: Compiled by the County from: New York State Department of Labor (Nassau-Suffolk PMSA) and the U.S. Department of Labor, Bureau of Labor Statistics (United States).

⁽¹⁾ PMSA

⁽²⁾ United States

Major County Employers

Table 8 shows a sampling of the major commercial and industrial employers headquartered in the County.

TABLE 8
MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS, 2017

Company	Type of Business	Employees
Northwell Health (formerly North Shore – LIJ Health System)	Health care	31,153
Catholic Health Services.	Health care	17,000
Altice Corp. (formerly Cablevision)	Cable and pay television	13,000
NYU Winthrop Hospital	Health care	7,700
United Parcel Service (UPS)	Package delivery	3,100
South Nassau Hospital	Health care	3,000

SOURCES: Newsday “Long Island’s Largest Employers”, corporate websites and human resource departments.

Residential Construction Activity and Existing Home Sales

Table 9 is a list of construction activity in the County for residential buildings for the years 2012 through 2015 by building permits. During 2015, permits for Single-Family Dwellings remained nearly steady from 2014; however, Other Housing Units increased significantly over 2014. The increase in Single-Family Dwelling permits from 2012 to 2014 may be due to homeowners filing for building permits to rebuild Superstorm Sandy-damaged properties, as there were no large single-family residential subdivisions created during such period.

TABLE 9

COUNTY RESIDENTIAL CONSTRUCTION ACTIVITY

Year	Single Family Dwellings	Other Housing Units*	Total
2015	608	478	1,086
2014	640	265	905
2013	630	164	794
2012	375	276	651

SOURCE: 2012-2015 U.S. Bureau of the Census, Privately-owned Building Permit Estimates.

*Other Housing Units includes two-family dwelling units, multi-family dwelling units, and conversions.

Table 10 shows the value of new residential construction activity in the County from 2012 through 2015.

TABLE 10

VALUE OF COUNTY NEW RESIDENTIAL CONSTRUCTION

Year	Value of New Residential Construction (in thousands)
2015	\$393,115
2014	333,008
2013	291,260
2012	222,851

SOURCE: 2012 – 2015 U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimates with imputation.

Table 11 shows the breakdown of new housing units by size category.

TABLE 11

NUMBER OF COUNTY NEW HOUSING UNITS AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2015	608	4	0	474	1,086
2014	640	4	4	257	905
2013	630	10	0	154	794
2012	375	2	0	274	651

SOURCE: 2012 – 2015 U.S. Census Bureau New Privately-owned Building Permits – reported units only.

Table 12 shows County existing home sales. In 2016, the median sales price rose 7.3% from 2015; however, the number of homes sold decreased by 50%.

TABLE 12
COUNTY EXISTING HOME SALES

<u>Year</u>	<u>Median Sales Price</u>	<u>No. of Homes Sold</u>
2016	\$477,500	2,237
2015	445,000	4,509
2014	440,000	6,549
2013	420,000	7,341
2012	415,000	7,472
2011	432,250	7,262
2010	445,000	7,626
2009	435,000	7,472
2008	455,000	7,410
2007	490,000	8,778

SOURCES: Compiled by the County from: New York State Association of Realtors, 2007-2008; New York State Department of Taxation and Finance, 2009-2016

Commercial Construction Activity

Table 13 shows the number of building permits with an estimated dollar value equal to or greater than \$1,000,000 that were issued for Class 4 properties in the County for the years 2007 through 2016. Class 4 property includes commercial, industrial and institutional buildings, and vacant land. Table 13 indicates that in 2016 municipalities issued 72 building permits for Class 4 properties with an aggregate value of \$322,599,530.

TABLE 13
HIGH-VALUE BUILDING PERMITS* FOR COUNTY CLASS 4 PROPERTIES

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Permits</u>
2016	72	\$322,599,530
2015	70	431,153,868
2014	39	246,233,991
2013	19	119,347,464
2012	56	154,210,056
2011	88	262,515,969
2010	57	211,534,203
2009	38	151,318,375
2008	39	91,992,908
2007	47	134,548,252

SOURCE: Nassau County Department of Assessment

*Includes only those permits for work with an estimated value equal to or greater than \$1 million.

Transportation

The Nassau Inter-County Express (“NICE”) Bus provides bus service in the County as the operator of the County-owned bus system. NICE, a subsidiary of Transdev Services, Inc., represents the County’s first transit public-private partnership. NICE is the third largest suburban bus system in the United States. Operating a network of 49 routes as well as para-transit service, NICE provides surface transit service for most of the County as well as parts of eastern Queens and western Suffolk County. This includes service across the Queens-Nassau border to subway and bus stations in Flushing, Far Rockaway, and Jamaica. The density of the NICE route network conforms to the development pattern of the County. It operates and maintains a fleet of fixed route buses and para-transit vehicles. NICE serves many communities, Long Island Rail Road (“LIRR”) stations, most area colleges and universities, as well as employment centers, shopping malls, and County government offices, including the Department of Social Services.

The LIRR, the second largest commuter railroad in the United States, carried approximately 89.4 million passengers in 2016. On an average weekday, the LIRR carries about 301,000 passengers. The LIRR provides train service for the entire County on 11 branch lines. 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. Completion of the East Side Access project, which began tunneling work in 2007, will add a new hub in Grand Central Terminal, bringing LIRR customers directly to Manhattan’s East Side. On weekdays, about 80% of the system’s passenger trips occur during peak morning and evening travel periods.

The Jamaica LIRR station (Queens) provides access to the subway and the AirTrain, a light-rail system, to John F. Kennedy International Airport (“JFK”).

The Mineola Intermodal Center provides easy access to parking and seamless transfers to seven NICE bus lines. It has more than 700 parking spaces in a four-level garage, two elevators that connect to the Mineola LIRR station platforms and a pedestrian overpass that connects the north and south sides of the station.

The LIRR maintains tracks, ties, and switches and renovates its facilities as needed on an ongoing basis. The LIRR also is currently installing a fiber-optic communications system for greater safety and is consolidating antiquated control towers into one modern center at Jamaica Station. Traditionally serving a Manhattan-bound market, the LIRR has undertaken extensive efforts to augment its reverse-commute and off-peak service to meet the needs of businesses in Nassau and Suffolk Counties.

The County highway system consists of over 4,000 miles of paved roads that include parkways, highways, major arteries, collector streets, and local streets. Different levels of government operate and maintain these routes. The eight major east-west roadways that provide direct through-service to New York City and Suffolk County are Northern Boulevard, the 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 JFK and LaGuardia Airport (“LaGuardia”), both located in Queens County, and to Islip Long Island MacArthur Airport (“Islip MacArthur”), located in Suffolk County. JFK and LaGuardia are easily accessible to County residents by all major east-west

roadways as well as airport shuttle service. Islip MacArthur is accessible by the Long Island Expressway and Sunrise Highway, as well as the LIRR.

To help eliminate delays, congestion and trouble spots on its highway network, the County receives federal and State funding through the federal Transportation Improvement Program (“TIP”), and is a voting member of the Nassau-Suffolk Transportation Coordinating Committee. The TIP is a compilation of transportation improvement projects, such as preserving and upgrading bridges and highways and making system-wide capacity and safety improvements scheduled to take place during a five-year period. The current TIP, adopted in October 2013, covers the years 2014-2018.

Utility Services

The Long Island Power Authority (“LIPA”) is the primary electric delivery service provider in the County. PSEG Long Island, a wholly-owned subsidiary of Public Service Enterprise Group, manages LIPA’s electric transmission and distribution system, which serves 1.1 million customers in the service area. National Grid, which is the largest distributor of natural gas in the northeast United States, provides gas distribution in the County. The villages of Freeport and Rockville Centre manage and operate their own electric generation plants and transmission and distribution systems. Numerous private companies in the County provide telephone service.

Health and Hospital Facilities

Rated among the best health and hospital facilities in the country, twelve hospitals are located in the County. Northwell Health (formerly the North Shore-LIJ Health System) is the County’s largest health care and overall employer. The North Shore University Hospital is the recipient of the Joint Commission on Accreditation of Healthcare Organizations Codman Award, the first health system to attain this distinction. The Codman Award recognizes excellence in performance measurement.

Other hospitals of note in the County include the Nassau University Medical Center in East Meadow, which is a public hospital, St. Francis Hospital in Roslyn, NYU Winthrop Hospital in Mineola, Mercy Medical Center in Rockville Centre, and South Nassau Communities Hospital in Oceanside. Additionally, the Memorial Sloan Kettering Cancer Center is building a state-of-the-art outpatient cancer treatment center on part of the Coliseum (as defined below) parking area.

Media

The daily newspaper Newsday circulates in Nassau, Suffolk, and Queens counties. Dozens of weekly newspapers cover news and events in the County. Some focus on events in specific towns, villages, and communities, and others focus on niche industries, such as Long Island Business News, a publication 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. Cable programming is available throughout the County via Cablevision Systems Corp., which includes access to channels with a local focus. Satellite programming and service from Verizon and DISH Network are also available in the County. In addition, Cablevision’s News 12 provides local news coverage on cable, as does Verizon’s FiOS1.

Film, television and commercial production continues to be a major part of the County’s economic development, driven in part by its close proximity to New York City. An independent report by Camoin Associates estimated that the County received more than approximately \$530 million in economic benefits from the film industry in 2013 and 2014 with approximately 1,700 jobs.

The County benefits from being the home to Gold Coast Studios and Grumman Studios. Numerous other outdoor and indoor filming locations have also been used, including the Nassau County Correctional Center, Belmont Racetrack, the Garden City Hotel, and Old Bethpage Village Restoration. Feature films filmed in the County include: “The Amazing Spiderman 2,” “Salt,” “Morning Glory,” “Man on a Ledge,” “Win Win,” “Henry’s Crime,” “Something Borrowed,” and “Dark Horse.” Television series that have been regularly filmed in the County include: “Boardwalk Empire,” “The Good Wife,” “Rescue Me,” “Royal Pains,” “Mildred Pierce,” “30 Rock,” “Kevin Can Wait,” and “Gossip Girl.”

The primetime production of “The Wiz Live!” was taped live from Grumman Studios in 2015. The 500,000 square-foot Grumman Studios, which received support from the Nassau County Industrial Development Agency for upgrades, also hosted NBC’s live production of “The Sound of Music” in 2013 and “Peter Pan Live” in 2014.

Educational Facilities

There are 56 public school districts in the County, with a preliminary total 2016-2017 enrollment (PK-Grade 12) of approximately 202,122 students according to the State Education Department. Individual school boards and the Board of Cooperative Educational Services 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.

The County is home to many colleges and universities, some of which are highly specialized and have garnered nationwide attention for their programs. These institutions include Long Island University/LIU Post College, Adelphi University, Hofstra University, New York Institute of Technology, the U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College, and the State University of New York/Old Westbury. In June 2014, Money Magazine ranked the Webb Institute as the second best four-year college or university “for your money” in the United States.

Colleges and universities in the County promote cross-disciplinary research, technology development, and integrated curricula to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County’s institutions of higher learning are in fields such as law, biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology, and pharmacology. Hofstra, in partnership with Northwell Health, operates the Hofstra Northwell School of Medicine.

Recreational and Cultural Facilities

The County has numerous recreational and cultural facilities. One of the most popular destinations among the parks and beaches in the County is the 2,413-acre Jones Beach State Park in Wantagh. With approximately three million visitors annually, Jones Beach State Park features a six-mile ocean beachfront, a two-mile boardwalk, and the 11,200-seat Jones Beach Theater performing arts center, which attracts world-class musical acts. In 2014, the State announced a five-year \$65 million project to restore the 85-year old facility to its original grandeur in one of the largest State park rehabilitation projects in the system’s history. There are dozens of other public beaches located along both the Atlantic Ocean and the Long Island Sound shorelines. In addition, the County is home to the County-owned 930-acre Eisenhower Park in the Town of Hempstead, Bethpage State Park in Farmingdale, and numerous County and other municipal small local parks and campgrounds that offer a broad spectrum of recreational opportunities.

On a national level, the County is home to many high profile professional sporting events. The Bethpage Black Golf Course, located in Bethpage State Park, hosted the U.S. Open in 2002 and 2009 and the Barclay's Tournament in 2012 and 2016. Belmont Park, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. Eisenhower Park's 80,000 square foot Aquatic Center is one of the largest pools in the Northern Hemisphere. Pursuant to a long-term lease with the County, Nassau Events Center operates the renovated Nassau Veterans Memorial Coliseum (the "Coliseum") in Uniondale as a state-of-the-art destination for sporting events, concerts and family entertainment, which re-opened in April 2017 as NYCB Live: Nassau Veterans Memorial Coliseum. NYCB Live: Nassau Veterans Memorial Coliseum is contractually expected to generate approximately \$334 million in rental income over a term of up to 49 years, inclusive of the exercise of options by the County. The Coliseum was home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. Although the team no longer plays its regular home games in the Coliseum, it is expected to play a limited number of games at the renovated facility each season.

In terms of cultural and historic resources, the County boasts numerous museums, some of which are County-owned or operated, including the Cradle of Aviation Museum and the Long Island Children's Museum, both in Garden City. Historical sites include two County-owned facilities, Old Bethpage Village Restoration, a re-created mid-19th-century American village, and Cedarmere, home of 19th-century poet, newspaper editor, abolitionist, and civic leader William Cullen Bryant, and a designated part of the New York State Underground Railroad Heritage Trail. The County is also the home of Theodore Roosevelt's estate in Cove Neck, Sagamore Hill, which is a National Historic Site operated by the National Park Service.

With a focus on preserving open space and natural and scenic resources for current and future generations of County residents, voters overwhelmingly approved two Environmental Bond Acts (collectively known as the "EBA") in 2004 and 2006. The EBA committed \$150 million for the preservation of open space, the improvement of existing parkland and water quality, and the provision of matching funding for brownfield property remediation projects. In addition to the EBA, 5% of the proceeds from County land sales is set aside for the purpose of open space land acquisition and other environmental quality improvement projects.

Sewer Service and Water Service

The County's Department of Public Works oversees the operation of the County's sewerage and storm water resources facilities.

Most sewage collected in the County's sewer system is treated at either the Bay Park Sewage Treatment Plant ("Bay Park") in East Rockaway or the Cedar Creek Water Pollution Control Plant ("Cedar Creek") in Wantagh. The City of Long Beach's sewage treatment plant processes sewage collected within the area corresponding to the former County sewage collection district of Lido Beach. Bay Park and the City of Long Beach's sewage treatment plants each sustained substantial damage from Superstorm Sandy on October 29, 2012. For more information about Superstorm Sandy, see "APPENDIX A- INFORMATION ABOUT THE COUNTY - COUNTY FINANCIAL CONDITION - Superstorm Sandy" herein.

SUEZ Water Long Island Inc. operates and manages the County's sewer system, including the sewage collection system and three treatment plants: Bay Park, which serves 532,000 residents; Cedar Creek, which serves 600,000 residents; and Glen Cove (where a separate contractor operates the plant), which serves 27,000 residents. The County maintains ownership of the facilities.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre, and Roslyn) own and operate their own sewage collection systems, which discharge sewage to either Bay Park or Cedar Creek. The City of Long Beach owns and operates its own sewage collection system and treatment plant. In addition, there are several other sewage collection systems and treatment plants within the County, operated by other governmental agencies or special districts.

Forty-eight public water suppliers in the County provide water service to nearly 100% of the County's residents. Public water supply wells pump all water from the County's groundwater system. A small number of residents in the less-densely populated northern sections of the County obtain their water from private wells.

The groundwater system comprises three major aquifers that overlay bedrock: the Upper Glacial, Magothy, and Lloyd aquifers. Precipitation continuously recharges these aquifers, which are part of the County's subsurface geology.

The County's population increased by approximately 4% from 1990 to 2010. This increase in population has had a negligible effect on water demand in the County. However, annual water demand has shown an upward trend over these years and has exhibited sizable seasonal fluctuations, both of which can be attributed to increased water use during the peak demand months (April through October) that generally are subject to hot and dry weather patterns.

Since 2000, public water demand during the base demand months (November through March) remained rather consistent at approximately 140 million gallons per day (mgd). During peak demand months, pumping can increase considerably (to well over 250 mgd) and is quite variable in response to weather conditions. Annual water demand since 2000 has fluctuated between 184 mgd to 204 mgd.

Recharge to the groundwater system normally amounts to approximately half of the precipitation falling upon the County's land surface. This equates to 332 million gallons of recharge to the groundwater system each day. The amount has increased slightly to 341 mgd because of the effectiveness of the County's recharge basins in capturing additional storm water runoff for aquifer recharge.

Since the amount of recharge to the groundwater system exceeds the amount of water withdrawn from the system, the quantity of groundwater available for public water supply is more than adequate, both presently and into the future. Furthermore, any new developments within the County are required to retain all storm water on site. This requirement will ensure that storm water runoff emanating from such developments will go into the groundwater system as recharge.

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APPENDIX H

BONDS TO BE REDEEMED

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BONDS TO BE REDEEMED

The Bonds are being issued to refund the Refunded Bonds, as described below. The redemption price for all of the Refunded Bonds is 100%. With the exception of the 2009 Series F Bonds maturing October 1, 2018 and October 1, 2019, all of the Refunded Bonds are being refunded in full.

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
Multi-Modal General Obligation Bonds, 2007 Series A:						
SERIAL	12/1/2021	63165TEF8	5.000%	\$2,630,000	\$2,630,000	12/1/2020
TERM2023	12/1/2022	63165TEG6	4.250	2,765,000	2,765,000	12/1/2020
	12/1/2023	63165TEG6	4.250	2,900,000	2,900,000	12/1/2020
				\$8,295,000	\$8,295,000	
Multi-Modal General Obligation Bonds, 2007 Series B:						
SERIAL	12/1/2021	63165TET8	5.000%	\$2,755,000	\$2,755,000	12/1/2020
	12/1/2024	63165TEV3	5.000	3,190,000	3,190,000	12/1/2020
TERM2023	12/1/2022	63165TEU5	4.250	2,890,000	2,890,000	12/1/2020
	12/1/2023	63165TEU5	4.250	3,035,000	3,035,000	12/1/2020
				\$11,870,000	\$11,870,000	
General Improvement Bonds, 2008 Series A:						
SERIAL	1/15/2019	63165TSG1	5.000%	\$155,000	\$155,000	1/22/2018
	1/15/2020	63165TSH9	4.000	160,000	160,000	1/22/2018
	1/15/2021	63165TSJ5	4.000	170,000	170,000	1/22/2018
	1/15/2022	63165TSK2	4.000	175,000	175,000	1/22/2018
	1/15/2023	63165TSL0	4.000	180,000	180,000	1/22/2018
	1/15/2024	63165TSM8	4.000	190,000	190,000	1/22/2018
	1/15/2025	63165TSN6	4.000	195,000	195,000	1/22/2018
	1/15/2026	63165TSP1	4.000	205,000	205,000	1/22/2018
	1/15/2027	63165TSQ9	4.000	215,000	215,000	1/22/2018
	1/15/2028	63165TSR7	4.000	220,000	220,000	1/22/2018
				\$1,865,000	\$1,865,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
Sewer and Storm Water Resources District Bonds, 2008 Series B:						
SERIAL	1/15/2019	63165NV39	5.000%	\$705,000	\$705,000	1/22/2018
	1/15/2020	63165NV47	5.000	740,000	740,000	1/22/2018
	1/15/2021	63165NV54	4.000	780,000	780,000	1/22/2018
	1/15/2022	63165NV62	4.000	810,000	810,000	1/22/2018
	1/15/2023	63165NV70	4.000	840,000	840,000	1/22/2018
	1/15/2024	63165NV88	4.000	870,000	870,000	1/22/2018
	1/15/2025	63165NV96	4.000	910,000	910,000	1/22/2018
	1/15/2026	63165NW20	4.000	945,000	945,000	1/22/2018
	1/15/2027	63165NW38	4.000	985,000	985,000	1/22/2018
	1/15/2028	63165NW46	4.000	1,020,000	1,020,000	1/22/2018
	1/15/2029	63165NW53	4.125	1,065,000	1,065,000	1/22/2018
TERM2033	1/15/2030	63165NW61	4.125	1,110,000	1,110,000	1/22/2018
	1/15/2031	63165NW61	4.125	1,155,000	1,155,000	1/22/2018
	1/15/2032	63165NW61	4.125	1,200,000	1,200,000	1/22/2018
	1/15/2033	63165NW61	4.125	1,250,000	1,250,000	1/22/2018
				\$14,385,000	\$14,385,000	

General Obligation Bonds, 2008 Series C:

SERIAL	7/1/2019	63165TTC9	5.000%	\$925,000	\$925,000	7/1/2018
	7/1/2020	63165TTD7	5.000	970,000	970,000	7/1/2018
	7/1/2021	63165TTE5	5.000	1,020,000	1,020,000	7/1/2018
	7/1/2022	63165TTF2	5.000	1,070,000	1,070,000	7/1/2018
	7/1/2023	63165TTG0	4.500	105,000	105,000	7/1/2018
	7/1/2024	63165TTH8	4.500	110,000	110,000	7/1/2018
	7/1/2025	63165TTJ4	4.500	115,000	115,000	7/1/2018
	7/1/2026	63165TTK1	4.500	120,000	120,000	7/1/2018
	7/1/2027	63165TTL9	4.500	125,000	125,000	7/1/2018
	7/1/2028	63165TTM7	4.500	135,000	135,000	7/1/2018
				\$4,695,000	\$4,695,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
General Improvement Bonds, 2009 Series A:						
SERIAL	5/1/2020	63165TUE3	5.000%	\$20,000	\$20,000	5/1/2019
	5/1/2021	63165TUF0	5.000	25,000	25,000	5/1/2019
	5/1/2022	63165TUG8	5.000	25,000	25,000	5/1/2019
	5/1/2023	63165TUH6	4.000	25,000	25,000	5/1/2019
	5/1/2024	63165TUJ2	4.000	25,000	25,000	5/1/2019
	5/1/2025	63165TUK9	4.250	25,000	25,000	5/1/2019
	5/1/2026	63165TUL7	4.250	30,000	30,000	5/1/2019
	5/1/2027	63165TUM5	4.375	30,000	30,000	5/1/2019
	5/1/2028	63165TUN3	4.500	20,000	20,000	5/1/2019
	5/1/2029	63165TUP8	4.500	20,000	20,000	5/1/2019
				\$245,000	\$245,000	
Sewer and Storm Water Resources District Bonds, 2009 Series B:						
SERIAL	5/1/2020	63165N3R7	5.000%	\$545,000	\$545,000	5/1/2019
	5/1/2021	63165N3S5	5.000	570,000	570,000	5/1/2019
	5/1/2022	63165N3T3	5.000	595,000	595,000	5/1/2019
	5/1/2023	63165N3U0	4.000	625,000	625,000	5/1/2019
	5/1/2024	63165N3V8	4.000	645,000	645,000	5/1/2019
	5/1/2025	63165N3W6	4.500	670,000	670,000	5/1/2019
	5/1/2026	63165N3X4	4.500	700,000	700,000	5/1/2019
	5/1/2027	63165N3Y2	4.500	730,000	730,000	5/1/2019
	5/1/2028	63165N3Z9	4.500	760,000	760,000	5/1/2019
	5/1/2029	63165N4A3	4.500	795,000	795,000	5/1/2019
	5/1/2030	63165N4B1	4.750	830,000	830,000	5/1/2019
	5/1/2031	63165N4C9	4.750	865,000	865,000	5/1/2019
	5/1/2032	63165N4D7	4.750	905,000	905,000	5/1/2019
	5/1/2033	63165N4E5	4.750	945,000	945,000	5/1/2019
	5/1/2034	63165N4F2	4.750	990,000	990,000	5/1/2019
				\$11,170,000	\$11,170,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
General Improvement Bonds, 2009 Series C:						
SERIAL	10/1/2020	63165TVE2	5.000%	\$50,000	\$50,000	10/1/2019
	10/1/2021	63165TVF9	5.250	55,000	55,000	10/1/2019
	10/1/2022	63165TVG7	5.250	55,000	55,000	10/1/2019
	10/1/2023	63165TVH5	5.000	60,000	60,000	10/1/2019
	10/1/2024	63165TVJ1	5.000	60,000	60,000	10/1/2019
	10/1/2025	63165TVK8	5.000	65,000	65,000	10/1/2019
	10/1/2026	63165TVL6	5.000	65,000	65,000	10/1/2019
	10/1/2027	63165TVM4	5.000	70,000	70,000	10/1/2019
	10/1/2028	63165TVN2	5.000	75,000	75,000	10/1/2019
	10/1/2029	63165TVP7	5.000	75,000	75,000	10/1/2019
	10/1/2030	63165TVQ5	5.000	270,000	270,000	10/1/2019
	10/1/2031	63165TVR3	5.000	285,000	285,000	10/1/2019
	TERM2035	10/1/2032	63165TVS1	5.125	295,000	295,000
10/1/2033		63165TVS1	5.125	310,000	310,000	10/1/2019
10/1/2034		63165TVS1	5.125	330,000	330,000	10/1/2019
10/1/2035		63165TVS1	5.125	345,000	345,000	10/1/2019
TERM2039	10/1/2036	63165TVT9	5.250	360,000	360,000	10/1/2019
	10/1/2037	63165TVT9	5.250	380,000	380,000	10/1/2019
	10/1/2038	63165TVT9	5.250	400,000	400,000	10/1/2019
	10/1/2039	63165TVT9	5.250	180,000	180,000	10/1/2019
				\$3,785,000	\$3,785,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
Sewer and Storm Water Resources District Bonds, 2009 Series D:						
SERIAL	10/1/2020	63165N6B9	5.500%	\$365,000	\$365,000	10/1/2019
	10/1/2021	63165N6C7	5.500	385,000	385,000	10/1/2019
	10/1/2022	63165N6D5	5.000	405,000	405,000	10/1/2019
	10/1/2023	63165N6E3	5.000	425,000	425,000	10/1/2019
	10/1/2024	63165N6F0	5.000	445,000	445,000	10/1/2019
	10/1/2025	63165N6G8	5.000	470,000	470,000	10/1/2019
TERM2027	10/1/2026	63165N6J2	5.000	495,000	495,000	10/1/2019
	10/1/2027	63165N6J2	5.000	515,000	515,000	10/1/2019
TERM2029	10/1/2028	63165N6L7	5.000	545,000	545,000	10/1/2019
	10/1/2029	63165N6L7	5.000	570,000	570,000	10/1/2019
TERM2039	10/1/2030	63165N6W3	5.250	600,000	600,000	10/1/2019
	10/1/2031	63165N6W3	5.250	630,000	630,000	10/1/2019
	10/1/2032	63165N6W3	5.250	665,000	665,000	10/1/2019
	10/1/2033	63165N6W3	5.250	700,000	700,000	10/1/2019
	10/1/2034	63165N6W3	5.250	735,000	735,000	10/1/2019
	10/1/2035	63165N6W3	5.250	775,000	775,000	10/1/2019
	10/1/2036	63165N6W3	5.250	815,000	815,000	10/1/2019
	10/1/2037	63165N6W3	5.250	855,000	855,000	10/1/2019
	10/1/2038	63165N6W3	5.250	900,000	900,000	10/1/2019
	10/1/2039	63165N6W3	5.250	945,000	945,000	10/1/2019
				\$12,240,000	\$12,240,000	
General Obligation Bonds, 2009 Series F:						
SERIAL	10/1/2018	63165TAH8	5.000%	\$7,280,000	\$4,915,000	10/1/2018
	10/1/2019	63165TAJ4	5.000	7,640,000	1,595,000	10/1/2019
	10/1/2020	63165TAK1	5.000	8,025,000	8,025,000	10/1/2019
	10/1/2021	63165TAL9	4.000	8,420,000	8,420,000	10/1/2019
	10/1/2022	63165TAM7	4.000	8,760,000	8,760,000	10/1/2019
	10/1/2023	63165TAN5	4.000	2,165,000	2,165,000	10/1/2019
				\$42,290,000	\$33,880,000	
General Improvement Bonds, 2009 Series H:						
SERIAL	10/1/2020	63165TBF1	4.000%	\$3,820,000	\$3,820,000	10/1/2019
	10/1/2021	63165TBG9	4.000	3,970,000	3,970,000	10/1/2019
	10/1/2022	63165TBH7	4.000	4,130,000	4,130,000	10/1/2019
	10/1/2023	63165TBJ3	4.000	4,295,000	4,295,000	10/1/2019
	10/1/2024	63165TBK0	4.000	4,470,000	4,470,000	10/1/2019
	10/1/2025	63165TBL8	4.000	3,265,000	3,265,000	10/1/2019
				\$23,950,000	\$23,950,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
General Improvement Bonds, 2010 Series C:						
SERIAL	10/1/2023	63165TDP7	4.000%	\$10,245,000	\$10,245,000	10/1/2020
	10/1/2024	63165TDQ5	4.000	10,655,000	10,655,000	10/1/2020
	10/1/2025	63165TDR3	4.000	11,085,000	11,085,000	10/1/2020
	10/1/2026	63165TDS1	4.000	8,345,000	8,345,000	10/1/2020
				\$40,330,000	\$40,330,000	
General Improvement Bonds, 2010 Series E:						
SERIAL	10/1/2023	63165TFP5	4.000%	\$4,605,000	\$4,605,000	10/1/2020
	10/1/2024	63165TFQ3	4.000	4,790,000	4,790,000	10/1/2020
	10/1/2025	63165TFR1	4.125	4,980,000	4,980,000	10/1/2020
				\$14,375,000	\$14,375,000	
General Improvement Bonds, 2011 Series A:						
SERIAL	4/1/2023	63165TGK5	5.000%	\$2,975,000	\$2,975,000	4/1/2021
	4/1/2024	63165TGL3	4.000	3,115,000	3,115,000	4/1/2021
	4/1/2025	63165TGM1	4.125	3,240,000	3,240,000	4/1/2021
	4/1/2026	63165TGN9	4.250	3,380,000	3,380,000	4/1/2021
	4/1/2027	63165TGP4	4.375	3,530,000	3,530,000	4/1/2021
	4/1/2028	63165TGQ2	4.500	3,690,000	3,690,000	4/1/2021
	4/1/2029	63165TGR0	4.500	3,860,000	3,860,000	4/1/2021
	4/1/2030	63165TGS8	5.000	4,050,000	4,050,000	4/1/2021
	4/1/2031	63165TGT6	5.000	4,250,000	4,250,000	4/1/2021
TERM2033	4/1/2032	63165TGU3	5.000	4,460,000	4,460,000	4/1/2021
	4/1/2033	63165TGU3	5.000	4,685,000	4,685,000	4/1/2021
TERM2036	4/1/2034	63165TGV1	5.000	4,910,000	4,910,000	4/1/2021
	4/1/2035	63165TGV1	5.000	5,145,000	5,145,000	4/1/2021
	4/1/2036	63165TGV1	5.000	5,385,000	5,385,000	4/1/2021
				\$56,675,000	\$56,675,000	
General Improvement Bonds, 2012 Series A:						
SERIAL	4/1/2024	63165N7S1	5.000%	\$9,745,000	\$9,745,000	4/1/2021
	4/1/2026	63165N7U6	4.250	10,540,000	10,540,000	4/1/2021
	4/1/2027	63165N7V4	4.000	10,985,000	10,985,000	4/1/2021
	4/1/2028	63165N7W2	4.000	11,435,000	11,435,000	4/1/2021
				\$42,705,000	\$42,705,000	

Bond	Maturity Date	CUSIP*	Interest Rate	Outstanding Par	Refunded Par	Payment Date
General Improvement Bonds, 2013 Series A:						
SERIAL	4/1/2026	63165THY4	4.000%	\$4,395,000	\$4,395,000	4/1/2022
	4/1/2027	63165THZ1	4.000	4,570,000	4,570,000	4/1/2022
				\$8,965,000	\$8,965,000	
General Improvement Bonds, 2013 Series B:						
SERIAL	4/1/2026	63165TJX4	5.000%	\$3,625,000	\$3,625,000	4/1/2023
	4/1/2027	63165TJY2	5.000	3,810,000	3,810,000	4/1/2023
	4/1/2028	63165TJZ9	5.000	4,005,000	4,005,000	4/1/2023
	4/1/2029	63165TKA2	5.000	4,210,000	4,210,000	4/1/2023
	4/1/2030	63165TKB0	5.000	4,425,000	4,425,000	4/1/2023
	4/1/2031	63165TKC8	5.000	4,655,000	4,655,000	4/1/2023
				\$24,730,000	\$24,730,000	
General Improvement Bonds, 2013 Series C:						
SERIAL	4/1/2026	63165TLC7	5.000%	\$2,515,000	\$2,515,000	4/1/2023
	4/1/2027	63165TLD5	5.000	2,640,000	2,640,000	4/1/2023
	4/1/2028	63165TLE3	5.000	2,775,000	2,775,000	4/1/2023
	4/1/2029	63165TLF0	5.000	2,920,000	2,920,000	4/1/2023
	4/1/2030	63165TLG8	5.000	3,070,000	3,070,000	4/1/2023
	4/1/2031	63165TLH6	5.000	3,225,000	3,225,000	4/1/2023
				\$17,145,000	\$17,145,000	
General Improvement Bonds, 2014 Series A:						
SERIAL	4/1/2027	63165TML6	5.000%	\$20,350,000	\$20,350,000	4/1/2024
General Improvement Bonds, 2015 Series A:						
SERIAL	10/1/2027	63165TNE1	5.000%	\$1,735,000	\$1,735,000	10/1/2024
General Improvement Bonds, 2015 Series B:						
SERIAL	4/1/2027	63165TPB5	5.000%	\$9,065,000	\$9,065,000	4/1/2024

* CUSIP numbers have been assigned by an organization not affiliated with the County. The CUSIP numbers listed are being provided solely for the convenience of the holders of the Refunded Bonds and the County makes no representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunded Bonds.

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