

(See "RATINGS" herein)

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 2013 Series C Bonds and the Notes (collectively, the "Tax-Exempt Obligations") 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 Tax-Exempt Obligations 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 and the Notes 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 accrual or receipt of interest on, the Bonds or Notes. See "TAX MATTERS."

COUNTY OF NASSAU, NEW YORK

GENERAL OBLIGATIONS

\$90,710,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES C

Due: April 1, as shown on the inside cover

\$1,055,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES D (Federally Taxable)

Coupon: 0.75% Price: 100% CUSIP: 63165TLN3 Due: April 1, 2015

\$122,060,000 BOND ANTICIPATION NOTES, 2013 SERIES B (RENEWALS)

Coupon: 2.00% Price to Yield: 0.50% CUSIP: 63165TLP8 Due: July 1, 2014

\$148,000,000 TAX ANTICIPATION NOTES, 2013 SERIES A

Coupon: 2.00% Price to Yield: 0.54% CUSIP: 63165TLQ6 Due: September 15, 2014

\$77,000,000 TAX ANTICIPATION NOTES, 2013 SERIES B

Coupon: 2.00% Price to Yield: 0.55% CUSIP: 63165TLR4 Due: October 15, 2014

Dated: Date of Delivery (Bonds and Notes)

The General Improvement Bonds, 2013 Series C (the "2013 Series C Bonds"), the General Improvement Bonds, 2013 Series D (Federally Taxable) (the "2013 Series D Bonds", and together with the 2013 Series C Bonds, the "Bonds"), the Bond Anticipation Notes, 2013 Series B (Renewals) (the "2013 Series B Bond Anticipation Notes"), the Tax Anticipation Notes, 2013 Series A (the "2013 Series A Tax Anticipation Notes") and the Tax Anticipation Notes, 2013 Series B (the "2013 Series B Tax Anticipation Notes", and together with the 2013 Series B Bond Anticipation Notes and the 2013 Series A Tax Anticipation Notes, the "Notes") 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 and the Notes. See "THE BONDS AND NOTES — Tax Levy Limitation Law" herein.

Interest on the Bonds is payable on April 1 and October 1 of each year commencing April 1, 2014 and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes is payable at maturity. The Bonds and Notes are payable from amounts provided by the County. See "THE BONDS AND NOTES" herein.

The scheduled payment of principal and interest on the 2013 Series C Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2013 Series C Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds and Notes 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 and Notes. 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 and Notes. 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 and Notes. The Bonds are subject to redemption prior to maturity as set forth herein. The Notes are not subject to redemption prior to maturity.

The 2013 Series C Bonds are offered when, as and if issued and received by the Purchaser thereof in accordance with the Notice of Sale dated November 26, 2013. The 2013 Series D Bonds and the Notes are offered when, as and if issued and received by the Underwriters. The issuance of the Bonds and Notes 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 2013 Series D Bonds and the Notes will be passed upon for the Underwriters of the 2013 Series D Bonds and the Notes by their counsel, Hawkins Delafield & Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriters only with respect to the 2013 Series D Bonds and the Notes and not with respect to the 2013 Series C Bonds. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC in New York, New York on or about December 11, 2013.

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

RAMIREZ & CO., INC.

(Underwriter of the Series 2013 D Bonds and the Notes)

BofA Merrill Lynch
(Purchaser of the 2013 Series C
Bonds/Underwriter of the Series
2013 D Bonds and the Notes)

J.P. Morgan
(Underwriter of the Series 2013 D
Bonds and the Notes)

COUNTY OF NASSAU, NEW YORK
\$90,710,000 GENERAL OBLIGATION BONDS
2013 SERIES C BONDS

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>CUSIP*</u>
4/1/2015	\$ 175,000	5.00%	0.68%	63165TKR5
4/1/2016	1,250,000	5.00	0.92	63165TKS3
4/1/2017	1,600,000	5.00	1.27	63165TKT1
4/1/2018	1,685,000	5.00	1.67	63165TKU8
4/1/2019	1,770,000	5.00	2.06	63165TKV6
4/1/2020	1,860,000	5.00	2.56	63165TKW4
4/1/2021	1,955,000	5.00	2.99	63165TKX2
4/1/2022	2,055,000	5.00	3.27	63165TKY0
4/1/2023	2,160,000	5.00	3.48	63165TKZ7
4/1/2024 ⁽¹⁾⁽²⁾	2,275,000	5.00	3.65	63165TLA1
4/1/2025 ⁽¹⁾⁽²⁾	2,390,000	5.00	3.87	63165TLB9
4/1/2026 ⁽¹⁾⁽²⁾	2,515,000	5.00	3.98	63165TLC7
4/1/2027 ⁽¹⁾⁽²⁾	2,640,000	5.00	4.11	63165TLD5
4/1/2028 ⁽¹⁾⁽²⁾	2,775,000	5.00	4.23	63165TLE3
4/1/2029 ⁽¹⁾⁽²⁾	2,920,000	5.00	4.35	63165TLF0
4/1/2030 ⁽¹⁾⁽²⁾	3,070,000	5.00	4.47	63165TLG8
4/1/2031 ⁽¹⁾⁽²⁾	3,225,000	5.00	4.56	63165TLH6
4/1/2032 ⁽¹⁾⁽²⁾	3,390,000	5.00	4.63	63165TLJ2
4/1/2033 ⁽¹⁾⁽²⁾	3,565,000	5.00	4.69	63165TLK9
Total	\$43,275,000			

\$20,770,000 5.00% Term Bond Due April 1, 2038⁽¹⁾⁽²⁾ to Yield 4.95% CUSIP* 63165TLL7
\$26,665,000 5.00% Term Bond Due April 1, 2043⁽¹⁾ to Yield 5.05% CUSIP* 63165TLM5

⁽¹⁾ The 2013 Series C Bonds stated to mature on or after April 1, 2024 shall be subject to optional redemption on April 1, 2023 or on any date thereafter.

⁽²⁾ Priced to the April 1, 2023 optional redemption date. (See "Optional Redemption" herein.)

* Copyright 2011, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders of the Bonds and Notes only at the time of issuance of the Bonds and Notes 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 and the Notes 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 and the Notes.

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE

Edward P. Mangano

COUNTY LEGISLATURE

Presiding Officer

Norma L. Gonsalves

Kevan M. Abrahams
Francis X. Becker, Jr.
Joseph V. Belesi
Judi Bosworth
David W. Denenberg
Delia DeRiggi-Whitton
Dennis Dunne, Sr.
Denise Ford
Judith A. Jacobs

Howard J. Kopel
Vincent T. Muscarella
Richard J. Nicoletto
Joseph K. Scannell
Carrié Solages
Robert Troiano
Michael Venditto
Rose Marie Walker
Wayne H. Wink, Jr.

COUNTY COMPTROLLER

George Maragos

DEPUTY COUNTY EXECUTIVE FOR FINANCE

Timothy P. Sullivan

COUNTY TREASURER

Beaumont A. Jefferson

ACTING BUDGET DIRECTOR

Roseann D'Alleva

ACTING COUNTY ATTORNEY

Carnell T. Foskey, Esq.

FINANCIAL ADVISOR

Public Financial Management, Inc.

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

IN CONNECTION WITH THE OFFERING OF THE BONDS AND THE NOTES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES 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 or Notes 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.

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.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the 2013 Series C Bonds or the advisability of investing in the 2013 Series C Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “Appendix I - Specimen 2013 Series C Bond Insurance Policy”.

Public Financial Management, Inc. 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.

Deloitte & Touche LLP, the County’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the County’s financial statements for the fiscal year ended December 31, 2012, which is a matter of public record, is included by reference in this Official Statement in APPENDIX B. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the County, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to provide written consent to the inclusion of its report in this Official Statement.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE BONDS NOR NOTES HAVE 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 AND NOTES 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 OR NOTES. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
of the
COUNTY OF NASSAU, NEW YORK

Relating to

\$90,710,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES C

Due: April 1, as shown on the inside cover

\$1,055,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES D (Federally Taxable)

Coupon: 0.75% Price: 100% CUSIP: 63165TLN3 Due: April 1, 2015

\$122,060,000 BOND ANTICIPATION NOTES, 2013 SERIES B (RENEWALS)

Coupon: 2.00% Price to Yield: 0.50% CUSIP: 63165TLP8 Due: July 1, 2014

\$148,000,000 TAX ANTICIPATION NOTES, 2013 SERIES A

Coupon: 2.00% Price to Yield: 0.54% CUSIP: 63165TLQ6 Due: September 15, 2014

\$77,000,000 TAX ANTICIPATION NOTES, 2013 SERIES B

Coupon: 2.00% Price to Yield: 0.55% CUSIP: 63165TLR4 Due: October 15, 2014

Dated: Date of Delivery (Bonds and Notes)

INTRODUCTION

This Official Statement, which includes the 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 (i) \$90,710,000 principal amount of General Improvement Bonds, 2013 Series C (the "2013 Series C Bonds"), (ii) \$1,055,000 principal amount of General Improvement Bonds, 2013 Series D (Federally Taxable) (the "2013 Series D Bonds"), (iii) \$122,060,000 principal amount of Bond Anticipation Notes, 2013 Series B (Renewals) (the "2013 Series B Bond Anticipation Notes"), (iv) \$148,000,000 principal amount of Tax Anticipation Notes, 2013 Series A (the "2013 Series A Tax Anticipation Notes") and (v) \$77,000,000 principal amount of Tax Anticipation Notes, 2013 Series B (the "2013 Series B Tax Anticipation Notes", and together with the 2013 Series A Tax Anticipation Notes, the "2013 Tax Anticipation Notes"). The 2013 Series C Bonds and the 2013 Series D Bonds are collectively referred to herein as the "Bonds." The 2013 Series B Bond Anticipation Notes and the 2013 Tax Anticipation Notes are collectively referred to herein as the "Notes". The Bonds and the Notes are collectively referred to herein as the "Obligations". The Obligations are dated the date of delivery. The interest rates, maturity dates and prices or yields of the Bonds are set forth on the cover and inside cover of this Official Statement. The interest rates, maturities and prices or yields of the Notes are set forth on the cover of this Official Statement. The Bonds are subject to redemption prior to maturity as set forth herein. The Notes are not subject to redemption prior to maturity.

THE BONDS AND NOTES

The Obligations 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 County Legislature 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 Obligations, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not, however, within NIFA’s powers to restrict the County’s obligation to pay debt service on the Obligations 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 Bonds are being issued to fund various public purposes, including capital projects, judgments and settlements, tax certiorari payments, termination pay, workers’ compensation settlements and to pay costs of issuance related to the Bonds. The 2013 Series B Bond Anticipation Notes are being issued to renew, in part, the County’s Bond Anticipation Notes, 2013 Series A dated February 28, 2013 and maturing February 5, 2014 issued to finance various costs related to the remediation and restoration of County facilities and infrastructure from Superstorm Sandy related damage, and to pay costs of issuance related to the 2013 Series B Bond Anticipation Notes. See “APPENDIX A – INFORMATION ABOUT THE COUNTY”. The 2013 Tax Anticipation Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period the 2013 Tax Anticipation Notes are outstanding and to pay costs of issuance related to the 2013 Tax Anticipation Notes. See “CASH FLOW STATEMENTS” herein. The 2013 Tax Anticipation Notes will be issued in anticipation of the collection by the County of real property taxes to be levied for County purposes for the fiscal year commencing on January 1, 2014 and ending December 31, 2014. The total amount of taxes to be levied for County purposes for its 2014 fiscal year is approximately \$807.0 million (Major Operating Funds only). (See “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein for a description thereof.) None of such taxes has been received as of this date. The County projects that substantially all of such real property taxes will be received by September 30, 2014. The County has not previously issued any notes or bonds in anticipation of its 2014 fiscal year property tax revenues.

The Obligations will be general obligations of the County, and will be issued, bear interest, mature and be payable as described on the cover page and inside cover page of this Official Statement and herein. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Obligations 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 Obligations, and, unless paid from other sources, the County is authorized to levy on all taxable real property such ad valorem taxes as may be necessary to pay the Obligations and the interest thereon subject to applicable statutory limitations. See “Tax Levy Limitation Law” herein. The Obligations do not constitute debt of NIFA.

Sources and Uses of Proceeds of the Obligations

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

<u>Sources</u>	<u>2013 Series C Bonds</u>	<u>2013 Series D Bonds</u>	<u>2013 Series B Bond Anticipation Notes</u>	<u>2013 Tax Anticipation Notes</u>
Par Amount.....	\$90,710,000	\$1,055,000	\$122,060,000	\$225,000,000
Net Original Issuance Premium*.....	<u>2,443,550</u>	<u>(1,004)</u>	<u>873,554</u>	<u>2,315,260</u>
Total Sources.....	\$93,153,550	\$1,053,996	\$122,933,554	\$227,315,260
 <u>Uses</u>				
Deposit to Applicable Obligation Proceeds Account	<u>\$93,153,550</u>	<u>\$1,053,996</u>	<u>\$122,933,554</u>	<u>\$227,315,260</u>
Total Uses.....	\$93,153,550	\$1,053,996	\$122,933,554	\$227,315,260

*Net of underwriters' discount.

Optional Redemption

The 2013 Series D Bonds and the Notes are not subject to optional redemption prior to maturity.

The 2013 Series C Bonds stated to mature on or after April 1, 2024 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 April 1, 2023, or on any date thereafter 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 2013 Series C 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.

Mandatory Sinking Fund Redemption

The 2013 Series D Bonds and the Notes are not subject to mandatory redemption prior to maturity.

The 2013 Series C Bonds maturing on April 1, 2038 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2034 and on each April 1 thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, in the years and in the principal amounts below:

<u>Year</u>	<u>Principal Amount</u>
2034	\$3,750,000
2035	3,940,000
2036	4,145,000
2037	4,355,000
2038*	4,580,000

* Maturity

The 2013 Series C Bonds maturing on April 1, 2043 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2039 and on each April 1 thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, in the years and in the principal amounts below:

<u>Year</u>	<u>Principal Amount</u>
2039	\$4,815,000
2040	5,060,000
2041	5,320,000
2042	5,590,000
2043*	5,880,000

* Maturity

Selection of Bonds to be Redeemed in Partial Redemption

If less than all of the Bonds 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 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.

Taxes Available for the Payment of 2013 Tax Anticipation Notes

Real property taxes, which are levied on an annual basis by the County for the fiscal year January 1 through December 31, are payable on February 10 and August 10 of each year. If the payment due February 10 is not paid by February 10 and the payment due August 10 is not paid by August 10, then interest of 1% per month accrues for each month the delinquency continues (calculated from January 1 and July 1, respectively), plus a penalty of 5% is added after August 31st. Such interest is charged on the full amount of taxes due including any penalty, and is compounded beginning on September 1st. See “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein.

The total amount of real property taxes to be levied for County purposes for its 2014 fiscal year is approximately \$807.0 million (Major Operating Funds only). The County projects that substantially all of the real property taxes will be received by September 30, 2014. The amount of such real property taxes (Major Operating Funds only) received by the County by April 30, September 30 and October 31 for the current and each of the last four fiscal years is set forth in Figure A:

FIGURE A
PROPERTY TAX COLLECTION
MAJOR OPERATING FUNDS

Fiscal Year	Levy	Cumulative Amount Received By April 30	Cumulative Amount Received By September 30	Cumulative Amount Received By October 31
2009	\$806,073,849	\$426,484,673	\$758,207,798	\$764,704,189
2010	801,573,849	426,448,663	758,719,309	765,324,913
2011	800,315,632	428,324,810	N/A ¹	765,750,620
2012	804,331,558	428,650,005	769,557,396	773,365,653
2013	804,788,915	429,028,202	767,353,466	772,545,346

¹ Due to system conversion, September 30, 2011 amount is unavailable.

Tax Levy Limitation Law

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 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 their parent municipalities tax levies.

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, 2016 unless 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 would be 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. This 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 that is what courts have held they mean.”

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.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“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 of 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 municipalities.

Therefore, 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 long term 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 Obligations. Execution or attachment of County property cannot be obtained to satisfy a judgment by holders of the Obligations.

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 Obligations. See “THE BONDS AND NOTES—Tax Levy Limitation Law” herein.

Book-Entry-Only System

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Obligations. The Obligations 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. One fully-registered Note certificate will be issued for each series of Notes bearing the same rate of interest and CUSIP number, 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 an issue 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Obligation 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 OBLIGATIONS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE OBLIGATIONS.

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 OBLIGATIONS (I) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST OR PREMIUM, IF ANY, ON THE OBLIGATIONS, (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE OBLIGATIONS; OR (III) NOTICES SENT TO DTC OR CEDE & CO., AS NOMINEE, AS REGISTERED OWNER OF THE OBLIGATIONS, 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 Obligations

DTC may discontinue providing its services with respect to the Obligations 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 applicable Obligations will be issued in registered form for the Bonds and in bearer or registered form for the Notes 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.

CASH FLOW STATEMENTS

Appendix H shows (i) the actual cash flows of the County for the period January 2012 through December 2012, (ii) the actual cash flows of the County for the period January 2013 through October 2013, (iii) preliminary pro forma projected cash flows of the County for the period November 2013 through December 2013 and (iv) preliminary pro forma projected cash flows of the County for the period January 2014 through December 2014, based on the 2014 budget. Such cash flow statements have been prepared by the County and relate solely to the Major Operating Funds.

Neither the County’s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected cash flows 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 projected cash flows.

The cash flows set forth in Appendix H, in view of the County’s management, were prepared on a reasonable basis and reflect the best currently available estimates and judgments and present, to the best of management’s knowledge and belief, the expected course of events and the expected future financial condition of the County.

The assumptions and estimates underlying the projected cash flows are inherently uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected cash flows. See “RISK FACTORS” herein. Accordingly there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected cash flows. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved.

LITIGATION

The County, 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 alleged torts, civil rights violations, and breaches of contracts including union and employee disputes, condemnation proceedings, assessment review 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 Obligations 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 of 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

The Bonds

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 statement (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 succeeding 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 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 statement 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 Notes

At the time of the issuance and delivery of the Notes, the County will covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Notes in accordance with the requirements of the Rule, to provide to the Electronic Municipal Market Access system of the MSRB or other entity authorized or designated by the Commission, 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 Notes:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material. It should be noted that none of the Notes, the proceedings of the County authorizing the Notes, the Local Finance

* 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.

Law, nor any other law, makes any provision for non-payment related defaults on the Notes, 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 Notes;
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 Notes, or other material events affecting the tax status of the Notes;
7. Modifications to rights of Beneficial Owners or holders of the Notes, if material;
8. Note calls, if material, and tender offers;
9. Defeasances. It should be noted that none of the Notes, the proceedings authorizing the Notes, the Local Finance Law, nor any other law makes any provision for the legal defeasance of the Notes;
10. Release, substitution, or sale of property securing repayment of the Notes, if material. It should be noted that the Notes 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 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 Notes.

The sole remedy of a Beneficial Owner of the Notes 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 Notes.

* 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.

The County may amend its obligations under the provisions of the covenant without the consent of any holder of the Notes or Beneficial Owner of the Notes 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 Notes, 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, subject to the following. Ratings changes occurred on County bonds in 2008 and 2009 as a result of bond insurer downgrades. The County had engaged the services of a dissemination agent in 2008 through early 2009 who was responsible for notifying the repositories of these rating changes. The County's records indicate that it would receive written confirmation during that time from the dissemination agent that the appropriate material event notices were so filed. However, records available from the MSRB do not reflect that all such material event notices were filed. Rating changes under the Rule prior to 2010 were required only if material. The dissemination agent is unable to evidence that all such material event filings were made. Beginning in early 2009, the County took responsibility for directly providing all continuing disclosure information. Additionally, the County has recently filed material event notices related to ratings downgrades of certain insured County bonds resulting from ratings downgrades of such insurer from 2009 through 2013 which had not previously been filed.

RISK FACTORS

The following description summarizes some of the risk factors associated with the Obligations 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 Obligations 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 Obligations. 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 Obligations, 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 – 2014 Budget and 2014-2017 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 Obligations. 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 Obligations.

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. Given recent overall economic conditions, these expenditures are likely to increase.

Furthermore, following from NIFA's declaration of a control period on January 26, 2011, NIFA may 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, certain capital projects and the payment of 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 and Notes will be covered by the final approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. The proposed forms of such opinions are set forth in APPENDIX C hereto. Certain legal matters with respect to the 2013 Series D Bonds and the Notes will be passed upon for the Underwriters for the Notes by their counsel Hawkins Delafield & Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriters only with respect to the 2013 Series D Bonds and the Notes and not with respect to the 2013 Series C Bonds.

TAX MATTERS

General

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 2013 Series C Bonds and the Notes (collectively, the "Tax-Exempt Obligations") 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 Tax-Exempt Obligations 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 Obligations is exempt from personal income taxes imposed by the State of New York and any political subdivision

thereof (including The City of New York). Complete copies of the proposed forms of opinions of Bond Counsel are set forth in APPENDIX C hereto.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Obligations is excluded from gross income for federal income tax purposes and that interest on the Obligations 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 of, or the accrual or receipt of interest on, the Obligations 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.

Tax-Exempt Obligations

Tax-Exempt Obligations 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 Tax-Exempt Obligations") 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 Tax-Exempt Obligations, 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 a Premium Tax-Exempt Obligation, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Tax-Exempt Obligations should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

To the extent the issue price of any maturity of the Tax-Exempt Obligations is less than the amount to be paid at maturity of such Tax-Exempt Obligations (excluding amounts stated to be interest and payable at least annually over the term of such Obligations), 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 Tax-Exempt Obligations which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Obligations is the first price at which a substantial amount of such maturity of the Tax-Exempt Obligations 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 Tax-Exempt Obligations accrues daily over the term to maturity of such Tax-Exempt Obligations 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 Tax-Exempt Obligations to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Obligations. Beneficial Owners of the Tax-Exempt Obligations should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Obligations with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Obligations in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Obligations is sold to the public.

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 Tax-Exempt Obligations. Contemporaneously with the issuance of the Tax-Exempt Obligations, the County will make certain representations and will covenant to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Obligations 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 Tax-Exempt Obligations being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Obligations. 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 Tax-Exempt Obligations may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Obligations. 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Obligations 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. As one example, the Obama Administration's proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 31, 2013, would limit the exclusion from gross income of interest on obligations like the Tax-Exempt Obligations to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. 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 Tax-Exempt Obligations. Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisers 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 Tax-Exempt Obligations for federal income tax purposes. It is not binding on the Internal Revenue Service ("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 Tax-Exempt Obligations, the County will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Obligations ends with the issuance of the Tax-Exempt Obligations, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Obligations 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 Tax-Exempt Obligations 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 Tax-Exempt Obligations, and may cause the County or the Beneficial Owners to incur significant expense.

2013 Series D Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the 2013 Series D Bonds that acquire their 2013 Series D Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect, and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2013 Series D Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their 2013 Series D Bonds pursuant to this offering for the issue price that is applicable to such 2013 Series D Bonds (i.e., the price at which a substantial amount of the 2013 Series D Bonds are sold to the public) and who will hold their 2013 Series D Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a Beneficial Owner of a 2013 Series D Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a Beneficial Owner of a 2013 Series D Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2013 Series D Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2013 Series D Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2013 Series D Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Interest on the 2013 Series D Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. Federal income tax purposes.

The 2013 Series D Bonds are expected to be issued at a premium. In general, the excess of the issue price of a 2013 Series D Bond over its stated principal amount will constitute a premium. A U.S. Holder of a 2013 Series D Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2013 Series D Bond.

The 2013 Series D Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the 2013 Series D Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Disposition of the 2013 Series D Bonds. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition of a 2013 Series D Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2013 Series D Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2013 Series D Bonds and (ii) the U.S. Holder’s adjusted tax basis in the 2013 Series D Bond (generally, the purchase price paid by the 2013 Series D Bond decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2013 Series D Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the 2013 Series D Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Tax on Net Investment Income. For tax years beginning after December 31, 2012, certain non-corporate U.S. Beneficial Owners of 2013 Series D Bonds will be subject to a 3.8% tax on the lesser of (1) the U.S. Beneficial Owner’s “net investment income” (in the case of individuals) or “undistributed net investment income” (in the case of estates and certain trusts) for the relevant taxable year and (2) the excess of the U.S. Beneficial Owner’s “modified adjusted gross income” (in the case of individuals) or “adjusted gross income” (in the case of estates and certain trusts) for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual’s circumstances). A U.S. Beneficial Owner’s calculation of net investment income generally will include its interest income on the 2013 Series D Bonds and its net gains from the disposition of the 2013 Series D Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Beneficial Owner that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the 2013 Series D Bonds.

Information Reporting and Backup Withholding. Payments on the 2013 Series D Bonds generally will be subject to U.S. information reporting and “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2013 Series D Bonds may be subject to backup withholding at the current rate of 28% (subject to future adjustment) with respect to “reportable payments,” which include interest paid on the 2013 Series D Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2013 Series D Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)1(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or

credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding" and "FATCA," payments of principal of, and interest on, any 2013 Series D Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the County through stock ownership and (2) a bank which acquires such 2013 Series D Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the Beneficial Owner of the 2013 Series D Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the 2013 Series D Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition of a 2013 Series D Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2013 Series D Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such 2013 Series D Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Under current U.S. Treasury Regulations, payment of principal and interest on any 2013 Series D Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the 2013 Series D Bond or a financial institution holding the 2013 Series D Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the Beneficial Owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the Beneficial Owners of the 2013 Series D Bonds that are not United States persons and copies of such owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as

a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury regulations pays the proceeds of the sale of a 2013 Series D Bond to the seller of the 2013 Series D Bond, backup withholding and information reporting requirements will not apply to such payments provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partnership of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a 2013 Series D Bond will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. Office of a broker of the proceeds of a sale of a 2013 Series D Bond, is subject to backup withholding requirements unless the Beneficial Owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

FATCA. Certain withholding rules imposed under Section 1471 through 1474 of the Code (the “Foreign Account Tax Compliance Act” or “FATCA”) generally would impose a 30% U.S. withholding tax on (i) payments of interest (including OID) made after June 30, 2014, (ii) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016, (iii) certain “pass-thru” payments (other than “foreign pass-thru payments”) received with respect to debt obligations held through a foreign financial institution after December 31, 2016 and (iv) certain “foreign pass-thru payments” received with respect to debt obligations held through foreign financial institutions after the later of December 31, 2016 and the date that final regulations defining the term “foreign pass-thru payments” are issued. “Foreign financial institution” is defined very broadly for this purpose, and includes any foreign entity that accepts deposits in the ordinary course of a banking or similar business; as (a substantial portion of its business, holds financial assets for the account of others; or is engaged, or holds itself out as being engaged, primarily in the business of investing, reinvesting or trading in (or in interests in) securities, partnership interests or commodities. However, the FATCA rules do not apply to debt obligations issued on or prior to June 30, 2014, such as the 2013 Series D Bonds. Therefore, the FATCA provision only would apply if there were a significant modification of the 2013 Series D Bonds after June 30, 2014.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the County and its tax advisors are (or may be) required to inform prospective investors that:

- i. any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;
- ii. any such advice is written to support the promotion or marketing of the 2013 Series D Bonds and the transactions described herein; and

iii. each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2013 Series C Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2013 Series C Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At September 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were \$3,458,464,281 and its total net unearned premium reserve was \$1,902,038,053, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 (filed by AGL with the SEC on November 12, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 2013 Series C Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the 2013 Series C Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such 2013 Series C Bonds or uninsured bonds for investment or may sell or otherwise dispose of such 2013 Series C Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the 2013 Series C Bonds or the advisability of investing in the 2013 Series C Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

RATINGS

Moody's and S&P have assigned ratings of "A2"(stable outlook) and "A+" (stable outlook), respectively, to the 2013 Series D Bonds. Fitch Ratings ("Fitch") has assigned a rating of "A" (negative outlook) to the 2013 Series C Bonds and the 2013 Series D Bonds. Moody's and S&P have assigned ratings of "A2" (stable outlook) and "AA-" (stable outlook), respectively, to the 2013 Series C Bonds with the understanding that a municipal bond insurance policy insuring the payment when due for principal and interest on the 2013 Series C Bonds will be issued by Assured Guaranty Municipal Corp.

S&P and Fitch have assigned ratings of "SP-1+" and "F1", respectively, to the Notes.

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; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, 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 Obligations. A securities rating is not a recommendation to buy, sell or hold securities.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Inc. of New York, New York, as Financial Advisor in connection with the issuance and sale of its obligations, including the Obligations. Although Public Financial Management, Inc. has assisted in the preparation of the Official Statement, Public Financial Management, Inc. 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. Public Financial Management, Inc. 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 2013 Series D Bonds and the Notes are being purchased, subject to certain conditions, by the underwriters for whom Samuel A. Ramirez & Co., Inc. is acting as the representative (the "Underwriters"), for reoffering to the public. The purchase contract for the 2013 Series D Bonds and the Notes provides that the Underwriters will purchase all of the 2013 Series D Bonds and the Notes, if any are purchased, at a purchase price equal to \$351,302,809.61, reflecting an original issue premium of \$3,589,058.60 and an underwriters' discount of \$401,248.99 and reoffer such 2013 Series D Bonds and the Notes at the public offering price or yield set forth on the cover page hereof. Such 2013 Series D

Bonds and the Notes may be offered and sold to dealers (including dealers depositing such 2013 Series D Bonds and the Notes 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.

The 2013 Series C Bonds will be purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2013 Series D Bonds and the Notes, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase 2013 Series D Bonds and Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2013 Series D Bonds and Notes that such firm sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of 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.

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 Obligations.

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 Obligations, 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 Obligations 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. In addition, the County regularly receives reports from consultants, commissions, and

special task forces relating to various aspects of the County's financial affairs, including capital projects, County services, taxation, revenue estimates, pensions, and other matters.

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 Obligations 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 6, 2013

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. 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. 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 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 M. Abrahams	Howard J. Kopel
Francis X. Becker, Jr.	Vincent T. Muscarella
Joseph V. Belesi	Richard J. Nicoletto
Judi Bosworth	Joseph K. Scannell
David W. Denenberg	Carrié Solages
Delia DeRiggi-Whitton	Robert Troiano
Dennis Dunne, Sr.	Michael Venditto
Denise Ford	Rose Marie Walker
Norma L. Gonsalves	Wayne H. Wink, Jr
Judith A. Jacobs	

Presiding Officer, County Legislature – Norma L. Gonsalves

Norma L. Gonsalves was first elected to the Nassau County Legislature in 1997. She has been reelected in eight successive elections to represent her constituents in the communities of East Meadow, North Bellmore, North Merrick, North Wantagh and Seaford. 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. 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 – Timothy P. Sullivan

Timothy P. Sullivan was appointed Deputy County Executive for Finance in January 2010. Mr. Sullivan has over twenty-five years of progressive financial analysis and control background with municipalities, large corporations, and “think tank” academic research organizations. As Deputy County

Executive for Finance for the County, he has responsibility for the management of a \$2.8 billion budget, which includes 8,000 employees.

Prior to his current position, he was Director of Financial Planning for the Long Island Power Authority (“LIPA”), which owns the electric transmission and distribution system on Long Island that delivers power to more than 1.1 million retail customers. His responsibilities included the administration of LIPA’s long-term financial planning, including oversight of financial modeling and economic forecasting. Prior to that position, Mr. Sullivan was the head of revenue and economic analysis for NIFA. In this role, he played a key role in the development of the County’s first Multi-Year Financial Plan. In 1996, Mr. Sullivan served as the initial director of the budget office for the newly-created County Legislature. He has also performed research for Wharton Econometric Forecasting Associates.

Mr. Sullivan has a B.A. in History and an M.A. in International Economics from Fordham University.

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.

Acting County Budget Director – Roseann D’Alleva

Ms. D’Alleva became Acting County Budget Director on November 15, 2012. 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 the Project and Performance Management which included Risk Management.

Prior to her employment by Nassau 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.

Acting County Attorney – Carnell T. Foskey

The Honorable Carnell T. Foskey was appointed Acting County Attorney on November 13, 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 and the Department of Assessment - 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, capital plans and budgets and multi-year financial plans, as well as monthly financial reports. OMB also works with departments to develop smart government initiatives, the status of which budget examiners review monthly. OMB assigns a deputy budget director to each key County operational area to serve as its chief financial officer, providing expertise on budget and finance matters such as capital planning and revenue management. OMB is also responsible for financial reporting and 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.

Office of Purchasing. The Office of Purchasing 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 management 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.

Fund Balance Policy. The County Executive's fund balance and reserve policy draws upon the recommendations of the Government Finance Officers Association, the National Advisory Council on State and Local Government Budgeting and the credit rating agencies. The policy outlines an approach to the accumulation and use of unreserved fund balance and reserve funds that takes into consideration issues that are specific to the County. It identifies an array of reserve funds that helps the County stabilize its budget and finance important policy objectives. The policy sets recommended levels of unreserved fund balance of no less than 4% and no more than 5% of normal prior-year expenditures made from the general fund and the County-wide special revenue funds. Additionally, the policy calls for maintaining a combined level of financial resources in unreserved fund balance and reserve funds of no less than 5% of normal prior-year expenditures. The policy outlines the conditions under which the County's unreserved fund balance ought to be replenished, and identifies the appropriate uses for unreserved fund balance, reserve funds, and any projected operating surpluses. As of December 31, 2012, the County's unreserved fund balance totaled approximately \$82.0 million. The County also maintains an Employee Accrued Liability Reserve Fund pursuant to GML; this reserve totaled approximately \$4.0 million as of December 31, 2012. See "COUNTY FINANCIAL CONDITION – 2014 Budget and 2014-2017 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. The County's investment policy authorizes the County to enter into repurchase agreements, subject to certain restrictions. From time to time, the County Legislature adopts resolutions 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 program are to: (1)

comply with all applicable provisions of law; (2) safeguard the principal of all investments; (3) provide sufficient liquidity to ensure that monies invested are available to meet expenditures and fulfill obligations as they come due; and (4) obtain the maximum rate of return that is consistent with the preceding objectives.

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 variable rate debt exposure and to enhance the savings expected to be generated by various 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 netted against the service and other payments the County makes to NHCC. Accordingly, NHCC bears the exposure for swaps that under-perform expectations and benefits in the event the swaps outperform expectations.

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’s Risk Management Unit monitors and directs policies and procedures to reduce and control the County’s overall risk exposures. The County self-insures for most risk exposures. The County has transferred some of its risk by means of both property and liability insurance coverage for all police helicopters and some leased properties. The County also maintains a blanket fidelity bond covering all County employees and certain accident and liability coverage for its summer recreation program. The County has established minimum insurance requirements for all contractors and vendors providing services to 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. A special election was held on November 6, 2012 to fill the legislative vacancy created by the death of Presiding Officer Peter Schmitt in October 2012. Subsequently, a local law enacted on November 19, 2012 provided that taxes for 2013 were to be levied no later than November 30, 2012, and the County Legislature levied said taxes on November 20, 2012.

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.

COUNTY FINANCIAL CONDITION

Financial Results and Projections

The County's budgetary surplus for fiscal year 2012 was \$41.5 million, including Superstorm Sandy expenditures. The County Comptroller has indicated that for comparison, based on standard governmental generally accepted accounting principles ("GAAP") (modified accrual basis), the County ended fiscal year 2012 with a surplus of \$27.5 million. For purposes of the NIFA control period test under the NIFA Act, the County ended fiscal year 2012 with a negative \$85.5 million result. As of October 2013, the County's projected budgetary surplus for fiscal year 2013 is approximately \$15.5 million.

In accordance with an order by President Obama on May 23, 2013, eligible Superstorm Sandy expenses will qualify for 90% federal reimbursement (except for certain immediate assistance previously authorized at 100% federal reimbursement). While there remains no firm commitment from the State, Governor Cuomo has earmarked a minimum of \$250 million in his action plan for the Community Development Block Grant Program Disaster Recovery fund allocation to meet the 10% non-federal share of these expenses. In 2011, the State assumed all local share costs for Hurricane Irene.

2014 Budget and 2014-2017 Multi-Year Financial Plan

The County Executive submitted the proposed 2014 Budget to the County Legislature on September 16, 2013. The County Legislature adopted the 2014 Budget on October 28, 2013, which included legislative amendments totaling \$0.3 million, and was balanced according to the budgetary basis of accounting. The 2014 Budget includes \$2.8 billion in appropriations, excluding interdepartmental transfers, to support the Major Operating Funds. See "NIFA Approval of the 2014-2017 Multi-Year Financial Plan" within this section and "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

As described in the 2014-2017 Multi-Year Financial Plan, the County is projecting budget gaps of \$48.7 million in 2015, \$62.8 million in 2016 and \$63.5 million in 2017. Figure 1 shows the gap projections and gap closing measures contained in the 2014-2017 Multi-Year Financial Plan.

FIGURE 1
SUMMARY OF GAP PROJECTIONS
2014-2017 MULTI-YEAR FINANCIAL PLAN
MAJOR OPERATING FUNDS
(IN MILLIONS)

	2015	2016	2017
Projected Baseline Gap	(\$48.7)	(\$62.8)	(\$63.5)
Gap Closing Measures			
Expense/Revenue Actions			
Video Lottery Terminals	19.0	19.0	20.0
Office Consolidation	3.0	7.0	7.0
Improve Detainee to Staff Ratio at Correctional Center	3.0	5.0	5.0
Strategic Sourcing	2.0	5.0	5.0
207 C Reform	2.0	2.0	2.0
ERP Implementation		2.0	2.0
Financing Options/Asset Sales			
Sale of Surplus County Property	5.0	5.0	5.0
NYS Actions			
Mandate Reform	10.0	10.0	10.0
Other NYS Initiatives (e.g. speed cameras, etc.)	8.0	12.0	12.0
Gap Closing Actions	52.0	67.0	68.0
Surplus / (Deficit)	\$3.3	\$4.2	\$4.5

The County plans to implement some or all of the gap-closing measures 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 "LITIGATION - Property Tax Litigation - *Assessments*" herein for a discussion of the County's ability to finance the payment of property tax refunds through borrowing or alternatives to borrowing.

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 2014-2017 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 State law without revenue increases or expense reductions.

Following from NIFA's declaration of a control period on January 26, 2011, NIFA may 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 and the payment of 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 the 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 Monday, October 29, 2012, Superstorm Sandy hit the New York metropolitan region. The storm caused widespread damage to the region, including substantial damage in the County to private homes, schools and County and local government infrastructure. The County continues to work with the private sector, utility companies, and other governmental units, including federal, State and local governments, to assure a full and safe restoration and recovery. The County expects to secure substantial federal assistance, including reimbursement of certain storm-related costs and losses, from the Federal Emergency Management Agency ("FEMA") and other federal agencies. On January 29, 2013, President Obama signed legislation providing supplemental appropriations of approximately \$50.5 billion to fund Sandy recovery efforts. In accordance with President Obama's May 23, 2013 order, eligible Superstorm Sandy expenses will qualify for 90% federal reimbursement (except for certain immediate assistance previously authorized at 100% federal reimbursement).

The County and its municipal governments are continuing to incur costs related to the damage sustained by the storm and are working with FEMA and the State to tabulate the associated costs and

expenses as a result of the storm preparation, evacuation and shut down, as well as the costs for remediation, clean up, mitigation and the restoration of services. The County currently estimates that its Bay Park Sewage Treatment Plant and various County pump stations sustained approximately \$600 million in damages as a result of Superstorm Sandy. Such eligible expenses will receive 90% federal reimbursement. As noted above, in 2011, the State assumed all of the 10% local share costs for Hurricane Irene. Though no assurance can be given that the State will assume any of such Superstorm Sandy local share costs, Governor Cuomo has earmarked a minimum of \$250 million in his action plan for the Community Development Block Grant Program Disaster Recovery fund allocation to meet the 10% non-federal share of these expenses. The County intends to maximize its recovery from all available sources, including FEMA. While the amount and timing for receipt of funds from FEMA remains uncertain, the County has received reimbursement of \$77 million related to the immediate storm response efforts.

It is not yet possible to quantify with any certainty the long-term impact of the storm on the County and its economy, any economic benefits which may result from recovery and rebuilding activities, and the amount of additional resources from federal, State and other sources which may be required. The storm did not materially affect the County's short-term revenue collections.

NIFA Approval of the 2014-2017 Multi-Year Financial Plan

As required by the NIFA Act during the control period, the County submitted the 2014-2017 Multi-Year Financial Plan to NIFA for review and approval. On November 25, 2013, NIFA approved the 2014-2017 Multi-Year Financial Plan subject to certain conditions. For further information regarding NIFA's declaration of a control period, see "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

See "MONITORING AND OVERSIGHT – External – *NIFA*" and "APPENDIX F – COUNTY WORKFORCE" herein for information regarding NIFA's imposition of a wage freeze.

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 Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. A Certificate is valid for a period of one year only. The County believes that its current comprehensive annual financial report will continue to meet the Certificate program's requirements.

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 or notes 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 1% or more in the aggregate in the results of operations during its fiscal year assuming all revenues and expenditures are reported in accordance with 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 notes; 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 in

fiscal year 2011 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 – NIFA Approval of the 2014-2017 Multi-Year Financial Plan" herein.

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, certain contracts are submitted to NIFA for approval following the County's internal approval process. On March 24, 2011, by respective resolutions 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. Various collective bargaining units of the County have brought suits in federal court against the County and NIFA challenging the actions described in the prior sentence. The County intends to continue to defend itself vigorously against such action(s). See "LITIGATION – Other Litigation" herein for a description of such litigation. 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.

NIFA has approved the issuance of the Obligations, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not, however, within NIFA's powers to restrict the County's obligation to pay debt service on the Obligations 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 "SEWER AND STORM WATER RESOURCES SERVICES" herein.

Independent Auditors

The County's audited financial statements for the fiscal year ended December 31, 2012 are included by reference in this Official Statement as APPENDIX B. Deloitte & Touche LLP, the County's independent

auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP relating to the County's financial statements for the fiscal year ended December 31, 2012, which is a matter of public record, is included by reference in this Official Statement in APPENDIX B. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the County, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to provide written consent to the inclusion of its report in 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 2014 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>2010</u>	<u>2011</u>	<u>2012</u>	Projected⁽³⁾ <u>2013</u>	Budgeted <u>2014</u>
Sales Tax ⁽¹⁾	\$1,001,441,745	\$1,024,749,173	\$1,078,129,418	\$1,146,245,613	\$1,165,863,333
Property Tax	802,901,506	795,120,071	803,282,464	806,662,257	807,049,409
State Aid	171,045,976	183,181,776	207,144,517	220,941,885	220,569,773
Federal Aid	209,401,010	176,963,081	166,259,323	135,883,678	147,061,668
Departmental Revenues	94,416,532	114,814,757	164,449,990	161,439,969	165,798,625
Other Revenues ⁽²⁾	261,273,694	314,121,666	279,519,447	292,144,638	283,469,129
Sub-total	2,540,480,463	2,608,950,524	2,698,785,159	2,763,318,040	2,789,811,937
Interdepartmental Revenues	379,498,496	458,721,215	386,502,050	420,061,184	417,475,485
Total	\$2,919,978,959	\$3,067,671,739	\$3,085,287,209	\$3,183,379,224	\$3,207,287,422

⁽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, 2013.

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 41.8% of the total revenues in the 2014 Budget (excluding interdepartmental revenues). 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”.

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>
2014	\$2,789,811,937	\$1,165,863,333	41.8%	N/A	N/A	N/A
2013	2,791,377,225	1,121,245,613	40.2	N/A	N/A	N/A
2012	2,793,456,948	1,056,188,384	37.8	\$2,698,785,159	\$1,078,129,418	39.9%
2011	2,700,623,456	1,023,336,134	37.9	2,608,950,524	1,024,749,173	39.3
2010	2,619,913,030	1,003,083,023	38.3	2,540,480,463	1,001,441,745	39.4

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

The County's sales tax is collected by the State. The total current sales tax rate in the County is 8-5/8%, of which (i) 4-3/8% is the State's share (including a 3/8% component that is imposed within the Metropolitan Commuter Transportation District pursuant to Section 1109 of the State Tax Law) and (ii) 4-1/4% is the County's share, out of which the County (a) must allocate a 1/4% 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 1/12% 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 4 1/4% local sales tax until November 30, 2015, 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 28.9% of total revenues in the 2014 Budget (excluding interdepartmental revenues). The levy of the property tax is at the sole discretion of the County, subject to constitutional and statutory limitations. In 2011, the State enacted legislation to limit 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 AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached. The County is only at approximately 8.25% 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.

FIGURE 4
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

<u>Fund⁽¹⁾</u>	<u>2011 Levy</u>	<u>2012 Levy</u>	<u>2013 Levy</u>	<u>2014 Levy</u>
Police District Fund	\$364,488,774	\$369,984,527	\$358,716,376	\$361,727,267
Police Headquarters Fund	245,665,677	299,057,190	313,707,086	348,867,518
General Fund	174,506,692	120,039,282	117,107,798	80,509,740
Fire Prevention Fund	15,654,489	15,250,559	15,257,655	15,944,884
Total	\$800,315,632	\$804,331,558	\$804,788,915	\$807,049,409

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

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>Property Tax as % of Total Revenues</u>	<u>Actual</u>		<u>Property Tax Collected as % of Total Revenues</u>
	<u>Total Revenues</u>	<u>Property Tax Revenues</u>		<u>Total Revenues</u>	<u>Property Tax Collected⁽¹⁾</u>	
2014	\$2,789,811,937	\$807,049,409	28.9%	N/A	N/A	N/A
2013	2,791,377,225	804,788,915	28.8	N/A	N/A	N/A
2012	2,793,456,948	804,331,558	28.8	\$2,698,785,159	\$803,282,464	29.8%
2011	2,700,623,456	800,315,632	29.6	2,608,950,524	795,120,071	30.5
2010	2,619,913,030	801,573,849	30.6	2,540,480,463	802,901,506	31.6

Note: All data exclude interdepartmental revenues.

⁽¹⁾ Includes collection of prior years' taxes.

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</u> <u>Beginning</u>	<u>Total Real</u> <u>Property Tax</u>	<u>Uncollected at</u> <u>End of Fiscal</u> <u>Year</u>	<u>Percentage</u> <u>Uncollected at</u> <u>End of</u> <u>Fiscal Year</u>	<u>Uncollected as</u> <u>of October 31,</u> <u>2013</u>	<u>Percentage</u> <u>Uncollected as of</u> <u>October 31, 2013</u>
January 1, 2013	\$804,789	N/A	N/A	\$32,112	3.99%
January 1, 2012	804,332	\$23,802	2.96%	644	0.08
January 1, 2011	800,316	26,673	3.33	167	0.02
January 1, 2010	801,574	23,041	2.87	228	0.03
January 1, 2009	806,074	25,910	3.21	252	0.03

See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION” herein.

State and Federal Aid

Approximately 13.2% of the total revenues in the 2014 Budget (excluding interdepartmental revenues) are 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 charges expenditures to the Major Operating Funds to fund 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	2010	2011	2012	Projected ⁽²⁾ 2013	Budgeted 2014
SALARIES & WAGES	\$814,434,390	\$838,099,081	\$811,545,800	794,057,756	\$809,531,333
FRINGE BENEFITS	383,207,944	431,346,841	429,933,455	458,736,172	480,418,472
MEDICAID	234,903,480	242,329,528	247,935,261	250,750,000	253,257,500
DSS ENTITLEMENT PROGRAMS	186,175,048	199,271,212	193,142,684	175,829,857	181,942,021
CONTRACTUAL SERVICES	118,418,518	121,776,571	214,305,276	229,687,720	237,247,536
ADMINISTRATIVE EXPENSES	66,102,623	70,615,776	61,999,077	72,374,747	74,651,331
DEBT SERVICE (Interest & Principal) ⁽¹⁾	121,665,883	132,204,411	128,874,287	134,027,498	167,686,668
LOCAL GOVERNMENT ASSISTANCE	59,413,817	61,748,472	64,051,560	68,415,482	69,572,689
MASS TRANSPORTATION	47,080,836	47,802,366	42,002,238	42,582,206	43,575,746
OTHER EXPENSES	492,157,488	500,219,116	461,653,600	521,369,433	471,928,641
SUB-TOTAL	2,523,560,027	2,645,413,374	2,655,443,237	2,747,830,871	2,789,811,937
INTERFUND/INTERDEPARTMENTAL TRANSFERS	379,227,207	473,755,984	388,520,087	420,061,184	417,475,485
TOTAL	\$2,902,787,234	\$3,119,169,358	\$3,043,963,324	\$3,167,892,056	\$3,207,287,422

¹ Does not include value of NIFA set-asides which are included in Other Expenses.

² Projected as of October 31, 2013.

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

FIGURE 8
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

	2010	2011	2012	Projected ⁽¹⁾ 2013	Budgeted 2014
GENERAL FUND	\$1,559,247,958	\$1,621,384,497	\$1,604,938,241	\$1,679,846,635	\$1,679,562,952
DEBT SERVICE FUND	312,075,980	334,552,600	341,540,989	350,187,697	368,345,294
POLICE DISTRICT FUND	335,180,096	346,247,408	350,473,047	343,173,963	348,533,393
POLICE HEADQUARTERS FUND	299,093,980	323,796,794	339,668,618	354,235,966	372,259,412
FIRE PREVENTION FUND	17,962,013	19,432,075	18,822,341	20,386,610	21,110,886
Total	\$2,523,560,027	\$2,645,413,374	\$2,655,443,237	\$2,747,830,871	\$2,789,811,937

Note: All data exclude interdepartmental expenditures.

¹ Projected as of October 31, 2013.

Personnel-Related Expenditures

The largest category of expenditures in the Major Operating Funds is for personnel-related costs, including salaries, wages and fringe benefits and workers' compensation expenses, which comprise approximately 47.2% of total Major Operating Funds expenditures in the 2014 Budget (excluding interdepartmental expenditures). Figure 9 shows the County's personnel-related expenditures, excluding interdepartmental expenses, in the Major Operating Funds.

FIGURE 9
PERSONNEL-RELATED EXPENDITURES
(MAJOR OPERATING FUNDS)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Projected⁽¹⁾ 2013</u>	<u>Budgeted 2014</u>
Salaries & Wages	\$814,434,390	\$838,099,081	\$811,545,800	\$794,057,756	\$809,531,333
Fringe Benefits	383,207,944	431,346,841	429,933,455	458,736,172	480,418,472
Workers' Compensation	23,938,312	24,365,644	24,884,687	28,677,934	28,022,281
Total	\$1,221,580,646	\$1,293,811,566	\$1,266,363,942	\$1,281,471,862	\$1,317,972,086

¹ Projected as of October 31, 2013.

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

Currently, the County pays the entire cost of health insurance coverage for all active employees and retirees 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. The vast majority of County employees are enrolled in the State's Empire Plan, though the County offers several other plans to its employees.

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 expenses, in the Major Operating Funds.

FIGURE 10
HEALTH INSURANCE COSTS
(MAJOR OPERATING FUNDS)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Projected⁽¹⁾ 2013</u>	<u>Budgeted 2014</u>
Active Employees	\$110,247,648	\$123,531,662	\$118,321,058	\$124,664,425	\$126,372,488
Retirees	109,831,459	123,794,076	127,641,649	128,488,044	137,454,658
Total	\$220,079,107	\$247,325,738	\$245,962,707	\$253,152,469	\$263,827,146

¹ Projected as of October 31, 2013.

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. On March 15, 2012, Tier 6 was signed into law. Such law is effective for new ERS and PFRS employees hired on or after April 1, 2012. 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 local pension contributions have risen dramatically since fiscal year 2000. In particular, between 2000 and 2013 the County's average contribution increased from 0.1% of payroll to 19.3% of payroll for ERS members, and from 8.3% of payroll to 25.5% of payroll for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 11.

Beginning in fiscal year 2011, a new program, known as 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 amortize 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 elected to participate in the program beginning in fiscal year 2012, resulting in a reduction of the County's portion of the annual pension contribution paid in December 2011 of approximately \$37.4 million. For fiscal year 2013, the reduction for the County's portion of the annual pension contribution paid in December 2012 was approximately \$52.5 million. Pursuant to the terms of the Contribution Stabilization Program, the County will pay the amount amortized 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 amortized amount in a particular year will be 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.

Effective in 2014, an alternate option to the original Contribution Stabilization Program will be available to employers, including the County. Known as the “Alternate Contribution Stabilization Program”, this alternate option 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. The original Contribution Stabilization Program remains available to all employers except those that opt for the Alternate Contribution Stabilization Program. Employers which have amortized under the Contribution Stabilization Program have the option to switch to the Alternate Contribution Stabilization Program, but once an employer elects the Alternate Contribution Stabilization Program it may not return to the original Contribution Stabilization Program. This new option 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 will accrue at the 12-year treasury rate plus 1%; and employers cannot withdraw once opting in, but retain the flexibility to pre-pay the amortized amount. For 2014, the County has elected to utilize this new deferral method and will defer approximately \$67.8 million of its pension liability.

FIGURE 11
PENSION COSTS
(MAJOR OPERATING FUNDS)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Projected⁽¹⁾ 2013</u>	<u>Budgeted 2014</u>
Employees Retirement System (ERS)	\$37,536,621	\$50,371,099	\$49,027,860	\$57,812,115	\$57,206,374
Police and Fire Retirement System (PFRS)	51,641,088	55,453,670	64,896,235	68,257,188	68,328,664
Total	\$89,177,709	\$105,824,769	\$113,924,095	\$126,069,303	\$125,535,038

¹ Projected as of October 31, 2013.

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 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, 2012, the County’s unfunded actuarial accrued liability for OPEB was approximately \$4.8 billion, which includes both the County and an allocation of NHCC cost. In 2012, the County expended approximately \$148.6 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 projects that its 2013 Medicaid expenditures, other than its required local share of Medicaid disproportionate share payments to NHCC, will be \$250.8 million. The County expects to fund its disproportionate share payments through inter-governmental transfer payments from NHCC, such that there is no budget impact to the County. The 2014-2017 Multi-Year Financial Plan reflects Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of \$253.3 million in each of years 2014 through 2017.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 6.5% (excluding interdepartmental expenditures) of the 2014 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 8.5% (excluding interdepartmental expenditures) of the 2014 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 \$368.3 million in the 2014 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

In addition to the Major Operating Funds, the County allocates revenues and expenditures into several other special revenue funds. Among these are:

The Community College Fund supports the County's financial obligations with respect to Nassau Community College, which receives approximately 24.4% 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 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 “COUNTY INDEBTEDNESS AND DEBT LIMITATION – Constitutional Provisions.” 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, 2013)
(IN THOUSANDS)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2009 through 2013 ⁽¹⁾	
2013 Full Valuation ⁽²⁾	\$205,123,200
2012 Full Valuation	217,753,742
2011 Full Valuation	218,338,378
2010 Full Valuation	252,854,423
2009 Full Valuation	257,054,119
Total	\$1,151,123,862
 Average Full Valuation	 \$230,224,772
 Constitutional Debt Margin	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	\$23,022,477
 Outstanding Indebtedness	
General Improvement Bonds	\$1,570,510
NIFA Bonds	1,379,123
Sewer and Storm Water Resources District Bonds	54,735
Environmental Facilities Corporation Bonds	99,994
Notes	393,660
Real Property Liabilities	8,714
Guarantees	257,640
Contract Liabilities	280,595
Total Outstanding Indebtedness	\$4,044,971
 Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	\$504,595
Tax and Revenue Anticipation Notes Payable	208,150
Less: Total Exclusions	\$712,745
 Net Outstanding Indebtedness (14.47%)	 \$3,332,226
 Constitutional Debt Margin (85.53%)	 \$19,690,251

¹ Full valuation figures for 2009 through 2012 are computed by the Office of the State Comptroller.

² 2013 Full valuation is based on preliminary data from the Office of the State Comptroller.

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, 2013)

General Purposes	
County Debt ¹	\$1,421,449,468
NIFA Debt ³	<u>1,340,390,552</u>
Sub-total	\$2,761,840,020
Sewer and Storm Water Resources District Purposes	
County Debt ²	\$303,789,951
NIFA Debt ³	<u>38,732,448</u>
Sub-total	\$342,522,399
Total	\$3,104,362,419

¹ Includes debt issued for certain County-wide projects to EFC.

² Includes debt issued for Nassau County Sewer and Storm Water Resources District purposes to EFC.

³ Based on actual payment dates, without regard to NIFA set-asides.

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 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 and the payment of 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, 2013)
(IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	\$ 11,078
Information Technology	26,402
Infrastructure	159,968
Land Acquisition	4,478
Parks & Recreation	32,794
Public Safety	32,202
Sewer & Storm Water	372,857
Property Tax Refunds & Other Judgments & Settlements ¹	266,832
TOTAL	\$906,611

¹ See “LITIGATION-Property Tax Litigation-*Assessments*” herein for a discussion regarding this amount and the use of bond ordinances from prior years to pay property tax refunds.

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, Figure 16 and Figure 17 set forth the principal and interest payments on various categories of outstanding County bonds and NIFA bonds.

Figure 15
Total County and NIFA Debt Service
(As of October 31, 2013)

Date	County Bonds ^{1,2}			NIFA Bonds ³			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 6,650,000	\$ 5,917,924	\$ 12,567,924	\$ 23,440,333	\$ 8,205,095	\$ 31,645,429	\$ 30,090,333	\$ 14,123,019	\$ 44,213,352
12/31/2014	76,598,000	80,930,098	157,528,098	141,132,500	48,286,720	189,419,220	217,730,500	129,216,818	346,947,318
12/31/2015	80,854,419	77,712,299	158,566,718	142,891,834	42,775,188	185,667,021	223,746,253	120,487,487	344,233,740
12/31/2016	76,721,000	74,268,504	150,989,504	137,799,333	37,883,339	175,682,672	214,520,333	112,151,842	326,672,176
12/31/2017	79,650,000	70,714,318	150,364,318	127,805,833	32,457,619	160,263,452	207,455,833	103,171,937	310,627,770
12/31/2018	81,090,000	66,879,149	147,969,149	119,632,500	27,820,470	147,452,970	200,722,500	94,699,619	295,422,119
12/31/2019	83,548,000	63,547,221	147,095,221	124,546,833	23,094,884	147,641,717	208,094,833	86,642,105	294,736,939
12/31/2020	87,323,000	59,536,437	146,859,437	116,115,000	17,865,589	133,980,589	203,438,000	77,402,025	280,840,026
12/31/2021	89,971,000	55,232,434	145,203,434	90,414,000	12,930,972	103,344,972	180,385,000	68,163,407	248,548,407
12/31/2022	93,754,000	50,902,046	144,656,046	79,175,666	9,034,554	88,210,220	172,929,666	59,936,599	232,866,266
12/31/2023	83,305,000	46,631,894	129,936,894	61,330,833	5,550,062	66,880,896	144,635,833	52,181,956	196,817,789
12/31/2024	82,275,000	42,917,206	125,192,206	45,673,333	2,914,602	48,587,935	127,948,333	45,831,808	173,810,141
12/31/2025	80,180,000	39,143,399	119,323,399	18,200,000	820,797	19,020,797	98,380,000	39,964,196	138,344,196
12/31/2026	70,795,000	35,576,279	106,371,279	0	0	0	70,795,000	35,576,279	106,371,279
12/31/2027	74,005,000	32,205,748	106,210,748	0	0	0	74,005,000	32,205,748	106,210,748
12/31/2028	62,010,000	28,591,542	90,601,542	0	0	0	62,010,000	28,591,542	90,601,542
12/31/2029	54,860,000	25,680,345	80,540,345	0	0	0	54,860,000	25,680,345	80,540,345
12/31/2030	51,880,000	22,959,596	74,839,596	0	0	0	51,880,000	22,959,596	74,839,596
12/31/2031	54,585,000	20,217,621	74,802,621	0	0	0	54,585,000	20,217,621	74,802,621
12/31/2032	50,615,000	17,309,366	67,924,366	0	0	0	50,615,000	17,309,366	67,924,366
12/31/2033	53,245,000	14,656,180	67,901,180	0	0	0	53,245,000	14,656,180	67,901,180
12/31/2034	44,490,000	12,088,741	56,578,741	0	0	0	44,490,000	12,088,741	56,578,741
12/31/2035	41,320,000	9,724,816	51,044,816	0	0	0	41,320,000	9,724,816	51,044,816
12/31/2036	33,310,000	7,339,458	40,649,458	0	0	0	33,310,000	7,339,458	40,649,458
12/31/2037	29,385,000	5,710,852	35,095,852	0	0	0	29,385,000	5,710,852	35,095,852
12/31/2038	23,285,000	4,392,533	27,677,533	0	0	0	23,285,000	4,392,533	27,677,533
12/31/2039	19,195,000	3,261,748	22,456,748	0	0	0	19,195,000	3,261,748	22,456,748
12/31/2040	15,120,000	2,349,378	17,469,378	0	0	0	15,120,000	2,349,378	17,469,378
12/31/2041	15,805,000	1,655,045	17,460,045	0	0	0	15,805,000	1,655,045	17,460,045
12/31/2042	16,525,000	928,787	17,453,787	0	0	0	16,525,000	928,787	17,453,787
12/31/2043	12,890,000	278,735	13,168,735	0	0	0	12,890,000	278,735	13,168,735
Total	\$1,725,239,419	\$979,259,697	\$2,704,499,116	\$1,228,158,001	\$269,639,890	\$1,497,797,891	\$2,953,397,420	\$1,248,899,587	\$4,202,297,007

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. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

Figure 16
County and NIFA Debt Service on Self-Supporting Debt Issued for County Sewer and Storm Water Resources Purposes
(As of October 31, 2013)

Date	County Bonds ^{1,2}			NIFA Bonds ³			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 1,838,376	\$ 2,435,962	\$ 4,274,338	\$ 573,861	\$ 235,521	\$ 809,383	\$ 2,412,237	\$ 2,671,484	\$ 5,083,721
12/31/2014	17,169,242	14,560,908	31,730,150	3,386,375	1,391,458	4,777,834	20,555,617	15,952,367	36,507,984
12/31/2015	16,534,207	13,763,227	30,297,434	3,233,725	1,265,425	4,499,151	19,767,933	15,028,652	34,796,585
12/31/2016	13,838,299	13,045,293	26,883,592	3,850,440	1,151,441	5,001,881	17,688,739	14,196,734	31,885,473
12/31/2017	13,391,512	12,391,120	25,782,632	3,674,277	1,000,579	4,674,856	17,065,789	13,391,699	30,457,487
12/31/2018	13,429,905	11,720,753	25,150,658	3,857,248	860,352	4,717,600	17,287,153	12,581,105	29,868,258
12/31/2019	14,434,466	11,052,860	25,487,326	4,148,636	708,556	4,857,191	18,583,102	11,761,415	30,344,517
12/31/2020	15,054,557	10,288,295	25,342,853	3,766,531	535,640	4,302,171	18,821,088	10,823,936	29,645,024
12/31/2021	14,402,423	9,482,235	23,884,658	2,848,225	377,305	3,225,530	17,250,648	9,859,540	27,110,188
12/31/2022	15,039,994	8,705,826	23,745,820	2,256,425	255,936	2,512,361	17,296,419	8,961,762	26,258,181
12/31/2023	14,378,687	7,929,073	22,307,760	1,888,479	158,752	2,047,231	16,267,167	8,078,825	24,354,991
12/31/2024	13,812,283	7,218,204	21,030,487	1,259,952	78,721	1,338,673	15,072,235	7,296,926	22,369,160
12/31/2025	12,178,223	6,499,442	18,677,665	502,032	22,517	524,549	12,680,255	6,521,959	19,202,214
12/31/2026	8,753,709	5,957,786	14,711,495	0	0	0	8,753,709	5,957,786	14,711,495
12/31/2027	9,337,624	5,539,314	14,876,938	0	0	0	9,337,624	5,539,314	14,876,938
12/31/2028	9,455,736	5,085,930	14,541,666	0	0	0	9,455,736	5,085,930	14,541,666
12/31/2029	8,877,357	4,638,565	13,515,921	0	0	0	8,877,357	4,638,565	13,515,921
12/31/2030	8,710,248	4,196,582	12,906,830	0	0	0	8,710,248	4,196,582	12,906,830
12/31/2031	9,132,285	3,757,783	12,890,068	0	0	0	9,132,285	3,757,783	12,890,068
12/31/2032	8,523,914	3,295,534	11,819,448	0	0	0	8,523,914	3,295,534	11,819,448
12/31/2033	8,930,227	2,874,761	11,804,988	0	0	0	8,930,227	2,874,761	11,804,988
12/31/2034	7,945,657	2,461,918	10,407,575	0	0	0	7,945,657	2,461,918	10,407,575
12/31/2035	7,178,834	2,084,633	9,263,467	0	0	0	7,178,834	2,084,633	9,263,467
12/31/2036	7,220,633	1,714,974	8,935,607	0	0	0	7,220,633	1,714,974	8,935,607
12/31/2037	6,426,403	1,377,860	7,804,263	0	0	0	6,426,403	1,377,860	7,804,263
12/31/2038	5,169,751	1,105,040	6,274,790	0	0	0	5,169,751	1,105,040	6,274,790
12/31/2039	5,157,133	871,507	6,028,640	0	0	0	5,157,133	871,507	6,028,640
12/31/2040	4,201,645	640,217	4,841,861	0	0	0	4,201,645	640,217	4,841,861
12/31/2041	4,375,094	460,670	4,835,764	0	0	0	4,375,094	460,670	4,835,764
12/31/2042	4,555,294	273,691	4,828,985	0	0	0	4,555,294	273,691	4,828,985
12/31/2043	4,336,232	89,153	4,425,385	0	0	0	4,336,232	89,153	4,425,385
Total	\$303,789,950	\$175,519,113	\$479,309,063	\$35,246,207	\$8,042,205	\$43,288,412	\$339,036,156	\$183,561,318	\$522,597,474

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. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

Figure 17
County and NIFA Debt Service on Debt Issued for County General Purposes
(As of October 31, 2013)

Date	County Bonds ^{1,2}			NIFA Bonds ³			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	\$ 4,811,624	\$ 3,481,961	\$ 8,293,585	\$ 22,866,472	\$ 7,969,574	\$ 30,836,046	\$ 27,678,096	\$ 11,451,535	\$ 39,129,631
12/31/2014	59,428,758	66,369,190	125,797,947	137,746,125	46,895,261	184,641,387	197,174,883	113,264,451	310,439,334
12/31/2015	64,320,212	63,949,072	128,269,284	139,658,108	41,509,763	181,167,871	203,978,320	105,458,835	309,437,155
12/31/2016	62,882,701	61,223,210	124,105,912	133,948,893	36,731,898	170,680,791	196,831,594	97,955,108	294,786,702
12/31/2017	66,258,488	58,323,198	124,581,686	124,131,556	31,457,040	155,588,596	190,390,045	89,780,238	280,170,283
12/31/2018	67,660,095	55,158,397	122,818,491	115,775,252	26,960,118	142,735,370	183,435,347	82,118,514	265,553,861
12/31/2019	69,113,534	52,494,362	121,607,895	120,398,198	22,386,328	142,784,526	189,511,731	74,880,690	264,392,421
12/31/2020	72,268,443	49,248,141	121,516,584	112,348,470	17,329,948	129,678,418	184,616,913	66,578,089	251,195,002
12/31/2021	75,568,577	45,750,200	121,318,776	87,565,775	12,553,667	100,119,442	163,134,352	58,303,867	221,438,218
12/31/2022	78,714,006	42,196,220	120,910,225	76,919,241	8,778,618	85,697,859	155,633,247	50,974,837	206,608,085
12/31/2023	68,926,313	38,702,821	107,629,133	59,442,354	5,391,311	64,833,664	128,368,666	44,094,131	172,462,798
12/31/2024	68,462,717	35,699,002	104,161,719	44,413,382	2,835,880	47,249,262	112,876,099	38,534,882	151,410,981
12/31/2025	68,001,777	32,643,957	100,645,734	17,697,968	798,280	18,496,248	85,699,745	33,442,237	119,141,982
12/31/2026	62,041,291	29,618,493	91,659,784	0	0	0	62,041,291	29,618,493	91,659,784
12/31/2027	64,667,376	26,666,434	91,333,810	0	0	0	64,667,376	26,666,434	91,333,810
12/31/2028	52,554,264	23,505,613	76,059,876	0	0	0	52,554,264	23,505,613	76,059,876
12/31/2029	45,982,643	21,041,780	67,024,423	0	0	0	45,982,643	21,041,780	67,024,423
12/31/2030	43,169,752	18,763,014	61,932,766	0	0	0	43,169,752	18,763,014	61,932,766
12/31/2031	45,452,715	16,459,837	61,912,552	0	0	0	45,452,715	16,459,837	61,912,552
12/31/2032	42,091,086	14,013,832	56,104,919	0	0	0	42,091,086	14,013,832	56,104,919
12/31/2033	44,314,773	11,781,419	56,096,192	0	0	0	44,314,773	11,781,419	56,096,192
12/31/2034	36,544,343	9,626,823	46,171,166	0	0	0	36,544,343	9,626,823	46,171,166
12/31/2035	34,141,166	7,640,183	41,781,349	0	0	0	34,141,166	7,640,183	41,781,349
12/31/2036	26,089,367	5,624,484	31,713,851	0	0	0	26,089,367	5,624,484	31,713,851
12/31/2037	22,958,597	4,332,992	27,291,589	0	0	0	22,958,597	4,332,992	27,291,589
12/31/2038	18,115,249	3,287,493	21,402,742	0	0	0	18,115,249	3,287,493	21,402,742
12/31/2039	14,037,867	2,390,241	16,428,108	0	0	0	14,037,867	2,390,241	16,428,108
12/31/2040	10,918,355	1,709,161	12,627,516	0	0	0	10,918,355	1,709,161	12,627,516
12/31/2041	11,429,906	1,194,375	12,624,281	0	0	0	11,429,906	1,194,375	12,624,281
12/31/2042	11,969,706	655,096	12,624,802	0	0	0	11,969,706	655,096	12,624,802
12/31/2043	8,553,768	189,582	8,743,351	0	0	0	8,553,768	189,582	8,743,351
Total	\$1,421,449,469	\$803,740,584	\$2,225,190,053	\$1,192,911,794	\$261,597,685	\$1,454,509,480	\$2,614,361,264	\$1,065,338,269	\$3,679,699,533

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. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

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 by 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. The County anticipates 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. See "THE COUNTY – County Financial Management – *Financial Policies – Debt Policy*" herein.

Capital Leases

The County has entered into various capital leases, installment sales contracts and lease purchase agreements. Figure 18 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 18
MINIMUM LEASE PAYMENTS
CAPITAL LEASES (IN THOUSANDS)
(AS OF DECEMBER 31, 2012)¹

Fiscal Year Ending December 31:	
2013	\$ 799
2014	810
2015	822
2016	834
2017	846
2018-2022	4,435
2023-2025	2,433
Future Minimum Payments	\$ 10,979
Less Interest	<u>5,725</u>
Present Value of Future Minimum Lease Payments	\$ 5,254

¹ Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2012.

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 19 shows recent and expected issuance of BANs by the County.

FIGURE 19
SHORT-TERM INDEBTEDNESS
BOND ANTICIPATION NOTES (IN MILLIONS)

<u>Note</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013¹</u>	<u>2014²</u>
Bond Anticipation Notes	\$0.0	\$0.0	\$34.6	\$185.5	\$526.4

¹ Does not include the 2013 Series B Bond Anticipation Notes offered hereby.

² Projected using 2014-2017 Multi-Year Financial Plan assumptions.

Cash Flow Notes

The County has periodically issued RANs and TANs to fund the County’s short-term cash flow needs. Figure 20 shows recent and expected issuance of RANs and TANs by the County.

FIGURE 20
CASH FLOW NOTES (IN MILLIONS)

Note	2010	2011	2012	2013	2014 ²
Revenue Anticipation Notes	\$210.0	\$230.0	\$218.4	\$208.1	\$210.0
Tax Anticipation Notes	270.0	230.0	257.7	225.0 ¹	240.0
Total	\$480.0	\$460.0	\$476.1	\$433.1	\$450.0

¹ Inclusive of the 2013 Tax Anticipation Notes offered hereby.

² Projected using 2014-2017 Multi-Year Financial Plan assumptions.

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

Recent and Projected Bond Issuances

The following table shows the County’s recent and projected bond issuance.

FIGURE 21
COUNTY BONDS (IN MILLIONS)

2011	2012	2013 ¹	2014 ²
\$82.0	\$196.6	\$372.1	\$449.1

¹ Inclusive of the County’s General Improvement Bonds, 2013 Series C and 2013 Series D offered hereby.

² Projected using 2014-2017 Multi-Year Financial Plan assumptions. See “ – INFORMATION ABOUT THE COUNTY – COUNTY FINANCIAL CONDITION – Superstorm Sandy” in this Appendix A.

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 under the heading “NASSAU HEALTH CARE CORPORATION”) 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 AND NOTES – 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, as executed and delivered, 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.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, 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(s) and Capital Budget(s)

The County Legislature has approved the capital budget for fiscal year 2013 (as it may be amended from time to time, the “2013 Capital Budget”) and the capital plan for fiscal years 2013-2016 (as it may be amended from time to time, the “2013-2016 Capital Plan”). The 2013 Capital Budget is approximately \$568.6 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 2013 Capital Budget is approximately \$532.5 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 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 and the payment of 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 2013 Capital Budget and the 2013-2016 Capital Plan are listed in Figure 22.

FIGURE 22
2013-2016 CAPITAL PLAN

<u>Category</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Buildings	\$33,083,239	\$73,604,482	\$16,419,272	\$11,937,478
Equipment	6,369,092	6,600,000	6,600,000	6,600,000
Infrastructure	45,629,086	50,405,000	22,225,000	8,850,000
Parks	8,035,000	2,750,000	6,250,000	2,000,000
Property	2,000,000	4,500,000	500,000	0
Public Safety	25,550,000	60,578,000	30,760,000	16,350,000
Roads	31,450,000	43,350,000	33,000,000	24,500,000
Technology	9,230,000	3,350,000	2,750,000	2,750,000
Traffic	16,776,189	15,576,000	11,784,000	7,450,000
Transportation	7,653,000	8,306,500	4,980,000	6,930,000
Bldg. Consolidation Plan	2,000,000	1,000,000	2,000,000	1,000,000
Sewer and Storm Water	380,786,113	358,450,000	48,000,000	49,000,000
Environmental Bond Act	0	0	0	0
Total	\$568,561,719	\$628,469,982	\$185,268,272	\$137,367,478
Non Debt Financed	\$36,068,719	\$32,717,500	\$15,210,700	\$4,160,000
Debt Financed	\$532,493,000	\$595,752,482	\$170,057,572	\$133,207,478

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 had not charged the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the State Real Property Tax Law ("RPTL"). Local legislation repealed that Code provision beginning with assessment rolls finalized in April 2012 and thereafter. For a description of litigation related to the enactment of such local legislation, see "LITIGATION - Property Tax Litigation – *Other Property Tax Litigation*" herein.

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. Recent State legislation limits the amount by which the real property tax levy may be increased from year to year. See "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.

Figure 23 sets forth the constitutional real property taxing limit of the County.

FIGURE 23
 COMPUTATION OF CONSTITUTIONAL TAXING POWER
 (IN THOUSANDS)

Year Roll Completed	Full Valuation of Real Estate ^(c)
2013	\$205,123,200 ^(d)
2012	217,753,742
2011	218,338,378
2010	252,854,423
2009	257,054,119
Total	\$1,151,123,862
Five-Year Average Full Valuation	\$230,224,772
Tax Limit ^(a)	\$4,604,495
Total Exclusions ^(b)	129,668
Total Taxing Power for 2013 Levy	4,734,163
Total Levy 2013	509,529
Tax Margin	4,224,635
Percentage of Taxing Power Exhausted	8.25%

- (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 AND NOTES – 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 2013 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 2009 through 2012 are computed by the Office of the State Comptroller.
- (d) Full valuation for 2013 is based on preliminary data from the Office of the State Comptroller.

Largest Real Property Taxpayers

Figure 24 shows the largest real property taxpayers in the County.

FIGURE 24
LARGEST REAL PROPERTY TAXPAYERS
2013

Taxpayer	Taxable Assessed Value ¹	Taxable Assessed Value (%)
LIPA ²	\$17,874,981	2.70%
KEYSPAN GAS EAST	16,596,138	2.50
VERIZON NEW YORK	5,831,737	0.88
RETAIL PROPERTY TRUST	3,821,665	0.58
CLK-HP	2,036,894	0.31
GREEN ACRES MALL	1,844,563	0.28
PEOPLE OF THE STATE OF NEW YORK	1,312,085	0.20
REXCORP PLAZA SPE LLC	1,273,129	0.19
RECKSON ASSOCIATION	1,164,500	0.18
1 PARK LAKE SUCCESS LLC	1,141,016	0.17
SUNRISE MALL LLC	1,096,063	0.17
COUNTRY GLEN LLC	1,096,063	0.17
BROADWAY MALL EAT II LLC	1,000,000	0.15
FIFTH AVENUE OF LONG ISLAND REALTY ASSOC	933,928	0.14
JQI ASSOCIATES	846,826	0.13
WE'RE ASSOCIATES INC	841,923	0.13
ONE-TWO JERICHO PLAZA OWNER LLC	756,137	0.11
EQUITY 1 WESTBURY LLC	652,059	0.10
W & S ASSOCIATES LP	645,300	0.10
NORTHROP GRUMMAN SYSTEMS CORP	557,769	0.08
CORPORATE PROPERTY INVESTORS	530,034	0.08
JMM RACEWAY LLC & MATTONE GROUP	521,164	0.08
ASN ROOSEVELT CENTER LLC	468,620	0.07
ASSOCIATED BROOK INC	364,091	0.05
E Q K GREEN ACRE L P	327,436	0.05
TOTAL (TOP 25)	\$63,534,121	9.58%
TOTAL TAX BASE	\$663,136,107	100%

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

² LIPA makes payments in lieu of taxes.

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 five per cent 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 five per cent 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 five per cent 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 five per cent 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

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

In 1999, NHCC issued approximately \$259.7 million of its Series 1999 Bonds, which bonds were guaranteed by the County. The proceeds of the Series 1999 Bonds were used to fund the acquisition price, working capital, reserves, capitalized interest and cost of issuance.

In 2004, NHCC issued approximately \$303.4 million of its Series 2004 Bonds, and used a portion of the proceeds of such bonds, together with other available funds (including the release of reserve funds), to refund the Series 1999 Bonds. At that time, the County ceased to be obligated under its guaranty of the Series 1999 Bonds. The County provided a guaranty on said Series 2004 Bonds.

There were three components to the Series 2004 Bonds: approximately \$18.3 million in tax-exempt fixed-rate bonds; approximately \$65.5 million of taxable auction rate bonds; and approximately \$219.6 million in synthetic fixed-rate debt, in which tax-exempt variable rate bonds were hedged with a percentage of LIBOR swap. Approximately \$39.7 million of the auction rate bonds were defeased in 2008 and the balance of such auction rate bonds were converted to variable rate.

As a result of higher than expected interest rates for the Series 2004 variable rate bonds, in 2009 NHCC issued its Series 2009 A Bonds and Series 2009 B, C and D Bonds, respectively, to refund all outstanding Series 2004 variable rate bonds. The Series 2009 A Bonds and Series 2009 B, C and D Bonds are variable rate bonds secured by letters of credit. The County has also provided a guaranty on such bonds. See APPENDIX D herein for a list of outstanding NHCC variable rate obligations.

LIBOR-based interest rate swaps carry certain risks. See “COUNTY INDEBTEDNESS AND DEBT LIMITATIONS – Debt Service Requirements” and “THE COUNTY – County Financial Management – *Financial Policies* – Swap Policy” herein. The Successor Agreement provides that the County offset all debt service related payments, including payments to swap counterparties, against any payments it makes to NHCC. For a description of existing interest rate exchange agreements, see “APPENDIX D-OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements.”

SEWER AND STORM WATER RESOURCES SERVICES

Nassau County Sewer and Storm Water Finance Authority

The Nassau County Sewer and Storm Water Finance Authority (the “SSWFA”) exercises its powers through a seven-member governing board appointed by the County Executive. 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. Vote by a supermajority of the SSWFA board is required to approve all borrowing and to approve contracts for more than \$50,000.

The SSWFA is not authorized to hire employees. Also, by its terms, the SSWFA enabling legislation is not intended to alter or modify the County’s responsibility to provide sewerage services and storm water services. As a result, County employees continue to operate and maintain all County sewer and storm water resources facilities. In addition, the legislation prohibits the County from transferring to the SSWFA any real property upon which County sewer or storm water resources facilities are located. Further, the SSWFA is a Covered Organization under the NIFA Act. See “MONITORING AND OVERSIGHT – External – *NIFA*” herein.

The SSWFA became operational in 2004 and entered into a financing and acquisition agreement with the County establishing the respective rights and obligations of the parties with respect to the terms of SSWFA financing, including the transfer of County sewer and storm water resources assets to the SSWFA as part of such financing. The SSWFA began issuing debt in 2004.

Nassau County Sewer and Storm Water Resources District

In 2003, the County’s prior 27 sewage collection and three sewage disposal districts (the “Prior Districts”) were abolished, dissolved and merged into the Nassau County Sewer and Storm Water Resources District (the “District”). At such time, all of the rights, privileges, duties, responsibilities and obligations of the Prior Districts became the rights, privileges, duties, responsibilities and obligations of the District. The County budget adopted for each fiscal year contains a separate section for the District and is thus subject to the approval of the County Legislature.

The County annually assesses, levies and collects from the several lots and parcels of land within the District, expenses of the District, including the annual amount needed to pay the remaining principal of and interest on debt issued by the County, or by NIFA on the County’s behalf, or both, that were charged to the Prior Districts, and any amounts needed to pay to the SSWFA the cost of any services, including but not limited to financing and refinancing, provided by the SSWFA to the District by agreement between the SSWFA and the County. Assessments levied pursuant to the provisions of the legislation are collected by each city and town receiver of taxes in the County, and required to be maintained in a segregated account until distributed to the County or its designee as directed by the County. The County has directed each receiver of taxes to distribute such assessments to the SSWFA or its designee. The enabling legislation also establishes a framework for the transition to uniform assessments for recipients of sewer and storm water resources services in the County. Pursuant to the legislation the District is divided into zones of assessment that mirror the boundaries of the Prior Districts, except for certain areas that were not receiving sewerage services, which are now excluded. Between 2007 and the end of 2013, the legislation requires that the County transition to three zones of assessment: one zone of assessment for areas of the District receiving storm water resources services, one zone of assessment for areas of the District receiving sewage collection and disposal services, and one zone of assessment for areas of the District receiving sewage disposal, but not sewage collection, services.

The County has enacted an ordinance, effective as of July 1, 2011, imposing charges for sewer services in the District upon certain users of the system who are exempt from the payment of *ad valorem* assessments or who place a disproportionate burden on the sewer system. Subsequently, it is the County's expectation to transition all of the users of the sewer system from assessments to service charges. Various school districts and others in the County have brought lawsuits against the County in Nassau Supreme Court challenging the validity of its enactment of the ordinance imposing service charges. In connection with these lawsuits, the County has been preliminarily enjoined from implementing the ordinance. The County intends to continue to defend itself vigorously against all such actions.

LITIGATION

The County, 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 alleged torts, civil rights violations and breaches of contracts including union and employee disputes, and condemnation proceedings, assessment review and other alleged violations of law. The County intends to defend itself vigorously against all claims and actions.

The County self-insures for all significant risks except that it has property insurance on its police helicopters and selected leased facilities, a blanket fidelity bond covering all County employees and the following coverage for its summer recreation program: accident insurance, umbrella liability and general liability. Essentially all other risks are assumed directly by the County. See "THE COUNTY – County Financial Management – Risk Management" herein. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County of which there are no active cases. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC. The County annually appropriates sums for the payment of judgments and settlements relating to such actions, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County bonds or notes. Estimated liabilities of approximately \$305 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, 2012. Approximately \$284.3 million has been accrued as a liability at December 31, 2012 related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2012. 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 seeking review of assessments. The County intends to defend itself vigorously against all such claims and actions.

The amount for all such claims in each of the fiscal years 2008 to 2012, inclusive, is shown below (in millions):

2012.....	\$10.1
2011.....	64.1
2010.....	79.4
2009.....	114.5
2008.....	98.8

The County Comptroller recorded a long-term liability of \$297.2 million for estimated future property tax refunds in the County’s government-wide financial statement of net position at December 31, 2012. The County Comptroller recorded additional accrued liabilities for property tax refunds of \$38 million to reflect as current liabilities in the County’s government-wide financial statement of net position at December 31, 2012. The 2012-15 Multi-Year Financial Plan approved by NIFA projects borrowings to finance property tax refunds in the following amounts: \$95 million in 2011, \$85 million in 2012, \$75 million in 2013 and \$50 million in 2014; such borrowings are subject to NIFA approval. Implementation of the plan had been delayed because the County Legislature had not approved bond ordinances to finance the payment of property tax refunds by at least a two-thirds supermajority vote as required by law for passage. In an order dated December 27, 2012 Nassau Supreme Court Justice Adams directed the County to satisfy certain property tax refund judgments in 2013 (i.e., not in 2012), and prohibited petitioners from commencing any collection proceedings prior to January 15, 2013. In making the order, the Court found, among other things, that the County and the other parties reserve all of their rights, remedies and defenses to any action to compel payment of the judgments by commencing legal proceedings for collection. The County Legislature has approved by the required supermajority bond ordinances to finance the payment of \$75 million of property tax refunds covered by the order of Justice Adams referred to above, with priority given to residential claims. A portion of the 2013 Series C Bonds is being issued to finance \$35 million of such payments, in addition to \$40 million in payments from previously-issued County bonds. At the same time, the County has begun paying an additional approximately \$20 million in residential refunds from previously-accrued funds. Failure of the County Legislature to enact additional bond ordinance(s) by the required supermajority authorizing borrowing to finance the payment of property tax refunds, or of NIFA subsequently to approve such borrowing, could result in significant expenditures being accrued in 2013 and/or later years, without offsetting revenues. No assurances can be given, however, that such actions will occur. Various petitioners have brought actions in Nassau Supreme Court to convert outstanding judgments and settlements reducing assessed valuations into money judgments to then be enforced against the County’s bank accounts, which could occur unless sufficient bond ordinances authorizing borrowing for this purpose are approved by the County Legislature according to law (and NIFA approves borrowing) or the court provides relief to the County. Cases where the court has ordered the County to pay refunds have been stayed pending appeals. The County intends to continue to defend itself vigorously against any attempts to enforce property tax refund judgments other than in accordance with the borrowing plan contained in the 2012-15 Multi-Year Financial Plan approved by NIFA described above.

The County is also exploring alternatives to permit it to borrow to pay property tax refunds, such as using certain bond ordinances from prior years. In a memorandum to the County’s Director of Accounting dated March 5, 2012 the County Attorney concluded that borrowings by NIFA to fund the payment of property tax refunds were not issued under the authority of County bond ordinances and so are not chargeable thereto. Further, in a letter to the County dated March 13, 2012 bond counsel to the County stated that there are two bond ordinances, ordinances numbers 115-2005 and 77-2004, which have authorized but unissued amounts of \$40,862,175.33 and \$151,981,879.30 to borrow against, respectively. Accordingly, there is \$192,844,054.63 remaining to be borrowed by the County for tax certiorari payments pursuant to these two bond ordinances. On June 8, 2012, counsel to the legislative minority in

the County Legislature delivered a letter to the acting County Treasurer claiming material misstatements, omissions and misrepresentations in the County's Preliminary Official Statement for its Revenue Anticipation Notes, 2012 Series A and 2012 Series B, dated June 1, 2012 (the "2012 RANs POS"), based on his view, and apparently the view of the legislative minority, that the listing of \$196,674,000 (which included approximately \$3,800,000 of undisputed authorized but unissued authority for Other Judgments & Settlements) for bonds authorized but unissued for "Property Tax Refunds & Other Judgments & Settlements" in Figure 14 of the 2012 RANs POS is not accurate. The letter claims in effect that the \$192,844,054.63 described above is no longer available to the County because it allegedly had been utilized by NIFA in NIFA borrowings. The letter states that any attempt to utilize such borrowing authority by the County will be met by a legal challenge by the legislative minority. Any statements of counsel to the legislative minority or the legislative minority itself are not made on behalf of the County. The County disputes the allegations made in the letter and intends to defend itself vigorously against any such threatened challenge. Various petitioners have brought three separate actions in Nassau Supreme Court to require the County to use such borrowing authority to finance their property tax refunds, and NIFA is a party to each of these matters. In the two cases where the court has ordered the County to pay refunds, the County has filed appeals with the Appellate Division, Second Department. All three cases have been stayed pending these appeals. On February 7, 2013, NIFA rejected the County's request for approval to borrow \$150 million to pay property tax refunds using the authorization in these bond ordinances.

In addition, the County Attorney has agreed to participate in a program whereby the County would enter into certain stipulations of settlement with residential taxpayers or their assignees who would agree to accept payments on their judgments over a number of years with interest. The administration expects that any judgment amount that becomes subject to such a stipulation would not be accrued in the year in which the stipulation is entered. Instead, the annual payments thereunder would be accrued in the years that they are made. Further, the administration expects there to be a reversal of any previous accruals of unpaid judgments that become subject to such a stipulation. On November 29, 2012, NIFA adopted a resolution requiring the County to submit the stipulation program to NIFA for approval or disapproval. On March 29, 2013, the County filed a lawsuit in Nassau Supreme Court seeking, among other things, to have NIFA's resolution annulled and vacated on various grounds, including that such action exceeded NIFA's statutory authority. On July 9, 2013 Nassau Supreme Court dismissed the County's application to annul and vacate the NIFA resolution and affirmed the validity of the resolution. The County expects to enter into a stipulation of discontinuance with NIFA in the near future to end this litigation.

Following from NIFA's declaration of a control period on January 26, 2011, NIFA may 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 "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – NIFA" herein. See "COUNTY FINANCIAL CONDITION – 2014 Budget and 2014-2017 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

(i) 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. The Appellate Division, Second Department, in 2002 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 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. The County moved for partial summary judgment on the methodology for calculating the refunds and the trial court decided the motion against the County. The County moved to dismiss all claims and the trial court ruled against the County. In the KeySpan litigation, the Supreme Court denied the County’s motion to dismiss the complaint and ordered discovery to proceed in the matter and the related Utilities cases. Discovery in Key Span and the other Utilities cases has been stayed pending the County’s appeal of this ruling. The appeal briefs have been filed with the Appellate Division which has granted the County’s application to consolidate arguments concerning the application of the so-called County guaranty in these matters and those described in succeeding paragraph (ii). The decision from the Appellate Division will most likely be rendered in early 2014. 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, 2012 as described earlier in this section.

(ii) Several third-party actions have been filed against the County seeking indemnification for judgments and/or claims currently pending against the Towns of Hempstead, North Hempstead and Oyster Bay as well as garbage districts within these towns. In the underlying actions the courts have determined that special ad valorem levies may not be imposed upon mass properties of the utilities (Verizon, American Water and others) for garbage and refuse collection services because such properties do not benefit from these services and ordered the towns and garbage districts to refund the payment of the levies. The towns and garbage districts seek 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. The County has submitted several motions to dismiss the third-party actions on the basis that the liability or refund for such special ad valorem taxes is the obligation of the towns and special districts. Although certain Supreme Court justices have denied the County's motion to dismiss, other Supreme Court justices have granted the County's motion to dismiss and held that there is no statutory authority that supports the towns/special districts claim that the County guaranty is applicable in these cases and thus would require the County to pay these refunds. In addition, other Supreme Court rulings have determined that the County is required to pay the refund but then must charge back that refund to the town or special district. In one particular third party action, the court has ordered a trial to proceed to determine the amount of refund and the fiscal impact on the County, towns and special districts if the County was the only responsible party for the refund. If these rulings are upheld the County would be able to recover the payment of the refunds. In those cases where the County's motion to dismiss was denied the County has filed motions to re-argue and/or filed notices of appeal. The Appellate Division has granted the County’s application to consolidate arguments concerning the application of the so-called County guaranty in these matters and those described in preceding paragraph (i). The County intends to

continue to defend itself vigorously in these actions. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. As third-party claims in these non-benefitted garbage district cases continue to be filed against the County it is difficult to predict the total outstanding liability should a court determine the County is ultimately responsible to reimburse the towns and special districts; however, at present the estimated refunds amount could be as high as \$95 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, 2012 as described earlier in this section.

(iii) 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 had not charged the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the RPTL. Local legislation repealed that Code provision beginning with assessment rolls finalized in April 2012 and thereafter. A number of school districts and other jurisdictions in the County brought lawsuits against the County in Nassau Supreme Court challenging the validity of the County's enactment of the local legislation repealing the Code provision. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs appealed that decision. On February 27, 2013, the Appellate Division, Second Department reversed the decision of the lower court, held that the County did not have the authority to enact such local legislation and granted summary judgment to the plaintiffs declaring that the local legislation violated the State Constitution and the State Municipal Home Rule Law. The State Court of Appeals has accepted the County's direct appeal "of right" under a provision of the State Civil Practice Law & Rules allowing for such automatic appeals in cases involving the State Constitution, even though it often rejects such direct appeals and requires the filing of an application for permission to appeal instead. Oral argument is scheduled for January 7, 2014. On November 21, 2013 the Court of Appeals denied plaintiffs' motion to dismiss the County's fully-briefed appeal. It is not possible to predict the ultimate outcome of this case or its ultimate impact on the County's financial condition, however, the County estimates that, in the event that the decision is not reversed on appeal, the amount of its liability for paying the refunds of the towns, school districts and special districts would be approximately \$60 million annually, which amount is not included in the 2014-2017 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, 2012 as described earlier in this section.

Other Litigation

(i) On February 14, 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 New York State law grounds, i.e., an interpretation of N.Y. Public Authorities Law Section 3669. The decision was stayed pending an appeal to the U. S. Court of Appeals for the Second Circuit. On September 20, 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. On October 2, 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. On October 3, 2013, 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 October 2013 the plaintiffs in this and related cases filed the anticipated State court

actions. 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 through 2012, including ancillary costs such as payroll taxes and pension contributions, among others. The potential liability for 2013 is projected to be an additional approximately \$131 million. Such amounts are not included in the 2014-2017 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, 2012 as described earlier in this section.

(ii) In *Restivo et al. v. County of Nassau, et al. and Kogut v. County of Nassau, et al.*, plaintiffs are suing in their own behalf 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. On November 29, 2012, the jury found the County and the other defendants not liable in these actions. On July 22, 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 was misled on the court's charge with respect to their claim of malicious prosecution, which the Judge nonetheless deemed "legally correct". 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. On October 30, 2013, Judge Seybert denied the County's motion and set a date for the new trial for March 17, 2014. 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, 2012 as described earlier in this section.

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.

PROPERTY TAX RATES AND LEVIES

Property Tax Rates

Figures 25 and 26 show County tax rates. The tables do not include local, town, city, school, village or special district tax rates for the respective political subdivisions in the County.

FIGURE 25
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>				
	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
General County ^(a)															
I	24.142	22.213	29.716	23.168	22.067	24.130	22.234	29.718	23.158	22.067	24.140	22.204	29.711	23.161	22.068
II	7.792	8.723	13.357	15.475	15.777	7.781	8.745	13.359	15.465	15.776	7.791	8.715	13.352	15.468	15.778
III	14.252	14.089	20.457	20.360	23.256	14.240	14.110	20.459	20.350	23.256	14.250	14.080	20.452	20.354	23.257
IV	6.821	7.814	11.360	12.796	13.731	6.810	7.835	11.362	12.786	13.730	6.819	7.805	11.356	12.790	13.732
Community College															
I	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911
II	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463
III	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184
IV	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992
Police Headquarters															
I	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662
II	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560
III	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194
IV	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924
Fire Prevention															
I	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088
II	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650
III	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171
IV	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508
Environmental Bond															
I	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678
II	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536
III	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705
IV	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49

^(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 26
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>				
	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
General County(a)										
I	24.138	22.137	29.718	23.161	22.085	37.371	34.438	39.251	30.374	30.000
II	7.789	8.648	13.360	15.467	15.795	21.022	20.948	22.892	22.680	23.709
III	14.248	14.013	20.459	20.353	23.274	27.481	26.314	29.992	27.566	31.189
IV	6.817	7.738	11.363	12.789	13.748	20.050	20.039	20.895	20.002	21.663
Community College										
I	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911
II	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463
III	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184
IV	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992
Police Headquarters										
I	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662
II	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560
III	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194
IV	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924
Fire Prevention										
I	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088
II	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650
III	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171
IV	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508
Environmental Bond										
I	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678
II	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536
III	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705
IV	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49

(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 27 shows tax rates for special districts in the County. Beginning in 2004, County sewage collection and disposal districts became zones of assessment within the consolidated Nassau County Sewer and Storm Water Resources District.

FIGURE 27
TAX RATES FOR SPECIAL DISTRICTS/ZONES OF ASSESSMENT
BY FUND AND CLASS (I-IV)
PER \$100 OF ASSESSED VALUATION-FISCAL YEAR BEGINNING AS SHOWN

	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
Police District					
I	69.174	66.393	61.859	49.552	49.561
II	56.724	52.077	46.827	46.156	49.182
III	120.404	121.909	124.882	123.505	138.637
IV	65.452	62.823	53.868	52.113	55.504
Sewage Districts:					
Disposal District No. 1					
I	17.321	16.125	15.483	12.833	12.212
II	3.374	3.997	3.277	3.256	3.280
III	48.614	48.935	54.885	98.619	47.926
IV	17.407	16.162	14.747	14.487	13.866
Disposal District No. 2					
I	17.321	16.125	15.509	12.826	12.212
II	14.231	13.290	11.848	11.993	11.948
III	29.881	29.202	31.316	31.598	34.658
IV	16.123	15.025	13.394	13.564	13.846
Disposal District No. 3					
I	17.321	16.125	15.483	12.788	12.212
II	14.124	12.676	11.124	11.420	11.913
III	28.547	28.100	29.957	31.387	33.197
IV	16.158	14.893	13.035	13.057	13.243
Collection District No. 1					
I	7.242	6.757	6.484	5.505	5.204
II	1.411	1.675	1.373	1.397	1.398
III	20.324	20.507	22.984	42.305	20.423
IV	7.278	6.773	6.176	6.215	5.909
Collection District No. 2(a)					
I	7.242	6.757	6.484	5.188	4.648
II	5.818	5.742	5.156	5.236	4.879
III	12.934	12.587	12.712	12.617	12.746
IV	6.298	5.876	5.333	5.269	4.941
Collection District No. 3(a)					
I	6.725	6.274	6.484	5.099	5.204
II	5.625	4.595	4.450	4.529	5.194
III	11.647	11.489	13.019	13.080	14.425
IV	6.272	5.807	5.605	5.294	5.886

^(a) Rate shown is the average rate of all former districts/zones of assessment within each listed former district.

Property Tax Levies

Figure 28 below 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 28
COUNTY OF NASSAU, NEW YORK
PROPERTY TAX LEVIES
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS
2008 THROUGH 2011
(\$ IN THOUSANDS)

	2011		2010		2009		2008	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County								
Government	852,523	14.58%	853,781	14.83%	858,281	15.14%	823,618	15.35%
Sewer & Storm Water								
Consolidated	119,032	2.04%	116,032	2.02%	110,032	1.94%	103,932	1.94%
Environmental Bond Fund	11,250	0.19%	9,000	0.16%	4,850	0.09%	7,375	0.14%
Town & City								
Governments	268,602	4.59%	250,961	4.36%	247,128	4.36%	231,735	4.32%
Incorporated Villages	420,196	7.19%	406,839	7.07%	423,741	7.48%	383,097	7.14%
School Districts	3,619,714	61.90%	3,575,807	62.13%	3,480,489	61.41%	3,309,803	61.70%
Special Districts:								
Fire	106,817	1.83%	104,341	1.81%	109,452	1.93%	101,065	1.88%
Fire Protection	18,989	0.32%	18,183	0.32%	18,291	0.32%	17,524	0.33%
Garbage, Refuse &								
Sanitary	222,634	3.81%	225,586	3.92%	222,555	3.93%	207,014	3.86%
Lighting	17,052	0.29%	16,642	0.29%	17,125	0.30%	15,972	0.30%
Park	87,307	1.49%	78,464	1.36%	78,164	1.38%	68,345	1.27%
Parking & Improvement	47,406	0.81%	46,497	0.81%	45,862	0.81%	44,294	0.83%
Sewer Special	14,812	0.25%	14,553	0.25%	13,602	0.24%	14,809	0.28%
Water	41,110	0.70%	38,548	0.67%	38,095	0.67%	35,546	0.66%
Total Special Districts	556,127	9.51%	542,814	9.43%	543,146	9.58%	504,569	9.41%
Total	5,847,444	100.00%	5,755,234	100.00%	5,667,667	100.00%	5,364,129	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2012.

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APPENDIX B

BASIC AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2012

The County's financial statements, including the report of Deloitte & Touche LLP, the County's independent auditor, for the fiscal year ended December 31, 2012, are included by reference in this Official Statement as APPENDIX B. Deloitte & Touche LLP has not reviewed, commented on or approved, and is not associated with, this Official Statement. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the County, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to provide written consent to the inclusion of its report in this Official Statement. The County's financial statements for the fiscal year ended December 31, 2012 have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("EMMA"). Copies of the County's financial statements for the fiscal year ended December 31, 2012 are available on EMMA (<http://emma.msrb.org/ER688970-ER534243-ER936359.pdf>) or on the County's website (<http://www.nassaucountyny.gov/agencies/Comptroller/documents/ComprehensiveAnnualFinancialReport2012%20Secured.pdf>).

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APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

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FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

December 11, 2013

County of Nassau,
State of New York

Re: County of Nassau, New York

\$90,710,000 GENERAL IMPROVEMENT BONDS

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of \$90,710,000 principal amount of General Improvement Bonds, 2013 Series C (the "2013 Series C Bonds" or the "Bonds"). The Bonds are dated the date of delivery. The interest rates, maturity dates and prices or yields 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 County Bond Certificate, and the Tax 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 accrual or receipt of interest on, the Bonds.

FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

December 11, 2013
County of Nassau,
State of New York

Re: County of Nassau, New York
\$1,055,000 GENERAL IMPROVEMENT BONDS

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the “County”) of \$1,055,000 principal amount of General Improvement Bonds, 2013 Series D (Federally Taxable) (the “2013 Series D Bonds” or the “Bonds”). The Bonds are dated the date of delivery. The interest rate, maturity date and price or yield of the Bonds are set forth on the 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 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 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. We call attention to the fact that the rights and obligations under the Bonds 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 or waiver 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 not 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). We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

December 11, 2013

County of Nassau,
State of New York

Re: County of Nassau, New York

\$122,060,000 BOND ANTICIPATION NOTES, 2013 SERIES B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of \$122,060,000 principal amount of Bond Anticipation Notes, 2013 Series B (the "Notes"). The Notes are dated the date of delivery. The interest rate, maturity date and price or yield of the Notes are set forth on the cover of the Official Statement. The Notes 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 Notes 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 Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, 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 Notes 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 Notes 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 Notes and the interest thereon.
4. Interest on the Notes 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 Notes 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 accrual or receipt of interest on, the Notes.

FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

December 11, 2013

County of Nassau,
State of New York

Re: County of Nassau, New York

\$225,000,000 TAX ANTICIPATION NOTES, 2013 SERIES A & 2013 SERIES B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County"), of \$225,000,000 aggregate principal amount of Tax Anticipation Notes, consisting of \$148,000,000 principal amount of Tax Anticipation Notes 2013 Series A, dated the date of delivery and maturing on September 15, 2014 (the "Series A Notes"), \$77,000,000 principal amount of Tax Anticipation Notes, 2013 Series B, dated the date of delivery and maturing on October 15, 2014 (the "Series B Notes" and the Series A Notes, collectively the "Notes"). The Notes 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 Note Determination Certificate of the County dated the date hereof (the "County 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 Notes 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 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 Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the County Certificate, and the Tax 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 Notes 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 Notes constitute valid and binding obligations of the County.
2. The County 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 Notes and the interest thereon.
4. Interest on the Notes 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 Notes 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 in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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, 2013

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/13
8/15/2013	General Improvement Series 2013B	\$127,920,000	0.81-5.08%	2014-2043	\$127,920,000
2/28/2013	General Improvement Series 2013A	152,430,000	3.00-5.00	2014-2043	152,430,000
5/2/2012	General Improvement Series 2012A	196,630,000	4.00-5.00	2014-2034	196,630,000
6/02/2011	General Improvement Series 2011A	82,045,000	1.00-5.05	2012-2036	79,885,000
12/16/2010	General Improvement Series 2010F	71,745,000	6.65-7.25	2026-2035	71,745,000
12/16/2010	General Improvement Series 2010E	53,255,000	3.00-5.00	2012-2025	47,960,000
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	114,590,000
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	10,285,000
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	44,035,000
9/09/2009	General Improvement Series 2009G	26,400,000	5.25 - 5.375	2023-2025	26,400,000
9/09/2009	General Improvement Series 2009F	83,600,000	4.00 - 5.00	2011-2023	68,330,000
8/19/2009	General Improvement Refunding Series 2009E	50,875,000	3.00 - 5.00	2010-2018	12,605,000
7/21/2009	General Improvement Series 2009C	135,300,000	5.00 - 5.25	2010-2039	128,830,000
5/05/2009	General Improvement Series 2009A	99,000,000	2.50-5.00	2011-2029	88,070,000
7/08/2008	General Improvement Refunding Series 2008D	22,285,000	4.00 - 5.00	2009-2019	7,680,000
7/08/2008	General Improvement Series 2008C	149,525,000	0.00 - 5.00	2010-2028	114,345,000
1/22/2008	General Improvement Series 2008A	105,000,000	3.25 -5.00	2009-2028	86,070,000
12/01/2010	General Improvement Series 2007B	40,000,000	2.50-5.00	2011-2024	31,715,000
12/01/2010	General Improvement Series 2007A	35,000,000	2.50-5.00	2011-2023	27,160,000
2/24/1994	General Improvement Refunding Series 1994A	73,740,000	2.20 - 6.50	1994-2015	35,000
6/10/1993	General Improvement Refunding Series 1993H	35,680,000	2.40 - 5.50	1993-2017	700,000
11/01/1985	General Improvement Series 1985X	20,560,000	7.80 -8.00	1986-2015	540,000
7/01/1985	General Improvement Series 1985W	31,880,000	7.30 -7.40	1986-2015	120,000
11/01/1984	General Improvement Series 1984V	21,980,000	8.50 -8.80	1985-2014	230,000
7/01/1984	General Improvement Series 1984U	152,430,000	9.00 -9.30	1985-2014	35,000
Total					\$1,570,510,000

County Combined Sewer District Bonds; Sewer and Storm Water Resources District Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/13
7/21/2009	Sewers Series 2009D	\$14,700,000	5.00 - 5.50%	2010-2039	\$14,025,000
5/05/2009	Sewers Series 2009B	15,000,000	4.00 - 6.00	2011-2034	13,985,000
1/22/2008	Sewers Series 2008B	20,000,000	3.00 -5.00	2009-2033	17,500,000
2/24/1994	Sewers Refunding Series 1994B	83,835,000	2.20 -6.00	1994-2016	3,365,000
6/10/1993	Sewers Refunding Series 1993G	80,845,000	2.80 -5.45	1994-2015	3,070,000
6/10/1993	Sewers Refunding Series 1993E	35,045,000	2.80 -5.50	1994-2016	2,790,000
Total					\$54,735,000

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

Dated Date		Issue Size	Interest Rates	Maturity	Principal Outstanding as of 10/31/13
8/1/2013	EFC Series 2013B	\$ 3,185,419	0.263-4.756%	2014-2043	\$ 3,185,419
11/15/2012	EFC Series 2012F (2002F & 2002I Refunding)	56,518,000	4.49-6.182	2013-2024	53,599,000
6/15/2012	EFC Series 2012C (1998G & 2003B Refunding)	26,070,000	4.70-6.181	2013-2029	24,860,000
3/03/2005	EFC Series 2005A	1,774,980	2.09 -4.570	2006-2034	1,340,000
3/04/2004	EFC Series 2004B	4,065,914	1.06-4.600	2004-2028	2,810,000
7/24/2003	EFC Series 2003F	8,506,016	0.79-4.610	2004-2029	5,720,000
3/20/2003	EFC Series 2003B	42,530,000	2.54-5.409	2003-2015	3,580,000
7/25/2002	EFC Series 2002G	7,380,000	2.03-5.800	2003-2028	4,900,000
Total					\$99,994,419

Nassau County Interim Finance Authority Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 10/31/13
10/04/2012	NIFA Series 2012A	\$141,580,000	3.00-5.00%	2015 - 2025	\$141,580,000
10/04/2012	NIFA Series 2012B	176,133,000	1.00-5.00	2014 - 2023	176,133,000
4/21/2009	NIFA Series 2009A	303,100,000	1.00-5.00	2009 - 2025	237,370,000
5/16/2008	NIFA Series 2008E	55,055,000	VRDB	2013 - 2014	50,000,000
5/16/2008	NIFA Series 2008D	150,000,000	VRDB	2014 - 2017	150,000,000
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
12/15/2005	NIFA Series 2005D	143,795,000	3.25-5.00	2007 - 2025	46,010,000
7/14/2005	NIFA Series 2005A	124,200,000	3.25-5.00	2011 - 2024	86,575,000
12/09/2004	NIFA Series 2004 H	187,275,000	2.15-5.25	2006 - 2017	56,715,000
4/08/2004	NIFA Series 2004A	153,360,000	2.00-5.00	2005 - 2013	510,000
5/21/2003	NIFA Series 2003 A&B	514,475,000	2.00-6.00	2004 - 2023	34,230,000
Total					\$1,379,123,000

Total
County and
NIFA
Obligations

\$3,104,362,419

Variable Rate Demand Bonds - Letters of Credit and Liquidity Facilities

<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	\$25,995,000	JPMorgan Chase Bank, N.A.	LOC ⁽¹⁾	February 15, 2015
2009B-1	41,080,000	TD Bank, N.A.	LOC	April 27, 2015
2009B-2	41,920,000	TD Bank, N.A.	LOC	April 27, 2015
2009C-1	37,375,000	Wells Fargo Bank N.A.	LOC	May 29, 2015
2009C-2	35,830,000	Wells Fargo Bank N.A.	LOC	May 29, 2015
2009D-1	32,660,000	JPMorgan Chase Bank, N.A.	LOC	February 15, 2015
2009D-2	31,975,000	JPMorgan Chase Bank, N.A.	LOC	February 15, 2015
Total NHCC	\$246,835,000			
NIFA				
2008A	\$125,000,000	JPMorgan Chase Bank, N.A.	SBPA ⁽²⁾	May 11, 2014
2008B	125,000,000	Sumitomo Mitsui Banking Corp.	SBPA	March 6, 2015
2008C	150,000,000	JPMorgan Chase Bank, N.A.	SBPA	April 30, 2016
2008D-1	123,185,000	The Bank of New York Mellon	SBPA	November 16, 2015
2008D-2	26,815,000	JPMorgan Chase Bank, N.A.	SBPA	November 15, 2015
2008E	50,000,000	JPMorgan Chase Bank, N.A.	SBPA	November 15, 2014
Total NIFA	\$600,000,000			

(1) Letter of Credit

(2) Standby Bond Purchase Agreement

Interest Rate Exchange Agreements

	<u>Current Notional Amount</u>	<u>Counterparty</u>	<u>Pays</u>	<u>Receives</u>	<u>Maturity Date</u>	<u>Associated Bonds</u>
NHCC						
	\$73,356,666	JPMorgan Chase Bank, N.A.	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
	73,126,667	Merrill Lynch Capital Services, Inc.	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
	73,126,667	UBS AG	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
Total NHCC	\$219,610,000					
NIFA						
	\$72,500,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	72,500,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	80,000,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.00200%	60.0% of USD-LIBOR + 0.26%	11/15/2016	NIFA 2008A,B,C,D,E
	72,500,000	UBS AG	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	72,500,000	UBS AG	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	80,000,000	UBS AG	3.00300%	60.0% of USD-LIBOR + 0.26%	11/15/2016	NIFA 2008A,B,C,D,E
	50,000,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
	50,000,000	Morgan Stanley Capital Services Inc.	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
	50,000,000	UBS AG	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
Total NIFA	\$600,000,000					

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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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
OVERLAPPING DEBT, TOWNS AND CITIES					
Town of Hempstead					
Bonds	N/A	\$352,355	\$312,322	\$283,344	\$323,289
Other Debt Obligations	N/A	0	0	30,000	0
Total	N/A	\$352,355	\$312,322	\$313,344	\$323,289
Town of North Hempstead:					
Bonds	\$256,646	\$215,213	\$238,389	\$240,243	\$251,584
Other Debt Obligations	108,052	121,409	76,821	34,536	10,313
Total	\$364,698	\$336,622	\$315,210	\$274,779	\$261,897
Town of Oyster Bay:					
Bonds	\$357,155	\$399,750	\$366,209	\$262,345	\$288,269
Other Debt Obligations	476,635	323,285	305,585	285,996	163,217
Total	\$833,790	\$723,035	\$671,794	\$548,341	\$451,486
City of Glen Cove:					
Bonds	\$51,953	\$53,959	\$49,085	\$48,098	\$54,665
Other Debt Obligations	16,678	8,356	12,337	13,596	2,032
Total	\$68,631	\$62,315	\$61,422	\$61,694	\$56,697
City of Long Beach:					
Bonds	\$42,052	\$51,953	\$52,453	\$39,971	\$43,346
Other Debt Obligations	0	0	0	10,000	0
Total	\$42,052	\$51,953	\$52,453	\$49,971	\$43,346
Total Overlapping Debt, Towns and Cities:					
Bonds	\$707,806*	\$1,073,230	\$1,018,458	\$874,001	\$961,153
Other Debt Obligations	601,365*	453,050	394,743	374,128	175,562
Total	\$1,309,171*	\$1,526,280	\$1,413,201	\$1,248,129	\$1,136,715

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

* 2012 indebtedness information for the Town of Hempstead not available. 2012 total does not include Town of Hempstead indebtedness.

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APPENDIX F
COUNTY WORKFORCE

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COUNTY WORKFORCE

On January 26, 2011, the Nassau County Interim Finance Authority (“NIFA”) declared a control period (within the meaning of NIFA’s governing legislation) 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 generally accepted accounting principles.

On March 24, 2011, by respective resolutions NIFA (i) found that a wage freeze as authorized by the NIFA governing legislation 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. Such actions by NIFA will accordingly affect the terms and conditions of the collective bargaining agreements described in this Appendix. 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. The 2013 Budget and years 2013-2015 in the Multi-Year Financial Plan assume the continuation of the wage freeze. In 2016, the Multi-Year Financial Plan assumes step increases only, as all labor agreements end December 31, 2015. Various collective bargaining units of the County have brought suit in federal court against the County and NIFA challenging the actions described above. The County intends to continue to defend itself vigorously against such action(s).

See “APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*” herein for further 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, 2013, the full-time County workforce totaled 7,317 in the Major Operating Funds. This represents a decrease of 1,202 full-time positions when compared to December 31, 2009 and is evidence of the County’s workforce reduction initiative. This initiative has included layoffs, separation incentives, attrition and instituting 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”), formerly known as the Sheriff Officers Association (“ShOA”), and

the Investigators Police Benevolent Association (“IPBA”). The following table summarizes labor organization enrollment:

**Full-Time County Workforce as of October 31, 2013
(Major Operating Funds)**

Labor Organization	Full-Time Employees
CSEA	3,543
PBA	1,520
DAI	355
COBA	922
IPBA	42
SOA	320
NON UNION	615
Total	7,317

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 County entered into a Stipulation of Agreement amending the established contract for the CSEA. The County’s current contract covers January 1, 2008 through December 31, 2015. The total wage increase is 25.55% over that period, with 0% increase in the first year. Other features of the award include:

- Wage increases owed for the period April 1, 2010 to November 1, 2010 will be paid in the first pay period of 2014, or upon separation of service, whichever occurs first; likewise, increases due April 1, 2011 to November 1, 2011 will be paid in the first pay period of 2015, or upon separation of service, whichever occurs first;
- Reduction of overtime rate for certain titles;
- Ending the practice of allowing married couples who are County employees to obtain duplicate health benefits;
- Elimination of a “gain-sharing” provision whereby the County had been required to share health care savings with the union; and
- The ability to establish a merit pay system for unionized workers.

Police Benevolent Association (PBA)

The PBA represents all of the County’s full-time police officers. On July 2, 2007, the panel for the PBA interest arbitration issued its award to both parties, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the PBA. The County’s current contract covers January 1, 2007 through December 31, 2015. The total wage increase is 27.25% over that period. Other features of the award include the following key provisions:

- Added one-step to the compensation plan which expires December 31, 2015. In addition police officers hired between January 1, 2004 and July 31, 2008 shall receive a one-step jump. This

jump in step will occur on the date that such officers would otherwise have reached the second to last step of the salary plan;

- Further minimum staffing relief;
- Termination pay cap at no greater than twice an officer's final year salary;
- Revised calculation denominator for termination pay that reflects a 5% reduction from previous levels;
- The ability for the County to civilianize approximately 50 positions currently occupied by sworn officers;
- Elimination of dual County health insurance coverage when an officer's spouse is also covered in the County's health insurance plan;
- Establishment of a benefit fund to be managed by the PBA to secure dental, optical and legal benefits for members in lieu of County coverage; and
- Increased annual longevity payments for officers.

Detectives Association, Inc. (DAI)

On January 11, 2007, the panel for the DAI interest arbitration issued its award, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the DAI. The County's current contract covers January 1, 2007 through December 31, 2015. The total wage increase is 27.37% over that period. Other features of the award include the following key provisions:

- Ends the practice of middle-level PBA members being promoted to detectives and receiving increases of approximately \$25,000. Now, the first detective step will be indexed at \$2,400 above what they would have made had he or she stayed a police officer;
- Detectives designated between January 9, 2008 and February 28, 2009 shall receive a one-step jump at the second to last step;
- The County received several work-rule concessions that will result in the more efficient operation of the Police Department;
- Eliminated the wasteful practice of allowing a detective and his or her spouse who is also a County employee to have two health insurance plans;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the detective; and
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment.

Superior Officers Association (SOA)

On May 6, 2009, the panel for the SOA interest arbitration issued its award, covering the six-year period from January 1, 2008 through December 31, 2013. The County entered into a Stipulation of Agreement amending the established contract for the SOA. The County's current contract covers January 1, 2008 through December 31, 2015 (the "2008 Award"). The total wage increase is 31.45% over that period. Other features of the award include the following key provisions:

- Elimination of Step 5 for members promoted to sergeant after the date of the 2008 Award;
- Establishment of a benefit fund to be managed by the SOA to secure legal benefits for members in lieu of County coverage;
- Eliminated the wasteful practice of allowing a SOA member and his or her spouse who is also a County employee to have two health insurance plans;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the Detective; and
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment.

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

COBA and the County negotiated an agreement which was ratified by the County Legislature on April 28, 2008. The contract covers the period January 1, 2005 through December 31, 2012. It established a frozen first salary step of \$30,000 for the life of the contract. The first year of the contract contains no increase (0%); on January 1, 2006 there was a 3.25% increase; and on July 1, 2007 there was a 3.5% increase. Starting April 1, 2008 and on each April 1 through 2012, steps 2-10 receive a 1% increase and top step receives 3.65%. Other significant savings include a reduction of the overtime rate from 1.74 times base to 1.5 times base. In addition, certain contractual rules that had increased total overtime costs were reduced. The County entered into a Stipulation of Agreement amending the established contract for COBA extending it through December 31, 2015. Effective January 1, 2013 and 2014, all steps receive an increase of 3.5% and effective January 1, 2015, all steps receive an increase of 3.75%. Other features of the award include:

- Wage increases for the period April 1, 2010 to November 1, 2010, shall be paid on January 1, 2014; wage increases for the period April 1, 2011 to November 1, 2011, shall be paid on January 1, 2015;
- May accrue an additional 35 days of sick leave; and
- Effective January 2012, members not at top pay will jump step 10 which will expire December 31, 2015.

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. The total wage increase of 34.9% is not in

the form of 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 shall be 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 shall be 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 shall be entitled to clothing, equipment, and an education allowance and/or incentive pay totaling \$2,425 per year per member; and
- Members will be entitled to increased sick and vacation days.

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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, some 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 is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes 3 towns, 2 cities, 64 incorporated villages, 56 school districts and various special districts that provide fire protection, water supply and other services. Land uses within the County are predominantly single-family residential, commercial and industrial.

Population

Table 1 below shows the County’s population from 1970 to 2010. The County’s population has experienced two major growth periods over the past 100 years, reaching 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 2012 was \$93,214, up from \$91,414 in 2011, and significantly higher than that of the State (\$56,448) and the United States (\$51,371). Moreover, the County has a smaller percentage of families below the poverty level (4.6%) than the State (12.2%) and the United States (11.8%).

TABLE 2
MEDIAN HOUSEHOLD INCOME IN THE COUNTY
IN COMPARISON TO THE STATE AND THE U.S., 2012 AND 2011

<u>Area</u>	<u>2012</u>		<u>2011</u>	
	<u>Median Household Income</u>	<u>Families Below Poverty (%)</u>	<u>Median Household Income</u>	<u>Families Below Poverty (%)</u>
County	\$93,214	4.6	\$91,414	4.7
State	\$56,448	12.2	\$55,246	12.3
United States	\$51,371	11.8	\$50,502	11.7

U.S. Census, 2011 and 2012 American Community Survey, 1-Year estimate

Consumer Price Index

The Consumer Price Index ("CPI") represents changes in prices of a typical market basket of goods and services that are purchased by households over time and is used 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. 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 2003 and 2012 are shown in Table 3.

In 2012, prices in the CMSA rose by 1.98% and the 2012 U.S. city average CPI increase was 2.09%.

TABLE 3
CONSUMER PRICE INDEX

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
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
2006	201.6	3.23	220.7	3.76
2005	195.3	3.39	212.7	3.86
2004	188.9	2.66	204.8	3.54
2003	184.0	2.28	197.8	3.07

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

Retail Sales and Business Activity

The County is served by seven major regional shopping centers. The Gallery at Westbury Plaza is a new 330,000 square foot, LEED-certified, 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, Sunrise Mall in Massapequa and the Source in Westbury. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls have a total of 7.6 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 and 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 Neiman Marcus at Roosevelt Field Mall (currently under construction), 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 \$23.2 billion for the most recent reporting year, an increase of 2.67% from the prior year.

TABLE 4

**RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE
(in thousands)**

<u>County</u>	<u>Rank (2010/2011)</u>	<u>Taxable Sales (2010/2011)</u>	<u>Rank (2009/2010)</u>	<u>Taxable Sales (2009/2010)</u>	<u>Change</u>
New York City*	1	\$116,281,232	1	\$106,440,554	9.25%
Suffolk	2	26,874,884	2	25,339,638	6.06
Nassau	3	23,249,728	3	22,645,417	2.67
Westchester	4	17,159,132	4	16,099,227	6.58
Erie	5	13,636,031	5	12,894,176	5.75
Monroe	6	10,047,848	6	9,496,181	5.81
Onondaga	7	7,239,027	7	6,805,707	6.37
Orange	8	5,940,024	8	5,573,543	6.58
Albany	9	5,463,853	9	5,324,664	2.61
Dutchess	10	4,057,873	11	3,576,332	13.46

SOURCE: New York State Department of Taxation and Finance, Office of Tax Policy Analysis Annual Statistical Report: Taxable Sales and Purchases (August 2012). Represents sales reported from March through February.

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

Employment

Table 5 compares employment totals and unemployment rates in the County to adjoining municipalities, the State and the United States. The County had a workforce of approximately 642,500 in 2012. The unemployment rate in the County increased from 6.7% in 2011 to 7.1% in 2012. 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	
	Employment	Unemployment-Rate	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate
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
2006	668.3	3.8	753.9	4.0	3,630	5.0	8,618	4.6	144,427	4.6
2005	662.1	4.1	745.9	4.2	3,540	5.8	8,537	5.0	141,730	5.1
2004	655.1	4.5	734.8	4.7	3,469	7.1	8,465	5.8	139,252	5.5
2003	649.1	4.7	723.8	4.8	3,413	8.3	8,410	6.4	137,736	6.0

SOURCES: Compiled by the County from: New York State Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics.

Key Employment Trends

Table 6 below shows the annual average employment in non-farm jobs by industry for the years 2003 to 2012 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Goods Producing										
Natural Resources, Construction & Mining	64.4	66.4	66.7	69.8	72.0	73.1	65.0	60.8	60.3	61.4
Manufacturing	88.4	88.2	86.9	85.9	83.8	81.3	75.1	73.0	72.8	74.0
Total – Goods Producing	152.8	154.6	153.6	155.7	155.8	154.4	140.1	133.8	133.1	135.4
Service Producing										
Trade, Transportation & Utilities	270.4	271.3	270.9	270.7	273.7	272.4	257.2	256.2	258.7	264.0
Financial Activities	82.7	83.4	81.6	80.4	79.2	75.0	70.8	69.8	70.5	72.4
Information	29.1	28.9	29.4	29.2	27.9	27.1	27.3	25.4	24.3	24.0
Educational & Health Services	196.8	200.7	203.0	206.2	210.8	215.7	220.6	225.8	230.8	237.1
Leisure & Hospitality	92.5	95.7	95.8	97.5	99.2	99.4	98.4	100.9	102.9	110.6
Other Services	50.7	51.4	51.9	51.9	52.7	53.6	52.7	52.9	54.4	54.9
Professional & Business Services	153.4	159.7	159.8	158.6	164.2	163.1	153.6	152.8	159.3	163.3
Government	198.9	196.9	198.7	198.7	202.1	203.2	206.7	208.9	205.3	199.9
Total - Service Producing	1,074.6	1,087.9	1,091.0	1,093.2	1,109.6	1,109.5	1,087.2	1,092.6	1,106.2	1,126.1
Total Non-Farm	1,227.3	1,242.6	1,244.6	1,248.9	1,265.6	1,264.0	1,227.4	1,226.5	1,239.3	1,261.5

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 Nassau-Suffolk 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, 2012

BUSINESS SECTOR	Nassau- Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	4
Manufacturing	<u>6</u>	<u>9</u>
Total Goods Producing	11	13
SERVICE PROVIDING** OR SERVICE PRODUCING*		
Trade, Transportation & Utilities	21	19
Financial Activities* or Finance, Insurance & Real Estate**	6	6
Assorted Services	46	45
Government	<u>16</u>	<u>17</u>
Total Service Providing / Producing	89	87

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).

*Nassau-Suffolk PMSA

**United States

Major County Employers

A sampling of the major commercial and industrial employers headquartered in the County is shown in Table 8.

TABLE 8
MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS, 2012

Company	Type of Business	Employees
North Shore – LIJ Health System	Health care	46,000*
Cablevision Systems Corp.	Cable and pay television	17,815
Pall Corporation	Industrial equipment	10,900
Broadridge Financial Solutions	Data processing	6,200
Griffon Corp.	Specialty building products	5,900
Systemax, Inc.	Computers & related products	5,500
Winthrop Healthcare Systems	Health care	5,100
Alcott Group	Professional employers organization	4,900

SOURCES: Compiled by the County from Crain's Book of Lists. Selected data updates using Hoovers.com.

* North Shore – LIJ Health System, 2012 Annual Report.

Construction Activity

Table 9 is a composite list of construction activity in the County for residential, business, industrial and public buildings for the years 2003 through 2012. Overall construction activity has been uneven since 2003. During the 2003-2012 period, residential construction activity reached its high point in 2008 with 1,868 permits, and fell to its lowest point the following year (2009) with 378 permits. During 2012, single-family dwelling permits increased, while permits for Other Housing Units fell from the recent high experienced in 2011. Data on non-residential building permits for 2009 through 2012 are not available.

TABLE 9
COUNTY CONSTRUCTION ACTIVITY

Year	Single Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
2012	375	276	N/A	N/A	N/A	651
2011	311	542	N/A	N/A	N/A	853
2010	400	123	N/A	N/A	N/A	523
2009	365	13	N/A	N/A	N/A	378
2008	822	1,046	18	0	4	1,890
2007	737	85	20	3	4	849
2006	1,291	161	30	4	4	1,490
2005	1,197	238	37	1	3	1,476
2004	735	442	23	4	8	1,212
2003	635	343	23	2	8	1,011

SOURCES: 2003-2012 U.S. Bureau of the Census, Privately-owned Building Permit Estimates; 2003 – 2008 Nassau County Planning Commission Building Permits Reports.

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

Table 10 shows the number of building permits with an estimated dollar value greater than or equal to \$1,000,000 that were issued for Class 4 properties for the years 2003 through 2012. Class 4 property includes commercial, industrial, institutional buildings, and vacant land. As indicated in Table 10, there were 56 building permits that were issued and reported to the Department of Assessment for Class 4 properties in 2012.

TABLE 10

HIGH VALUE BUILDING PERMITS* FOR CLASS 4 PROPERTIES

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Permits</u>
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
2006	47	161,235,223
2005	23	86,556,378
2004	30	148,570,968
2003	20	170,191,252

SOURCE: Nassau County Department of Assessment

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

Housing

As shown in Table 11, the value of new residential construction activity in the County declined between 2008 and 2010, consistent with the national economic downturn. However, activity reported in 2011 and 2012 indicates a steady increase in new construction value from the recent low in 2010.

TABLE 11
COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
2012	\$222,851	651
2011	207,482	853
2010	169,369	523
2009	178,307	378
2008	374,000	1,868
2007	284,404	822
2006	368,875	1,452
2005	373,879	1,435
2004	293,642	1,177
2003	195,435	978

SOURCE: 2003 – 2012 U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimate and imputation.

Table 12 shows the breakdown of new housing units by type and size.

TABLE 12
NUMBER OF COUNTY NEW RESIDENTIAL HOUSING UNITS AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2012	375	2	0	274	651
2011	281	2	0	540	823
2010	357	28	63	32	480
2009	334	8	3	0	345
2008	801	6	0	1,040	1,847
2007	692	10	4	63	769
2006	1,259	18	4	114	1,395
2005	1,184	12	7	187	1,390
2004	717	46	0	367	1,130
2003	635	44	8	291	978

SOURCE: 2003 – 2012 U.S. Census Bureau New Privately-owned Building Permits – reported units only.

Table 13 shows County existing home sales. In 2012, the median sales price fell 4.0% from 2011; however, the number of homes sold increased by nearly 3%.

TABLE 13
COUNTY EXISTING HOME SALES

Year	Median Sales Price	No. of Homes Sold
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
2006	490,000	9,435
2005	489,000	10,343
2004	440,000	10,111
2003	395,000	8,646

SOURCES: Compiled by the County from: Multiple Listing Service of Long Island Inc., 2002-2005; New York State Association of Realtors, 2006-2008; New York State Department of Taxation and Finance 2009-2012

Transportation

On January 1, 2012, the Nassau Inter-County Express (“NICE”) Bus commenced service as the exclusive transit operator of the County-owned bus system replacing the former operator MTA Long Island Bus, a subsidiary of the Metropolitan Transportation Authority (“MTA”). The MTA ceased operations as the County’s bus system pursuant to a mutual agreement between the parties. NICE, a subsidiary of Veolia Transportation 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 approximately 297 fixed route buses and 93 para-transit vehicles. NICE has an average ridership of 103,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road stations, most area colleges and universities, as well as employment centers, shopping malls, and Nassau County government offices, including the Department of Social Services.

The Long Island Rail Road (“LIRR”), the second largest commuter railroad in the United States, carried approximately 81.7 million passengers in 2012. On an average weekday, the LIRR carries about 287,000 passengers.

The LIRR provides train service for the entire County. Its infrastructure includes 381 route miles of track, 296 at-grade-crossings, and 124 stations 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. The Center 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, which are operated and maintained by different levels of government. The eight major east-west roadways that provide direct through service to New York City and Suffolk County are Northern Boulevard, Long Island Expressway, Northern State Parkway, Jericho Turnpike, Hempstead Turnpike, Southern State Parkway, Sunrise Highway, and Merrick Road.

The County is located within close proximity to 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") provides electrical service to the County. Effective January 1, 2014, Public Service Electric & Gas of New Jersey ("PSE&G") will operate LIPA's electric system, which serves 1.1 million customers. National Grid, which is the largest distributor of natural gas in the northeast United States, provides gas distribution in the County. The incorporated villages of Freeport and Rockville Centre operate their own electrical generation plants. 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. The North Shore-Long Island Jewish Health System is the County's largest health care employer (approximately 46,000 employees). The North Shore University Hospital is the recipient of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) 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, St. Francis Hospital in Roslyn, the Winthrop-University Hospital in Mineola, Mercy Medical Center in Rockville Centre, and South Nassau Communities Hospital in Oceanside.

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., and provides access to channels with a local focus. Satellite programming and service by Verizon is also available in the County. In addition, News 12 provides local news coverage on cable, as does FiOS by Verizon.

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

Educational Facilities

There are 56 public school districts in the County, with a total 2012-2013 enrollment of approximately 196,000 students according to the State Education Department. Individual school boards and the Board of Cooperative Educational Services (BOCES) are the primary managers of these school districts and provide services such as career training for high-school students and adults, special education, alternative schools, technology education and teacher training. Various public and private organizations manage the County's other educational facilities. The County's non-public schools, which are located in a number of municipalities, provide education in the State Regents program as well as in special and technical programs.

Many County public schools have received national recognition. A 2010 Newsweek magazine article cited five County high schools among the top 100 public high schools in the nation.

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, U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College, and the State University of New York/Old Westbury.

Colleges and universities in the County promote cross-disciplinary research, technology development and an integrated curriculum to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County's institutions of higher learning specialize in fields such as law, biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology and pharmacology. In 2010, Hofstra, in partnership with North Shore-LIJ Health System, opened the Hofstra North Shore-LIJ School of Medicine.

Recreational and Cultural Facilities

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

On a national level, the County is home to many high profile professional sporting events and teams. The Bethpage Black Golf Course, located in Bethpage State Park, hosted the U.S. Open in 2002 and 2009 and the 2012 Barclay's Tournament. Belmont Racetrack, 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. The Nassau Veterans Memorial Coliseum (the "Coliseum") in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. In October 2012, the Islanders announced that the team will no longer play its home games in the County following the expiration of its lease in July 2015. In March 2013, the County issued a Request for Proposals for the renovation or reconstruction of the Coliseum to transform the venue into a state-of-the-art destination for sports and entertainment. In August 2013, the County announced Bruce Ratner and his Nassau Events Center team as the winning developer for the renovation and operation of the Coliseum. In September 2013, the Nassau County legislature approved the lease between the County and Nassau Events Center.

In terms of cultural and historic resources, the County boasts numerous museums, some of which are County-owned or operated, including the County-owned 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 recreated mid-19th-century American village, and Cedarmere, home of 19th-century poet, newspaper editor 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 Nassau 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 Department of Public Works maintains and operates the County's sewerage and storm water resources facilities. In 2003, upon the approval of the County Legislature, State legislation created a single, Countywide sewer and storm water resources district, replacing the County's prior three sewage disposal districts and 27 sewage collection districts.

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") located in Wantagh. Sewage collected within the area corresponding to the former County sewage collection district of Lido Beach is processed at the City of Long Beach's sewage treatment plant. Bay Park and the City of Long Beach's sewage treatment plant 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.

In 2008, the County assumed responsibility for the operation and maintenance of the Glen Cove Water Pollution Control Facility, sewage pumping stations, and the collection system piping. In 2008, the County executed inter-municipal agreements with each of the Village of Lawrence and the Village of Cedarhurst to consolidate each village's sewer system into the County's sewer system.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre and Roslyn) and the city of Long Beach own and operate their own sewage collection systems, which discharge sewage to the County's disposal system. The sewage collected by these systems is processed at one of the County-operated sewage treatment plants, either Bay Park or Cedar Creek. In addition, there are several sewage collection systems and treatment plants within the County, 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. All water supplied is pumped from the County's groundwater system via public water supply wells. A small number of residents in the less densely populated northern sections of the County obtain their water from private wells.

The groundwater system is comprised of three major aquifers that overlay bedrock: the Upper Glacial, Magothy and Lloyd aquifers. These aquifers, which are part of the County's subsurface geology, are continuously recharged by precipitation.

The County's population has increased by approximately 4% from 1990 to the present. 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, May, June, July, August, September and October) that generally are subject to hot and dry weather patterns.

Since 2000, public water demand during the base demand months (January, February, March, November and December) 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 would amount to about 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 be directed to the groundwater system as recharge.

APPENDIX H
CASH FLOW STATEMENTS

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**Nassau County
Includes 5 Funds
2012 Actuals**

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012 Summary	Foot Note
Opening Cash Balance	118,331,242	46,835,665	125,302,527	248,124,505	132,991,727	40,354,476	219,421,733	23,364,047	266,370,729	299,258,442	175,669,378	82,345,285	118,331,242	1
Receipts														
Receipt of Tax Levies	4,654,983	122,887,025	338,828,602	1,734,094	846,366	(11,253,902)	(36,254,070)	212,885,597	179,999,711	9,032,053	5,608,926	(6,624,137)	822,345,248	2
Fed Aid, State Aid	3,998,958	22,451,372	36,695,561	13,445,180	21,557,958	55,682,546	21,578,937	48,426,112	73,434,609	16,009,584	38,987,046	48,328,605	400,596,468	
Non Tax	14,761,943	21,121,908	18,057,600	18,304,946	23,367,072	33,846,237	23,000,916	29,375,987	17,133,648	23,327,606	22,721,493	61,547,712	306,567,070	
Sales Tax (Nassau portion)	71,008,744	66,495,768	53,269,851	89,115,006	60,522,591	92,504,365	55,373,704	63,225,484	63,203,023	89,875,132	64,459,332	89,178,640	858,231,641	
Other Receipts	402,652	(214,482)	12,619,434	423,352	65,889,870	(30,383,926)	(36,612,584)	19,915,919	(1,150,692)	16,075,130	5,677,578	8,526,984	61,169,236	3,4
RAN/TAN Received	0	0	0	0	0	220,299,893	0	0	0	0	0	255,870,107	476,170,000	
Total Cash Receipts	94,827,280	232,741,591	459,471,048	123,022,578	172,183,859	360,695,213	27,086,903	373,829,099	332,620,300	154,319,506	137,454,375	456,827,911	2,925,079,663	
Disbursements														
Salaries & Fringes	108,135,108	100,183,109	102,160,742	88,555,669	140,639,467	96,598,873	84,421,967	97,185,625	84,531,762	82,110,513	133,252,055	225,494,783	1,343,269,674	5
Other Expenses	28,482,178	20,301,556	28,520,516	21,925,214	31,631,914	33,079,085	23,764,838	27,789,810	23,524,372	19,692,511	45,138,085	38,256,008	342,106,087	
Debt Service	13,712,801	0	3,788,354	23,587,511	6,069,044	9,229,355	18,207,189	0	2,869,792	38,254,001	2,299,154	6,122,015	124,139,217	6
Social Services	40,387,104	35,359,124	39,213,518	42,395,352	41,690,880	36,425,225	43,780,312	29,433,883	31,776,522	38,351,355	29,313,418	33,320,758	441,447,450	
Local Government Assistance	0	0	0	0	12,572,542	3,378,841	694,688	718,037	0	24,731,173	2,200	709,411	42,806,892	
Transfers Between Funds	(32,529,287)	(20,457,595)	(4,684,185)	(31,646,485)	3,790,328	(11,355,982)	39,326,733	(45,663,719)	(3,318,106)	(18,929,328)	4,316,933	(6,928,099)	(128,078,791)	
Other Disbursements	15,581,878	13,275,429	16,961,443	12,590,681	28,885,229	14,117,611	12,324,919	16,362,085	14,768,893	11,178,939	11,317,367	16,023,141	183,387,616	
RAN/TAN Paid	0	0	155,000,000	75,000,000	0	0	0	0	145,000,000	85,000,000	0	0	460,000,000	
Total Cash Disbursements	173,769,782	148,661,623	340,960,389	232,407,942	265,279,404	181,473,008	222,520,646	125,825,721	299,153,236	280,389,165	225,639,213	312,998,017	2,809,078,144	
Adjustments by Treasury	7,446,924	(5,613,106)	4,311,319	(5,747,415)	458,294	(154,949)	(623,943)	(4,996,696)	(579,351)	2,480,595	(5,139,255)	(842,889)	(9,000,472)	
Cash Flow for Period	(71,495,578)	78,466,862	122,821,978	(115,132,779)	(92,637,251)	179,067,257	(196,057,686)	243,006,682	32,887,713	(123,589,064)	(93,324,093)	142,987,005	107,001,047	7
Ending Cash Balance	46,835,665	125,302,527	248,124,505	132,991,727	40,354,475	219,421,733	23,364,047	266,370,729	299,258,442	175,669,378	82,345,285	225,332,290	225,332,289	
Sandy Receipts	0	0	0	0	0	0	0	0	0	0	0	15,917,989	15,917,989	
Sandy Disbursements	0	0	0	0	0	0	0	0	0	0	0	15,518,436	15,518,436	
Sandy Fund Balance (FEMA)	0	0	0	0	0	0	0	0	0	0	0	399,553	399,553	
Ending Cash Balance w/ Sandy	46,835,665	125,302,527	248,124,505	132,991,727	40,354,475	219,421,733	23,364,047	266,370,729	299,258,442	175,669,378	82,345,285	225,731,843	225,731,842	
Liquid Funds (SSW & EBF)	140,584,148	118,986,189	111,940,369	104,417,276	97,086,528	91,875,880	104,871,018	84,587,783	115,164,368	111,170,390	108,255,015	120,358,150		
Ending Liquid Cash Balance	187,419,812	244,288,716	360,064,874	237,409,002	137,441,003	311,297,613	128,235,065	350,958,513	414,422,810	286,839,768	190,600,300	345,690,440		
Opening Cash Balance	118,331,242	46,835,665	125,302,527	248,124,505	132,991,727	40,354,476	219,421,733	23,364,047	266,370,729	299,258,442	175,669,378	82,345,285		
Total Cash Receipts	94,827,280	232,741,591	459,471,048	123,022,578	172,183,859	360,695,213	27,086,903	373,829,099	332,620,300	154,319,506	137,454,375	456,827,911		
Total Cash Disbursements	173,769,782	148,661,623	340,960,389	232,407,942	265,279,404	181,473,008	222,520,646	125,825,721	299,153,236	280,389,165	225,639,213	312,998,017		
RAN/TAN Paid	0	0	155,000,000	75,000,000	0	0	0	0	145,000,000	85,000,000	0	0		
Note Ran/Tan Debt Coverage			2.57	2.85				3.07	3.04					
Note Liquid Ran/Tan Debt Coverage			3.30	4.24				3.86	4.35					

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- Footnotes:
- Summary column shows Opening Cash Balance for 2012, and Ending Cash Balance for the period.
 - Negative receipts in Receipt of Tax Levies are due to funding of Nassau Community College. Includes returned (delinquent) property taxes & tax lien sale.
 - Negative receipts in Other Receipts are due to making school districts whole in June and Other Receipts cash advance for capital projects as of December 31, 2012 is \$33,400,183
 - Negative receipts in Other Receipts are due to making school districts whole in June for \$42,115,942 and \$55,347,431 for July.
 - Salaries & Fringes includes pension payment of \$135 million in December for subsequent year. Includes \$17 million of term pay paid in 2012 for 2011 retirements and \$36.9 million in police term pay in 2012.
 - Debt Service reduced by \$33,999,525 to project actual cash going out per Debt Service schedule.
 - Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.

**Nassau County
Includes 5 Primary Funds
through October 2013**

	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>2013 Summary</u>	<u>Foot Note</u>
Opening Cash Balance	225,332,290	132,969,934	237,313,193	388,466,716	244,534,207	163,223,020	346,861,343	154,644,296	324,919,933	297,104,920	160,260,233	82,378,305	225,332,290	1
Receipts														
Receipt of Tax Levies	4,121,345	127,481,116	340,075,856	263,259	(3,832,500)	(12,277,349)	(26,593,450)	211,465,868	163,556,118	4,839,512	5,116,506	(7,554,026)	806,662,257	2
Fed Aid, State Aid	14,979,792	20,578,186	24,197,919	15,536,399	44,872,822	35,653,664	22,641,578	37,941,845	19,679,330	39,441,786	37,494,960	41,643,872	354,662,153	
Non Tax	18,909,347	25,672,047	20,621,944	31,185,845	24,755,664	29,948,116	26,375,608	37,900,720	23,628,346	29,520,626	24,059,538	55,531,885	348,109,686	
Sales Tax (Nassau portion)	68,966,750	74,591,822	60,024,037	104,506,287	61,342,007	98,001,104	80,300,726	67,031,625	66,834,981	97,356,466	69,052,360	84,519,184	932,527,349	
Other Receipts	5,991,913	16,285,452	29,829,090	3,826,264	2,612,281	18,175,004	17,681,669	22,147,733	42,537,952	10,286,327	4,560,660	17,247,072	191,181,417	3
RAN/TAN Received	0	0	0	0	0	208,150,000	0	0	0	0	0	225,000,000	433,150,000	
Total Cash Receipts	112,969,147	264,608,624	474,748,845	155,318,053	129,750,276	377,650,540	120,406,132	376,487,791	316,236,727	181,444,717	140,284,023	416,387,987	3,066,292,862	
Disbursements														
Salaries & Fringes	107,566,285	81,986,045	94,463,200	93,372,345	109,726,160	105,261,229	94,872,155	89,299,991	89,851,413	110,829,940	95,833,585	229,777,959	1,302,840,307	4
Other Expenses	24,889,458	33,292,834	17,934,618	34,479,484	30,104,363	20,805,443	28,104,142	60,543,186	27,596,189	33,427,907	25,396,158	40,609,310	377,183,093	
Debt Service	10,734,256	0	2,533,492	28,386,290	6,131,894	9,112,065	18,156,138	0	2,686,798	47,937,979	2,225,129	6,123,456	134,027,499	
Social Services & Early Intervention	40,622,616	41,152,930	34,435,778	46,786,863	35,824,297	35,068,030	35,569,053	33,841,034	34,273,286	125,572,850	64,795,271	49,233,186	577,175,193	7
Local Government Assistance	15,090,388	0	0	1,150,451	326,822	1,167,698	22,716,461	0	17,141,428	0	15,632,133	16,712,201	89,937,582	5
Transfers Between Funds	(2,671,459)	(16,179,882)	1,630,800	(3,402,705)	15,884,101	950,475	125,534	347,155	(11,034,962)	8,023,624	(577,073)	9,538,562	2,634,171	
Other Disbursements	13,208,468	15,721,703	13,932,263	11,858,536	13,789,434	13,001,623	110,996,745	18,147,613	14,910,540	(75,260,675)	14,860,748	26,601,119	191,768,117	6,7
RAN/TAN Paid	0	0	158,895,000	79,375,000	0	0	0	0	168,510,000	69,390,000	0	0	476,170,000	
Total Cash Disbursements	209,440,012	155,973,630	323,825,151	292,006,263	211,787,071	185,366,563	310,540,228	202,178,979	343,934,693	319,921,625	218,165,951	378,595,794	3,151,735,962	
Adjustments by Treasury	4,108,510	(4,291,735)	229,829	(7,244,298)	725,608	(8,645,655)	(2,082,950)	(4,033,175)	(117,048)	1,632,222	0	0	(19,718,692)	
Net Cash Flow for Period	(92,362,356)	104,343,259	151,153,523	(143,932,508)	(81,311,188)	183,638,323	(192,217,047)	170,275,637	(27,815,014)	(136,844,686)	(77,881,928)	37,792,193	(105,161,792)	
Ending Cash Balance	132,969,934	237,313,193	388,466,716	244,534,207	163,223,020	346,861,343	154,644,296	324,919,933	297,104,920	160,260,233	82,378,305	120,170,498	120,170,498	
FEMA (Sandy) Opening Cash Balance	399,553	(1,704,686)	16,816,703	778,772	(11,886,234)	58,031	1,099,848	11,245,630	8,419,315	1,092,657	5,731,172	23,135,548	399,553	
Sandy Receipts	1,626,188	13,013,570	3,945,900	0	0	0	13,236,143	864,946	1,214,831	0	30,329,677	7,032,924	71,264,178	
Sandy Disbursements	10,730,426	7,224,186	28,483,832	24,665,006	5,155,736	1,697,567	4,590,361	3,691,261	8,541,489	5,361,485	12,925,300	15,510,360	128,577,009	
Sandy Transfers Between Funds	7,000,000	12,732,005	8,500,000	12,000,000	17,100,000	2,739,385	1,500,000	0	0	10,000,000	0	0	71,571,390	
Ending Cash Balance FEMA (Sandy)	(1,704,686)	16,816,703	778,772	(11,886,234)	58,031	1,099,848	11,245,630	8,419,315	1,092,657	5,731,172	23,135,548	14,658,112	14,658,112	
Ending Cash Balance incl FEMA	131,265,248	254,129,896	389,245,488	232,647,974	163,281,050	347,961,191	165,889,926	333,339,248	298,197,576	165,991,405	105,513,853	134,828,610	134,828,610	
Liquid Funds (SSW & EBF)	104,305,941	85,314,038	79,338,402	85,999,769	79,252,126	75,271,710	69,891,130	89,885,254	126,292,245	116,621,204	108,621,204	111,921,204		
Ending Liquid Cash Balance	235,571,189	339,443,934	468,583,890	318,647,743	242,533,176	423,232,901	235,781,056	423,224,502	424,489,821	282,612,609	214,135,057	246,749,814		
Opening Cash Balance	225,332,290	132,969,934	237,313,193	388,466,716	244,534,207	163,223,020	346,861,343	154,644,296	324,919,933	297,104,920	160,260,233	82,378,305		
Total Cash Receipts	112,969,147	264,608,624	474,748,845	155,318,053	129,750,276	377,650,540	120,406,132	376,487,791	316,236,727	181,444,717	140,284,023	416,387,987		
Total Cash Disbursements	209,440,012	155,973,630	323,825,151	292,006,263	211,787,071	185,366,563	310,540,228	202,178,979	343,934,693	319,921,625	218,165,951	378,595,794		
RAN/TAN Paid	0	0	158,895,000	79,375,000	0	0	0	0	168,510,000	69,390,000	0	0		
Note Ran/Tan Debt Coverage			3.44	4.17				2.76	3.29					
Note Liquid Ran/Tan Debt Coverage			3.94	5.26				3.51	4.97					

Footnotes:

- Summary column shows Opening Cash Balance for 2013, projected cash flow and Ending Cash Balance for the period.
- Negative receipts in Receipt of Tax Levies are due to funding of Nassau Community College and the Environmental Bond Fund. Includes returned (delinquent) property taxes and general tax portion of tax lien sale.
- September Other Receipts includes reclassification of \$26,979,884 in school property taxes sold in annual tax lien sale and previously reported on the Receipt of Tax Levies line.
- Salaries & Fringes includes pension payment of \$143 million in December for subsequent year.
- \$21,522,100 in timing difference relating to the prior year. \$15,090,388 in Local Government Assistance was disbursed on January 8, 2013. The remainder of \$6,431,712 was disbursed by July 2013.
- Other Disbursements increased \$97 million due to making school districts whole in July. Previously recorded as a negative receipt under Other Receipts in prior years.
- October actuals reflect year-to-date expense re-classification of \$90,562,000 from Other Disbursements to Social Services & Early Intervention.

Nassau County
Includes 5 Primary Funds
2014 Cash Flow Projections
Based on the Adopted 2014 Budget

	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>2014 Summary</u>	<u>Foot Note</u>
Opening Cash Balance	120,170,498	19,775,986	238,796,282	277,341,879	146,796,799	49,812,628	127,712,184	4,505,479	186,180,726	223,754,615	122,040,078	90,342,996	120,170,498	1
Receipts														
Receipt of Tax Levies	4,654,983	225,081,286	213,566,794	(1,847,062)	311,445	(12,740,623)	(28,251,456)	183,464,470	213,891,309	7,299,421	5,096,787	(3,477,945)	807,049,409	2
Fed Aid, State Aid	3,998,958	14,926,524	51,059,089	10,323,055	12,589,780	38,308,427	37,109,525	47,155,170	42,315,576	39,016,098	33,422,237	37,407,002	367,631,441	
Non Tax	14,761,943	24,581,525	27,052,742	23,511,147	27,914,909	32,611,258	27,079,001	34,483,552	14,585,190	29,145,107	27,567,589	45,067,520	328,361,442	
Sales Tax (Nassau portion)	71,008,744	77,647,074	61,486,121	96,646,030	71,688,630	106,666,260	60,358,293	73,889,006	72,625,216	101,693,965	72,522,540	101,327,465	967,559,344	
Other Receipts	11,688,995	13,477,302	10,179,389	2,245,259	7,178,511	8,310,371	19,838,268	30,330,105	10,496,456	10,805,655	7,040,883	21,620,634	153,211,827	
RAN/TAN Received	0	0	0	0	0	200,000,000	0	0	0	0	0	200,000,000	400,000,000	
Total Cash Receipts	106,113,623	355,713,711	363,344,134	130,878,429	119,683,275	373,155,692	116,133,631	369,322,303	353,913,747	187,960,246	145,650,036	401,944,675	3,023,813,503	
Disbursements														
Salaries & Fringes	110,135,108	89,056,446	95,705,011	94,070,057	114,174,283	95,671,828	90,696,277	95,621,899	94,870,651	112,298,033	94,869,245	230,803,248	1,317,972,086	
Other Expenses	28,482,178	24,481,552	33,664,319	23,024,074	33,682,076	36,452,861	33,284,160	50,799,872	24,434,207	25,171,978	35,794,823	44,519,160	393,791,262	
Debt Service	10,451,155	3,473,159	2,339,792	52,118,846	6,217,869	7,392,213	14,240,943	0	0	63,291,232	2,158,869	6,002,590	167,686,668	
Social Services & Early Intervention	50,591,304	44,474,492	51,016,713	50,587,770	50,614,854	50,014,230	51,705,099	43,972,037	41,662,747	31,623,733	62,305,067	46,131,359	574,699,404	
Local Government Assistance	0	0	0	0	10,409,596	3,315,235	4,338,193	10,372,563	0	20,097,397	10,102,100	10,937,605	69,572,689	
Transfers Between Funds	(2,529,287)	(37,662,681)	(19,845,933)	(22,017,079)	(17,913,202)	(6,440,929)	22,297,907	(21,666,463)	(117,770)	(44,885,467)	(35,595,534)	(24,276,010)	(210,652,449)	
Other Disbursements	9,377,678	12,870,445	8,768,636	8,639,842	19,481,970	108,850,699	22,777,756	8,547,148	7,490,024	5,077,876	7,712,548	6,762,573	226,357,195	
RAN/TAN Paid	0	0	153,150,000	55,000,000	0	0	0	0	148,000,000	77,000,000	0	0	433,150,000	
Total Cash Disbursements	206,508,136	136,693,414	324,798,538	261,423,509	216,667,447	295,256,136	239,340,336	187,647,056	316,339,858	289,674,783	177,347,118	320,880,525	2,972,576,856	
Adjustments by Treasury	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Flow for Period	(100,394,512)	219,020,297	38,545,596	(130,545,079)	(96,984,171)	77,899,556	(123,206,705)	181,675,247	37,573,889	(101,714,537)	(31,697,082)	81,064,150	51,236,648	
Ending Cash Balance	19,775,986	238,796,282	277,341,879	146,796,799	49,812,628	127,712,184	4,505,479	186,180,726	223,754,615	122,040,078	90,342,996	171,407,146	171,407,146	
FEMA (Sandy) Opening Cash Balance	14,658,112	36,957,875	33,617,634	40,617,634	47,617,634	54,617,634	61,617,634	68,617,634	75,617,634	82,617,634	54,617,634	26,617,634	14,658,112	
Sandy Receipts	5,225,063	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	82,225,063	
Sandy Disbursements	12,925,300	10,340,240	0	0	0	0	0	0	0	0	0	0	23,265,540	
Sandy Transfers Between Funds	30,000,000	0	0	0	0	0	0	0	0	(35,000,000)	(35,000,000)	(33,617,634)	(73,617,634)	
Ending Cash Balance FEMA (Sandy)	36,957,875	33,617,634	40,617,634	47,617,634	54,617,634	61,617,634	68,617,634	75,617,634	82,617,634	54,617,634	26,617,634	0	0	3
Ending Cash Balance incl FEMA	56,733,860	272,413,917	317,959,513	194,414,434	104,430,262	189,329,818	73,123,114	261,798,360	306,372,249	176,657,712	116,960,630	171,407,146	171,407,146	
Liquid Funds (SSW & EBF)	103,921,204	95,921,204	100,921,204	92,921,204	84,921,204	76,921,204	68,921,204	60,921,204	87,921,204	79,921,204	71,921,204	73,591,970		
Ending Liquid Cash Balance	123,697,190	334,717,486	378,263,083	239,718,004	134,733,832	204,633,388	73,426,683	247,101,930	311,675,819	201,961,282	162,264,200	244,999,116		
Opening Cash Balance	120,170,498	19,775,986	238,796,282	277,341,879	146,796,799	49,812,628	127,712,184	4,505,479	186,180,726	223,754,615	122,040,078	90,342,996		
Total Cash Receipts	106,113,623	355,713,711	363,344,134	130,878,429	119,683,275	373,155,692	116,133,631	369,322,303	353,913,747	187,960,246	145,650,036	401,944,675		
Total Cash Disbursements	206,508,136	136,693,414	324,798,538	261,423,509	216,667,447	295,256,136	239,340,336	187,647,056	316,339,858	289,674,783	177,347,118	320,880,525		
RAN/TAN Paid	0	0	153,150,000	55,000,000	0	0	0	0	148,000,000	77,000,000	0	0		
Note Ran/Tan Debt Coverage			2.81	3.67					2.51	2.58				
Note Liquid Ran/Tan Debt Coverage			3.47	5.36					3.11	3.62				

Footnotes:

- Summary column shows Opening Cash Balance for 2014, projected cash flow and Ending Cash Balance for the period.
- Negative receipts in Receipt of Tax Levies are due to funding of Nassau Community College and the Environmental Bond Fund. Includes returned (delinquent) property taxes and general tax portion of tax lien sale.
- Sandy Disbursements include \$18,990,345 (representing 10% non-Federal match).

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APPENDIX I

SPECIMEN 2013 SERIES C BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

