MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Minutes of a Special Meeting of the Board of Directors

January 10, 1979

A Special Meeting of the Board of Directors of the Municipal Assistance Corporation For The City of New York was held at 8:45 A.M. on Wednesday, January 10, 1979, at the offices of Paul, Weiss, Rifkind, Wharton and Garrison, General Counsel to the Corporation, 345 Park Avenue, New York City.

The following Directors were present:

George D. Gould, Chairman
Francis J. Barry
George M. Brocker
Eugene J. Kellin

Edward M. Kresky
Dick Netzer
Andrew P. Steffan

constituting a quorum of the Board.

The following Representatives to the Board of Directors were present:

Jules V. Lane
Zane Klein

The following members of the Staff were present:

Marilyn F. Friedman
Stephen J. Weinstein
Harris A. Decker

Linda W. Seale
William J. Lithgow
Linda S. Dinkin

Also present by invitation of the Board were: Simon H. Rifkind, Allen L. Thomas and Paul S. Pearlman of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation; Michael C. Smith of the Financial Control Board; Bernard Kabak and Michael Gibbons of the Office of the Special Deputy Comptroller; and Alan Brawer of Program Planners, Inc.

Mr. Gould suggested that the Board convene in Executive Session to discuss certain legal matters. Upon motion duly made, seconded and unanimously carried, it was:
RESOLVED, that the Board of Directors convene in Executive Session to discuss certain legal matters.

Executive Session

Mr. Gould stated that the subject for discussion was the recess appointment by the Governor of three new Members to the Corporation's Board of Directors -- Eugene Keilin, Edward M. Kresky and Jack Bigel -- and the possibility of litigation to clarify their status.

Judge Rifkind summarized events with regard to such appointments. He stated that the Governor had done two separate things: first, he had named 68 persons, including the three named as new Members of the Corporation's Board of Directors, to "recess appointments" which took effect immediately, without regard to confirmation by the State Senate; and, second, he had submitted to the State Senate for confirmation the same names as nominations to the same positions. He stated further that the State Senate had purported to reject the recess appointments, and that the State Comptroller had determined that the recess appointments had been valid when made but had been validly terminated by the action of the State Senate, which actions had raised questions concerning the status of those recess appointments. He reported that general counsel, in consultation with the Chairman and Staff of the Corporation, had been looking into this question in order to determine what actions, if any, would be necessary or appropriate
to clarify the situation. He stated that it was his clear view of the law that the three recess appointments to the Corporation's Board were valid when made and at present, but that it was unclear whether such appointments would remain valid upon the expiration of 20 days after the Senate had reconvened. He stated, finally, that he had been advised that certain litigation was being considered by the State Attorney General to clarify the situation with regard to all of the recess appointments. Mr. Rifkind suggested that the Board authorize the Chairman, in consultation with staff and counsel, to cooperate with the Attorney General and others in efforts to clarify the status of the three recess appointments to the Corporation's Board.

In response to an inquiry by Mr. Keilin, Mr. Rifkind stated that in any litigation regarding the status of these appointments which would include as parties Mr. Keilin, Mr. Kresky or Mr. Bigel, such persons would be represented by the Corporation's general counsel.

The subject of what action, if any, should be taken was discussed, in order to clarify the status of the three new Members and in order to insure that the Board would be in a position to take formal action whenever required.

Ms. Friedman explained that Mr. Brooker would participate in the meeting via speaker telephone, as permitted by the Corporation's By-Laws, in order to assure a quorum composed of Board
Members other than the recess appointments -- Messrs. Gould, Barry, Netzer, Steffan and Brooker. Mr. Brooker was telephoned and participated in discussion of the issues before the Board.

Public Session

At this point, the Board terminated its Executive Session and reconvened in Public Session. Mr. Gould noted that there was a quorum present composed of Board Members other than the recent recess appointments. Mr. Gould summarized events with regard to the Governor's recent recess appointment of three new Members to the Corporation's Board of Directors. He stated that the Board had discussed in Executive Session what actions, if any, would be necessary or appropriate to clarify the status of those three Board Members. Mr. Gould recommended that the Board resolve to cooperate with the State Attorney General, the Governor, the State Comptroller, the State Senate and with others in order to clarify the status of the three recess appointments to the Corporation's Board.

After discussion, it was, on motion duly made, seconded and unanimously carried:

RESOLVED, that the Chairman, after consultation with the staff and counsel, is hereby authorized to cooperate with the State Attorney General and others in an attempt to clarify the status of the three new members of the Board of Directors.
Mr. Weinstein reported that it was necessary to update the form resolution designating the Morgan Bank as custodian of the Corporation's Petty Cash Account, which had been previously established at a maximum of $1,000, and authorizing the signatures for withdrawal from that account, in light of the recent change in the position of Executive Director. Upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that Morgan Guaranty Trust Company of New York is designated as a depository of the Petty Cash Account funds of the Corporation and that such funds are subject to withdrawal upon checks, notes, drafts, bills of exchange, acceptances, undertakings or other orders for the payment of money, when signed jointly by any two of the persons duly authorized by the Corporation to serve in the following positions: Executive Director; Deputy Executive Director; and Administrative Officer;

FURTHER RESOLVED, that Morgan Guaranty Trust Company of New York is authorized to pay any such orders without inquiry as to the circumstances of issue or the disposition of the proceeds, even if drawn to the individual order of any signing officer or tendered by him for deposit or to his credit or in payment of his individual obligations; and

FURTHER RESOLVED, that any one of those authorized in the foregoing resolutions is authorized to sign reconciliations of all statements of account with Morgan Guaranty Trust Company of New York.
Adjournment

There being no further business before the meeting, it was, on motion duly made, seconded and unanimously carried, adjourned at 10:00 A.M.

Stephen J. Weinstein
Secretary