MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Minutes of a Special Meeting of the Board of Directors

September 15, 1988

A Special Meeting of the Board of Directors of the Municipal Assistance Corporation For The City of New York was held at 11:20 A.M. on Thursday, September 15, 1988 at the offices of Lazard Freres & Co., One Rockefeller Plaza, New York City.

The following Directors were present, constituting a quorum of the Board:

    Felix G. Rohatyn, Chairman
    George M. Brooker
    Dick Netzer
    Andrew P. Steffan
    Robert C. Weaver

The following members of the Staff were present:

    Stephen J. Weinstein
    Maxine H. Gillman
    Frances N. Higgins
    Steven C. Markbreiter
    Quentin B. Spector

Also present by invitation of the Board were: John J. Keohane of Orrick, Herrington & Sutcliffe, Bond Counsel to the Corporation; Allen L. Thomas and John Kennedy of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation; Robert Horowitz of the Office of the State Deputy Comptroller; Jewel Douglas of the State Financial Control Board; Robert A. Cenci, Charles E. Blankmeyer and Elizabeth McCaul of Goldman, Sachs & Co; and Anthony F. Kahn, Robert Clare and Adam Deery of White and Case, Counsel to the Underwriters.
Adoption of Minutes

Upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Minutes of the Special Meeting of the Board of Directors held on July 28, 1988 be and hereby are approved.

Proposed Financing

Mr. Weinstein outlined the proposed sale of $396,445 million of Series 67 Bonds to advance refund the Corporation's outstanding Series 10 and 14 Bonds, bearing interest at rates of 8-3/8% and 8.10% to 8-5/8%, respectively. Mr. Weinstein stated that the Series 67 Bonds would consist of serial maturities from 1989 through 2004 and a term maturity in 2008, at rates ranging from 5-3/4% to 7-5/8%. He reported that the proposed sale would produce present value savings of $18 million and debt service savings over the life of the issue of $34 million. Mr. Weinstein added that the Series 67 Bonds would have a true interest cost of 7.5%.

Mr. Weinstein informed the Board that the Series 67 Bonds would feature a change from the Corporation's previous optional redemption provisions. The Series 67 Bonds, he explained, would be callable beginning in 1999 at 102% of par, with the call premium declining a full percentage point after each 12 months,
reaching par two years after the initial call date. He
contrasted that with the schedule for the call premium on
previous issues, which required six years to reach par.

Ms. Gillman summarized the major changes in the proposed
Official Statement for the Series 67 Bonds from that authorized
for the Series 66 Bonds in June 1988. She noted that the State
section described a projected revenue shortfall of over $1
billion in the State's current fiscal year. She added that the
City section reflected the adoption of the 1989 City Budget and
the reports of the Corporation, OSDC, and the Financial Control
Board on the City Budget and four-year financial plan.

Mr. Keohane summarized the principal provisions of the
proposed Series 67 Resolution, stating, among other things, that
such resolution, with maturities, interest rates and redemption
provisions as set forth therein, would authorize the sale of the
Series 67 Bonds to an underwriting group headed by Goldman, Sachs
& Co., at a price equal to a discount from the initial public
offering prices of 0.9243%, to refund the outstanding Series 10
and 14 Bonds. Mr. Keohane stated that the Series 67 Resolution
included the change in the optional redemption schedule described
earlier.

Mr. Cenci stated that by entering an improving market
quickly, the Corporation had been able to take advantage of
attractive interest rates to maximize the benefit of the
refunding savings. He stated that the sale had been received
favorably, with about 70 percent of the offering already placed by the underwriters. In response to a question from Mr. Rohatyn, Mr. Cenci stated that the general view of his firm was that borrowing rates were likely to increase later in the Fall.

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

RESOLVED, that the Series 67 Resolution, substantially in the form as presented to the meeting, with such non-substantive changes as General Counsel and Bond Counsel may, in their discretion, require, be and hereby is adopted.

Mr. Weinstein reported that subsequent to the last Board meeting in July, the staff had met with Standard & Poor's Corporation to discuss its ratings of the Corporation's securities. He further reported that on September 7, 1988, Standard & Poor's had upgraded its ratings for the Corporation's Second Resolution Bonds from "A+" to "AA-". He noted that Moody's Investors Service, Inc. and Fitch Investors Service, Inc. had upgraded their ratings of the Corporation's First and Second Resolution Bonds to "Aa" and "AA," respectively, in May and June of 1988. As a result, he added, the Corporation's ratings had been revised six times, twice by each of those agencies, within the past two years.
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Other Matters

In response to a question from Mr. Rohatyn, Mr. Weinstein described recent developments regarding the Corporation's proposal to make available surplus monies for capital projects of the City Board of Education as part of a reformation of the school construction process. He reported that in August the State Assembly had passed a bill under which a new school construction agency would have a five-year exemption from the State's Wicks law, which bars the use of a general contractor, coinciding with the period of the first five-year capital program of the new authority. Mr. Weinstein said that the State Senate was scheduled to return to session during the coming week, during which time it was likely to consider this legislation. Mr. Rohatyn emphasized that it would be unwise for the Corporation to provide funds to a new agency for the public school building program unless the new agency could undertake its capital program on a basis exempt from the Wicks law restrictions.

Adjournment

There being no further business before the meeting, it was, upon motion duly made, seconded and unanimously carried, adjourned at 11:35 A.M.

Maxine H. Gillman  
Secretary

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