MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Minutes of the Annual Meeting of the Board of Directors

September 22, 1987

The Annual Meeting of the Board of Directors of the
Municipal Assistance Corporation For The City of New York
was held at 10:00 A.M. on Thursday, September 22, 1987 at
the offices of Paul, Weiss, Rifkind, Wharton & Garrison,
1285 Avenue of the Americas, New York City.

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

Felix G. Rohatyn, Chairman
Kenneth J. Bialkin
George M. Brooker
Eugene J. Keilin
Andrew P. Steffan
Robert C. Weaver

The following Representative was present:

Carl H. Pforzheimer, III

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: Allen L.
Thomas, Saul H. Finkelstein and Lee S. Pershan of Paul,
Weiss, Rifkind, Wharton & Garrison, General Counsel to the
Corporation; Donald J. Robinson of Orrick, Herrington &
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Sutcliffe, Bond Counsel to the Corporation; Eleni Pournaras of
the City of New York; Robert Horowitz and Michael Brisson of
the Office of the State Special Deputy Comptroller; Jewel
Douglas of the Financial Control Board; and L. Eugene Crowley
and Gregory P. Dyer of Salomon Brothers Inc.

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 14, 1987 be and hereby are
adopted.

Appointments

Mr. Weinstein stated that the agenda of the Annual
Meeting of the Corporation included the appointment of
officers and committees for the coming year. He noted that
several vacancies existed in committee positions, as a
result of the two vacant seats on the Board. Mr. Rohatyn
proposed that the composition of the committees remain the
same, and stated that the Corporation was anticipating the
appointment of new members to fill the existing vacancies.

Mr. Weinstein stated that a list of the present
committee members and officers, proposed to be reappointed,
had been circulated to the Board prior to the meeting.
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Upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the following named persons be and hereby are appointed to hold the following positions as officers of the Municipal Assistance Corporation For The City of New York:

Vice Chairman                (Vacancy)
Executive Director           Stephen J. Weinstein
Deputy Executive Director and Treasurer    Quentin B. Spector
Counsel and Secretary        Maxine H. Gillman
Deputy Treasurer             Frances N. Higgins
Administration Committee
Robert C. Weaver, Chairman   Audit Committee
Dick Netzer                  Andrew P. Steffan, Chairman
(Vacancy)                    Kenneth J. Blalke
Audit Committee
Robert C. Weaver, Chairman   Andrew P. Steffan, Chairman
Dick Netzer                  Kenneth J. Blalke
(Vacancy)                    George M. Brooker

City Budget Committee
Dick Netzer, Chairman        Finance Committee
Andrew P. Steffan            Eugene J. Keilin, Chairman
(Vacancy)                    Felix G. Rohatyn
Investment Committee
Vice Chairman of the Board (Vacancy)
Chairman of the Finance Committee (Eugene J. Keilin)
Chairman of the Audit Committee (Andrew P. Steffan)

Personal Services Contract Report

Mr. Weinstein presented the proposed 1987 Annual Personal Services Contract Report of the Corporation to various State officials, the fourth such report prepared under State law. He stated that the report was in the form
mandated by statute and by the Corporation's Personal Services Contract Guidelines. He added that the report included the Guidelines, an explanation thereof, and a list of the various contractors the Corporation utilized and what they were paid during the 1987 fiscal year.

Dr. Weaver, Chairman of the Administration Committee, stated that the Committee had reviewed the report and recommended its approval to the Board.

In response to a question from Mr. Rohatyn, Mr. Weinstein stated that no vendors currently under contract to perform personal services for the Corporation had any affiliations with the Board, but that several directors had affiliations with firms included in the Corporation's underwriting group for negotiated bond sales, which were clearly disclosed in each of the Corporation's Official Statements. Mr. Rohatyn observed that the Corporation continued to have large expenditures on publication of legal notices. Mr. Weinstein noted that efforts during the past year had made it possible to reduce spending for the 1987 sinking fund redemption publication by approximately $200,000.

Mr. Weinstein explained that the Corporation's Guidelines contain provisions relating to retention of minority contractors and that the Corporation was continuing
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to seek ways to expand minority participation in the personal services area. He noted that the Corporation had retained minority firms to carry out certain accounting assignments and to place office insurance, and had elevated two minority firms into the first tier of underwriters. Dr. Weaver added that the Executive Director had coordinated these actions in consultation with him and Mr. Brooker.

Mr. Keilin joined the meeting at this point. Upon being apprised of the matters previously discussed, he assented to the actions taken by the Board.

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

RESOLVED, that the Corporation's 1987 Annual Personal Services Contract Report be and hereby is approved.

The Board directed that a copy of the report be appended to the minutes of the meeting.

Investment Report

Mr. Weinstein presented the proposed 1987 Annual Investment Report of the Corporation to various State officials, also mandated by State law. He stated that the report included the Corporation's Investment Guidelines, an audit letter from Price Waterhouse, the report of the 1987
fiscal year investments, and a section explaining the Corporation's various funds.

Mr. Bialkin asked whether the Corporation's investment performance compared favorably to others with similar investment policies. Mr. Keilin responded that it was difficult to compare the Corporation with other public issuers. He noted that the Corporation had a large and very restricted portfolio, and that by being cautious with its investments over the years, the Corporation had achieved positive results. Mr. Rohatyn stated that the Corporation's investment return was limited by its deliberately conservative policies.

Mr. Brooker joined the meeting at this point. Upon being apprised of the matters previously discussed, he assented to the actions taken by the Board.

Mr. Weinstein explained that the Corporation carried out its investments within the parameters of both its policy constraints and the flow of funds and other restrictions contained in its enabling legislation and bond resolutions. He stated that the Corporation actively managed its portfolio and maximized its earnings within such restrictions with excellent results, for which he credited Mr. Spector and Ms. Higgins.
Mr. Steffan stated that the Investment Committee had reviewed the report and recommended its approval to the Board.

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

RESOLVED, that the Corporation's 1987 Annual Investment Report be and hereby is approved.

The Board directed that a copy of the report be appended to the minutes of the meeting.

Retention of Professional Firms

Mr. Weinstein recommended that the Board reappoint the following firms to the following positions:

General Counsel:
Paul, Weiss, Rifkind, Wharton & Garrison;

Bond Counsel: Orrick, Herrington & Sutcliffe;

Financial Advisor: Lazard Freres & Co.;

Investment Advisor: The Bank of New York;

Trustee: United States Trust Company of New York; and

Mr. Weinstein proposed that the current fees be continued for each of these firms with the exception of Price Waterhouse and The Bank of New York. He pointed out that a memorandum to the Administration Committee detailing legal expenses for the 1987 fiscal year had been circulated to the entire Board. Mr. Rohatyn noted that Lazard Freres & Company would continue to serve as Financial Advisor without charge.

Mr. Weinstein recommended that the Board approve a downward adjustment in fees for The Bank of New York, as Investment Advisor, from $44,000 to $36,000 annually, and an increase in fees for Price Waterhouse, as Independent Accountants. Mr. Steffan, Chairman of the Audit Committee, stated that although the hourly fee schedule for Price Waterhouse had increased two years ago, the firm had reduced its billable hours during this period. He stated that the proposed increases were reasonable, although unlikely to produce further substantial reduction in hours and recommended approval, as set forth in a memorandum circulated to the Board.

In response to a question from Mr. Bialkin, Mr. Weinstein reported that negotiations leading to the establishment of the Corporation's audit and legal fee schedules included comparisons with fees charged to other
clients. He stated that the fee schedules for the Corporation were substantially lower in both cases.

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

RESOLVED, that the firms recited above be and hereby are reappointed and that the fee schedules specified be and hereby are approved.

Annual Report and Financial Statements

Mr. Rohatyn announced that the Corporation's Annual Report for the 1987 fiscal year was available for distribution. He noted that the revenues-to-debt-service coverage ratios for the Corporation's bonds were high and continued to climb, and said that he hoped for additional upgradings of the Corporation's obligations by the rating agencies. He credited the staff and the Finance Committee for their foresight in the timing and manner of the Corporation's refunding activities over the preceding eighteen months.

Other Matters

Mr. Rohatyn reported that the Governor had appointed a committee on the capital construction program for the City's school system, which included representatives of labor and
business, and City and State. He said that he expected that it would begin to meet in the coming weeks. He stated that this committee would discuss various ways to improve new construction and rehabilitation, as well as the use of $600 million in Corporation funds proposed to be committed to the Board of Education's capital program. He observed that the transit aid package passed by the Legislature was beginning to show positive results, such as increased ridership and revenues, and improved labor-management relationships, along with stable fares and renewed resources, including $925 million of the Corporation's funds for the New York City Transit Authority capital program. He added that he hoped that the Corporation could help provide similar improvements for public education in New York City.

Adjournment

There being no further business before the meeting, it was, upon motion duly made, seconded and unanimously carried, adjourned at 10:35 A.M.

Maxine H. Gillman
Secretary

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