ANNUAL MEETING

BOARD OF DIRECTORS
Wednesday, September 23, 1981
9:00 A.M.
Paul, Weiss, Rifkind, Wharton & Garrison
345 Park Avenue/Room 2811-12
New York, New York

AGENDA

1. Adoption of the Minutes of the Meeting of the Board of Directors held September 9, 1981 (copy enclosed).


3. Adoption of Series 31 Resolution.

4. Adoption of Series 31 Official Statement.

5. Appointment of Officers and Committees.

6. Adoption of Corporation's 1982 Budget*.

7. Adoption of revised fees*.

8. Adoption of Amendment to the By-Laws and related resolutions re Directors' per diem allowances*.

9. Adoption of resolution consolidating bond proceeds accounts (copy enclosed).


11. Other Business.

*See memorandum from Administration Committee.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Minutes of The Annual Meeting of the Board of Directors

September 23, 1981

The Annual Meeting of the Board of Directors of the Municipal Assistance Corporation For The City of New York was held at 9:00 A.M. on Wednesday, September 23, 1981, at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, 345 Park Avenue, New York City.

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

Felix G. Rohatyn, Chairman
Edward M. Kresky, Vice Chairman
Francis J. Barry
Kenneth J. Bialkin
Eugene J. Keilin
Andrew P. Steffan
Robert C. Weaver

The following Representative was present:

Bradford J. Race

The following members of the Staff were present:

Heather L. Ruth
John G. Bove
Maxine H. Gillman
Steven J. Kantor
William J. Lithgow
Denise A. Nurse
Terri L. Posner
Stephen J. Weinstein

Also present by invitation of the Board were: Allen L. Thomas and Dorothy A. Carey of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation; John J. Keohane of Hawkins, Delafield & Wood, Bond Counsel to the
Corporation; Thomas Boast and Michael Zino of the Financial Control Board; Bernard Kabak and Bernard Hecht of the Office of the State Special Deputy Comptroller; Robert Drillings of the City of New York; Allen Kone of the United States Treasury Department; Gedale B. Horowitz and Donald E. McFadyen of Salomon Brothers; David Blair of White & Case; John Carhuff and Jonathan Plutzik of First Boston Corporation; Jac Friedgut of Citibank; and Karen Gifford of Merrill Lynch White Weld Capital Markets Group.

**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 September 9, 1981 be and hereby are adopted.

**Proposed Financing**

Mr. Rohatyn stated that the agenda for the Corporation's Annual Meeting included certain administrative matters, along with the proposed sale of the Corporation's Series 31 Bonds and a report on the Corporation's short-term financing plans. Mr. Rohatyn reported that the Corporation had reached agreement in principle with Citibank, together with First Boston Corporation and Salomon Brothers, for a $100 million commercial paper program. He stated that those three institutions would
act as dealers, and that Citibank had agreed to lead a group
of banks to provide a revolving line of credit for two years
as a part of that program, and to commit to providing up to
the entire $100 million itself, as well as agreeing to furnish
a five-year loan to the Corporation at the end of that period
if market conditions required. Mr. Rohatyn stated that,
although the bank fees for such a commitment would be high,
the program would produce potential debt service savings of
as much as $4 million yearly. Mr. Rohatyn commended Citibank
for the confidence which its commitment indicated. He stressed
that the agreement was one in principle and that the staffs
of the Corporation and Citibank, First Boston Corporation
and Salomon Brothers still had to work out the specifics and
present them to the rating agencies. He said that he was
reasonably confident that such a commercial paper program
could be commenced within 30 to 60 days, and that a specific
proposal would be presented for consideration by the Board.

Mr. Rohatyn reported that the underwriters had indicated
that the Series 31 public offering was fully subscribed at
better rates than originally expected, but would still result
in very high interest costs due to general market conditions.

Mr. Horowitz outlined the terms of the proposed purchase
of the Series 31 Bonds by the underwriting group. He said
that the aggregate purchase price for $100 million of Series
31 Bonds would be $97,685,000 for an issuance consisting of
serial bonds due in 1984 at 11%, serial bonds due in 1985 at 11.25%, serial bonds due in 1986 at 11.75%, term bonds due in 1988 at 12.25%, and term bonds due in 2008 at 13.50%, with an effective interest rate of 13.404% for the issuance as a whole. He observed that, while these interest rates were very high, the offering had been very well received by the market and at rates considerably below the 15% forecast two weeks earlier. He stated that the Series 31 Bonds had been sold almost exclusively to individuals. He expressed hope that the rating agencies would reexamine the Corporation's credit, given its extraordinary coverage, and that higher ratings would result and attract more institutional purchasers to future issuances.

In response to a question by Mr. Bialkin, Mr. Horowitz stated that the Corporation's obligations continued to trade exceptionally well in the secondary market.

Mr. Rohatyn stated that the Corporation would continue its efforts to utilize commercial paper to provide a portion of its financing requirements in order to reduce interest costs. He pointed out that he had suggested to the Governor in his letter transmitting the Corporation's 1981 Annual Report that local officials from across the country combine their forces in order to obtain from the United States government some effective subsidy of local borrowings in order to provide critical financings for their capital infrastructures.
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Mrs. Ruth noted that Fitch Investors Service had recently reviewed the Corporation's credit and upgraded its ratings of Second Resolution Bonds from A- to A, the same rating as on First Resolution Bonds.

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

RESOLVED, that the Series 31 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; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the Series 31 Bonds be and hereby is approved, and distribution of the Official Statement be and hereby is authorized.

Mr. Rohatyn reported that the final private placement under the Four Year Financing Plan agreed to in 1978 would take place on October 22, 1981, which would complete that $1.8 billion series of private sales by the Corporation to pension funds, banks and insurance companies. He pointed out that those purchases had considerably reduced the Corporation's required access to the public markets since 1978.

In response to a question by Mr. Bialkin, Mr. Horowitz stated that the costs of the Corporation's public sales and private placements could be considered comparable in that the private placement pricing was based upon a market-related
formula agreed to at the outset of the program. However, Mr. Horowitz noted, there was no underwriting spread on the private placements. Further, he said, it was doubtful that the public markets could have absorbed the very large volumes of obligations privately placed without a significant negative impact on the overall market for the Corporation's obligations.

At this point, Dr. Weaver joined the meeting.

Mrs. Ruth summarized the agreement in principle with Citibank, First Boston Corporation and Salomon Brothers, with regard to the Corporation's proposed commercial paper program in the aggregate amount of $100 million, as reported earlier by Mr. Rohatyn. She noted that the proposed program included three dealers, which was unusual for a tax-exempt program but was common in taxable commercial paper programs. She stated that the staff of the Corporation would be, first, working closely with the other institutions to draft the necessary documents and, second, presenting the details of the proposed program to the rating agencies for their review.

Mr. Rohatyn emphasized the absolute necessity of a long-term credit backup for such a commercial paper undertaking, and therefore the significance of the Citibank commitment to provide 100% of such credit line if necessary. He stated that this would provide total disaster insurance for the program, making it possible for the Corporation to continue
to finance the City even if the credit markets were to close. Mr. Rohatyn added that such disaster insurance was expensive but essential, and that he expected a considerably lower cost structure when the commercial paper program was expanded.

In response to a question by Mr. Bialkin, Mrs. Ruth stated that if the Corporation were to issue commercial paper immediately, it could expect to pay an interest rate of between 8% and 9% on short-term maturities selected by the purchasers. She stated further that the proposed fee structure for the revolving line of credit would consist of .75% for the revolver commitment, .75% on the average daily outstanding commercial paper and .125% as a management fee. In addition, she reported, the Corporation would pay an interest rate upon any loan actually extended by Citibank to the Corporation of prime plus between 0.5% and 2.0%, depending upon the duration of the loan. She concluded that there was not any specific comparable program elsewhere.

Mr. Rohatyn explained that he had stressed in his covering letter for this year's Annual Report that it was necessary for the State to provide more assistance in the areas of transit and Medicaid. He explained further that, contrary to some inaccurate published reports, he believed that the MTA capital program was essential and that he supported it as a matter of the highest priority, while at
the same time believing that it was important for all State-related borrowing to be pared back as much as possible in the current market situation.

At this point, Mr. Rohatyn left the meeting.

Administration

Mrs. Ruth reported that the Corporation's 1981 Annual Report was on press and would be published within the next few days, and that photocopies had been distributed to the Board.

Mr. Kresky stated that the first item of administrative business would be the annual appointment of officers and committees, noting that a listing of proposed appointments had been circulated to the Board, which included reappointment of all present officers and committee members, as well as establishment of an Investment Committee consisting of, ex officio, the Vice Chairman of the Board, serving as its Chairman, together with the Chairmen of the Audit and Finance Committees.

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:
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Edward M. Kresky   Vice Chairman
Heather L. Ruth    Executive Director
Stephen J. Weinstein Deputy Executive
                    Director and
                    Secretary
Steven J. Kantor    Treasurer
John G. Bove        Counsel
William J. Lithgow  Assistant Secretary

FURTHER RESOLVED, that the following
named Directors of the Municipal Assistance
Corporation For The City of New York be and
hereby are appointed as members of the
following Committees of the Board of
Directors of the Municipal Assistance
Corporation For The City of New York:

Administration Committee

Robert C. Weaver, Chairman
Francis J. Barry
Dick Netzer

Audit Committee

Andrew P. Staffan, Chairman
Kenneth J. Bialkin
George M. Brooker

City Budget Committee

Dick Netzer, Chairman
Edward M. Kresky
Andrew P. Steffan

Finance Committee

Eugene J. Keilin, Chairman
Edward M. Kresky
Felix G. Rohatyn

Investment Committee

Vice Chairman of the Board (Edward M. Kresky)
Chairman of the Audit Committee (Andrew P.
Steffan)
Chairman of the Finance Committee (Eugene J.
Keilin)
Mr. Kresky stated that the next administrative item was adoption of the Corporation's annual budget, which was summarized in a memorandum from the Administration Committee chaired by Dr. Weaver.

Dr. Weaver summarized the contents of the September 22, 1981 memorandum of the Administration Committee, noting that the majority of the proposed budget for the Corporation actually went to fund the Financial Control Board and the Office of the State Special Deputy Comptroller. He noted further that the balance of the budget also showed an increase due principally to the Corporation's purchase and installation of a computer as previously authorized by the Board, and observed that the proposed budget showed a decline in several areas such as salaries and benefits.

Mr. Kresky noted that the Administration Committee and the Audit Committee had reviewed the professional fee schedules and that fee adjustments for outside counsel and independent accountants had been incorporated into the proposed budget. Mr. Kresky noted that there had been a significant decline over the years in the cost of legal services to the Corporation and that the fee adjustments for counsel and accountants were modest. He stated that fees for the United States Trust Company were presently under review, noting that they had not been revised for more than two years.
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After discussion, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the 1982 Operating Budget of the Corporation as presented to the Board in the Memorandum dated September 22, 1981, be and hereby is adopted.

The Board directed that a copy of the Administration Committee memorandum be appended to the minutes of the meeting.

Dr. Weaver stated that the Administration Committee also recommended that the Board adopt certain resolutions concerning fees and reimbursements for Directors and Representatives. He stated that while Directors of the Corporation were entitled by law to a per diem allowance of $100 for each day of official duty performed for the Corporation, and that both Directors and Representatives were entitled to reimbursement for their actual and necessary expenditures in connection with their official duties, Directors and Representatives had not been seeking their fees and reimbursements on a regular basis. Accordingly, the Corporation's staff and its independent accountants proposed to limit the Corporation's liability for past claims by establishing a deadline of December 31, 1981 for any claims for service prior to June 1, 1981, and to amend the By-Laws to provide that such claims be made on a current basis in the future.
Upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the By-Laws of the Municipal Assistance Corporation For The City of New York be and hereby are amended by adding to Article 2 thereof the following section:

2.5. Payment of Compensation. The compensation provided for by Section 2.4 shall be paid only upon the timely submission to the Executive Director of a written statement setting forth the amount claimed and the basis therefore. Statements for amounts claimed as a result of duties performed during a fiscal year may be submitted prior to July 15 of the succeeding fiscal year, except that statements for duties performed subsequent to May 31 may be submitted at any time during the succeeding fiscal year.

FURTHER RESOLVED, that the By-Laws of the Municipal Assistance Corporation For The City of New York be and hereby are amended by adding to Article 3 thereof the following sentence:

Each Representative shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties as a Representative to the Board of Directors, which shall be paid in accordance with the procedures set forth in Section 2.5 of Article 2 hereof.

FURTHER RESOLVED, that, notwithstanding the provisions of Section 2.5 of Article 2, and Article 3, of the Corporation's By-Laws, compensation for duties performed by Directors and Representatives prior to June 1, 1981 shall be paid upon submission of a statement of claim no later than December 31, 1981.

The Board directed that a copy of the amended By-Laws be appended to the minutes of the meeting.
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Mrs. Ruth stated that the staff proposed a resolution to consolidate the Corporation's multiple bond proceeds accounts established for series issued under the Second General Bond Resolution, many of which had been nearly depleted. Mr. Kantor stated that the proposal was to combine only the proceeds accounts and not the debt service accounts. Mr. Keohane noted that such consolidation would substantially simplify administration and banking while preserving all restrictions upon the funds.

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

RESOLVED, that the resolution establishing an account of the Corporation to be designated the "Consolidated Bond Proceeds Account" be and hereby is adopted.

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

Mr. Kresky stated that the Corporation's annual financial statements for the fiscal year ended June 30, 1981 had been approved by the Corporation's independent accountants and by the Audit Committee. Mr. Kantor reported that the statements had been modified to include recognition of the Corporation's holdings of obligations of the City of New York, and to incorporate a statement of the monies held by the Corporation for payment to the City. Mr. Steffan commended the staff and Price Waterhouse & Co. for their efforts in improving the presentation and preparing the statements.
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In response to a question by Mr. Bialkin, Mrs. Ruth stated that it was expected that the funds held by the Corporation for subsequent payment to the City would increase during the coming year even if the City were to accelerate its capital program, due to the planned escrow of bond proceeds during the current fiscal year for expenditures by the City in subsequent fiscal years.

Adjournment

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

Signature:

Stephen J. Weinstein
Secretary
BY-LAWS

OF

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Adopted April 7, 1978
As Amended
Through September 23, 1981

ARTICLE 1

THE CORPORATION

1.1. Name. The name of the Corporation shall be the "Municipal Assistance Corporation For The City of New York".

1.2. Purposes, Powers and Administration. The Municipal Assistance Corporation For The City of New York (the "Corporation") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing by and under Article 10 of the Public Authorities Law of the State as may be amended from time to time (the "Act"). The purpose for which it is formed, the powers which it may exercise and its administration shall be as set forth in the Act.

1.3. Seal. The Seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and the year of its creation.

1.4. Offices. The principal office of the Corporation shall be situated within the City of New York, at such location as the Board of Directors shall from time to time designate. Additional offices of the Corporation may be established by the Board of Directors, at such other places as it may from time to time designate.

1.5. Fiscal Year. The fiscal year of the Corporation shall terminate on the same date as that of The City of New York (the "City"), which is at present the last day of June in each year.
ARTICLE 2
DIRECTORS

2.1. Board of Directors. The Corporation shall be administered by a Board of Directors (the "Board of Directors"), which shall consist of such members serving such terms as specified in the Act.

2.2. Chairman. The Chairman of the Board of Directors (the "Chairman") shall be a Director of the Corporation designated Chairman by the Governor.

2.3. Powers and Duties. The Board of Directors shall have such powers and duties as specified in the Act.

2.4. Compensation. The Directors shall serve without salary, but each Director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties as a Director of the Corporation and a per diem allowance of One Hundred Dollars ($100) when rendering services as a Director, provided that the aggregate of such per diem allowance to any one Director in any one fiscal year of the Corporation shall not exceed the sum of Five Thousand Dollars ($5,000).

2.5. Payment of Compensation. The compensation provided for by Section 2.4 shall be paid only upon the timely submission to the Executive Director of a written statement setting forth the amount claimed and the basis therefor. Statements for amounts claimed as a result of duties performed during a fiscal year may be submitted prior to July 15 of the succeeding fiscal year, except that statements for duties performed subsequent to May 31 may be submitted at any time during the succeeding fiscal year.

ARTICLE 3
REPRESENTATIVES

There shall be six Representatives to the Board of Directors (the "Representatives"). Each Representative
shall be entitled to receive notice of and to attend all meetings of the Board of Directors but shall not be entitled to vote at such meetings. The Speaker and the Minority Leader of the Assembly of the State, the President Pro Temp and the Minority Leader of the Senate of the State, the Board of Estimate of the City acting by majority vote, and the Vice-Chairman of the City Council of the City shall each be entitled to appoint a Representative to the Board of Directors. Each Representative shall serve at the pleasure of the respective appointing official or body, shall be eligible for reappointment, and shall hold office until his or her successor has been appointed. Each Representative shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties as a Representative to the Board of Directors, which reimbursement shall be paid in accordance with the procedures set forth in Section 2.5 of Article 2 hereof.

ARTICLE 4

OFFICERS AND EMPLOYEES

4.1. Officers. The Officers of the Corporation shall be the Chairman, a Vice Chairman, an Executive Director, a Deputy Executive Director, a Counsel, a Treasurer, a Secretary, and such other Officers, if any, as the Board of Directors may from time to time appoint (the "Officers"). Officers of the Corporation, other than the Chairman, need not be Directors. Officers shall have the powers and duties specifically conferred upon them in these By-Laws. All Officers of the Corporation, other than the Chairman, shall be appointed by and shall hold office at the pleasure of the Board of Directors for terms of one year, and may be removed, either with or without cause, at any time, by the Board of Directors.

4.2. Chairman. The Chairman shall be the chief executive officer of the Corporation. The Chairman shall exercise general policy direction and review of the affairs of the Corporation and the performance of the Officers, shall preside at meetings of the Board of Directors at which he or she is present and shall have such other duties as the Board of Directors may direct or as may be specified by law.
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4.2.a. Vice Chairman. The Vice Chairman shall assist the Chairman in the direction and review of the affairs of the Corporation. He or she shall perform such additional duties as the Chairman or the Board of Directors shall from time to time specify, and shall have the powers and duties of the Chairman whenever the Chairman is unable to act.

4.3. Executive Director. The Executive Director shall be the chief operating officer of the Corporation and shall have the duties and powers of general management and superintendence of the activities of the Corporation, under the direction of the Board of Directors. In all cases where, and to the extent that, the duties of the other Officers of the Corporation, other than the Chairman, are not specifically prescribed by the By-Laws, resolutions of the Corporation or by the Chairman, the Executive Director may prescribe such duties. In addition, he or she shall have all other powers and duties customarily incident to the office of the chief operating officer.

4.4. Deputy Executive Director. The Deputy Executive Director shall assist the Executive Director in managing and supervising the operations and activities of the Corporation, under the direction of the Executive Director and the Chairman. He or she shall perform such additional duties as the Chairman, the Board of Directors or the Executive Director shall from time to time specify, and shall have the powers and duties of the Executive Director whenever the Executive Director is unable to act.

4.5. Counsel. The Counsel shall be the chief legal officer of the Corporation. He or she shall have all powers and duties customarily incident to the office of counsel, including the rendering of legal advice and opinions with respect to the Corporation's activities, and the approval for legal compliance of all documents of the Corporation.

4.6. Treasurer. The Treasurer shall be the chief financial officer of the Corporation, under the direction of the Executive Director and the Deputy Executive Director. He or she shall, subject to applicable resolutions of the Corporation and applicable provisions of the Act, (i) keep or cause to be kept the books of account of the Corporation; (ii) designate the terms and conditions of investment and custody of all funds and securities of the Corporation; and (iii) prepare or cause to be prepared periodic financial statements of the Corporation. At all reasonable times, the Treasurer shall exhibit to any Officer or Director of the
Corporation the books of account and any other records which he or she maintains or causes to be maintained; whenever requested by the Board of Directors, the Treasurer shall present to it a statement of accounts.

4.7. Secretary. The Secretary shall act as Secretary of all meetings of the Board of Directors at which he or she is present, and shall keep the minutes of all such meetings in books proper for that purpose. The Secretary shall have power to affix or cause to be affixed the seal of the Corporation to all contracts, certificates, documents, bonds, notes or other obligations and instruments to be executed on behalf of the Corporation and to attest to the same. He or she shall have charge of the books, records and papers, of the Corporation relating to its organization and management as a corporation, and shall see that the reports, statements and other documents required by law are properly kept and filed. In addition, the Secretary shall have all other powers and duties customarily incident to the office of secretary.

4.8. Additional Personnel. The Executive Director may from time to time employ such additional personnel for the Corporation as he or she may deem necessary or appropriate to exercise the powers, duties and functions of the Corporation as prescribed by law, either as employees of the Corporation or as consultants to the Corporation.

4.9. Compensation. Compensation of the Executive Director shall be established by the Board of Directors, and compensation of all other Officers, other than the Chairman, and of additional personnel of the Corporation shall be established by the Executive Director.

ARTICLE 5

MEETINGS

5.1. Annual Meeting. The Annual Meeting of the Corporation shall be held on the final Thursday of September of each year at the principal place of business of the Corporation or at such other time and place as the Chairman may determine. At each Annual Meeting, the Board shall elect the Officers of the Corporation, and shall review the financial statements
for the fiscal year ending the preceding June 30. Notice shall not be required for the Annual Meeting unless the Chairman determines that the place or time of the meeting shall be other than as specified herein, in which event notice of the place, date and hour of the Annual Meeting shall be given in person or by telephone to each Director and Representative at his or her address as it appears on the records of the Corporation, not less than two nor more than twenty days before such meeting.

5.2. Additional Meetings. Meetings may be held at the principal office of the Corporation or elsewhere, upon the request of the Chairman or of any two Directors of the Corporation. At any meeting of the Corporation, any business of the Corporation may be transacted.

5.3. Notice. Notice of each additional meeting, specifying the time and place thereof, shall be given prior to such meeting to each Director and Representative, either in person or by telephone call or writing directed to the usual place of business of each such person. Notice of any meeting required to be given to a Director hereunder shall be deemed to have been given if a waiver in writing is signed by the Director entitled thereto, before, during or after such meeting, or if such Director is present at such meeting. Notwithstanding the above, no action taken by the Board of Directors at any meeting shall be deemed invalid due to the failure to give notice as specified in this section.

5.4. Quorum. At all meetings of the Board of Directors, five Directors shall constitute a quorum for the purpose of transacting business. In the absence of a quorum, a majority of the Directors present may adjourn the meeting from time to time until a quorum is present. No notice need be given of any adjourned meeting to Directors present at the meeting at which adjournment is taken. Notice shall be given to Directors not present at such meeting in accordance with the notice provisions applicable to the meeting adjourned.

5.5. Voting. At any meeting of the Directors, each Director present, in person, shall be entitled to one vote. The Corporation may act by vote of a majority of the Directors present at any meeting at which a quorum is in attendance.

5.6. Presence. Members of the Board of Directors, or members of any committee appointed by the Board of Directors, may participate in a meeting of the Board of Directors or in a meeting of any such committee by means of conference
telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting. Any required notice of the place of a meeting at which participation is by means of conference telephone or similar communication equipment shall be sufficient if it designates as the place of the meeting the place at which one or more of the participants in the meeting is located at the time the meeting is held.

5.7. Delegation. The Corporation may delegate to one or more of its Directors, Officers, agents, or employees such powers and duties not otherwise delegated in these By-Laws or by law as it may deem proper.

ARTICLE 6

COMMITTEES

6.1. Finance Committee. The Board of Directors may, by a majority of the Directors of the Corporation then in office, appoint from among its members a Finance Committee to consist of three or more Directors, one of whom shall be the Chairman of the Board of Directors, and one of whom shall be designated by the Board of Directors as Chairman of the Finance Committee. The Board of Directors may also designate one or more of the Directors as alternates to serve as a member or members of the Finance Committee in the absence of a regular member or members. All members and alternates shall serve at the pleasure of the Board. Except as provided in Section 6.4 of this Article 6, the Finance Committee shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation.

6.2. Additional Committees. The Board of Directors may, by a majority of the Directors of the Corporation then in office, appoint from among its members such other Committees as it may deem appropriate, with such powers and duties as shall be prescribed by the Board. All members and alternates appointed to such other Committees shall serve at the pleasure of the Board.
6.3. Procedures. For the transaction of business of any Committee of the Board, a majority of the whole Committee shall constitute a quorum and may fix its rules of procedure. Meetings of any Committee shall be held at such times and places and on such notice, if any, as the Committee may from time to time determine. Meetings may be called by the Chairman of a Committee or by the Chairman of the Board. Except as otherwise specified in the notice thereof, or as required by law or by these By-Laws, any and all authorized business may be transacted at any meeting of a Committee. An attendance record and minutes shall be kept for any meeting of a Committee by its Chairman or any other member.

6.4. Limitations. No Committee shall have the power or authority of the Board in reference to (a) amending the By-Laws; (b) designating Committees; (c) filling vacancies among Committee members; (d) removing Officers; or (e) authorizing the issuance of any notes or bonds or other obligations by the Corporation, unless the power to authorize an issuance is specifically conferred upon the Committee by the Board of Directors. The Board of Directors, by a majority of the Directors of the Corporation then in office, may disband any Committee at any time.

ARTICLE 7

SIGNATURE AUTHORIZATION

The Board of Directors shall determine who shall be authorized to sign documents on behalf of the Corporation. Such authority may be general or confined to specific instances.

ARTICLE 8

INDEMNIFICATION

8.1. The Corporation shall indemnify any past or present Director, Representative, Officer, Employee or Consultant of the Corporation, or the legal or personal representative(s)
of any such person, against any claim, demand, suit, judgment or other action or proceeding, civil or criminal, including an appeal therein, arising by reason of any act or omission to act, or allegation(s) thereof, by any such person in the discharge of his duties on behalf of the Corporation, including reasonable costs, counsel fees and expenses, and including amounts paid in settlement or in satisfaction of judgments or as fines or penalties, in connection with or resulting from any such claim, demand, suit, judgment or other action or proceeding, civil or criminal, whether or not such person continues to be such Director, Representative, Officer, Employee or Consultant at the time such costs, counsel fees or expenses shall have been paid or incurred, except in relation to matters as to which such person is finally adjudged to be liable for gross negligence or wilful misconduct in the performance of his duties to the Corporation.

8.2. In connection with any such claim, demand, suit, judgment or other action or proceeding, any past or present Director, Representative, Officer, Employee or Consultant of the Corporation, or the legal or personal representative(s) of any such person, shall be entitled to be represented by private counsel of his or her choice.

8.3. The Corporation may, in the discretion of the Board of Directors, advance expenses described in Section 8.1 prior to the final disposition of any such claim, demand, suit, judgment or other action or proceeding.

8.4. The provisions of this article shall be in addition to and shall not supplant any indemnification or other benefits heretofore or hereafter conferred upon Directors, Representatives, Officers, Employees and Consultants of the Corporation by section seventeen of the Public Officers Law, section three thousand twenty of the Public Authorities Law or otherwise.

ARTICLE 9

BY-LAWS

9.1. Adoption. These By-Laws shall be effective as of April 7, 1978, as provided in the resolution of the Corporation
adopting them, and shall supplant, as of that date, any previously adopted By-Laws of the Corporation.

9.2. Amendment. These By-Laws may be amended by the affirmative vote of two-thirds of the Directors of the Corporation then in office, provided that notice of intention to present such resolution shall be given at least five days prior to the meeting of the Board of Directors at which the motion to adopt such resolution is made.
MEMORANDUM

22 September 1981

To: Board of Directors

From: Robert C. Weaver, Francis J. Barry, Dick Netzer

Re: 1982 Budget and other matters to be considered by Board at Annual Meeting.

The Administration Committee has reviewed the following matters and recommends their adoption by the Board of Directors:

(A) The Corporation's 1982 Budget

(B) Adjusted fees for Price Waterhouse & Company

(C) Adjusted fees for General Counsel and Bond Counsel

(D) Amendment of the Corporation's By-Laws to facilitate accounting for Director's fees on a close-to-current basis

(A) 1981 BUDGET

The proposed 1982 operating budget totals $7,769,000, an overall increase of 21.1% from the 1981 fiscal year. There are two major reasons for this increase, which is larger than experienced in recent years. First, the portion of the budget attributable to the oversight operations of the Office of the Special Deputy Comptroller ("OSDC") and the Financial Control Board ("FCB") will increase their combined spending by 19.5% in 1982, from $3,549,150 in 1981 to $4,242,000.

The Corporation has very little discretion in expending monies to the oversight agencies. In accordance with State statute, the Corporation is required to reimburse the State for all FCB expenses, an increase of 9.7%. In accordance with agreements with the New York State Department of Audit and Control and OSDC, the Corporation is required to reimburse the State for expenditures by OSDC for review and analysis of the City budget. The OSDC budget shows an increase of 25.5%.

The following table summarizes this information:

|                      | 1981       | Proposed 1982 | Change  | %
|----------------------|------------|---------------|---------|----
| MAC Operations       | $2,865,750 | $3,527,000    | $661,250| 23.1 |
| OSDC                 | $2,199,600 | $2,762,000    | $562,400| 25.5 |
| FCB                  | $1,349,550 | $1,480,000    | $130,450| 9.7  |
| Total Oversight      | $3,549,150 | $4,242,000    | $692,850| 19.5 |
| Total Budget         | $6,414,900 | $7,769,000    | $1,354,100| 21.1 |
Second, the proposed budget includes $551,000 for non-recurring expenses associated with the purchase of a computer for the Corporation, as authorized by the Board in April 1981. As shown in Attachment A, a more detailed breakdown of the Corporation's proposed budget, the following expenditures are expected during this fiscal year for conversion to the new computer system:

- Maintenance of old system: $40,000
- Purchase of new equipment: $300,000
- Software development: $125,000
- Repayment of loan obtained to amortize new system cost over 5-year period: $126,000
- Total budgeted computer expenditures during FY1982 (proposed): $591,000

The $500,000 loan, to be provided by U.S. Trust Company at 9 1/4 percent for five years and authorized by the Board will permit the Corporation to amortize the new-system costs over a five-year period. Consistent with the discussion of this issue by the Board in the spring, the program will result in average annual expenditures for data processing which are lower than budgeted for the old system in 1981.

In view of the special circumstances occasioned by the new computer system, it is instructive to report to the Board that the proposed budget increase for MAC operations exclusive of data processing services is only 8.8 percent. One important budgeted expenditure category will continue to decline: staff salaries and benefits by 4.5 percent. Other relatively modest increases are due principally to a larger number of issuances planned in 1982 as compared with 1981 and the increases in fees to organizations serving the Corporation, some of which are indicated below.

(B) REVISED FEES FOR PRICE WATERHOUSE & CO.

The Administration Committee* recommends adoption of new fees for Price Waterhouse & Co., to be effective for services during fiscal year 1982, as shown in Attachment B. The estimated net impact of this fee adjustment in the annual cost of accounting services will be approximately 7%.

*The Corporation's staff reports that the Audit Committee also recommends adoption of the proposed fees.
22 September 1981
MEMORANDUM: BOARD OF DIRECTORS
Page 3

(C) ADJUSTED FEES FOR GENERAL COUNSEL AND BOND COUNSEL

Beginning for the first time during the Corporation's 1980 fiscal year, we have made adjustments in both the structure and level of fees for General Counsel for the Corporation (Paul, Weiss, Rifkind, Wharton & Garrison) and the Corporation's Bond Counsel (Hawkins, Delafield & Wood). The objective of these adjustments, in addition to recognizing cost increases since the establishment of the Corporation in 1975, has been to establish a comparable structure of fees between the two firms, a structure which would also have a neutral impact on the firms' staffing decisions. The proposed new fees for both firms are consistent with these objectives. (See Attachment C). The Administration Committee recommends that the Board adopt the proposed fees, which would become effective on January 1, 1982.

(D) AMENDMENT OF THE BY-LAWS RE DIRECTORS FEES

The New York State Municipal Assistance Corporation Act provides that each Director shall be entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a Director of the Corporation and a per diem allowance of $100 when rendering services as such Director, provided that the aggregate of such per diem allowance to any one Director in any fiscal year shall not exceed $5,000. Representatives are entitled only to reimbursement for actual and necessary expenses.

The procedure for claiming allowances and expenses is for the Director or Representative to submit a signed memorandum or letter to the Executive Director, indicating the dates on which services have been rendered or expenses incurred, and the total amount claimed. Attendance at meetings of committees of the Board and other time spent in behalf of the Corporation, as well as attendance at Board meetings, may be included.

In the last two years, fewer Directors have applied for their per diem allowance as compared with past experience. The potential liability of the Corporation to the Directors, therefore, has become significant. The Executive Director wishes to insure that all Directors are aware of their entitlement and, therefore, brought the matter to our attention. Furthermore, it would greatly simplify the Corporation's accounts if the Corporation could settle any "back" claims and keep more nearly current on a fiscal-year basis.
The Administration Committee recommends adoption by the Board of the two resolutions shown in Attachment D. The effect of these resolutions, if adopted by the Board, would be to permit the Corporation to "close the books" on the Corporation's past liability for Directors' allowances effective January 1, 1982, and to eliminate the possibility of developing a similar liability in the future. It would place claims and payments on a current basis, accruing only a modest liability each year for Board activities in June.

Attachments A through D
ATTACHMENT A

MUNICIPAL ASSISTANCE CORPORATION
OPERATING FUND BUDGET
FISCAL YEARS 1981 and 1982

<table>
<thead>
<tr>
<th>Expenditure Classification</th>
<th>1981</th>
<th>1982</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Debt Issuances and Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and Public Notices</td>
<td>$400,000</td>
<td>$480,000</td>
<td>$80,000</td>
<td>20.0%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>600,000</td>
<td>600,000</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Trustee and Related Services</td>
<td>654,500</td>
<td>744,000</td>
<td>89,500</td>
<td>13.7%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>1,654,500</td>
<td>1,824,000</td>
<td>169,500</td>
<td>10.2%</td>
</tr>
<tr>
<td>Oversight Functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy</td>
<td>2,199,600</td>
<td>2,762,000</td>
<td>562,400</td>
<td>25.5%</td>
</tr>
<tr>
<td>Comptroller</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>1,349,550</td>
<td>1,480,000</td>
<td>130,450</td>
<td>9.7%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>3,549,150</td>
<td>4,242,000</td>
<td>692,850</td>
<td>19.5%</td>
</tr>
<tr>
<td>General and Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>586,250</td>
<td>560,000</td>
<td>26,250</td>
<td>(4.5)%</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>128,000</td>
<td>157,000</td>
<td>29,000</td>
<td>22.7%</td>
</tr>
<tr>
<td>Office rental</td>
<td>93,000</td>
<td>98,000</td>
<td>5,000</td>
<td>5.4%</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>100,261</td>
<td>110,000</td>
<td>9,739</td>
<td>9.7%</td>
</tr>
<tr>
<td>Accounting services</td>
<td>79,739</td>
<td>85,000</td>
<td>5,261</td>
<td>6.6%</td>
</tr>
<tr>
<td>General office expenses</td>
<td>52,000</td>
<td>60,000</td>
<td>8,000</td>
<td>15.4%</td>
</tr>
<tr>
<td>Communications</td>
<td>27,000</td>
<td>27,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel expenses</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data processing services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of old system</td>
<td>130,000</td>
<td>40,000</td>
<td>(90,000)</td>
<td>(40.6)%</td>
</tr>
<tr>
<td>Purchase of new equipment (a)</td>
<td>300,000</td>
<td>300,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software development</td>
<td>125,000</td>
<td>125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan repayment (b)</td>
<td>126,000</td>
<td>126,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub Total</td>
<td>1,211,250</td>
<td>1,703,000</td>
<td>491,750</td>
<td>(40.6)%</td>
</tr>
<tr>
<td>Total</td>
<td>$6,414,900</td>
<td>$7,769,000</td>
<td>$1,354,100</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

(a) The Corporation has arranged for a loan to be made by U.S. Trust Company of New York to the Corporation. The proceeds of the loan will be used to purchase new computer equipment, the appropriate software, and construct the computer facility in the offices of the Corporation.

(b) The terms of the loan are $500,000 at 9 1/4% for 5 years. The amortized payment per year will be approximately $126,000.
ATTACHMENT B

FY 1981 AND PROPOSED
PRICE WATERHOUSE FEES

<table>
<thead>
<tr>
<th></th>
<th>FISCAL YEAR</th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1981</td>
<td>1982</td>
</tr>
<tr>
<td>PARTNER</td>
<td>$125</td>
<td>$135</td>
</tr>
<tr>
<td>MANAGER</td>
<td>$100</td>
<td>$105</td>
</tr>
<tr>
<td>SENIOR ACCOUNTANT</td>
<td>$45-53</td>
<td>$50-63</td>
</tr>
<tr>
<td>STAFF ACCOUNTANT</td>
<td>$25-35</td>
<td>$30-42</td>
</tr>
</tbody>
</table>

Actual Expenses 1981 $79,739
Estimated Budget 1982 $85,000
**ATTACHMENT C**

**PROPOSED FEE ADJUSTMENTS**

**PAUL, WEISS, RIFKIND, WHARTON & GARRISON**

<table>
<thead>
<tr>
<th></th>
<th>1-2 yrs</th>
<th>3-4 yrs</th>
<th>more yrs</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>75</td>
<td>95</td>
<td>105</td>
<td>125</td>
</tr>
<tr>
<td>Proposed</td>
<td>85</td>
<td>100</td>
<td>115</td>
<td>140</td>
</tr>
</tbody>
</table>

**HAWKINS, DELAFIELD & WOOD**

<table>
<thead>
<tr>
<th></th>
<th>1-2 yrs</th>
<th>3-4 yrs</th>
<th>more yrs</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>85</td>
<td>100</td>
<td>110</td>
<td>130</td>
</tr>
<tr>
<td>Proposed</td>
<td>85</td>
<td>105</td>
<td>115</td>
<td>140</td>
</tr>
</tbody>
</table>
**TABLE 2**

**GROSS BILLINGS**

<table>
<thead>
<tr>
<th>FY</th>
<th>Paul, Weiss, Rifkind, Wharton &amp; Garrison</th>
<th>Hawkins, Delafield &amp; Wood</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>$1,448,004</td>
<td>$ 984,699</td>
<td>$2,432,703</td>
</tr>
<tr>
<td>1977</td>
<td>$ 702,681</td>
<td>$ 404,544</td>
<td>$1,107,225</td>
</tr>
<tr>
<td>1978</td>
<td>$ 384,749</td>
<td>$ 431,641</td>
<td>$ 816,390</td>
</tr>
<tr>
<td>1979</td>
<td>$ 383,283</td>
<td>$ 454,315</td>
<td>$ 837,598</td>
</tr>
<tr>
<td>1980</td>
<td>$ 123,676</td>
<td>$ 175,617</td>
<td>$ 299,293</td>
</tr>
<tr>
<td>1981</td>
<td>$ 168,447</td>
<td>$ 205,183</td>
<td>$ 373,630</td>
</tr>
</tbody>
</table>

* Includes charges for paraprofessionals at the firms' prevailing rates and reimbursement for disbursement.*
ATTACHMENT D

(I) Proposed Amendment of the By-Laws of the Corporation:

RESOLVED, that the By-Laws of the Municipal Assistance Corporation For The City of New York be and hereby are amended by adding to Article 2 thereof the following Section:

2.5. Payment of Compensation. The compensation provided for by Section 2.4 shall be paid only upon the timely submission to the Executive Director of a written statement setting forth the amount claimed and the basis therefor. Statements for amounts claimed as a result of duties performed during a fiscal year may be submitted prior to July 15 of the succeeding fiscal year, except that statements for duties performed subsequent to May 31 may be submitted at any time during the succeeding fiscal year.

FURTHER RESOLVED, that the By-Laws of the Municipal Assistance Corporation For The City of New York be and hereby are amended by adding the following sentence to Article 3 thereof:

Each Representative shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties or a Representative to the Board of Directors, which shall be paid in accordance with the procedures set forth in Section 2.5 of Article 2 hereof.

(II) Proposed Resolution:

RESOLVED, that, notwithstanding the provisions of Section 2.5 of the Corporation's By-Laws, compensation for duties performed by Directors prior to June 1, 1981 shall be paid upon submission of the statement of claim no later than December 31, 1981.
Whereas, the Municipal Assistance Corporation For The City of New York (the "Corporation") has previously established Bond Proceeds Accounts or Funds for certain of its series of bonds issued pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1975 (the "Resolution").

Whereas, many of such Funds and Accounts have been nearly depleted; and

Whereas, the consolidation of all such Funds and Accounts into a single bond proceeds account of the Corporation would simplify the administration of the Corporation's funds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Corporation, as follows:

Section 1. There is hereby established an account of the Corporation to be designated the "Consolidated Bond Proceeds Account". The Consolidated Bond Proceeds Account shall be held by the Trustee under the Resolution.

Section 2. The Treasurer and any Assistant Treasurer are hereby authorized in their discretion to transfer any amounts remaining in any of the Bond Proceeds Accounts or Funds established pursuant to the Resolution and to consolidate such amounts in the Consolidated Bond Proceeds Account.

Section 3. Nothing herein shall be construed to authorize the use of amounts in the Consolidated Bond Proceeds Account for any purpose that has not been heretofore authorized by resolution of the Board of Directors of the Corporation, and any restriction heretofore enacted by the Board of Directors of the Corporation as to the use of amounts deposited in the Consolidated Bond Proceeds Account pursuant to Section 2 of this resolution shall remain in full force and effect.
ANNUAL BOARD MEETING
September 23, 1981

APPOINTMENT OF OFFICERS

Vice-Chairman
Edward M. Kresky

Executive Director
Heather L. Ruth

Deputy Executive Director
Stephen J. Weinstein
& Secretary
John G. Bove

Counsel
Steven J. Kantor

Treasurer
William J. Lithgow

Assistant Secretary

ADMINISTRATION COMMITTEE

Robert C. Weaver, Chairman
Francis J. Barry
Dick Netzer

AUDIT COMMITTEE

Andrew P. Steffan, Chairman
Kenneth J. Bialkin
George M. Brooker

CITY BUDGET COMMITTEE

Dick Netzer, Chairman
Edward M. Kresky
Andrew P. Steffan

FINANCE COMMITTEE

Eugene J. Keilin, Chairman
Edward M. Kresky
Felix G. Rohatyn

INVESTMENT COMMITTEE

Vice Chairman of the Board (Edward M. Kresky)
Chairman of the Finance Committee (Eugene J. Keilin)
Chairman of the Audit Committee (Andrew P. Steffan)