8/1/1975
Series B
MUNICIPAL ASSISTANCE CORPORATION FOR

THE CITY OF NEW YORK

$275,000,000

1975 Series B Bonds

RECORD OF PROCEEDINGS
MUNICIPAL ASSISTANCE CORPORATION FOR
THE CITY OF NEW YORK

$275,000,000

1975 Series B Bonds

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BASIC DOCUMENTS AND APPROVALS

1. A copy of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York, being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), as amended (the "Act"), certified as of June 10, 1975 by the Secretary of State of the State of New York (the "State").

2. General Certificate of an Assistant Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation") as to Members, Officers, Terms of Office and other details of the Corporation including by-laws; minutes; certain resolutions; approval of the State Comptroller as to the terms of sale and system of accounts; delivery and payment; and specimen bonds.


4. Extract of the Minutes of a Meeting of the Corporation held on August 15, 1975 showing adoption of the 1975 Series B Resolution of the Corporation authorizing: (i) the issuance of $275,000,000 1975 Series B Bonds (the "Bonds"); and (ii) the execution of a Bond Purchase Agreement dated August 15, 1975, between the Corporation and certain underwriters named therein (the "Purchase Agreement") providing for the sale of the Bonds (the "Series Resolution").


8. The certificate of approval of the Comptroller of the State required pursuant to Section 3012 of the Act.

9. The certificate of approval of the Comptroller of the State required pursuant to Section 3013 of the Act.


11. Certificate of New York State Commissioner of Taxation and Finance required by Section 3(a)(4) of the Purchase Agreement.

12. Certificate of the New York State Division of the Budget required by Section 3(a)(4) of the Purchase Agreement.

OPINIONS

13. The opinion, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(a) of the Purchase Agreement.

14. The approving opinion and supplemental opinion, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation required pursuant to Section 3(a)(1)(b) of the Purchase Agreement.

15. The opinion, dated the date of the Closing, of the Attorney General of the State, required pursuant to Section 3(a)(1)(c) of the Purchase Agreement.

16. The opinion, dated the date of the Closing, of the Corporation Counsel of The City of New York (the "City"), required pursuant to Section 3(a)(1)(d) of the Purchase Agreement.

17. The opinion as to litigation, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

18. The opinion as to litigation, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

19. The opinion, dated the date of the Closing, of Messrs.
White & Case, Counsel to the Underwriters, addressed to the Underwriters pursuant to Section 3(a)(2) of the Purchase Agreement.

CORPORATION CLOSING DOCUMENTS

20. Certificate of the Chairman and Assistant Secretary of the Corporation with respect to: certificates required by Section 202 of the General Resolution; delivery and payment and signatures.

21. Certificate of the Treasurer of the Corporation responsive to Section 3(a)(3) of the Purchase Agreement.

22. Written order of the Corporation as to the delivery and authentication of the Bonds signed by the Treasurer of the Corporation.

23. Certificate of Treasurer of the Corporation as to Receipt and Application of Proceeds of Sale and Non-Existence of Event of Default, as defined in the General Resolution.


TRUSTEE AND PAYING AGENT DOCUMENTS

25. Trustee's Certificate with attached copy of an excerpt of the By-Laws showing authority for officers to authenticate the Bonds.


27. Opinion of Counsel for Trustee with respect to the Trustee's authority to act as Trustee.


MISCELLANEOUS

29. Receipt for Bonds and Documents Required by Purchase Agreement.
30. Certificate of Mayor and Comptroller.
32. Blue Sky Survey.
33. Memorandum of Closing.
AN ACT

to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal assistance sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:
Section 1. Article ten and sections three thousand through three thousand two of the public authorities law are hereby renumbered to be article eleven and sections thirty-five hundred through thirty-five hundred two, respectively, and a new article ten is hereby inserted therein, to read as follows:

ARTICLE 10
NEW YORK STATE MUNICIPAL ASSISTANCE CORPORATION ACT

Title I. Short title; general definitions; legislative findings and statement of purposes.

II. General provisions relating to municipal assistance corporations.

TITLE I
SHORT TITLE; GENERAL DEFINITIONS; LEGISLATIVE FINDINGS AND STATEMENT OF PURPOSES

Section 3001. Short title.

3002. Legislative findings and statement of purposes.

3003. Definitions.

§ 3001. Short title. This article shall be known and may be cited as the "New York State Municipal Assistance Corporation Act".

§ 3002. Legislative findings and statement of purposes. It is hereby found and declared that, by reason
of the severe economic and social dislocations of recent years, there has been a great increase in the need and demand for public services at a time when financing such services has become increasingly difficult, and that, due to a general decline in investor acceptance of local government securities and to almost unprecedented interest rates, a number of municipalities in this state have, despite the financial soundness of their obligations, recently faced increased difficulty in selling a sufficient amount of their securities to enable them to refund their outstanding obligations or to meet their cash requirements. For the immediate future, this increased difficulty has caused concern that such municipalities may be unable to provide, without interruption, many services essential to their inhabitants while also meeting their obligations to the holders of their outstanding securities as they come due. It is in the public interest and is the policy of this state to assist municipalities attempting to provide, without interruption, services essential to their inhabitants while meeting their obligations to the holders of their outstanding securities. The impairment of the credit of the municipalities within the state may affect the ability of the state to issue its own obligations at normal interest rates. Such effect is a matter of state concern. It is further declared that the state should exercise its power in the interest of such municipalities and should implement such policy by authorizing on behalf of each municipality which is found by the legislature to require the state's assistance and which expressly requests such assistance, the creation of a state instrumentality to be a body corporate and politic, having full powers to borrow money and to issue its bonds and notes for the purpose of providing to that municipality assistance sufficient to enable it to avoid the interruption of services essential to its inhabitants while meeting its obligations
to the holders of its outstanding securities. It is further declared to be in the public interest and is the policy of this state that each such instrumentality shall provide financial assistance to a municipality only if that municipality agrees to make and observe such changes in its record keeping, accounting, budgeting and financial management practices as that instrumentality may be authorized, by the special law creating it, to require as a condition of providing financial assistance.

§ 3003. Definitions. As used in this article, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:

1. "Municipality" means any city in the state.
2. "State" means the state of New York.
3. "Governor" means the governor of the state of New York.
4. "Comptroller" means the comptroller of the state of New York.
5. "Director of the budget" means the director of the budget of the state of New York.
6. "Legislature" means the legislature of the state of New York.
7. "Special law" means the special law of the legislature pursuant to which a municipal assistance corporation is created.
8. "Municipal assistance corporation" means a corporation created pursuant to section three thousand ten of this article.
9. "Bonds" and "notes" means bonds and notes, respectively, issued by a municipal assistance corporation pursuant to this article.

10. "Obligations" means bonds and notes.

11. "Amortized value" means for securities purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

12. "Revenues" means all federal or state aid, rents, fees, charges, payments and other income and receipts paid or payable to a municipal assistance corporation or for the account of a municipal assistance corporation, including any payments permitted or required to be made to such a corporation by this article.

13. "Board of directors" means the board of directors of a municipal assistance corporation.

**TITLE II**

**GENERAL PROVISIONS RELATING TO MUNICIPAL ASSISTANCE CORPORATIONS**

Section 3010. Creation, purposes and general power of a municipal assistance corporation.
§ 3010. Creation; purposes and general powers of a municipal assistance corporation. A municipal assistance corporation shall be created by a special law of the legislature. The purposes of a municipal assistance corporation shall be to assist a municipality attempting to provide, without interruption, services essential to its inhabitants while meeting its obligation to the holders of its outstanding securities. Such assistance shall be provided through the issuance and sale of bonds and notes and paying or lending funds received from such sale to the municipality, or through
the exchange of its obligations for obligations of the municipality. To carry out the aforesaid purposes, a municipal assistance corporation shall have, in addition to any powers specifically granted in the special act creating such municipal assistance corporation, the following powers: (1) to sue and be sued, (2) to have a seal and alter the same at pleasure; (3) to make and alter by-laws for its organization and internal management and, subject to agreements with note-holders or bondholders, to make rules and regulations governing the use of its property and facilities; (4) to make and execute contracts, leases, subleases and all other instruments or agreements necessary or convenient for the exercise of its powers and functions under this title; (5) to purchase real or personal property necessary and convenient for its corporate purposes; to execute and deliver deeds for real property held in its own name; and to sell or otherwise dispose of such real or personal property that, in the judgment of the municipal assistance corporation, is no longer necessary for its corporate purposes; (6) to appoint officers, agents and employees; prescribe their duties and qualifications and fix their compensation; (7) to commence any action to protect or enforce any right conferred upon it by any law, contract or other agreement; (8) subject to other provisions of law, to lend or otherwise transfer to the municipality for which the municipal assistance corporation was created such sums of money as are not required for other purposes; (9) to borrow money and to issue notes or bonds and to fund or refund the same, and to provide for the rights of the holders of its obligations; (10) subject to the provisions of any contract with note-holders or bondholders to invest any funds held in funds or accounts.
(except as hereafter provided), or any funds not required for immediate use or disbursement, at the discretion of the municipal assistance corporation, in obligations of the municipality being assisted or obligations of the state or federal government, obligations the principal of and interest on which are guaranteed by such municipality, the state or federal government, or obligations of agencies of such municipality, the state or federal government which may, from time to time, be legally purchased by savings banks of the state as investments of funds belonging to them or in their control and which have been approved by the comptroller or in a secured time deposit or other interest-bearing accounts secured by such obligations; provided, however, that no funds held in a capital reserve fund may be invested in obligations of or guaranteed to the municipality being assisted or of any of its agencies;

(11) subject to the provisions of any contract with noteholders or bondholders, to purchase notes or bonds of the corporation;

(12) to procure insurance against any loss in such amounts and such insurers as it deems desirable; (13) to engage the services of consultants on a contract basis for rendering professional and technical assistance and advice; (14) subject to the approval of the director of the budget to contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the federal government or any agency or instrumentality thereof, or from any other source and to comply with the terms and conditions thereof; (15) as security for the payment of the principal of and interest on any bonds or notes so issued and any agreements made in connection therewith to pledge all or any part of its property
or revenues; (16) to require any municipality to which assistance is provided under this article or any authority, agency or other body established by or on behalf of such municipality to make available all books and records, and to furnish copies of all financial statements, budgets, forecasts, projections and related information as may be requested; (17) to pay the expenses of the operation of the corporation, including but not limited to the repayment to the state of any advance to the corporation under any agreement between the corporation and the director of the budget out of any revenues available to the corporation and not otherwise pledged except the proceeds of its notes and bonds; and (18) to do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this article or in the special act creating such municipal assistance corporation.

§ 3011. Administration of a municipal assistance corporation.

1. Unless otherwise provided in a special law, a municipal assistance corporation shall be administered by a board of directors appointed by the governor with the advice and consent of the senate. The number and qualifications of such directors and their terms of office shall be set forth by a special law. The comptroller of the state of New York, or his representative shall be entitled to attend and participate in the meetings of the board of directors but shall have no vote.

2. The governor shall designate as chairman one of the directors appointed by him. The chairman shall preside over all meetings of the board of directors.
and shall have such other duties as may be prescribed by the board of directors.

3. The directors of a municipal assistance corporation shall serve without salary, but 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 one hundred dollars when rendering services as such director, provided that the aggregate of such per diem allowance to any one director in any one fiscal year shall not exceed the sum of five thousand dollars. The directors, except as otherwise provided by law, may engage in private employment, or in a profession or business. The directors of a municipal assistance corporation shall be deemed to be state officers for the purposes of sections seventy-three and seventy-four of the public officers law. Notwithstanding such provisions of the public officers law or of any other law, a municipal assistance corporation or any other state instrumentality (including any state agency, trust fund or public benefit corporation) may purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any corporation, trust, association, partnership or other entity in which any director of such municipal assistance corporation has a financial interest, direct or indirect, and a municipal assistance corporation may engage in any such transaction with any other such state instrumentality with which any director of such municipal assistance corporation is affiliated as a state officer or employee, provided that such interest or affiliation is disclosed to such other state instrumentality and to the municipal assistance corporation, and, in the case of transactions with
the municipal assistance corporation, such interest or affiliation is disclosed in the minutes of the board of directors of the municipal assistance corporation, and provided further that no director having such a financial interest or affiliation shall participate in any decision of the board of directors of the municipal assistance corporation authorizing or affecting such transaction.

4. A special law may provide for the appointment of one or more representatives to the board of directors. Such representative shall be entitled to receive notice of and to attend the meetings of the board of directors but shall not be entitled to vote. Such representative shall be entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a representative to the corporation but shall not be entitled to a per diem allowance, unless specifically provided in the special law.

5. Notwithstanding any inconsistent provisions of law, general, special or local, no officer or employee of the state, or political division of the state, any governmental entity operating any public school or college or other public agency or instrumentality or unit of government which exercises governmental powers under the laws of the state, shall forfeit his office or employment by reason of his acceptance or appointment as a director, officer, employee or agent of a municipal assistance corporation nor shall service as such director, officer, employee or agent of a municipal assistance corporation be deemed incompatible or in conflict with such office or employment.
6. Except as otherwise provided by special law, a majority of the whole number of authorized directors shall constitute a quorum for the transaction of any business and shall be required for the taking of any action or for the exercise of any power by the board of directors of a municipal assistance corporation. No vote at such meeting shall be cast by proxy. A municipal assistance corporation may delegate to one or more of its directors, or officers, agents and employees, such powers and duties as the directors may deem proper.

7. A municipal assistance corporation may appoint such officers, employees and agents as it may require, prescribe their duties and fix their compensation.

§ 3012. Issuance of notes and bonds of a municipal assistance corporation.

1. (a) A municipal assistance corporation shall have the power and is hereby authorized from time to time to issue its notes and bonds in conformity with applicable provisions of the uniform commercial code, in such principal amounts as such corporation shall determine to be necessary within the limits of authorized indebtedness prescribed in the special law creating such corporation, to provide sufficient funds for achieving its corporate purposes, including the making of payments to or purchase of obligations of, the municipality for which the corporation was created, to make payments of interest on its notes and bonds, and to establish reserves to secure such notes and bonds.

(b) A municipal assistance corporation shall have the power, from time to time, to issue (i) notes to renew notes and (ii) bonds to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether
the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its other corporate purposes. The refunding bonds may be exchanged for the bonds to be refunded or sold and the proceeds applied to the purchase, redemption or payment of such bonds.

(c) Except as may otherwise be expressly provided by a municipal assistance corporation, every issue of its notes and bonds shall be general obligations of the municipal assistance corporation payable out of any revenues of such corporation, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

(d) Such notes and bonds shall be authorized by resolution of a municipal assistance corporation, shall bear such date and shall mature at such time or times as such resolution may provide. The bonds may be issued as serial bonds or as term bonds or as a combination thereof. The notes and bonds shall bear interest at such rate or rates, be in such denominations and in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places and be subject to such terms of redemption as such resolution may provide.

(e) The notes or bonds of the municipal assistance corporation may be exchanged for obligations of the municipality being assisted or may be sold at such price or prices, at public or private sale, in such manner and from time to time as may be determined by such corporation, and the corporation may pay all expenses, premiums and commissions which it
may deem necessary or advantageous in connection with the
issuance and sale thereof. Subsequent to July 1, 1975, no
notes or bonds of a municipal assistance corporation may be
sold at private sale unless such sale and the terms thereof
have been approved in writing by (a) the comptroller where such
sale is not to the comptroller, or (b) the director of the budg,
where such sale is to the comptroller.

2. Any resolution authorizing any notes or bonds
or any issue thereof may contain provisions, which shall be
a part of the contract with the holders thereof, as to:

(a) pledging all or any part of the
revenues to secure the payment of the notes or bonds or of
any issue thereof, subject to such agreements with note holders
or bondholders as may then exist;

(b) pledging all or any part of the
assets of the corporation to secure the payment of the notes
or bonds or of any issue of notes or bonds, subject to such
agreements with note holders or bondholders as may then exist;

(c) the setting aside of reserves or
sinking funds and the regulation and disposition thereof;

(d) limitations on the purposes to which
proceeds of sale of notes or bonds may be applied and pledging
such proceeds to secure the payment of the notes or bonds of
any issue thereof;

(e) limitations on the issuance of
additional notes or bonds; the terms upon which additional not-
or bonds may be issued and secured; and the refunding of out-
standing or other notes or bonds;

(f) the procedure, if any, by which the
terms of any contract with note holders or bondholders may be
amended or abrogated, the amount of notes or bonds the holders
of which must consent thereto, and the manner in which such
consent may be given;
(e) vesting in a trustee or trustees
such property, rights, powers and duties in trust as the cor-
poration may determine, which may include any or all of the
rights, powers and duties of the trustee appointed by the
bondholders pursuant to this title, and limiting or abrogating
the right of the bondholders to appoint a trustee under this
title or limiting the rights, powers and duties of such
trustee;

(h) the acts or omissions to act which
shall constitute a default in the obligations and duties of the
corporation to the holders of the notes or bonds and providing
for the rights and remedies of the holders of the notes or
bonds in event of such default, including the right to appoint-
ment of a receiver; providing, however, that such rights and
remedies shall not be inconsistent with the laws of the state
and the other provisions of this article; and

(i) any other matters of like or differ-
ent character, which in any way affect the security or protec-
tion of the holders of the notes or bonds.

3. Any pledge made by a municipal assist-
ance corporation shall be valid and binding from the time
when the pledge is made. The revenues or property so pledged
and thereafter received by the municipal assistance corpo-
ration shall immediately be subject to the lien of such pledge
without any physical delivery thereof or further act, and the
lien of any such pledge shall be valid and binding as against
all parties having claims of any kind in tort, contract or
otherwise against the municipal assistance corporation, irre-
spective of whether such parties have notice thereof. Neither
the resolution nor any other instrument by which a pledge is
created need be recorded or filed to protect such pledge except
the principal office of the municipal assistance corporation.
4. Neither the directors of a municipal assistance corporation nor any other person executing the notes or bonds of such corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

5. A municipal assistance corporation subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor, to purchase notes or bonds of such corporation, which shall thereupon be cancelled.

6. Anything in this article ten to the contrary notwithstanding, any agreement or agreements with the holders of notes or bonds issued by any municipal assistance corporation created by or pursuant to any title of this article shall contain a clause stating in substance that any vision in this article or in any such agreement or agreements which relate to taxes imposed under article twelve or section eleven hundred seven or eleven hundred eight of the tax law of the state or to the funds created by sections ninety-two-l and ninety-two-d of the state finance law shall be deemed executory only to the extent of the moneys available to the state in such funds from time to time and no liability on account thereof shall be incurred by the state beyond the moneys available in such funds.

7. In the discretion of the directors of a corporation the notes or bonds may be secured by a trust indenture by and between such corporation and a trustee, which may be any trust company or bank having the powers of a trust company in the state. Such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the noteholders or bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the corporation in relation to the exercise of its corporate powers and the custody
may provide by such trust indenture for the payment of the proceeds of the notes or bonds and the revenues to the trustee under such trust indenture or other depository, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out such trust indenture may be treated as a part of the operating expenses of the corporation. If the notes or bonds shall be secured by a trust indenture, the note- holders or bondholders shall have no authority to appoint a separate trustee to represent them.

8. Whether or not the notes and bonds are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the notes and bonds are hereby made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the notes and bonds for registration.

§ 3013. Moneys of a municipal assistance corporation.

1. All moneys of a corporation from whatever source derived may be paid to the treasurer of the corporation and be deposited forthwith in a bank or banks in the state designated by such corporation. The moneys in such account may be paid by the treasurer or other agent duly designated by the corporation on requisition of the chairman of the board of directors of the municipal assistance corporation or of such person or persons as the corporation may authorize to make such requisitions. All deposits of such moneys, may, if required by the corporation, be secured by obligations of the United States or of the state of New York.
of market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits, provided, however, that no funds or accounts held in the capital reserve fund may invested in obligations of or guaranteed by the municipality being assisted or of any of its agencies. Such obligations may either be deposited with the treasurer or be held by a trustee or agent satisfactory to the corporation. The controller and his legally authorized representatives are authorized and empowered from time to time to examine the accounts and books of the corporation, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing.

2. Subject to the provisions of subdivision three of this section, any moneys of a corporation, including the proceeds of notes or bonds, not required for immediate use may be invested in obligations of the municipality being assisted or in obligations of the state or federal government, obligations of the principal of and interest on which are guaranteed by such municipality, the state or federal government, or obligations of agencies of such municipality, of the state or of the federal government which may, from time to time, be legally put by savings banks of the state as investment of funds belonging to them, or in secured time deposit or other interest-bearing accounts secured by such obligations; provided, however, that no funds held in a capital reserve fund may be invested in obligations of or guaranteed by the municipality being assisted or of any of its agencies.

3. A corporation shall have power to contract with holders of any of its notes or bonds as to the custody, collection, securing, investment, and payment of any moneys of the corporation, of any moneys held in trust or
otherwise for the payment of notes or bonds, and to carry out such contract. Moneys held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds or notes and deposits of such moneys may be secured in the same manner as moneys of the corporation, and all banks and trust companies are authorized to give such security for such deposits.

4. Subject to the provisions of any contract with noteholders or bondholders and to the approval of the comptroller, the corporation shall prescribe a system of accounts.

§ 3014. Conditions on payment of funds to or purchase of obligations of municipality. 1. A corporation shall require, in connection with any payment of funds to, or purchase or exchange of the obligations of, the municipality being assisted, or the extension of other benefits thereto, that such municipality agree to observe such conditions with respect to expenditure control, record keeping, accounting, budgeting, financial management and other practices of such municipality as may be set forth in or permitted under the special law creating such corporation. Such agreement may provide such remedies for failure to observe such conditions as shall be necessary or desirable to accomplish the purposes of this article and such special law and are authorized or permitted thereunder.

2. Notwithstanding the provisions of any other law, general, special or local, inconsistent with the provisions hereof, any municipality may sell notes and bonds authorized to be issued pursuant to the local finance law by private sale to the corporation or to receive moneys from the corporation as herein provided and such municipality is hereby authorized to agree to and undertake any agreements made pursuant to the terms hereof.
§ 3015. Agreement with the state. The state does hereby pledge to and agree with the holders of any notes or bonds issued by a corporation under this act that the state will not limit or alter the rights hereby vested in such corporation to fulfill the terms of any agreements made with the said holders thereof, or in any way impair the rights and remedies of such holders until such notes and bonds together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. A corporation is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

§ 3016. State or state-aided municipality not liable on notes and bonds. The notes, bonds or other obligations of a municipal assistance corporation shall not be a debt of either the state or the municipality being assisted, and neither the state nor such municipality shall be liable thereon, nor shall they be payable out of any funds other than those of such corporation; and such notes and bonds shall contain on the face thereof a statement to such effect.

§ 3017. Remedies of noteholders and bondholders. 1. In the event that a corporation shall default in the payment of principal or interest on or sinking fund payment on, any issue of notes or bonds after the same shall become due, whether at maturity or otherwise or in the event that a corporation shall default in any agreement made with the holders of any issue of notes or bonds, the holders of twenty-five per centum in aggregate principal amount of the notes or bonds of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county
in which the principal office of such corporation is located and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such notes or bonds for the purposes herein provided.

2. Such trustee may, and upon written request of the holders of twenty-five percentum in principal amount of such notes or bonds (the holders of such notes or bonds then outstanding shall, in his or its own name:

   (a) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the noteholders or bondholders, including the right to require the corporation to carry out any agreement with such holders and to perform its duties under this act;

   (b) bring suit upon such notes or bonds:

   (c) by action or suit, require the corporation to account as if it were the trustee of an express trust for the holders of such notes or bonds;

   (d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such notes or bonds;

   (e) declare all such notes or bonds due and payable and if all defaults shall be made good, then, with the consent of the holders of twenty-five per centum of the principal amount of such notes or bonds then outstanding, annul such declaration and its consequences.

3. The supreme court shall have jurisdiction of any suit, action or proceeding by the noteholder or bondholder trustee on behalf of such noteholders or bondholders. The venue of any such suit, action or proceeding shall be laid in the county in which the principal office of the corporation is located.
4. Before declaring the principal of notes or bonds due and payable, the trustee shall first give thirty days' notice in writing to the governor, the corporation and to the attorney general of the state.

§ 3018. Notes and bonds as legal investments. The notes and bonds of a corporation are hereby made securities in which all public officers and bodies of this state and all political subdivisions of the state and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. Such notes and bonds are also hereby made securities which may be deposited with and may be received by all public officers and bodies of the state and all political subdivisions of the state and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized.

§ 3019. Exemption from taxation. 1. It is hereby determined that the creation of a corporation and the carrying out of its corporate purpose is in all respects a public and governmental purpose for the benefit of the people of the state and for the improvement of their health, safety, welfare, comfort and security, and that said purposes are public purposes and that a corporation will be performing an essential governmental function in the exercise of the powers conferred upon it by this act.
2. The property of a corporation and its income and operations shall be exempt from taxation.

3. The notes and bonds of a corporation issued pursuant to authority granted in the special act creating it or this act and the income therefrom and all its fees, charges, gifts, grants, revenues, receipts and other moneys received or to be received, pledged to pay, or secure the payment of, such notes or bonds shall at all times be free from taxation, except for estate and gift taxes and taxes on transfers.

§ 3020. Actions against a municipal assistance corporation; indemnification. 1. An action against a municipal assistance corporation for death, personal injury or property damage or founded on tort shall not be commenced more than one year and ninety days after the cause of action shall have accrued nor unless a notice of claim shall have been served on a director of such corporation, or an officer or employee thereof designated by the corporation for such purpose, within the time limited by, and in compliance with the requirements of section fifty-e of the general municipal law.

2. The venue of every action, suit or special proceeding brought against a corporation shall be laid in the county in which the principal office of such corporation is located.

3. The state shall save harmless and indemnify directors, officers and employees of and representatives to a corporation pursuant to section seventeen of the public officers law, against any claim, demand, suit, or judgment arising by reason of any act or omission to act by such director, officer, employee or representative occurring in the discharge of his duties and within the scope of his service on behalf of such corporation. In the event of any claim, demand, suit or
judgment based on allegations that financial loss was sustained by any person in connection with the acquisition, disposition or holding of securities or other obligations of a corporation (or those of any other public corporation if such loss alleged resulted from its dealing with a municipal assistance corporation), a director, officer or employee of or representative to a municipal assistance corporation shall be saved harmless and indemnified, notwithstanding the limitations of subdivision one of section seventeen of the public officers law, unless such individual is found by a final judicial determination not to have acted, in good faith, for a purpose which he reasonably believed to be in the best interest of such corporation or not to have had reasonable cause to believe that his conduct was lawful.

§ 3021. Assistance by state officers, departments, boards and commissions. 1. The department of audit and control, department of law, and all other state agencies may render such services to a corporation within their respective functions as may be requested by such corporation.

2. Upon request of a corporation, any state agency is hereby authorized and empowered to transfer to the corporation such officers and employees as it may deem necessary from time to time to assist such corporation in carrying out its functions and duties under this act. Officers and employees so transferred shall not lose or forfeit their civil service status or rights.
§ 1107. Temporary municipal assistance sales and compensating use taxes for cities of one million or more.

(a) General. On the first day of the first month following the month in which a municipal assistance corporation is created under article ten of the public authorities law for a city of one million or more, in addition to the taxes imposed by sections eleven hundred fifty and eleven hundred ten, there is hereby imposed on such date, within the territorial limits of such city, and there shall be paid, additional taxes, at the rate of four percent, which except as provided in subdivision (b) of this section, shall be identical to the taxes imposed by sections eleven hundred fifty and eleven hundred ten. Such sections and the other sections of this article, including the definition and exemption provisions, shall apply for purposes of the taxes imposed by this section in the same manner and with the same force and effect as if the language of those sections had been incorporated in full into this section and had expressly referred to the taxes imposed by this section.

(b) Exceptions. (1) The exemptions provided for in paragraph (a) of subdivision (a) of section eleven hundred fifteen and subdivision (c) of such section shall not apply. (2) The transitional provisions contained in section eleven hundred six shall not apply to the taxes imposed by this section. (3) Where a sale of tangible personal property or services, including an agreement therefore, is made in a city in which the taxes imposed by subdivision (a) of this section...
The corporation shall be deemed a taxpayer to such munificent corporation

a

ponent to the tax commissioner of a tax imposed by

man prescribed a difference in such rates, for purposes of this subchapter, a

By this section shall also apply but only to the extent of the

rate of tax imposed by such munificent corporation, the tax imposed

imposed by this section and such tax is at a higher rate than

property or services is then subject to the compensation tax

of such property or services is then subject to the compensation tax, if the use of such

the sale of or use of tangible personal property or any of the services

without any right to a refund or credit thereby, with respect to

replied to any munificent corporation in this state, where a retail sales tax or a compensation tax

mean the address tax imposed on a city or town

that section to a retail sales or use tax imposed by a city or town

confession shall be applicable to this section, but any reference in

the purchaser. (f) The provisions of section one hundred

possessor to the purchaser and the receipt of the property by

of this section hereby shall be deemed to include the transfer of

compensation tax takes imposed by this section. For the purposes

shall be required to collect from the purchaser the sales or

they shall not be subject to sales or use tax imposed by

the services were performed to or upon the property upon which

section apply, but the property sold or the property upon which
(c) Tax on sale of service of parking, garaging or storing of motor vehicles. On the first day of the first month following the month in which a municipal assistance corporation is created under Article ten of the public authorities law for a city of one million or more, in addition to the taxes imposed by Sections eleven hundred five, eleven hundred ten and subdivision (a) of this section, there is hereby imposed on such date, within the territorial limits of such city, and there shall be paid, additional taxes at the rate of six percent on receipts from every sale of the service of providing parking, garaging or storing for motor vehicles by persons operating a garage (other than a garage which is part of premises occupied solely as a private one or two family dwelling), parking lot or other place of business engaged in providing parking, garaging or storing of motor vehicles. All provisions set forth in this article applicable to the taxes imposed under Section eleven hundred five, including the definition and exemption provisions of this
article, shall apply with respect to a tax imposed under this subdivision, except as to rate and except as otherwise provided herein. The transitional provisions contained in section eleven hundred six shall not apply to the taxes imposed by this section.

(d) Termination of taxes. At the end of the last day of the month in which all the notes and bonds of such municipal assistance corporation shall have been fully paid and discharged, together with interest thereon and interest on unpaid installments of interest, the taxes imposed by this section shall terminate. Despite such termination, the provisions of this section and any regulations promulgated thereunder, including the provisions with respect to assessment, payment, collection, collection and refund of such taxes, the requirements for filing returns, preservation of records and collection of revenue shall continue in full force and effect with respect to all such taxes accrued up to the effective date of such termination.

§ 1106. Temporary municipal assistance sales and compensating use taxes for cities of under one million.

(a) General. On the first day of the first month following the month in which a municipal assistance corporation is created under article ten of the public authorities law for a city of less than one million, in addition to the tax imposed by sections eleven hundred five and eleven hundred ten, there is hereby imposed on such date, within the territorial limits of such city, and there shall be paid, additional taxes, at the rate of three percent, which except as provided in subdivision (b) of this section, shall be identical to the taxes imposed by sections eleven hundred five and eleven hundred ten. Such sections and the other sections
of this article, including the definition and exemption provisions, shall apply for purposes of the taxes imposed by this section in the same manner and with the same force and effect as if the language of those sections had been incorporated in full into this section and has expressly referred to the taxes imposed by this section.

(b) Exceptions. (1) The receipts from the following shall be exempt from the tax on retail sales and the compensating use tax imposed by this section: All sales of tangible personal property for use or consumption directly and predominantly in the production of tangible personal property, gas, electricity, refrigeration or steam, for sale, by manufacturing, processing, generating, assembling, refining, mining, extracting farming, agriculture, horticulture or floriculture, and all sales of telephone central office equipment and station apparatus or comparable telegraph equipment for use directly and predominantly in receiving at destination or in initiating and switching telephone or telegraph communications.

(2) The transitional provisions contained in section eleven hundred six shall not apply to the taxes imposed by this section.

(3) Where a sale of tangible personal property or services, including an agreement (hereafter, is made in a city in which the taxes imposed by subdivision (a) of this section apply, but the property sold or the property upon which the services were performed is or will be delivered to the purchaser elsewhere, such sale will not be subject to taxes imposed by such subdivision (a). However, if delivery occurs or will occur in any city where the tax imposed by such subdivision (a) applies, a vendor will be required to collect from the purchaser, the sales or compensating use taxes imposed by
this section. For the purposes of this section delivery shall be deemed to include transfer of possession to the purchaser and the receiving of the property by the purchaser.

(4) The provisions of section twelve hundred fourteen shall be applicable to this section, but any reference in that section to a local sales or use tax imposed by a city shall mean the additional taxes imposed by subdivision (a) hereof.

(5) Where a retail sales tax or a compensating use tax was legally due and paid to any municipal corporation in this state, without any right to a refund or credit thereof, with respect to the sale or use of tangible personal property or any of the services subject to sales or compensating use tax, if the use of such property or services is then subject to the compensating use tax imposed by this section and such tax is at a higher rate than the rate of tax imposed by such municipal corporation, the tax imposed by this section shall also apply but only to the extent of the difference in such rates. For purposes of this subdivision, a payment to the tax commission of a tax imposed by a municipal corporation shall be deemed a payment to such municipal corporation.

(c) Termination of taxes. At the end of the last day of the month in which all the notes and bonds of such municipal assistance corporation shall have been fully paid and discharged, together with interest thereon and interest on unpaid installments of interest, the taxes imposed by this section shall terminate. Despite such termination, the provisions of this section and any regulations promulgated thereunder, including the provisions with respect to assessment, payment, termination, collection and refund of such taxes, the requirements for filing returns, preservation of records and disposition of revenue shall continue in full force and effect with respect to all such taxes accrued up to the effective date of such termination.
§ 3. Section eleven hundred forty-eight of

such law, as amended by chapter six hundred ten of the laws of

nineteen hundred sixty-nine, is hereby amended to read as

follows:

§ 1148. Deposit and disposition of revenue. The tax commission shall deposit daily to the credit of the comptroller all taxes, penalties and interest collected under this article in a responsible bank, banking house or trust company as may be designated by the comptroller. The comptroller shall require adequate security from all such depositories. Of the revenue collected under this article the comptroller shall retain in his hands such amount as the commissioner of taxation and finance may determine to be necessary for refunds under this article out of which the comptroller shall pay any refunds made under the provisions of this article. The comptroller, after reserving such refund fund, shall on or before the twelfth day of each month, pay all taxes, interest and penalties collected under this article and remaining to his credit in such banks, banking houses or trust companies at the close of business on the last day of the preceding month, into the general fund of the state treasury, except as otherwise provided in section ninety-two-d of the state finance law.
§ 4. Section twelve hundred ten of such law is hereby amended by adding thereto four new subdivisions, to be subdivisions (f), (g), (h) and (i), to read as follows:

(f) On the first day of the first month following the month in which a municipal assistance corporation is created under article ten of the public authorities law, any taxes imposed pursuant to this section by the city in aid of which such corporation was created and, except as hereinafter provided for in subdivision (h) of this section, the power of such city to adopt and amend local laws, ordinances or resolutions imposing taxes pursuant to the authority of such section shall, notwithstanding any provision of article twenty-nine of this chapter to the contrary, be suspended until all the notes and bonds of such municipal assistance corporation shall have been fully paid and discharged together with interest thereon and interest on unpaid installments of interest.

(g) All of the enabling act provisions, which authorized the imposition of the taxes suspended pursuant to this section, the local laws, ordinances, and resolutions imposing such taxes, any regulations promulgated with respect to such taxes, including the provisions with respect to assessment, payment, determination, collection and refund of such taxes, requirements for filing returns, preservation of records and disposition of revenue shall continue in full force and effect with respect to all such taxes accrued up to the effective date of such suspension.

(h) Notwithstanding the provisions of subdivision (f) of this section, any city having a population of one million or more in which a municipal assistance corporation is created under article ten of the public authorities law shall continue to be authorized and empowered to adopt and amend local laws, imposing taxes, at a rate not to exceed four percent on the receipts of sales from
services of laundering, dry-cleaning, tailoring, weaving, pressing, shoe repairing and shoe shining, and charges to a patron for admission to, or use of, facilities for sporting activities in which such patron is to be a participant such as bowling alleys and swimming pools. Such taxes shall be administered, collected and distributed by the state tax commission as provided in subpart B of part III and in part IV of this article.

(1) On the first day of the first month following the month in which the state taxes provided for in section eleven hundred seven are terminated, the suspension provided for in subdivision (f) of this section shall terminate and any taxes which were in effect immediately prior to the effective date of the suspension shall go into full force and effect.

§ 5. Section twelve hundred twelve-A of such law is hereby amended by adding thereto four new subdivisions, to be subdivisions (f), (g), (h) and (l), to read as follows:

(f) On the first day of the first month following the month in which a municipal assistance corporation is created under article ten of the public authorities law, any taxes imposed pursuant to this section by the city in aid of which such corporation was created and, except as hereinafter provided for in subdivision (h) of this section, the power of such city to adopt and amend local laws, ordinances or resolutions imposing taxes pursuant to the authority of such section shall, notwithstanding any provision of article twenty-nine of this chapter to the contrary, be suspended until all the notes and bonds of such municipal assistance corporation shall have been fully paid and discharged together with interest thereon and interest on unpaid installments on interest.
(g) All of the enabling act provisions, which authorize the imposition of the taxes suspended pursuant to this section, the local laws, ordinances, and resolutions imposing such taxes, any regulations promulgated with respect to such taxes, including the provisions with respect to assessment, payment, determination, collection and refund of such taxes, requirements for filing returns, preservation of records and disposition of revenue shall continue in full force and effect with respect to all such taxes accrued up to the effective date of such suspension.

(h) Notwithstanding the provisions of subdivision (f) of this section, any city having a population of one million or more in which a municipal assistance corporation under Article 10 of the public authorities law is created shall continue to be authorized and empowered, as provided in subdivision (a) of this section, to adopt and amend local laws imposing taxes, at the rate of eight percent, on receipts from any sale of the service of providing parking, garaging or storing for motor vehicles by persons operating a garage (other than a garage which is part of premises occupied solely as a private one or two family dwelling), parking lot or other
place of business engaged in providing parking, garaging or storing for motor vehicles in any county within such city with a population density in excess of fifty thousand per square mile, as determined by reference to the latest federal census; and shall retain the power and authority to adopt and amend local laws imposing the taxes described in subdivision (b) of this section, subject to the provisions of subdivisions (d) and (e) of this section; provided that the taxes described in such subdivision (b) may be imposed at a rate not to exceed four percent. The taxes authorized to be imposed pursuant to this section shall be in addition to any other tax which such a city may impose or may be imposing pursuant to this article or any other law. Such taxes shall be administered, collected and distributed by the state tax commission as provided in subpart B of part II: and in part IV of this article.

§ 6. Section twelve hundred twenty-three of such law, as amended by chapter three hundred sixty-eight of the laws of nineteen hundred seventy-four, is hereby amended to read as follows:
§ 1223. Limitations on rates.

No transaction taxable under sections twelve hundred two through twelve hundred four shall be taxed pursuant to this act by any county or by any city located therein, or by both, at an aggregate rate in excess of the highest rate set forth in the applicable subdivision of section twelve hundred one of this act or, in the case of any taxes imposed pursuant to the authority of section twelve hundred ten or twelve hundred eleven (other than taxes imposed by a city having a population of one million or more for the limited period provided in section twelve hundred ten) pursuant to subdivision (h) of section twelve hundred ten, at a rate in excess of three percent.

If a transaction is taxed by both a county and a city, the rate of tax on such transaction imposed by the county or city, not having prior right thereto pursuant to section twelve hundred twenty-four, shall be deemed to be reduced (or the entire tax eliminated, if necessary) to the extent necessary to comply with the foregoing requirement. A tax imposed by a county upon any transaction, to the extent that it would require a reduction in any tax rate imposed thereon by a city, shall not become effective in respect to any transaction taxed by such city (or in respect of other similar transactions outside of the city which, if occurring in such city, would be subject to such city tax) before the commencement of the city's next succeeding fiscal year and then only if the county shall have given notice to such city of its imposition of a tax on such transaction at least six months prior to the commencement of such fiscal year, provided however that the local legislative body of such city may waive the requirement of such notice and the postponement of the effective date of such tax. A city tax upon any transaction, to the extent that it would require a reduction in any tax rate imposed by a county thereon, shall not become effective in respect of any transaction taxed by such county before the commencement of the county's next succeeding fiscal year and then only if the city shall have given notice to such county of its imposition of a tax on such transaction at least six months prior to the commencement.
of such fiscal year, provided, however, that the local legislative body of such county may waive the requirement of such notice and the postponement of the effective date of such tax. However, whether or not the six months' notice requirement provided in this section has been waived, a tax imposed pursuant to the authority of section twelve hundred ten or twelve hundred eleven shall still be subject to the requirements provided for in the first three sentences of paragraph (d) of such sections and in paragraph (e) of such sections.

§ 7. The state finance law is hereby amended by adding the following sections to be section ninety-two-d, to read as follows:

§ 92-d. Municipal assistance tax fund.

There is hereby established in the custody of the comptroller a special fund to be known as the municipal assistance fund. Within such fund, there is hereby established a special account for each municipal assistance corporation created by article ten of the public authorities law.

Such fund shall consist of the revenues derived from municipal assistance sales and compensating use taxes imposed under sections eleven hundred seven and eleven hundred eight of this tax law.

The taxes, interest and penalties imposed, pursuant to sections eleven hundred seven or eleven hundred eight (as the case may be) of the tax law within the territorial limits of a city in aid of which a municipal assistance corporation has been created, and received by the state tax commissioner after deducting the amount which the commissioner
reasonable costs of the state tax commission in administering, collecting and distributing such taxes, shall be appropriated (i) to the municipal assistance corporation which has been created in aid of such city in order to enable such corporation to fulfill the terms of any agreements made with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, and (ii) the balance, if any, to the city in aid of which such corporation has been created as hereinafter provided.

4. On or before the twelfth day of each month, the commissioner of taxation and finance shall certify to the comptroller the amount of all revenues so received during the prior month as a result of the taxes, interest and penalties so imposed and in addition on or before the last day of June the commissioner shall certify the amount of such revenues received during and including the first twenty-five days of June. The amount of revenues so certified shall be deposited by the comptroller in the municipal assistance tax fund and the amount attributable to the taxes, interest and penalties imposed within the territorial limits of a city in aid of which a municipal assistance corporation has been created shall be credited to a special account established in such fund for such corporation. Notwithstanding the foregoing provisions, the state tax commission may prorate revenue attributable to the first quarter return period during which the taxes imposed by section eleven hundred seven or eleven hundred eight (as the case may be) of the tax law applies so as to separate from the revenue collected for that quarter pursuant to such taxes the revenue collected pursuant to local legislation adopted by a city pursuant to section twelve hundred ten or twelve hundred twelve-A of the tax law. Such a proration by the state tax commission shall be made on the basis of the ratio of the number of months during which such taxes were imposed during such quarterly return to the total number of months in such quarterly period when such proration is reasonably necessary to ascertain the amount of such money which must be deposited by the comptroller in such special account and the amount of such money which must be deposited pursuant to section twelve hundred sixty-one of the tax law.
The commissioner of taxation and finance shall not be held liable for any inaccuracy in any certification under this subdivision.

5. Revenues in any special account in the municipal assistance tax fund shall be kept separate and shall not be commingled with any other moneys in the custody of the comptroller. All deposits of such revenues shall, if required by the comptroller, be secured by obligations of the United States or of the state having a market value equal at all times to the amount of such deposits and all banks and trust companies are authorized to give security for such deposits. Any such revenues in such fund may, in the discretion of the comptroller, be invested in obligations of the United States or of the state or in obligations the principal of and interest on which are guaranteed by the United States or by the state.

6. Upon receipt by the comptroller of a certificate or certificates from the chairman of a municipal assistance corporation that such corporation requires a payment or payments in order to comply with any agreement with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, from the special account established for such corporation, each of which certificates shall specify the required payment or payments and the date when the payment or payments is required, the comptroller shall pay from such special account on or before the specified date or within thirty days after such receipt, whichever is later, to such corporation, as the chairman thereof may direct in any such certificate, the amount or amounts so certified. The chairman of such
corporation shall furnish the commissioner of taxation and finance with copies of such certificates. The comptroller shall from time to time, but in no event later than the fifteenth day of October, January and April and the last day of June of each fiscal year, pay over and distribute to the chief fiscal officer of the city in aid of which such municipal assistance corporation has been created to be paid into the treasury of such city to the credit of the general fund all revenues in the special account established for such corporation in the municipal assistance tax fund, if any, in excess of the aggregate amount which the chairman of such corporation has certified to the comptroller and which has been previously appropriated and paid to such corporation as hereinafore authorized. In no event shall the comptroller pay over and distribute any revenues (other than the amount to be deducted for administering, collecting and distributing such sales and compensating use taxes) to any person other than the municipal assistance corporation unless and until the aggregate of all payments certified to the comptroller as required by such corporation as of such date in order to comply with its agreements with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, which remain unappropriated or unpaid to such corporation shall have been appropriated to such corporation and shall have been paid in full; provided, however, that no person, including such corporation or the holders of its notes or bonds shall have any lien on such revenues and such agreement shall be executory only to the extent of such revenues available to the state in such special account. On the day on which the comptroller pays over and distributes to the chief fiscal officer of such city any revenues from such special account the commissioner of taxation and finance
shall certify to the comptroller the amount to be deducted for administering, collecting and distributing the tax imposed pursuant to section eleven hundred seven or eleven hundred eight (as the case may be) of the tax law within the territorial limits of such city since he last certified such amount and the comptroller shall pay such amount into the general fund of the state treasury to the credit of the state purposes fund therein.

7. In the event that the amount of revenues in the special account established for the municipal assistant corporation for the city of New York in the municipal assistance tax fund which have been appropriated to such corporation shall at any time be less than the amount which the chairman of such corporation has certified to the comptroller as required in order to comply with its agreements with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, then and in such event the comptroller shall forthwith certify to the commissioner of taxation and finance the amount of the difference between the revenues in such special account and the amount so certified as required by such corporation and upon receipt of such certificate the commissioner of taxation and finance shall approve a voucher for payment of the amount of such difference into such special account in the municipal assistance tax fund from the stock transfer tax fund established pursuant to subdivision one of section ninety-two-b of the state finance law at the next date for payment from such fund as provided in subdivision four of such section, anything in said section to the contrary notwithstanding.

8. All payments of moneys from the municipal assistance tax fund shall be made on the audit and warrant of the state comptroller.
§ 3. Subdivisions three and four of section ninety-two-b of such law, as amended by chapter seven hundred sixty-eight of the laws of nineteen hundred sixty-nine, are hereby amended to read as follows:

3. The moneys received from such tax and other sources in such fund, after deducting the amount the commissioner of taxation and finance shall determine to be necessary for reasonable costs of the state tax commission in administering, collecting and distributing such tax, commencing with the fiscal year ending March thirty-first, nineteen hundred seventy-seven, shall be appropriated to (i) the municipal assistance corporation for the city of New York created pursuant to title three of article ten of the public authorities law in order to enable such corporation to fulfill the terms of any agreements made with the holders of its notes and bonds and to carry out its corporate purposes including the maintenance of the capital reserve fund and (ii) to the extent such moneys are not required by such corporation as provided in subdivision seven of section ninety-two-d of the state finance law as added by a chapter of the laws of nineteen hundred seventy-five to the city of New York, for the support of local government.

4. After the deduction of such costs of the state tax commission in administering, collecting and distributing such tax, the balances in such fund so appropriated shall be distributed and paid on the last day of September, December, March and June into the special account established for the municipal assistance corporation for the city of New York in the municipal assistance tax fund established pursuant to subdivision one of section ninety-two-d of the state finance law as added by a chapter of the laws of nineteen hundred seventy-five, unless and to the extent the balances in such fund on each such last day are not required by such corporation as provided in said subdivision seven of said section ninety-two-d of the state finance law in which case the balance not so required, if any, shall be distributed and paid to
the chief fiscal officer of the city of New York to be paid into the treasury of the city to the credit of the general fund, and on each such day, the commissioner of taxation and finance shall certify to the comptroller the amount deducted for administering, collecting and distributing such tax during such quarterly period shall pay such amount into the general fund of the state treasury to the credit of the state purposes fund therein. In no event shall any amount (other than the amount to be deducted for administering, collecting and distributing such tax) be distributed or paid from the stock transfer fund to any person other than the municipal assistance corporation for the city of New York unless and until the aggregate of all payments certified to the comptroller as required by such corporation in order to comply with its agreements with the holders of its notes or bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, which remain unappropriated or unpaid to such corporation shall have been appropriated to such corporation and shall have been paid in full provided, however, that no person, including such corporation or the holders of its notes or bonds shall have any lien on such tax and such agreements shall be executory only to the extent of the balances available to the state in such fund.

§ 9. Inconsistent provisions of other laws superseded. Insofar as the provisions of this act are inconsistent with the provisions of any other law, general or special, the provisions of this act shall be controlling.

§ 10. If any provision of this act is declared unconstitutional, no other provisions of this act shall be rendered ineffective, unless inseparable from the provision declared to be unconstitutional.

§ 11. This act shall take effect immediately.
the chief fiscal officer of the city of New York to be paid into the treasury of the city to the credit of the general fund, and on each such day, the commissioner of taxation and finance shall certify to the comptroller the amount deducted for administering, collecting and distributing such tax during such quarterly period shall pay such amount into the general fund of the state treasury to the credit of the state purposes fund therein.

In no event shall any amount (other than the amount to be deducted for administering, collecting and distributing such tax) be distributed or paid from the stock transfer fund to any person other than the municipal assistance corporation for the city of New York unless and until the aggregate of all payments certified to the comptroller as required by such corporation in order to comply with its agreements with the holders of its notes and bonds and to carry out its corporate purposes, including the maintenance of the capital reserve fund, which remain unpaid, unapprised or unpaid to such corporation shall have been apportioned to such corporation and shall have been paid in full; provided, however, that no person, including such corporation or the holders of its notes or bonds shall have any lien on such tax and such agreements shall be executory only to the extent of the balances available to the state in such fund.

§ 9. Inconsistent provisions of other laws superseded. Insular as the provisions of this act are inconsistent with the provisions of any other law, general or special, the provisions of this act shall be controlling.

§ 10. If any provision of this act is declared

State of New York

DEPARTMENT OF STATE

Have compared the preceding with the original law on file in this department, and do hereby certify that the same is a correct transcript therefrom, and of the whole of said original law.

GIVEN under my hand and the official seal of the Department of State, at the City of Albany, this ______ day of _______ in the year one thousand nine hundred and seventy-five.

MARIO M. CUOMO
Secretary of State

Gilbert Farwood, Acting Deputy Secretary of
AN ACT

to amend the public authorities law, in relation to creating the municipal assistance corporation for the city of New York; to amend the state finance law, in relation to bonds and notes of such corporation; and to amend the public authorities law, in relation to the termination of the authority and existence of the New York city stabilization reserve corporation

The People of the State of New York, represented in Senate and Assembly, do enact as follows:
Section 1. Article ten of the public authorities law, as added by a chapter of the laws of nineteen hundred seventy-five, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal assistance sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund", is hereby amended by adding thereto a new title, to be title three, to read as follows:
TITLE III
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY
OF NEW YORK

Section 3030. Short title.

3031. Legislative findings and statement of purposes.

3032. Definitions.

3033. Creation of the municipal assistance corporation for the city of New York; authorized indebtedness.

3034. Administration of the corporation.

3035. Exchange of notes or bonds of the corporation for short-term obligations of the city.

3036. Payments to the corporation; funds of the corporation.

3037. Payments to or purchases of obligations of the city.

3038. Conditions on extension of benefits to the city.

3039. Review by the corporation.

3040. Remedies of the corporation.

§ 3030. Short title. This title shall be known and may be cited as the "Municipal Assistance Corporation for the city of New York Act".

§ 3031. Legislative findings and statement of purposes.

The legislature hereby finds and declares that it is necessary for a municipal assistance corporation to be created to assist the city of New York in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of such city so that it may retain its ability to sell its obligations to the public.

§ 3032. Definitions. As used in this title, the following words and terms shall have the following meanings unless the context shall indicate another or different meaning or intent:
1. "Corporation" means the corporate governmental agency created by section three thousand thirty-three of this chapter.

2. "City" means the city of New York.

3. "Mayor" means the mayor of the city of New York.

4. "City comptroller" means the comptroller of the city of New York.

5. "City budget director" means the director of management and budget of the city of New York.


§ 3033. Creation of the municipal assistance corporation for the city of New York; authorized indebtedness. 1. There is hereby created the municipal assistance corporation for the city of New York. The corporation shall be a corporate governmental agency and instrumentality of the state constituting a public benefit corporation. It shall have the powers, privileges and duties of a corporation under title two of this article and under this title. The corporation shall continue for a term of one year, after all its liabilities have been fully paid and discharged. Upon the termination of the existence of the corporation, all of its rights and property shall pass to and be vested in the state.

2. The corporation shall not issue bonds and notes in an aggregate principal amount exceeding three billion dollars, excluding bonds and notes issued to refund outstanding bonds and notes; provided, however, that if bonds and notes are issued by the New York City stabilization reserve corporation pursuant to title twenty-six of article eight of the public authorities law, the maximum principal amount of bonds and notes which may be issued
by the corporation shall be determined by the difference between the principal amount of such bonds and notes issued by the New York city stabilization reserve corporation and the principal amount of such bonds and notes held by the corporation.

3. No note or bond (i) shall mature more than fifteen years from the date of the original issue of such note or bond or (ii) or shall be issued on a date later than five years after the effective date of this act, unless such note is a renewal or refunding of an outstanding note or bond.

§ 3034. Administration of the corporation. 1. The corporation shall be administered by a board of directors, consisting of nine directors, none of whom shall be officers or employees of the federal government or of the state or political subdivisions thereof. All of the directors shall be appointed by the governor with the advice and consent of the senate, provided that four of such directors shall be appointed upon written recommendation of the mayor. Of the directors initially appointed upon the written recommendation of the mayor, one shall serve for a term ending December thirty-first, nineteen hundred seventy-six; one shall serve for a term ending December thirty-first, nineteen hundred seventy-seven; one shall serve for a term ending December thirty-first, nineteen hundred seventy-eight; and one shall serve for a term ending December thirty-first, nineteen hundred seventy-nine. Of the remaining directors initially appointed by the governor, one shall serve for a term ending December thirty-first, nineteen hundred seventy-six; one shall serve for a term ending December thirty-first, nineteen hundred seventy-seven; one shall serve for a term ending December thirty-first, nineteen hundred seventy-eight; and two shall serve for a term ending December thirty-first, nineteen hundred seventy-nine. Each director shall hold office until his
successor has been appointed and qualified. Thereafter each director appointed by the governor shall serve a term of four years, except that any director appointed to fill a vacancy shall serve only until the expiration of his predecessor's term.

2. The speaker and the minority leader of the assembly, the president pro tempore and the minority leader of the senate, the city board of estimate acting by majority vote, and the vice-chairman of the city council, shall each be entitled to appoint a representative to the board of directors. Each such 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. No representative shall be an employee or officer of the federal, state or city governments. Each representative shall serve at the pleasure of the appointing official or body, shall be eligible for reappointment, and shall hold office until his successor has been appointed.

§ 3035. Exchange of notes or bonds of the corporation for short-term obligations of the city. 1. The corporation may issue its notes or bonds in exchange for short-term obligations of the city, provided that the principal amount of the corporation's notes or bonds issued in any such exchange shall not exceed the principal amount of such short-term obligations and accrued interest thereon at the stated rate to the date of such exchange.

2. Upon receipt of the short-term obligations of the city exchanged in accordance with subdivision one hereof, the corporation may deliver such short-term obligations to the city, which shall thereupon cancel such obligations without making any payment of principal amount or accrued interest thereon and the city shall have no further liability with respect thereto. Notwithstanding the foregoing, the corporation
shall not deliver bond anticipation notes received pursuant to subdivision one to the city for cancellation unless the city pays the principal amount and accrued interest thereon or pays accrued interest and exchanges such bond anticipation notes for other bond anticipation notes of the city in equal principal amounts and at not less than the same interest rate, in refunding or renewal thereof.
3. The corporation shall not exchange any of its bonds or notes for short-term obligations of the city pursuant to subdivision one hereof unless (a) the city shall have agreed to observe the conditions set forth in section three thousand thirty-eight of this chapter, subject to such modifications as are permitted thereunder and as the corporation may then approve, and (b) the board of directors of the corporation shall have determined that the terms of such exchange will not prejudice the rights of holders of other bonds and notes of the city.

§ 3036. Payments to the corporation; funds of the corporation. 1. Not less than one hundred twenty days before the beginning of each fiscal year of the corporation (but not later than July 1, 1975 for the fiscal year ending June 30, 1976), the chairman of the board of directors of the corporation shall certify to the state comptroller and to the mayor a schedule setting forth the cash requirements of the corporation for such fiscal year and the time or times when such cash is required. The total amount so certified by such chairman for such fiscal year shall be equal to: (i) the amounts which are required to be deposited in the capital reserve fund during such fiscal year in order to maintain the capital reserve fund of the corporation at the level required in accordance with subdivision five of this section; (ii) the amounts required to be deposited in the debt service fund of the corporation to pay all interest and all payments of principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due during such fiscal year; and (iii) the amounts required to be deposited in the operating fund of the corporation, as determined by the corporation, to meet the operating requirements and other expenses of the corporation during such fiscal year. If any increase shall occur in the cash requirements specified above, or if payments are required...
at a time or times earlier than previously certified or if the city shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the city to the corporation and maturing within the same fiscal year, such chairman shall certify a revised schedule of cash requirements for such fiscal year to the state comptroller and to the mayor. The schedule accompanying such certification (or revision thereof) shall provide for such payment dates as the corporation deems appropriate to assure that sufficient funds will be available from the sources identified below to enable it to meet its current obligations as they come due. Upon receipt of such certification, or any revision thereof, the state comptroller shall pay such amount to the corporation for deposit in the appropriate funds, in accordance with such certification from the special account established for the corporation in the municipal assistance tax fund, in accordance with subdivision one of section ninety-two-d of the state finance law, including any amount transferred to the municipal assistance tax fund from the stock transfer tax fund pursuant to subdivision four of section 92-b of the state finance law. Any such payment shall be made within thirty days of receipt of the certification or at the time specified in the certification, whichever is later; provided that any such amounts shall have been first appropriated by the state for such purpose or shall have been otherwise made available. Any amount so paid to the corporation shall be deducted from the amount otherwise payable to the city from the municipal assistance tax fund established by section ninety-two-d of the state finance law and shall not obligate the state to make, nor entitle the city to receive, any additional payments.

2. Notwithstanding subdivision one of this section, prior to any transfers from the stock transfer tax fund to the municipal assistance tax fund, money, if any, payable to any other public benefit corporation from such fund pursuant to the provision of any law, the effective date of which is prior to the effective date of this title, shall be paid in full to such other corporation.
3. The corporation shall create and establish a special fund (herein referred to as capital reserve fund), and shall pay into such capital reserve fund (i) any moneys appropriated and made available by the state for the purposes of such fund, (ii) any proceeds of sale of notes or bonds, to the extent provided in the resolution of the corporation authorizing the issuance thereof, and (iii) any other moneys which may be made available to the corporation for the purpose of such fund, from any other source or sources. All moneys held in the capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the corporation, as the same mature or otherwise become due, the purchase of bonds of the corporation, the payment of interest on such bonds of the corporation or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. If the amount contained in the capital reserve fund exceeds the amount required to be contained in such fund pursuant to this subdivision three of this section plus any additional amounts required to be contained in such fund pursuant to the terms of issuance of any bonds or notes, such excess moneys may be withdrawn from the capital reserve fund by the corporation; provided, however, that moneys in such fund shall not be withdrawn therefrom at any time in such amounts as would reduce the amount of such fund to less than the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on all bonds of the corporation then outstanding, except for the purpose of paying principal of and interest on such bonds of the corporation maturing or otherwise becoming due and for the payment of which other moneys of the corporation are not available. Any income or interest earned by, or increment to, the capital reserve fund due to the investment thereof may be transferred by the corporation to any other fund of the corporation to the extent it does not reduce
the amount of the capital reserve fund below the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on all bonds of the corporation then outstanding.

4. In order further to assure the maintenance of the capital reserve fund, there shall be annually appropriated and paid to the corporation for deposit in the capital reserve fund such sum, if any, as shall be certified by the chairman to the governor and director of the budget as necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. The chairman of the board of directors of the corporation shall, annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the sum, if any, required to restore the capital reserve fund to the amount aforesaid; and the sum or sums so certified, if any, shall be appropriated and paid to the corporation during the then current state fiscal year.

5. The corporation shall not issue bonds at any time if the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on such bonds then to be issued and on all other bonds of the corporation then outstanding will exceed the amount of the capital reserve fund requirement at the time of issuance, unless the corporation, at the time of such issuance, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such fund, will be not less than the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on such bonds then to be issued and on all other bonds of the corporation then outstanding (such amount is herein sometimes referred to as the capital reserve fund requirement). Notwithstanding the foregoing provisions of this subdivision for each of the calendar years set forth below the capital reserve fund requirement,
as of any date of calculation, shall equal the percentages set forth opposite such calendar year of the amount of principal and interest maturing or otherwise becoming due during such calendar year on all bonds of the corporation outstanding on such date:

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>0%</td>
</tr>
<tr>
<td>1976</td>
<td>0%</td>
</tr>
<tr>
<td>1977</td>
<td>25%</td>
</tr>
<tr>
<td>1978</td>
<td>50%</td>
</tr>
<tr>
<td>1979</td>
<td>75%</td>
</tr>
<tr>
<td>1980</td>
<td>100%</td>
</tr>
</tbody>
</table>

6. In computing the amount of the capital reserve fund for the purposes of this section, securities in which all or a portion of such fund shall be invested shall be valued at par or if purchased at other than par, at amortized value.

7. The corporation shall create a debt service fund and an operating fund and may create and establish such other fund or funds as may be necessary or desirable for its corporate purposes.

8. The fiscal year of the corporation shall be the same as the fiscal year of the city.

§ 3037. Payments to or purchases of obligations of the city. In the event that the mayor from time to time certifies to the corporation an amount required by the city to enable it to pay, at maturity, the principal of and interest on any short-term obligations of the city, or to pay operating expenses of the city, the corporation may (i) pay to the city, or (ii) purchase from the city obligations hereafter issued by the city in an amount equivalent to, part or all of such certified amount. Money paid to the city pursuant to clause (i) or (ii) of this section shall be held in
trust for the payment of short-term obligations or shall be used to pay operating expenses of the city. Any obligations issued by the city and purchased by the corporation pursuant to this section shall mature on a date not later than fifteen years from the original date of issue of such obligations. The corporation shall not make any payment to the city, or purchase any obligations from the city, pursuant to this section unless the city shall have agreed to observe the conditions set forth in section three thousand thirty-eight of this chapter, subject to such modifications as are permitted thereunder. The outstanding amounts paid to the city for operating expenses pursuant to clause (1) and clause (11) of this subdivision shall not exceed one billion seven hundred twenty-five million dollars, provided that not more than nine hundred million dollars shall be obligations maturing in a fiscal year succeeding the fiscal year in which issued (of which not less than seven hundred fifty million dollars shall be applied for welfare or public education purposes as to which state assistance payments have been or will be advanced to the city) and shall be evidenced by city obligations, and any balance shall be short term obligations payable in the fiscal year in which issued.

§ 3038. Conditions on extension of benefits to the city.

The corporation shall, at the time of any exchange of the corporation's bonds and notes for short-term obligations of the city pursuant to subdivision two of section three thousand thirty-five of this chapter or any payment of funds of the corporation to the city or of any purchase from the city of its obligations pursuant to section three thousand thirty-seven of this chapter, require the city to agree to observe and perform the conditions set forth below in this section, with such limitations as to the implementation of such conditions as the corporation may, subject to any contract with bondholders or noteholders, then approve; provided, however, that no such specific limitations shall be so substantial as to effectively constitute a waiver of any such conditions. Any such conditions may thereafter, in the discretion of the corporation, subject to any contract with bondholders or noteholders, be further limited. Such conditions shall cease to apply when all notes and bonds have been repaid or when the corporation has accumulated in its capital reserve fund or otherwise an amount equal to the principal of all outstanding notes and bonds and interest
accrued thereon. The city shall have the right at any time to pay the corporation an amount which, when added to the capital reserve fund, shall equal the principal of all outstanding notes and bonds and interest accrued thereon and redemption premium if any. If the city makes such payment at a time when the corporation has outstanding notes or bonds that are not then callable, the city shall agree to pay the corporation on demand an amount equal to the amount, if any, by which the amount of interest on such notes or bonds shall exceed the corporation's income from the investment of its funds. Subject to the foregoing, the conditions that the corporation shall require the city to observe and perform shall be as follows:

1. The city shall deliver a certificate, executed by the mayor and the city comptroller in form prescribed by the corporation, (a) representing that the city is in compliance with the conditions described below in this section as the corporation may specify, (b) undertaking to comply with any of such specified conditions as the corporation may then require, and (c) stating that all local legislative and executive action then required to permit such compliance by the city has been taken. The corporation may require the delivery with such certificate of an opinion of the city's corporation counsel that all such legislative and executive action has been taken.

2. The city shall, within ninety days after the first such agreement, initiate steps to adopt as the city's method of accounting for purposes of reporting to the corporation with respect to the city's financial condition and compliance with the conditions of this section, the accounting principles set forth in the state comptroller's uniform system of accounts for municipalities, as the same may be modified by the state.
comptroller, in consultation with the city comptroller, for application to the city. The city shall complete the transition to such accounting method as promptly as reasonably practicable thereafter and, in any event, so that the audited financial statements for the fiscal year ending June thirtieth, nineteen hundred seventy-eight and for each subsequent fiscal year that are to be provided to the corporation pursuant to subdivision three of this section three thousand thirty-eight shall be prepared in accordance with such accounting methods, except as provided below in this subdivision. It is recognized that the adoption of such accounting principles may result in substantial adjustments from the accounting principles now followed by the city. The corporation and the city shall consult, over the course of the introduction and adoption of such accounting system, in order to formulate a mutually acceptable method of phasing such adjustments into such accounting system over such reasonable period, not exceeding ten years, as the corporation may determine to be appropriate and the financial statements and other information to be furnished to the corporation may, notwithstanding any other provision of this section three thousand thirty-eight be prepared in accordance with such determination.

3. The city shall take such action as may be necessary to enable the state comptroller, or at his election an independent certified public accounting firm retained by the city but satisfactory to the state comptroller, to perform an annual audit and to furnish to the corporation an annual report, for the fiscal year ending June thirtieth, nineteen hundred seventy-eight and for each subsequent fiscal year, upon the financial statements of the city. Each such report shall be prepared in accordance with the accounting method
prescribed under subdivision two of this section.
The city shall make available for inspection and copying all
books, records, work papers and other data and material as
required by the state comptroller or the independent certified
public accounting firm conducting such audit and the city
shall make its officers and employees available to and shall
cooperate with such auditors so as to permit such annual audit
to be completed and the report issued to the city and to the
corporation within one hundred twenty days after the close
of the fiscal year. Such report shall be made available to
the public promptly thereafter.

4. Beginning with the fiscal year ending June
thirtieth, nineteen hundred seventy-seven and for each fiscal
year thereafter, the city shall deliver a proposed expense
budget to the corporation. Delivery to the corporation shall
be made concurrently with the initial submission of the pro-
posed expense budget to the board of estimate and the city
council, but in any event not later than forty-five days prior
to the beginning of such fiscal year. Beginning with the fiscal
year ending June thirtieth, nineteen hundred seventy-eight,
and for each fiscal year thereafter, the proposed expense
budget submitted to the corporation shall be prepared in
accordance with the accounting principles set forth in subdi-
vision two of this section (except as may be modified by
the application of subdivision five of this section).
Such budget shall be identical to the proposed expense budget
submitted to the board of estimate and city council except
for any differences resulting from the application of such
accounting principles. The proposed expense budget delivered
to the corporation shall be accompanied by (i) a statement
setting forth in detail the assumptions of income and expense
used in its preparation, (ii) a reconciliation of the differences,
if any, between such proposed expense budget and the proposed expense budget submitted to the board of estimate and the city council, and (iii) a certificate of the mayor stating that such assumptions are reasonable and that operation within the budget is feasible and explaining the reasons for any differences therein from the proposed expense budget submitted to the board of estimate and the city council. The city shall in every fiscal year adopt and maintain an expense budget in which the total of all income items equals or exceeds the total of all expenditure items. For the fiscal year ending June thirtieth, nineteen hundred seventy-eight and each subsequent fiscal year the total of all income items shall also equal or exceed the total of all expenditure items in each expense budget as adopted by the city, after the adjustments, if any, required to conform to the accounting principles set forth in subdivision two of this section (except as may be modified by the application of subdivision five of this section) and the city shall also maintain a budget balanced in accordance with such accounting principles.

5. The city shall, over a period of ten fiscal years (except as provided in paragraph (e) of this subdivision), beginning with its fiscal year ending June thirtieth, nineteen hundred seventy-seven, eliminate from its capital budget those expenses that are properly includable only in its expense budget, as determined in accordance with the accounting principles set forth in the state comptroller's uniform system of accounts for municipalities, as the same may be modified by the state comptroller, in consultation with the city comptroller, for application to the city. The determination of which items are properly includable only in the city's expense budget shall be made in accordance with the aforesaid accounting.
principles regardless of any act of the legislature prior or
subsequent to the effective date of this title otherwise clas-
sifying such items. To implement the foregoing:

(a) The mayor and the city comptroller shall,

not later than October thirty-first, nineteen hundred seventy-
five, certify to the corporation, a list, to the best of their
information, of the expense items in the city's capital budget
for the fiscal year ending June thirtieth, nineteen hundred
seventy-six, and the amount of each such item;

(b) The comptroller (or the independent
certified public accounting firm then retained pursuant to
subdivision three of this section) shall prepare a deter-
mination of and shall report upon the expense items and the
amount thereof in the city's capital budget for the fiscal
year ending June thirtieth, nineteen hundred seventy-six and
for each subsequent fiscal year, in accordance with the afore-
said accounting principles. Such report shall also include a
statement as to the city's compliance with the conditions of
this subdivision for the fiscal year reported upon
and in the budget for the succeeding fiscal year;

(c) Unless the corporation shall approve the
inclusion of a greater amount with respect to any such fiscal
year, the aggregate amount of all such expense items included
in the capital budget for the fiscal year ending June thirtieth,
nineteen hundred seventy-seven and for each following fiscal
year shall be reduced at the cumulative rate of ten percent
per year from the aggregate amount for the nineteen hundred
seventy-six fiscal year set forth in the report provided
for under paragraph (b) of this subdivision

( or set forth in the certification under paragraph (a) of
this subdivision if such report has not then been
prepared). For the fiscal year ending June thirtieth, nineteen hundred eighty-six and thereafter, no such expense items shall be included in the city's capital budget;

(d) For the fiscal year ending June thirtieth, nineteen hundred seventy-seven and continuing thereafter, the city shall not include any new or additional item in its capital budget which, in accordance with the aforesaid accounting principles, is properly includable only in its expense budget; and

(e) On recommendation from the mayor, expressing the reasons therefor, the corporation shall consider and may approve an extension of the period over which such expense items are to be eliminated from the city's capital budget, but not beyond the fiscal year ending June thirtieth, nineteen hundred ninety-one. In the event any such extension is approved, the corporation shall without deferring the time when such elimination shall begin, approve an appropriate reduction in the cumulative annual rate of such elimination to not less than five percent.

6. If after the adoption of the expense budget for any fiscal year, any increase therein, or an increase in total expenditures shall be proposed, the mayor shall cause such proposal to be submitted to the corporation concurrently with its submission to the board of estimate and the city council, together with a statement of the source of current income or other identifiable and currently available funds required for the payment of such additional amounts.

7. Commencing at such time as the corporation may specify, but not later than December 1, 1975 the city budget director shall deliver to the corporation, not less than
thirty days before each fiscal quarter (except, within thirty days after the commencement of the first fiscal quarter), an expenditure plan to implement the city expense budget for such fiscal quarter and within amounts based on current income or other identifiable and currently available funds. The city budget director shall deliver to the corporation within thirty days after the end of each such fiscal quarter covered by an expenditure plan, an operations report reflecting results of city operations for such fiscal quarter and whether the city has operated within the related expenditure plan. Each expenditure plan and operations report shall be in such form as the corporation may specify and shall be certified by the city budget director and shall detail and report upon action taken by the city to maintain a balanced expense budget.

8. The city shall comply in all material respects with the expenditure limitations in its budgets as adopted or modified in accordance with subdivision four and six of this section, except insofar as any noncompliance is the result of (a) such unanticipated circumstance occurring during such fiscal year that would permit the issuance of

or (b) a mandatory increase in expenditures by reason of state or federal legislation enacted after the adoption of the city's budget for such fiscal year.

9. The city shall not, at any time permit the aggregate principal amount of its outstanding short-term obligations plus the aggregate principal amount of all notes and bonds issued by the corporation (less any notes or bonds of the corporation which have been refunded or renewed and less any short-term obligations of the city then held by the corporation)
poration) to exceed (i) six billion one hundred million
(hereinafter called the base debt limit) plus (ii) an additional
amount, not exceeding ten percent of the base debt
limit; provided, however, that during the fiscal years ending
June 30, 1976 and 1977 such additional amount may not exceed
thirty per cent of the base debt limit, during the fiscal year
ending June 30, 1978 the additional amount may not exceed twenty-
five per cent of the base debt limit, during the fiscal year
ending June 30, 1979, the additional amount may not exceed twenty
per cent of the base debt limit, and during the fiscal year
ending June 30, 1980 the additional amount may not exceed
fifteen per cent of the base debt limit.

b. In addition to the foregoing limitation the city
shall not, at any date, permit the aggregate principal amount of
its outstanding short-term obligations (excluding bond anticipation
notes) plus the aggregate principal amount of all notes and bonds
issued by the corporation (less any notes or bonds refunded or
renewed and less any short-term obligations of the city then held
by the corporation and less any short-term obligations of the
city issued and payable within the same fiscal year) to exceed
four billion five hundred million dollars plus, in the discretion
of the board of directors, an additional amount not exceeding
five hundred million dollars.
c. Notwithstanding any other provision of this act, the corporation shall not have the authority to modify or waive the limitations on the aggregate amount of outstanding short-term obligations of the city permitted to be outstanding in excess of the limits specified in paragraphs (a) and (b) of this subdivision.

d. Not less than twenty days prior to the issuance of any short-term obligations by the city, other than such obligations on or after July first, nineteen hundred seventy-five, to be issued to the corporation, the city comptroller shall deliver to the corporation a notice of intent to issue such obligations, specifying the amount and proposed terms thereof and the authority under which such obligations are proposed to be issued, together with a certificate of the city budget director specifying the purpose and the proposed source of funds for the redemption thereof. The city comptroller and the city budget director shall provide such additional information and shall be available for consultation as the corporation may request. If, within ten days after the receipt of such a notice from the city, the
corporation determines after consultation with the city comptroller and the city budget director, that the issuance of such obligations would violate the limitation of this subdivision, the corporation shall deliver to the city comptroller a certified copy of such determination within such 10-day period and the city comptroller shall not thereafter issue such obligations.

§ 3039. Review by the corporation. In order to determine whether the city has taken or is taking action to effect compliance with any conditions imposed pursuant to section three thousand thirty-eight of this chapter, the corporation may from time to time conduct a review of the records, accounts, budgets, forecasts, projections and other relevant materials of the city. The corporation may conduct such review by using (i) its own employees, (ii) its agents, or (iii) any state employees provided to the corporation for such purpose. The city shall make available for such review all books and records, and shall furnish copies of all financial statements, budgets, forecasts, projections, information or corrective action taken by the city in response to any notices from the corporation and all information related to the foregoing, as requested by the persons conducting such review, and shall make its officers and employees available to and shall otherwise cooperate with such persons to permit such review to be completed as promptly as possible.

§ 3040. Remedies of the corporation.

1. The corporation shall cause each proposed expense budget, including related revenue estimates, submitted to it pursuant to subdivision four of section thirty hundred thirty-eight of this chapter, each report on expense items in the capital budget submitted to it pursuant to subdivision five of such section, each proposed modification furnished to
it pursuant to subdivision six of such section and each expenditure plan and operations report submitted to it pursuant to subdivision seven of such section, to be reviewed promptly by the corporation's staff or designee.

2. If, within forty-five days after such receipt, the board of directors shall, in its judgment, determine that any such expense budget will not be balanced, either by its terms or because income is underestimated or expenditures are underestimated therein, or that a report of proposed modification pursuant to subdivision six of section thirty hundred thirty-eight of this chapter reflects that the expense budget would thereafter not be balanced, or that a condition imposed pursuant to such section has not been met or will not be met, with respect to such fiscal year, then the corporation shall promptly notify the mayor of such determination and shall review with him the manner in which corrective action may be taken in order to comply with such conditions.

3. In the event that the board of directors determines, following review with the mayor pursuant to subdivision two of this section, that the corrective action necessary to cause compliance with the conditions of section thirty hundred thirty-eight of this chapter will not be taken, or determines as a result of a review made pursuant to section thirty hundred thirty-nine of this chapter or otherwise that the city is not compliance with any of the conditions imposed pursuant to section thirty hundred thirty-eight of this chapter or that any representation or undertaking contained in any certificate delivered pursuant to such section is materially incorrect or has not been complied with in all material respects, the corporation shall promptly certify a copy of such determination of noncompliance to the governor, the legislature,
the state comptroller, the mayor, the board of estimate, the city council and the city comptroller and shall disclose such determination to the public.

4. The remedies described above in this section are not exclusive and, in addition thereto, the corporation shall have and may exercise all other rights and remedies provided by law.

§ 2. Section ninety-eight of the state finance law is hereby amended by adding thereto a new subdivision, to be subdivision seventeen, to read as follows:

17. Bonds and notes issued for any of the corporate purposes of the municipal assistance corporation for New York City.

§ 3. Section ninety-eight-a of such law, as amended by chapter seven of the laws of nineteen hundred seventy-five, is hereby amended to read as follows:

§ 98-a. Investment of general funds, bond proceeds and other funds not immediately required. Any moneys in the general fund of the state or moneys received from the sale of any bonds or notes issued by the state, any moneys in any fund or account of the state, heretofore or hereafter established, the investment of which is not otherwise authorized and which are not immediately required may be invested by the comptroller. Such moneys may be invested only in obligations of the categories specified in subdivisions one to five, both inclusive, and subdivisions seven, fourteen, fifteen [and] six and seventeen of section ninety-eight of this chapter, maturing or redeemable at the option of the holder within two years of the date of such investment or in a certificate of deposit of a bank or trust company in this state. Any certificate of deposit shall be fully secured by
the issuer thereof depositing with the comptroller stocks, bonds, or notes of any county, town, city, village, fire district or school district of this state issued pursuant to law and maturing within five years from the date of issuance of such certificate of deposit, bonds or notes or direct or guaranteed obligations of the United States of America or its agencies or of the state of New York in an amount equal to the amount of such certificate of deposit. Any bonds, notes or certificates of deposit purchased with moneys of the general fund shall be available always to pay any lawful appropriation in force. Any bonds, notes or certificates of deposit purchased with moneys received from the sale of any bonds or notes issued by the state shall be available always for the purposes or purpose for which such bonds or notes were issued. Any bonds, notes or certificates of deposit purchased with moneys of any other fund shall be available always for the purpose for which such fund was created. Unless otherwise required by law, income received on any moneys invested pursuant to this section shall be credited to the fund or funds from which such moneys were invested, provided, however, that income received from the investment of moneys of the local assistance fund, the state purposes fund and the capital construction fund may be credited in whole or in part to one or more of such funds to the extent necessary to reimburse first instance appropriations for interest on temporary obligations issued on behalf of the fund or funds to be credited. Notwithstanding any other provision of this section or of any other general or special law, all moneys available and retained on deposit for the payment of lottery prizes may be invested in obligations by the comptroller as herein provided, except that such obligations need not mature or be redeemable at the option of the holder within two years of the date of such investment. Income
received from such investments may be used for the payment of
prizes awarded and made payable in more than one payment,
including prizes awarded and made payable throughout the life-
time of the lottery prize winner.

§ 4. Paragraph b of subdivision two of section
one hundred fifty of such law is hereby amended by adding thereto
a new subparagraph, to be subparagraph nineteen, to read as
follows:

(39) Bonds or notes of the municipal assistance
corporation for the city of New York.

§ 5. Title twenty-six of article eight of the
public authorities law is hereby amended by adding thereto a
new section, to be section twenty-five hundred fifty, to read as
follows:

§ 2550. Termination of authority and existence. At
such time as notes and bonds of the corporation or notes and
bonds of the municipal assistance corporation for the city of
New York, or any combination thereof, are outstanding in the
aggregate principal amount equal to five hundred twenty million
dollars, the purposes for which the corporation was created
shall have been satisfied and the corporation shall not be
authorized to issue any notes or bonds that would
cause such aggregate amount to be exceeded. If the corpora-
tion has no notes or bonds outstanding at such time
as its authorization to issue notes or bonds terminates,
the existence of the corporation shall terminate.

§ 6. Inconsistent provisions of other laws
superseded. Insofar as the provisions of this act are incon-
sistent with the provisions of any other law, general or
special, the provisions of this act shall be controlling.
§ 7. If any provision of this act is declared unconstitutional, no other provisions of this act shall be rendered ineffective, unless inseparable from the provision declared to be unconstitutional.

§ 8. This act shall take effect immediately.
I, RAYMOND SHIPMAN, Assistant Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State"), constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act"), HEREBY CERTIFY as follows:

1. That I am the duly appointed and qualified Assistant Secretary of the Corporation, acting as such, and in such I am familiar with its organization, membership and activities.

2. The members of the Board of Directors of the Corporation (the "Board"), the date of their terms' expiration, and their Corporation offices are as follows:

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<th>Date of Expiration of Term</th>
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</thead>
<tbody>
<tr>
<td>William M. Ellinghaus, Chairman</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Thomas D. Flynn</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Francis J. Barry</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>John A. Coleman</td>
<td>December 31, 1976</td>
</tr>
<tr>
<td>George D. Gould</td>
<td>December 31, 1978</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Felix G. Rohatyn</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Donna E. Shalala, Treasurer</td>
<td>December 31, 1978</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td>December 31, 1976</td>
</tr>
</tbody>
</table>
3. Each of the said persons named in paragraph 2 is the duly elected or appointed, designated, qualified and acting Director or officer of the Corporation holding the position indicated above.

4. The firm of Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York, was appointed General Counsel to the Corporation on June 10, 1975.

5. The seal of the Corporation, an impression of which appears below, was duly adopted by the Corporation as its official seal, and is the legally adopted, proper and only official seal of the Corporation.

6. Except with respect to the claim asserted in the complaint in the action entitled Robert Sasso v. The City of New York, et al., discussed in the opinions of Hawkins, Delafield & Wood and Paul, Weiss, Rifkind, Wharton & Garrison, copies of which are being delivered contemporaneously herewith, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the $275,000,000 aggregate principal amount of 1975 Series B Bonds (the "Bonds") or in any way contesting or affecting the validity of the Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Bonds, the existence or powers of the Corporation, or the
application of the proceeds of the sale of such Bonds as contemplated by the Resolutions.

7. The General Bond Resolution of the Corporation adopted July 2, 1975 and the 1975 Series B Resolution of the Corporation adopted August 15, 1975 (the "Resolutions"), attached to this Record of Proceedings as document No. 5, copies of each of which are being delivered contemporaneously herewith to the Trustee named in such Resolutions, which I hereby certify pursuant to Section 202 of the General Bond Resolution are true and correct copies of the duly adopted originals thereof in their entireties on file and of record in the office of the Corporation and that the same are in full force and effect on the date hereof and have not been repealed, modified or amended.

8. The By-Laws of the Corporation adopted June 10, 1975, attached to this Record of Proceedings as document No. 3, are a true and correct copy of the duly adopted original thereof in their entirety on file and of record in the office of the Corporation and that the same are in full force and effect on the date hereof and have not been repealed, modified or amended.

9. The Extract of Minutes of a Meeting of the Corporation held August 15, 1975, attached to this Record of Proceedings as document No. 4, is a true and correct copy of the duly adopted original thereof on file and of record in the
office of the Corporation and that the same is in full force on
the date hereof and has not been repealed, modified or amended.

10. The certificate of approval of the Comptroller
of the State as to the terms of sale required pursuant to Sec-
tion 3012 of the Act and dated August 21, 1975, attached to
this Record of Proceedings as document No. 8, is a true and
correct copy of the original thereof in its entirety on file
and of record in the office of the Corporation and that the
same is in full force on the date hereof and has not been
repealed, modified or amended.

11. The certificate of approval of the Comptroller
of the State as to the system of accounts of the Corporation
required pursuant to Section 3013 of the Act and dated August
21, 1975, attached to this Record of Proceedings as document
No. 9, is a true and correct copy of the original thereof in
its entirety on file and of record in the office of the Cor-
poration and that the same is in full force on the date here-
of and has not been repealed, modified or amended.

12. The Bond Purchase Agreement among the Corpo-
tation and certain underwriters named therein, dated August 15,
1975, attached to this Record of Proceedings as document No. 6
is a true and correct copy of an executed counterpart of the
original thereof in its entirety duly approved by the Cor-
poration and on file and of record in the office of the Cor-
poration and that the same is in full force on the date here-
of and has not been repealed, modified or amended.

13. A specimen of the 1975 Series B Bonds of the Corporation, attached hereto as Exhibit A, is identical in all respects, except as to number, maturity and authentication signature with the $275,000,000 in aggregate principal amount of 1975 Series B Bonds of the Corporation this day delivered to the Underwriters designated pursuant to the Bond Purchase Agreement dated August 15, 1975 with the Corporation and said specimen is substantially in the form required by the Resolution.

14. The Corporation has $1,000,000,000 aggregate principal amount of its 1975 Series A Bonds and $250,000,000 aggregate principal amount of its 1975 Series C Bonds presently outstanding. Upon delivery of the 1975 Series B Bonds, together with the 1975 Series D Bonds in the aggregate principal amount of $100,000,000, the 1975 Series F Bonds in the aggregate principal amount of $165,000,000 and the 1975 Series G Bonds in the aggregate principal amount of $50,000,000, all of which are being delivered on the date hereof, the Corporation will have $1,840,000,000 aggregate principal amount of its Bonds outstanding. Except as hereinbefore stated, there are no other Bonds, notes or other obligations (as defined in the Resolutions) outstanding.

IN WITNESS WHEREOF, I have hereunto set my hand and
the seal of the Corporation this 21st day of August, 1975.

(SEAL)

Raymond Shipman
Assistant Secretary
BY-LAWS

OF

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

ARTICLE 1

THE CORPORATION

1.1. **The Corporation.** MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (the "Corporation") is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, created and existing by and under Article 10 of the Public Authorities Law of the State of New York, as amended (the "Act").

1.2. **Seal of the Corporation.** The seal of the Corporation shall be circular in form and shall include the words "MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, New York, 1975." Such seal of the Corporation may include such other insignia as may be approved by resolution of the Board of Directors of the Corporation.

1.3. **Office of the Corporation.** The office and principal place of business of the Corporation shall be located at such place as may be fixed by resolution of the Board of Directors of the Corporation. The Corporation may have and maintain such other offices at such other place or places...
shall from time to time be designated by resolution of the
Board of Directors of the Corporation.

1.4. Fiscal Year. The fiscal year of the
Corporation shall terminate on the same date as that of The
City of New York, which is at present the last day of June
in each year.

ARTICLE 2

DIRECTORS

2.1. Directors. The business and affairs of the
Corporation shall be managed by the Board of Directors of the
Corporation. As provided in and subject to the provisions of the
Act, the number of Directors constituting the entire Board of
Directors shall be nine, all of whom shall be appointed by the
Governor of the State of New York with the advice and consent
of the Senate of the State of New York, provided that four of the
Directors shall be appointed upon written recommendation of
the Mayor of The City of New York. Each of the Directors shall
serve for the term for which he is appointed pursuant to the
provisions of the Act and shall hold his office until his
successor has been appointed and qualified.

2.2. Compensation of Directors. Unless otherwise
provided by law, the Directors shall serve without salary, but 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 the One Hundred Dollars ($100) when rendering services as such Director, provided that the aggregate of such per diem allowance to any one Director in any one fiscal year shall not exceed the sum of Five Thousand Dollars ($5,000).

ARTICLE 3

REPRESENTATIVES

The Speaker and the Minority Leader of the Assembly of the State of New York, the President Pro Temp and the Minority Leader of the Senate of the State of New York, the Board of Estimate of The City of New York acting by majority vote, and the Vice-Chairman of the City Council of The City of New York shall each be entitled to appoint a Representative to the Board of Directors. Each such 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. Each Representative shall serve at the pleasure of the appointing official or body, shall be eligible for reappointment, and shall hold office until his successor has been appointed.
ARTICLE 4

OFFICERS

4.1. Officers. Pursuant to the Act, the Chairman of the Corporation shall be designated from among the Directors by the Governor of the State of New York. The Board of Directors may elect or appoint a Treasurer, a Secretary and such other officers as it may by resolution determine.

4.2. Chairman. The Chairman shall be the chief executive officer of the Corporation and shall call and preside at all meetings of the Board of Directors of the Corporation. He shall have and perform such other duties incident to such office as may otherwise be established by resolution of the Board of Directors of the Corporation. At each meeting of the Board of Directors, the Chairman may submit such recommendations and information, and other matters for action, as he may consider appropriate, or as may be required by the Board of Directors of the Corporation, concerning the business, duties and affairs of the Corporation. The Chairman shall be responsible for the execution of the policies and programs of the Corporation as established by the Board of Directors of the Corporation. The Chairman shall have general executive supervision over, and be in administrative charge of the activities of the Corporation.
4.3. **Treasurer.** The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the Act and these By-laws; against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositaries of the Corporation signed in such manner as shall be determined in accordance with any provisions of the By-laws, and be responsible for the accuracy of the amounts of all moneys so disbursed; regularly enter or cause to be entered in books to be kept by him or under his direction full and adequate account of all moneys received or paid by him for the account of the Corporation; have the right to require, from time to time reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same; render to the Chairman or the Board of Directors whenever the Chairman or the Board of Directors, respectively, shall require him so to do, an account of the financial condition of the Corporation and of all his transaction as Treasurer; exhibit at all reasonable times his books of account and other records to any of the Directors upon application at the office of the Corporation where such books and records are kept; and in general, perform all the duties incident to the office of
Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors or by the Chairman.

4.5. Secretary. The Secretary, if present, shall act as Secretary of all meetings of the Board of Directors, and shall keep the minutes thereof in the proper book or books to be provided for that purpose; he shall see that all notices required to be given by the Corporation are duly given and served; he shall be custodian of the seal of the Corporation and may seal with the seal of the Corporation or a facsimile thereof, all documents the execution of which on behalf of the Corporation under its corporate seal is authorized in accordance with the provisions of the By-laws; he 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; and shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors or by the Chairman.

4.6. Appointment of Officers. All officers of the Corporation, other than the Chairman, shall hold office at the pleasure of the Board of Directors of the Corporation and may be removed, either with or without cause, at any time, by resolution of the Board of Directors of the Corporation. All compensation of the officers of the Corporation, other than the Chairman, shall be fixed by resolution of the Board of Directors.
ARTICLE 5
MEETINGS

5.1. Annual Meeting. The annual meeting of the Corporation shall be held on the second Monday of September of each year at a place and time designated by the Chairman or at such earlier or later day in each calendar year as the Chairman may determine, subject to the approval of the Board of Directors of the Corporation.

5.2. Regular Meetings. Regular meetings of the Corporation shall be held at 10:30 in the forenoon of the second Monday of each month, at the principal office of the Corporation, or at such other time and place as may be determined by resolution of the Board of Directors of the Corporation.

5.3. Special Meetings. The Chairman of the Corporation may, when he deems it expedient, and shall, upon the request of three other Directors of the Corporation, call a special meeting of the Board of Directors. The call for a special meeting specifying the time and place of such meeting, shall be by telephone or delivered in person or mail to the business or home address of each Director of the Corporation at least two days prior to the date of such special meeting. No notice or call shall be required with respect to the first meeting of the Board of Directors, which first meeting shall take place as soon as practicable after the effective date of the Act. At any such meeting, any and all matters may be considered and acted upon.
by the Directors of the Corporation present, whether or not such matters were specified in the call. Notice of any meeting may be waived by the unanimous consent of the Directors.

5.4. Quorum. A majority of the whole number of Directors authorized by the Act shall constitute a quorum for the transaction of any business or the exercise of any power of the Corporation. For the transaction of any business or the exercise of any power, the Corporation shall have power to act by a majority of the Directors of the Corporation present at any meeting at which a quorum is in attendance.

5.5. Resolutions to be in Writing. All resolutions presented to the Board of Directors of the Corporation shall be in writing and, upon the same becoming effective, shall be copied in or attached to the minutes of the meetings of the Board of Directors of the Corporation. Notwithstanding the foregoing, resolutions may be presented orally at any meeting of the Corporation and subsequently reduced to writing.

5.6. Manner of Voting. The voting on all questions at meetings of the Board of Directors of the Corporation shall be by roll call, and the yeas and nays shall be entered upon the minutes of such meeting.

5.7. Attendance and Failure to Object. Attendance of a Director of the Corporation at a meeting shall constitute waiver of notice of the meeting except where such attendance
is for a special purpose. A Director of the Corporation who is present at a meeting is presumed to have assented to the action taken upon any business transacted unless his dissent to such action shall be entered in the minutes of the meeting.

5.8. Certification of Resolutions and Proceedings. Each Director of the Corporation, the Secretary, or any Assistant Secretary is authorized to certify, when required, the records, proceedings, documents or resolutions of the Board of Directors of the Corporation, and to affix the seal of the Corporation to all contracts, documents and instruments to be executed by the Corporation.

ARTICLE 6

AMENDMENTS

The By-laws may be amended by resolution duly adopted at any meeting of the Board of Directors, provided that notice of intention to present such resolution shall be given at least five (5) days in advance of the meeting at which the motion to adopt such resolution is made.

ARTICLE 7

SUSPENSION OF BY-LAWS

Any and all of the provisions of the By-laws may be suspended by unanimous consent of the Directors present at any meeting of the Board of Directors at which a quorum is present.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Minutes of the Meeting of Board of Directors

A meeting of the Board of Directors of MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), was held at the offices of New York Telephone Company, New York, New York on August 15, 1975 at 10:30 o'clock in the forenoon.

Attendance and Organization

The following Directors of the Corporation were present:

W. M. Ellinghaus (present by conference telephone)
Thomas D. Flynn
Francis J. Barry
John A. Coleman
George D. Gould
Dick Netzer
Felix G. Rohaytn
Donna E. Shalala
Robert C. Weaver

constituting a quorum of the Board.

The following Representatives were present:

Edward M. Kresky
Leonard Nadel
Arthur J. Quinn
Robert W. Seavey
M. Peter Schweitzer
Also present by invitation of the Board were:
Raymond Shipman of New York Telephone Company, Allen L.
Thomas, and Judith Thoyer of Paul, Weiss, Rifkind, Wharton &
Garrison, General Counsel to the Corporation, and Donald
Robinson of Hawkins, Delafield & Wood, Bond Counsel to the
Corporation.

Mr. Ellinghaus served as Chairman of the meeting and,
at the request of the Chairman, Mr. Shipman served as Secretary
of the meeting. The Chairman ordered that Waivers of Notice
of the meeting, signed by each of the Directors and by each
of the Representatives whose designation had been made known
to the Corporation, be annexed to the minutes of the meeting.

Adoption of Various Bond Resolutions

The Chairman stated that it was necessary for the
Board to adopt 1975 Series B, C, D and E Resolutions in
connection with the Corporation's sale and issuance of its
1975 Series B, C, D and E Bonds respectively. Copies of forms
of each of the Series Resolutions together with copies of the
proposed final Official Statement of the Corporation to be
dated August 15, 1975 and the proposed forms of Bond Purchase
Agreements with respect to each of the sales and issuances of
Series B, C, D and E Bonds of the Corporation were distributed to
the members of the Board and the Representatives and ordered
annexed to the minutes of the meeting. The Chairman requested Mr. Robinson to review for the Board the provisions of each of the Series Resolutions.

Mr. Robinson reviewed, article by article, each of the Series Resolutions. At the request of the Chairman, Mrs. Thoyer reviewed with the Board the provisions of the final Official Statement and Mr. Thomas reviewed with the Board the provisions of the Bond Purchase Agreement.

Mr. Ellinghaus advised the Board that he is a member of the Board of Directors of Bankers Trust Company, one of the Underwriters and Purchasers. Accordingly, he stated that he would abstain from voting each Series Resolution.

After discussion of each Series Resolution, each was, on motion duly made, seconded and unanimously adopted (with Mr. Ellinghaus abstaining) in the form presented to the meeting and ordered annexed to the minutes.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

GENERAL BOND RESOLUTION

Adopted July 2, 1975
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

GENERAL BOND RESOLUTION

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GENERAL BOND RESOLUTION

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation for the City of New York as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. Definitions. The following terms shall, for all purposes of this Resolution, except as otherwise defined, have the following meanings:

"Act" shall mean the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law, both as amended to the date of adoption of this General Bond Resolution.

"Authorized Newspaper" shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer" shall mean any member of the Corporation, its Treasurer, Secretary, any Assistant Secretary, its Executive Director, and any other person authorized by resolution of the Corporation to perform the act or sign the document in question.

"Board" shall mean the Board of Directors of the Corporation, the members of which are appointed and qualified pursuant to the Act.

"Bond" or "Bonds" shall mean any Bond or the issue of Bonds, as the case may be, established and created by this Resolution and issued pursuant to a Series Resolution.

"Bondholders" or "Holder of Bonds" or "Holder" (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and "Holder" (when used with reference to coupons) shall mean any person who shall be the bearer of such coupons.
"Capital Reserve Fund" means the fund by that name established by Section 602.

"Capital Reserve Fund Requirement" shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 5 of Section 3036 of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

"Chairman" shall mean the Chairman of the Board of the Corporation.

"City" shall mean The City of New York.

"Corporation" shall mean the Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Corporation.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Corporation (who may be counsel to the Corporation); provided, however, that for the purposes of Article II of this Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to the Corporation) selected by the Corporation.

"Debt Service Fund" means the fund by that name established by Section 602.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

"Governor" shall mean the Governor of the State.

"Mayor" shall mean the Mayor of the City.

"Notes" shall mean any obligations issued by the Corporation, other than Bonds or Other Obligations, within the limitations set forth
under Section 202 hereof, the principal of and interest on which is payable from the Debt Service Fund.

"Operating Expenses" shall mean the Corporation's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or this Resolution or otherwise.

"Operating Fund" shall mean the fund by that name established by Section 602.

"Other Obligations" shall mean any obligations, other than Bonds or Notes, issued by the Corporation, in contemplation of the issuance of Bonds or Notes, with the limitations set forth under Section 202 hereof, the interest on which is payable from the Debt Service Fund.

"Outstanding," when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of this Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lien of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401.

"Paying Agent" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and
delivery of the Series of Bonds for which such Paying Agent or Paying
Agents shall be so appointed.

"Redemption Price" shall mean, with respect to any Bond, the
principal amount thereof, plus the applicable premium, if any, payable
upon redemption thereof pursuant to this Resolution and the Series
Resolution pursuant to which the same was issued.

"Refunding Bonds" shall mean all Bonds constituting the whole
or a part of a Series of Bonds delivered on original issuance pursuant
to Section 203.

"Resolution" shall mean this General Bond Resolution as from
time to time amended or supplemented by Supplemental Resolutions
or Series Resolutions in accordance with the terms and provisions
hereof.

"Revenues" shall mean all payments to the Corporation pursuant
to Section 3036 of the Act except payments to the Corporation for credit
to the Operating Fund.

"Sales Tax" shall mean the sales and compensating use taxes
imposed by Section 1107 of Article 28 of the Tax Law of the State.

"Serial Bonds" shall mean the bonds so designated in a Series
Resolution.

"Series of Bonds" or "Bonds of a Series" or words of similar
meaning shall mean the Series of Bonds authorized by a Series Resolu-
tion.

"Series Resolution" shall mean a resolution of the Corporation
authorizing the issuance of a Series of Bonds in accordance with the
terms and provisions hereof adopted by the Corporation in accordance
with Article X.

"Sinking Fund Installment" shall mean as of any date of calcula-
tion and with respect to any Series of Bonds, so long as any Bonds
thereof are Outstanding, the amount of money required by a Series
Resolution, pursuant to which such Bonds were issued, to be paid at
all events by the Corporation on a single future February 1 for the re-
retirement of any Outstanding Bonds of said Series which mature after
said future February 1, but does not include any amount payable by the
Corporation by reason only of the maturity of a Bond, and said future
February 1 is deemed to be the date when a Sinking Fund Install-
ment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"State" shall mean the State of New York.

"Stock Transfer Tax" shall mean the tax on the sale or transfer of stock or other certificates imposed by Sections 270 and 270-a of Article 12 of the Tax Law of the State.

"Supplemental Resolution" shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the Corporation in accordance with Article X.

"Term Bonds" shall mean the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

"Trustee" shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Resolution, refer to this Resolution.

102. Authority for this Resolution. This General Bond Resolution is adopted pursuant to the provisions of the Act.

103. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Corporation and the Holders from time to time of the Bonds and coupons; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Corporation shall be for the equal benefit, protection and security of the
Holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided in or permitted by this Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND LIMITATIONS ON ISSUANCE OF NOTES AND OTHER OBLIGATIONS

201. Authorization of Bonds. There is hereby established and created an issue of Bonds of the Corporation to be known and designated as "Bonds," which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all of the Bonds issued pursuant to this Resolution. The Bonds shall be general obligations of the Corporation payable out of any revenues of the Corporation and are additionally secured by the pledge effected pursuant to Section 601 hereof.

The Notes, Bonds or Other Obligations of the Corporation shall not be a debt of either the State or The City, and neither the State nor The City shall be liable thereon, nor shall they be payable out of any funds other than those of the Corporation; and such Notes, and Bonds or Other Obligations shall contain on the face thereof a statement to such effect.

Any provision hereof relating to taxes imposed under Article 12 or Section 1107 of the Tax Law of the State (such taxes herein defined as the Stock Transfer Tax and Sales Tax, respectively), or the funds created by Sections 92-b and 92-d of the State Finance Law (such funds being the funds into which the Stock Transfer Tax and Sales Tax are paid) shall be deemed executory only to the extent of the moneys available to the State in such funds from time to time and no liability on account thereof shall be incurred by the State beyond the moneys available in such funds.

202. Provisions for Issuance of Bonds and Limitations on Issuance of Notes and Other Obligations. 1. The issuance of the Bonds shall be
authorized by a Series Resolution or Series Resolutions of the Corporation adopted subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall, in addition to the title "Bonds," contain an appropriate Series designation.

Each Series Resolution authorizing the issuance of a Series of Bonds shall also specify:

(1) The authorized principal amount of said Series of Bonds;

(2) The purposes for which such Series of Bonds are being issued, which shall be purposes authorized by the Act, as then in effect;

(3) The date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of said Series;

(4) The interest rate or rates, or the manner of determining such rate or rates of the Bonds of said Series, and the interest payment dates therefor;

(5) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series, provided that each Bond shall be of the denomination of $5,000 (or such lesser amount as shall be specified in the Series Resolution) or a multiple thereof not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified;

(6) The Paying Agent or Paying Agents and, subject to the provisions of Section 802, the place or places of payment of the principal, Sinking Fund Installments, if any, and Redemption Price, if any, of and interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the Corporation adopted prior to authentication and delivery of such Series of Bonds in accordance with the provision of Section 802;

(7) The Redemption Price or Redemption Prices, if any, and, subject to Article IV, the redemption terms, if any, for the Bonds of such Series;

(8) If so determined by the Corporation, provisions for the sale of the Bonds of such Series;
(9) The form or forms of the Bonds of such Series and the coupons to be attached to the coupon Bonds, if any, of such Series and of the Trustee's certificate of authentication;

(10) The officer or employee of the Corporation directed to attest by manual or facsimile signature, the seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced on the Bonds of such Series; and

(11) Any other provisions deemed advisable by the Corporation, not in conflict with the provisions of this Resolution.

2. All (but not less than all) of the Bonds of such Series shall be executed by the Corporation for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of:

(1) A Counsel's Opinion dated as of the date of such delivery by the Trustee to the effect that (i) the Corporation has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution (with such approvals as may be required by the Act as so amended), and the Resolution has been duly and lawfully adopted by the Corporation and such approvals given, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (iii) the Bonds of such Series are valid and binding obligations of the Corporation as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;
(3) A copy of the Series Resolution authorizing such Bonds, certified by an Authorized Officer of the Corporation;

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Corporation stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution; and

(5) Such further documents, moneys and securities as are required by the provisions of this Section 202, and Section 203, or Article X or any Supplemental Resolution adopted pursuant to Article X.

3. No Series of Bonds other than the first Series of Bonds issued under the Resolution shall be authenticated and delivered by the Trustee and no Notes or Other Obligations will be issued by the Corporation except upon receipt by the Trustee of:

(1) A certificate by the New York State Commissioner of Taxation and Finance setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Sales Tax and Stock Transfer Tax, and such other taxes, which as of the date of issuance of any such Series of Bonds, Notes or Other Obligations, are levied and collected by New York State and are payable into the special account in the Municipal Assistance Tax Fund established for the Corporation.

Where the amount for such 12 consecutive calendar months is greater than the revenue expected by said Commissioner for the next succeeding 12 months from such Sales Tax, Stock Transfer Tax and such other taxes, the certificate shall set forth the estimated amount which is expected to be levied and collected in such next succeeding 12 months and paid into such special account. Any distortion for any such prior 12 consecutive month period occasioned by a change in payment dates, prepayments, and late payments of such Sales Tax, Stock Transfer Tax or such other taxes shall be taken into account in such certification by increasing or decreasing the estimated amount of Sales Tax, Stock Transfer Tax or such other taxes to be levied and collected. In the event the Sales Tax or such other taxes have not been in effect for 12 calendar months
said Commissioner shall use, respectively, collections of the sales and compensating use taxes previously imposed by the City or collections of the tax similarly based to the other taxes referred to above if such tax was previously imposed by the City, as the amount to be certified in lieu of actual collections of the Sales Tax or other taxes, for those months the Sales Tax or other taxes were not in effect;

(2) A certificate by an Authorized Officer setting forth (a) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including such Series, and the principal of and interest on Notes, and the interest on Other Obligations for each Fiscal Year and (b) the aggregate amount of Operating Expenses as estimated by an Authorized Officer for the current Fiscal Year;

(3) A certificate by an Authorized Officer stating that the amounts set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 2 times such aggregate amount set forth in 2(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above; and

(4) A certificate by an Authorized Officer stating that the amount of Sales Tax collections or the amount to be certified in lieu of such collections set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 1.50 times the aggregate amount set forth in (2)(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above.

Provided further that prior to the issuance of any Notes or Other Obligations, the Trustee shall receive, in conjunction with the certificate hereinbefore referred to, a certificate of an Authorized Officer identifying such securities as either Notes or Other Obligations and setting forth the terms and provisions thereof, including the date or dates of payment of principal and interest on the Notes and the date or dates of payment of the interest on the Other Obligations and stating that such date or dates and amounts of payments due for principal and interest on the Notes to be issued or interest on the Other Obligations to be issued have not been so scheduled as to mate-
rially adversely affect the ability of the Corporation to pay the principal of or interest on its Outstanding Bonds when due or the coverages set forth hereinbefore as affected by the quarterly payments provided for in Section 607 hereof.

203. Provisions for Refunding Bonds. (1) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. No part of a Series of Bonds may be refunded if the Bonds being refunded bear interest at a rate lower than the Bonds of such Series not being refunded. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(2) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 202) of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in Section 1401 to the Holders of the Bonds and coupons being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection 2 of Section 1401 and any moneys required pursuant to said subsection 2, which direct obligations of the
United States of America and moneys shall be held in trust and used only as provided in said subsection 2; and

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 203.

204. Additional Obligations. The Corporation reserves the right to issue bonds, notes or any other obligations, other than Bonds, Notes or Other Obligations, under another and separate resolution so long as the same are not entitled to a charge or lien or right prior or equal to the charge or lien created by, or prior or equal to the rights of the Corporation and Holders of the Bonds provided by, this Resolution and the Act, or with respect to the monies pledged under the Resolution or with respect to proceeds from the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

301. Medium of Payment; Form and Date. The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds of each Series shall be issued in the form of coupon Bonds, registrable as to principal only, or in the form of fully registered Bonds without coupons, or in both such forms.

Coupon Bonds of each Series shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Coupon Bonds of each Series shall bear interest from their date, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. Registered Bonds of each Series issued prior to the first interest payment date thereof shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Registered Bonds issued on or subsequent to the first interest payment date thereof shall be dated as of the date six months preceding the interest payment date next following the date of delivery thereof,
unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the registered Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Registered Bonds of each Series shall bear interest from their date.

For all purposes of the Act relating to or dealing with the date of the Bonds, registered Bonds of any Series shall be deemed to be dated as of the date specified for the Bonds of such Series in the Series Resolution authorizing the issuance thereof.

All Bonds of each Series shall mature on February 1 of each year in which a maturity is fixed by a Series Resolution. Interest on all Bonds of each Series, except the first installment of interest due on the Bonds of a Series, shall be payable semi-annually on February 1 and August 1 of each year in which an installment of interest becomes due as fixed by a Series Resolution. The first installment of interest due on the Bonds of a Series may be for such period as the Corporation shall fix by Series Resolution provided that the due date thereof shall be February 1 or August 1.

302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Corporation prior to the delivery thereof.

303. Execution and Authentication. (1) The Bonds shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or a facsimile signature of such officer or employee of the Corporation as shall be authorized and directed pursuant to the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds
may, nevertheless, be authenticated and delivered as herein provided, 
and may be issued as if the persons who signed or sealed such Bonds 
had not ceased to hold such offices or be so employed. Any Bond of a 
Series may be signed and sealed on behalf of the Corporation by such 
persons as at the actual time of the execution of such Bond shall be 
duly authorized or hold the proper office in or employment by the Cor-
poration, although at the date of the Bonds of such Series such persons 
may not have been so authorized or have held such office or employment.

(2) The coupons to be attached to the coupon Bonds of each Series 
shall be signed by the facsimile signature of the present or any future 
Chairman of the Corporation, or in such other manner as may be re-
quired by law, and the Corporation may adopt and use for that purpose 
the facsimile signature of any person or persons who shall have been 
Chairman of the Corporation at any time on or after the date of the 
Bonds of such Series, notwithstanding that he may not have been such 
Chairman at the date of any such Bond or may have ceased to be such 
Chairman at the time when any such Bond shall be actually authenticated 
and delivered.

(3) The Bonds of each Series shall bear thereon a certificate of 
authentication, in the form set forth in the Series Resolution 
authorizing such Bonds, executed manually by the Trustee. Only such 
Bonds as shall bear thereon such certificate of authentication shall be 
entitled to any right or benefit under the Resolution and no Bond and 
no coupon thereunto appertaining shall be valid or obligatory for any 
purpose until such certificate of authentication shall have been duly 
executed by the Trustee. Such certificate of the Trustee upon any Bond 
executed on behalf of the Corporation shall be conclusive evidence 
that the Bond so authenticated has been duly authenticated and delivered 
under the Resolution and that the Holder thereof is entitled to the 
benefits of the Resolution.

(4) Except as otherwise provided in Section 309, the Trustee, 
before authenticating and delivering any coupon Bonds, shall cut off, 
cancel and destroy all matured coupons thereto attached, except matured 
coupons for which payment in full has not been provided; provided, 
however, that when coupon Bonds are issued in exchange for registered 
Bonds of any Series upon which interest is in default, as shown by the 
records of the Trustee, such coupon Bonds shall have attached thereto
all coupons maturing after the date to which interest has been paid in full, as shown by the records of the Trustee, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

304. Interchangeability of Bonds. Coupon Bonds, upon surrender thereof at the corporate trust office of the Trustee with all unmatured coupons attached, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any of the authorized denominations.

Registered Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity with appropriate coupons attached, or of registered Bonds of the same Series and maturity of any other authorized denominations.

305. Negotiability, Transfer and Registry. All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Corporation shall maintain and keep, at the corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Corporation shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Corporation shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

306. Transfer and Registration of Coupon Bonds. All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 306. Any coupon Bond may be registered as to principal on the books of the Corporation at the corporate trust office of the Trustee, upon presentation
thereof at said office and the payment of a charge sufficient to reimburse the Corporation or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

As to any coupon Bond registered as to principal other than to bearer the person in whose name the same shall be registered upon the books of the Corporation may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal or Redemption Price, if any, of such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Corporation, the Trustee and any Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal other than to bearer, or the person in whose name any coupon Bond for the time being shall be registered upon the books of the Corporation, as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons, and neither the Corporation, nor the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee and each Paying Agent harmless from
and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

307. **Transfer of Registered Bonds.** Each registered Bond shall be transferable only upon the books of the Corporation, which shall be kept for the purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the Corporation shall issue in the name of the transferee a new registered Bond or Bonds or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and Series and maturity as the surrendered Bond.

The Corporation and the Trustee may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

308. **Regulations with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may make a charge sufficient to re-
imburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new coupon Bond or registered Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an Operating Expense. The Corporation shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

309. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like Series, maturity and principal amount as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost, upon filing with Corporation evidence satisfactory to the Corporation and the Trustee that such Bond and attached coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and the Trustee may incur in connection therewith. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Corporation.

310. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in Section 303, and upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the
same provisions, limitations and conditions as the definitive coupon Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds (which may be registrable as to principal and interest), substantially of the tenor of the definitive coupon Bonds in lieu of which such temporary Bond or Bonds are issued, but with or without coupons, in authorized denominations or any whole multiples thereof authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The instalments of interest payable on such temporary Bonds in bearer form shall be payable only upon the presentation and surrender of the coupons therefor attached thereto or, if no coupons for such interest are attached thereto, then only upon presentation of such temporary Bonds for notation thereon of the payment of such interest. The Corporation at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee of such temporary Bonds, with all unmatured coupons, if any, and all matured coupons, if any, for which no payment or only partial payment has been provided, attached, for exchange and the cancellation of such surrender temporary Bonds and coupons, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive coupon Bonds, with appropriate coupons attached, or, at the option of the Holder, definitive registered Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

ARTICLE IV
Redemption of Bonds

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.
402. Redemption at the Election or Direction of the Corporation. In the case of any redemption of Bonds other than as provided in Section 403, the Corporation shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Resolution and any Series Resolution) and of the monies to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 403 provided, the Trustee, if it holds the monies to be applied to the payment of the Redemption Price, or otherwise the Corporation, shall, prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other monies, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The Corporation shall promptly notify the Trustee in writing of all such payments made by the Corporation to a Paying Agent.

403. Redemption Other Than at Corporation's Election or Direction. Whenever by the terms of this Resolution the Trustee is required to redeem Bonds other than at the election or direction of the Corporation, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, together with interest accrued to the redemption date, to itself and the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, the provisions of Section 605.

404. Selection of Bonds to Be Redeemed by Lot. In the event of redemption of less than all of the Outstanding Bonds of like Series and maturity, the Trustee shall assign to each such Outstanding registered Bond of the Series and maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest
denomination of the coupon Bonds of such Series and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers of all such coupon Bonds then Outstanding and the numbers assigned to such registered Bonds as many numbers as, at such unit amount equal to the lowest denomination of coupon Bonds of such Series for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (a) individually or (b) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination of the coupon Bonds of such Series, by the numbers assigned thereto as in this Section 404 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the coupon Bonds bearing the numbers so selected and the registered Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such registered Bond of a denomination of more than the lowest denomination of the coupon Bonds of such Series shall be redeemed as shall equal the lowest denomination of the coupon Bonds of such Series for each number assigned to it and so selected.

405. Notice of Redemption. When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is required by this Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Corporation, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state
that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication once a week for at least two (2) successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. In case, by reason of the temporary or permanent suspension of publication of any newspaper, or by reason of any other cause, it shall be impossible to make publication of any required notice as herein provided, then such publication or other notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice, provided that such publication or other notice shall, so far as may be possible, approximate the terms and conditions of the publication in lieu of which it is given. The Trustee shall also mail a copy of such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

406. Payment of Redeemed Bonds. Notice having been given by publication in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds registered other than to bearer presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to the redemption date, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If there
shall be drawn for redemption less than all of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, monies for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said monies shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

501. Application of Certain Proceeds. (1) The Corporation shall apply the amount of the proceeds derived from the sale of each Series of Bonds as shall be specified in the Series Resolution authorizing such Series.

(2) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Debt Service Fund. The amount received as a premium over the principal amount of such Series of Bonds, if any, upon the delivery of such Series shall be applied as provided in the Series Resolution authorizing such Series.

ARTICLE VI

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

601. The Pledge Effectuated by the Resolution. The proceeds of sale of the Bonds, the Revenues, and all funds (other than the Operating Fund) established by the Resolution, and other monies and securities referred to herein (other than monies and securities in the Operating
Fund) are hereby pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, provided, however, nothing aforesaid shall be construed to preclude, subject to the provisions of Section 605 and Section 607, the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure the payment of principal of and interest on Notes and interest on Other Obligations. This pledge shall be valid and binding from and after the time of adoption of this Resolution, and the proceeds of sale of the Bonds, the Revenues as received by the Corporation, all funds and other monies and securities herein pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof.

602. Establishment of Funds. The following funds are hereby established:

(1) Operating Fund, to be held by the Corporation,
(2) Debt Service Fund, to be held by the Trustee,
(3) Capital Reserve Fund, to be held by the Trustee.

603. Application of Payments. The payments received in accordance with subdivision 1 of Section 3036 of the Act shall be applied to the Operating Fund, the Debt Service Fund and to the Capital Reserve Fund in accordance with certificates of the Chairman pursuant to which the payment is made, provided, however, that if the amount of the payment is less than the amount certified, the payment shall be applied pro rata to the respective Funds on the basis of the respective amounts certified. No Revenues received as such payments shall be deposited in the Operating Fund.

604. Operating Fund. The Corporation shall pay out of the Operating Fund the amounts required for the payment of Operating Expenses.

605. Debt Service Fund.

1. The Trustee shall, on or before the business day preceding each interest payment date for any of the Bonds or any of the outstanding Notes pay, out of the amounts then held in the Debt Service Fund, to
itself and the Paying Agents, the amounts respectively required for the
payment of principal, Sinking Fund Installments, if any, and Redemption
Price of, if any, and interest on any Bonds or Notes due and
payable on such date, and shall at the direction of an Authorized Officer
pay to itself or the Paying Agents or paying agents for payment of
interest on Other Obligations such amount as shall be necessary, in the
opinion of the Corporation, to pay such interest on Other Obligations
becoming due and payable and such amounts so paid out shall be
irrevocably pledged to and applied to such payments; provided, how-
ever, in the event that amounts are withdrawn from the Capital Reserve
Fund pursuant to paragraph 2 of this Section and deposited in the
Debt Service Fund, such amounts shall be used only for the purpose of
paying principal of and interest on the Bonds.

2. In the event that on the business day preceding any interest
payment date, the amount in the Debt Service Fund shall be less than
the amounts respectively required for payment of interest on the
Outstanding Bonds and for the payment of the principal and Sinking
Fund Installments of the Outstanding Bonds of any Series due and pay-
able on such interest payment date, the Trustee shall withdraw from
the Capital Reserve Fund and deposit into the Debt Service Fund such
amounts as will increase the amount in the Debt Service Fund to an
amount sufficient to make such payment or payments.

3. As soon as practicable after the 45th day preceding the due date
of any such Sinking Fund Installment, the Trustee shall proceed to call
for redemption, pursuant to Section 403 hereof on such due date, Term
Bonds of the Series and maturity for which such Sinking Fund Install-
ment was established in such amount as shall be necessary to complete
the retirement of the principal amount specified for such Sinking Fund
Installment of the Term Bonds of such Series and maturity. The
Trustee shall so call such Term Bonds for redemption whether or not
it then has monies in the Debt Service Fund sufficient to pay the appli-
cable principal amount thereof, together with interest thereon to the
redemption date. The Trustee shall pay out of the Debt Service Fund
to the appropriate Paying Agents, on the day preceding each such
redemption date, the amount required for the redemption of the Term
Bonds so called for redemption, and such amount shall be applied by
such Paying Agents to such redemption.

4. The Corporation may, at any time subsequent to the second day
of February of any year but in no event less than forty-five (45) days
prior to the succeeding first day of February on which a Sinking Fund
Installment is scheduled to be due, direct the Trustee to purchase, with
monies in the Debt Service Fund, at a price not in excess of par, plus
unpaid interest accrued to the date of such purchase, Term Bonds pay-
able from such Sinking Fund Installment and any Term Bonds so pur-
chased prior to the first day of February shall be cancelled by the Trus-
tee and the aggregate principal amount of the Term Bonds so purchased
shall be credited against the Sinking Fund Installment due on such first
day of February.

606. Capital Reserve Fund.

1. The Corporation shall deposit into the Capital Reserve Fund
(i) all monies paid to the Corporation pursuant to subdivisions 1 and
4 of Section 3036 of the Act for the purpose of maintaining or restor-
ing the amount in the Capital Reserve Fund to the amount of the
Capital Reserve Fund Requirement; (ii) such portion of the proceeds
of sale of Bonds, if any, as shall be prescribed by Series Resolution;
and (iii) any other monies which may be made available to the Corpora-
tion for the purposes of the Capital Reserve Fund from any other
source or sources.

2. Monies and securities held for the credit of the Capital Reserve
Fund shall be withdrawn by the Trustee and deposited to the credit
of the Debt Service Fund at the times and in the amounts required to
comply with the provisions of paragraph 2 of Section 605. At any time
after December 31, 1980, monies and securities in the Capital Reserve
Fund in excess of the Capital Reserve Fund Requirement, upon direction
of the Corporation, may be withdrawn by the Trustee and deposited
to the credit of the Debt Service Fund.

3. In order further to assure the maintenance of the Capital
Reserve Fund in an amount equal to the Capital Reserve Fund Require-
ment and in compliance with the requirements of subdivision 4 of
Section 3036 of the Act, the Chairman shall annually, on or before
December 1, make and deliver to the Governor and Director of the
Budget of the State (with a copy to the Trustee) his certificate stating
the sum, if any, required to restore the Capital Reserve Fund to an
amount equal to the Capital Reserve Fund Requirement. All monies
received by the Corporation from the State pursuant to any such cer-
tification, in accordance with the provisions of subdivision 4 of Section
3036 of the Act, as amended, shall be deposited in the Capital Reserve
Fund, as required by paragraph 1 of this Section 606.
607. Certificate to the State Comptroller and to the Mayor of The City of New York. In order to assure the maintenance of the Operating Fund, the Debt Service Fund and the Capital Reserve Fund, not less than one hundred and twenty days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year) (but not later than July 1, 1975 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Debt Service Fund to pay all interest on and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds or Notes maturing or otherwise coming due during such Fiscal Year and the interest on Other Obligations maturing or otherwise becoming due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the obligations of the Corporation, including the Bonds, each quarterly payment (to be made on or before April 12, June 30, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification, shall be an amount, after taking into account monies then in the Debt Service Fund and available for the purposes of such Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds, Notes or Other Obligations the interest on which is payable from the Debt Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds, Notes and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of which such quarterly period is a part. If any increase shall occur in the cash requirements specified above, or if payments are
required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor (with a copy to the Trustee). The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds or Notes, or interest on Other Obligations, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

**ARTICLE VII**

**Security for Deposits and Investment of Funds**

701. *Security for Deposits.* All monies held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the Corporation and the Holders of the Bonds by direct obligations of the State or of the United States of America or obligations the principal and interest of which are guaranteed by the State or the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such monies is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any monies which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such monies.

702. *Investment of Funds and Accounts Held by the Trustee.*

(1) Monies in the Debt Service Fund and the Capital Reserve Fund shall, as nearly as may be practicable, be invested by the Trustee
upon direction of the Corporation in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the Corporation in issuing such direction shall take into consideration the dates and times when monies in such Fund will be required for the purposes of this Resolution) in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any bond, debenture, note, participation or other similar obligation issued by any of the following Federal agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration and Export-Import Bank, (c) if permitted by law, any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association, and (d) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State treasury. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with but in no event later than the times at which monies in the Debt Service Fund and Capital Reserve Fund will be required for the purposes in this Resolution provided.

(2) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(3) In computing the amount in any fund or account held by the Trustee under the provisions of this Resolution, excepting the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at the cost or market price thereof, whichever is lower, inclusive of accrued interest. In computing the amount of the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at par if purchased at par or at Amortized Value if purchased at other than par. Amortized Value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by
dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium and adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation on any particular date shall include the amount of interest then earned or accrued to such date on any monies or investments in the Capital Reserve Fund.

(4) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Corporation in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

(5) In lieu of the investments of monies in obligations authorized in paragraph (1) above, the Trustee shall, to the extent permitted by the Act then in effect, upon direction of the Corporation in writing, signed by an Authorized Officer, deposit monies from any fund or account held by the Trustee under the terms of this Resolution, in interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no monies in such funds or accounts shall be so deposited unless the recipient of such deposit shall certify in writing to the Corporation and the Trustee, upon the making of each such deposit or arrangement, that the interest to be earned thereon will be in excess of the interest, income or increment that would be earned by the investment of such monies in accordance with the requirements of paragraph (1) above in direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State at the then current mar-
ket prices; provided further, that each such interest-bearing time
deposit or other similar banking arrangement shall permit the monies
so placed to be available for use at the times provided with respect to
the investment or reinvestment of such monies; and provided further,
that all monies in each such interest-bearing time deposit or other
similar banking arrangement shall be continuously and fully secured
by direct obligations of the United States of America or of the State
or obligations the principal and interest of which are guaranteed by
the United States of America or by the State, of a market value equal
at all times to the amount of the deposit or of the other similar banking
arrangement.

(6) No part of the proceeds of any Series of Bonds or any other
funds of the Corporation shall be used directly or indirectly to acquire
any securities or obligations the acquisition of which would cause any
Bond to be an "arbitrage bond" as defined in subsection (d)(2) of
section 103 of the Internal Revenue Code of 1954 [Title 26 of the
United States Code] as then in effect and to be subject to treatment
under subsection (d)(1) of said section as an obligation not described
in subsection (a) of said section.

703. Liability of Trustee for Investments. The Trustee shall not
be liable or responsible for the making of any investment authorized by
the provisions of this Article, in the manner provided in this Article,
or for any loss resulting from any such investment so made.

ARTICLE VIII

THE TRUSTEE AND THE PAYING AGENTS

801. Appointment and Acceptance of Duties of Trustee. United
States Trust Company of New York, in the City, County and State of
New York, is hereby appointed as Trustee. The Trustee shall signify
its acceptance of the duties and obligations imposed upon it by this
Resolution by written instrument of acceptance deposited with the
Corporation.

802. Appointment and Acceptance of Duties of Paying Agents.
The Corporation shall appoint one or more Paying Agents for the
Bonds of any Series in the Series Resolution authorizing such Bonds
or shall appoint such Paying Agent or Paying Agents by resolution of
the Corporation adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the Corporation and the Trustee.

The corporate trust offices of the Paying Agents are hereby designated as the respective agencies of the Corporation for the payment of the interest on and principal or Redemption Price of the Bonds, except that interest on all registered Bonds and the principal and Redemption Price of all registered Bonds and of all coupon Bonds registered as to principal shall be payable at the corporate trust office of the Trustee.

803. **Responsibilities of Trustee and Paying Agents.** The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or coupons issued hereunder or in respect of the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any monies paid to the Corporation. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others.
804. Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Corporation to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.

805. Compensation. The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.
806. **Permitted Acts and Functions.** The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

807. **Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the Corporation and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 809, in which event such resignation shall take effect immediately on the appointment of such successor.

808. **Removal of Trustee.** The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation.

809. **Appointment of Successor Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Corpo-
ration written notice, as provided in Section 807, or after a vacancy in
the office of the Trustee shall have occurred by reason of its inability to
act, the Trustee or the Holder of any Bond may apply to any court of
competent jurisdiction to appoint a successor Trustee. Said court may
thereupon, after such notice, if any, as such court may deem proper
and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 809 in
succession to the Trustee shall be a bank or trust company organized
under the laws of the State of New York, or a national banking asso-
ciation doing business and having its principal office in such State, and
having a capital and surplus aggregating at least Fifty Million Dollars
($50,000,000) if there be such a bank or trust company or national bank-
ing association willing and able to accept the office on reasonable and
customary terms and authorized by law to perform all the duties im-
posed upon it by this Resolution.

810. Transfer of Rights and Property to Successor Trustee. Any
successor Trustee appointed under this Resolution shall execute, ac-
knowledge and deliver to its predecessor Trustee, and also to the Cor-
poration, an instrument accepting such appointment, and thereupon
such successor Trustee, without any further act, deed or conveyance,
shall become fully vested with all monies, estates, properties, rights,
powers, duties and obligations of such predecessor Trustee, with like
effect as if originally named as Trustee; but the Trustee ceasing to act
shall nevertheless, on the written request of the Corporation, or of the
successor Trustee, execute, acknowledge and deliver such instruments
of conveyance and further assurance and do such other things as may
reasonably be required for more fully and certainly vesting and con-
firming in such successor Trustee all the right, title and interest of
the predecessor Trustee in and to any property held by it under this
Resolution, and shall pay over, assign and deliver to the successor
Trustee any money or other property subject to the trusts and condi-
tions herein set forth. Should any deed, conveyance or instrument in
writing from the Corporation be required by such successor Trustee
for more fully and certainly vesting in and confirming to such successor
Trustee any such estates, rights, powers and duties, any and all such
deeds, conveyances and instruments in writing shall, on request, and
so far as may be authorized by law, be executed, acknowledged and
delivered by the Corporation. Any such successor Trustee shall
promptly notify the Paying Agents of its appointment as Trustee.
811. Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any states of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

812. Resignation or Removal of the Paying Agents and Appointment of Successors. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the Corporation and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Corporation. Any successor Paying Agent shall be appointed by the Corporation and (subject to the requirements of Section 903) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least Three Million Dollars ($3,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

ARTICLE IX

Covenants of the Corporation

The Corporation covenants and agrees with the Holders of the Bonds and coupons as follows:

901. Payment of Bonds. The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any,
of every Bond and the interest thereon, at the dates and places and in
the manner provided in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall
duly and punctually pay or cause to be paid all Sinking Fund Install-
ments, if any, becoming payable with respect to any Series of Bonds.
All such payments, to the extent not paid when due and payable, shall
continue to be due and payable and, accordingly, shall be deemed to be
becoming due until the same shall be paid.

902. Extension of Payment of Bonds and Coupons. The Corpora-
tion shall not directly or indirectly extend or assent to the extension
of the maturity of any of the Bonds or the time of payment of any of
the coupons or claims for interest by the purchase or funding of such
Bonds, coupons or claims for interest or by any other arrangement and
in case the maturity of any of the Bonds or the time for payment of
any such coupons or claims for interest shall be extended, such Bonds,
coupons or claims for interest shall not be entitled in case of any
default under this Resolution to the benefit of this Resolution or to
any payment out of any assets of the Corporation or the funds (except
funds held in trust for the payment of particular Bonds, coupons or
claims for interest pursuant to this Resolution) held by the Trustee or
any Paying Agent, except subject to the prior payment of the principal
of all Bonds issued and Outstanding the maturity of which has not been
extended and of such portion of the accrued interest on the Bonds as
shall not be represented by such extended coupons or claims for inter-
est. Nothing herein shall be deemed to limit the right of the Corpora-
tion to issue Bonds of a Refunding Issue as provided in Section 203
and such issuance shall not be deemed to constitute an extension of
maturity of Bonds or the time of payment of any of the coupons or
claims for interest.

903. Offices for Payment and Registration of Bonds and Coupons.
The Corporation shall at all times maintain an office or agency in the
Borough of Manhattan, City and State of New York where Bonds and
coupons may be presented for payment. The Corporation may pur-
suant to a Series Resolution or pursuant to resolution adopted in
accordance with Section 802 designate an additional Paying Agent or
Paying Agents where Bonds and coupons of the Series authorized
thereby or referred to therein may be presented for payment. The
Corporation shall at all times maintain an office or agency in the Bor-
ough of Manhattan, City and State of New York, where Bonds may be
presented for registration, transfer or exchange and the Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

904. Further Assurances. At any and all times the Corporation shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, Revenues and other monies, securities and funds hereby pledged or assigned, or intended so to be, or which the Corporation may hereafter become bound to pledge or assign. The Corporation further covenants that it shall cause the Chairman to make and deliver the certificates referred to in sub-section 3 of Section 606 and Section 607 hereof at the times required therein and shall cause the amounts received to be deposited in the appropriate Funds, respectively.

905. Power to Issue Bonds and Make Pledges. The Corporation is duly authorized pursuant to law to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues and other monies, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Revenues and other monies, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

906. Agreement of the State. In accordance with the provisions of Section 3015 of the Act, the Corporation hereby includes in this Resolution the pledge of and agreement with the Holders of the Bonds that the State will not limit or alter the rights vested pursuant to the Act in the Corporation to fulfill the terms of any agreements made with
Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged.

907. *Creation of Liens.* The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund, and shall not create or cause to be created any lien or charge prior to the Bonds on revenues, monies and securities in the Debt Service Fund.

908. *Accounts and Reports.* The Corporation shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made for its transactions relating to all Funds established by this Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than five per cent (5%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

909. *General.* The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the Act as then in effect and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State of New York and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Corporation, shall be within every debt and other limit prescribed by the laws of said State.

If the Corporation shall exercise its power to limit the implementation of the conditions set forth in Section 3038 of the Act or thereafter to permit such conditions to be further limited, any such action shall be taken by resolution of the Board. When so acting the Board shall make a determination that any such limitation is not so substantial as effectively to constitute a waiver of any of the conditions in Section 3038, or shall make a determination that the conditions shall impose a further condition on the City which determination shall be conclusive and binding upon the holders of the Bonds and the Trustee. A copy
of such resolution shall promptly be delivered to the Trustee and to
the Governor, the State Legislature, the State Comptroller, the Mayor,
the Board of Estimate, the City Council and the City Comptroller and
promptly be published by the Corporation.

ARTICLE X

SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

1001. Modification and Amendment Without Consent. Notwith-
standing any other provisions of this Article X, or Article XI, the
Corporation may adopt at any time or from time to time Series Res-
olutions or Supplemental Resolutions for any one or more of the follow-
ing purposes, and any such Series Resolution or Supplemental Resolu-
tion shall become effective in accordance with its terms upon the filing
with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To provide for the issuance of a Series of Bonds pursuant
to the provisions of this Resolution and to prescribe the terms and
conditions pursuant to which such Bonds may be issued, paid or
redeemed;

(2) To add additional covenants and agreements of the Cor-
poration for the purpose of further securing the payment of the
Bonds, provided such additional covenants and agreements are not
contrary to or inconsistent with the covenants and agreements of
the Corporation contained in this Resolution;

(3) To prescribe further limitations and restrictions upon
the issuance of Bonds and the incurring of indebtedness by the
Corporation which are not contrary to or inconsistent with the
limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to
or conferred upon the Corporation by the terms of this Resolution,
provided that the surrender of such right, power or privilege is not
contrary to or inconsistent with the covenants and agreements of
the Corporation contained in this Resolution;

(5) To confirm as further assurance any pledge under and the
subjection to any lien, claim or pledge created or to be created
by the provisions of this Resolution, of the Revenues or of any
other monies, securities or funds;

(6) To modify any of the provisions of this Resolution or any
previously adopted Series Resolution in any other respects, pro-
vided that such modifications shall not be effective until after all
Bonds of any Series of Bonds Outstanding as of the date of adop-
tion of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(7) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

1002. Supplemental Resolutions Effective With Consent of Bondholders. The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI hereof, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

1003. General Provisions Relating to Series Resolutions and Supplemental Resolutions. This Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the Corporation to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Corporation when filed with the Trustee shall be accompanied by a Counsel’s Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying
on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Corporation without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI
AMENDMENTS OF RESOLUTIONS

1101. Powers of Amendment. Any modification or amendment of this Resolution and of the rights and obligations of the Corporation and of the Holders of the Bonds and coupons hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102, (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (c) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected
by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds and coupons of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including Counsel’s Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Resolution.

1102. Consent of Bondholders. The Corporation may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Corporation to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (ii) a Counsel’s Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1102 provided. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such
consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1102 provided for is filed, such revocation and if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1301. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Corporation and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the Corporation by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The Corporation shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Trustee, each Paying Agent and the Holders of all Bonds and coupons at the expiration of thirty (30) days after the filing with the
Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Corporation, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1103. Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the Corporation and of the Holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption and filing with the Trustee by the Corporation of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required.

1104. Mailing and Publication. (1) Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Corporation, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee within two (2) years preceding such mailing an address for notices, and (iii) to the Trustee.

(2) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or any other action or any calculation of Outstanding Bonds provided for in this Resolution, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent
or other action taken under this Resolution, the Corporation shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

1106. Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article X or this Article XI provided may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Corporation to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

ARTICLE XII
Defaults and Remedies

1201. Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 3017 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 3017 of the Act is hereby abrogated in accordance with the provision of subdivision 2(g) of Section 3012 of the Act.

1202. Events of Default. Each of the following events is hereby declared an "event of default," that is to say; if

(a) the Corporation shall default in the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036 of the Act, or the State Comptroller shall fail to pay to the Corporation, as and
when required by such Section, for deposit in the Capital Reserve Fund, the Debt Service Fund or the Operating Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund or the Debt Service Fund the amount or amounts received by the Corporation for deposit in such Funds, respectively; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 3 and 4 of Section 3036 of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund the amount or amounts received by the Corporation for deposit in such Fund; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by Section 1107 of Article 28 of the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on the date of this Resolution; or

(g) the State shall fail to maintain the existence of either the special account for the Corporation in the municipal assistance tax fund established pursuant to Section 92-d of the State Finance Law or the stock transfer fund established by Section 92-b of said Law.

1203. Remedies. (1) Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202, the Trustee shall proceed, or upon the happening and continuance of any
event of default specified in paragraphs (e), (d), (c), (f) or (g) of Section 1202, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(e) in accordance with the provisions of the Act, to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.
1204. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal
and interest, to the persons entitled thereto without any discrimina-
tion or preference except as to any difference in the respective
rates of interest specified in the Bonds and coupons.

The provisions of this Section 1204 are in all respects subject to
the provisions of Section 902.

Whenever monies are to be applied by the Trustee pursuant to
the provisions of this Section, such monies shall be applied by the
Trustee at such times, and from time to time, as the Trustee in its sole
discretion shall determine, having due regard to the amount of such
monies available for application and the likelihood of additional money
becoming available for such application in the future; the deposit of
such monies with the Paying Agents, or otherwise setting aside such
monies in trust for the proper purpose, shall constitute proper applica-
tion by the Trustee; and the Trustee shall incur no liability whatsoever
to the Corporation, to any Bondholder or to any other person for any
delay in applying any such monies, so long as the Trustee acts with
reasonable diligence, having due regard for the circumstances, and
ultimately applies the same in accordance with such provisions of this
Resolution as may be applicable at the time of application by the
Trustee. Whenever the Trustee shall exercise such discretion in apply-
ing such monies, it shall fix the date (which shall be an interest pay-
ment date unless the Trustee shall deem another date more suitable)
upon which such application is to be made and upon such date interest
on the amounts of principal to be paid on such date shall cease to
accrue. The Trustee shall give such notice as it may deem appro-
priate for the fixing of any such date. The Trustee shall not be
required to make payment to the Holder of any unpaid coupon or
any Bond unless such coupon or such Bond shall be presented to the
Trustee for appropriate endorsement or for cancellation if fully paid.

1205. Termination of Proceedings. In case any proceeding taken
by the Trustee on account of any event of default shall have been dis-
continued or abandoned for any reason, then in every such case the
Corporation, the Trustee and the Bondholders shall be restored to their
former positions and rights hereunder, respectively, and all rights,
remedies, powers and duties of the Trustee shall continue as though no
such proceeding had been taken.
1206. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

1207. Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in
the manner herein provided and for the benefit of all Holders of the Outstanding Bonds and coupons. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the Corporation shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof and the coupons pertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in this Section 1207, or any other provision of this Resolution, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

1208. Possession of Bonds by Trustee Not Required. All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds and coupons, subject to the provisions of this Resolution.

1209. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such
remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

1210. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

1211. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, Sinking Fund Installment, or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Operating Fund, the Debt Service Fund or the Capital Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

ARTICLE XIII

Execution of Instruments By Bondholders and Proofs of Ownership of Bonds

1301. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution to be
signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or, in the case of coupon Bonds, by any bank, trust company, or other depository of such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Bondholder or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or verified, of an officer of any bank, trust company, or other depository, or of any notary public, or other officer authorized to take acknowledgments. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the holding of coupon Bonds by any Bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered as to principal other than to bearer) may be proved by a certificate executed by an officer of any bank, trust company, or other depository, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibited to such bank, trust company, or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice of the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the registry books kept by the Trustee under the provisions of this Resolution.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done or suffered to be done by the Corporation, the Trustee or any Paying Agent in pursuance of such request or consent.
ARTICLE XIV

DeFeasance

1401. DeFeasance. 1. If the Corporation shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Corporation, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not
by their terms subject to redemption within the next succeeding 60
days, the Corporation shall have given the Trustee in form satisfactory
to it irrevocable instructions to publish, as soon as practicable, at least
twice, at an interval of not less than seven days between publications,
in an Authorized Newspaper a notice to the Holders of such Bonds
and coupons that the deposit required by (b) above has been made with
the Trustee and that said Bonds and coupons are deemed to have been
paid in accordance with this Section and stating such maturity or
redemption date upon which monies are to be available for the pay-
ment of the principal or Redemption Price, if applicable, on said
Bonds. Neither direct obligations of the United States of America or
monies deposited with the Trustee pursuant to this Section nor prin-
cipal or interest payments on any such securities shall be withdrawn
or used for any purpose other than, and shall be held in trust for, the
payment of the principal or Redemption Price, if applicable, and in-
terest on said Bonds; provided that any cash received from such prin-
cipal or interest payments on such direct obligations of the United
States of America deposited with the Trustee, if not then needed for
such purpose, shall, to the extent practicable, be reinvested in direct
obligations of the United States of America maturing at times and in
amounts sufficient to pay when due the principal or Redemption Price,
if applicable, and interest to become due on said Bonds on and prior to
such redemption date or maturity date thereof, as the case may be,
and interest earned from such reinvestment shall be paid over to the
Corporation, as received by the Trustee, free and clear of any trust, lien
or pledge.

3. Anything in the Resolution to the contrary notwithstanding,
any monies held by a Fiduciary in trust for the payment and discharge
of any of the Bonds or coupons which remain unclaimed for six years
after the date when such Bonds have become due and payable, either
at their stated maturity dates or by call for earlier redemption, if such
monies were held by the Fiduciary at such date, or for six years after
the date of deposit of such monies if deposited with the Fiduciary
after the said date when such Bonds became due and payable, shall, at
the written request of the Corporation, be repaid by the Fiduciary to the
Corporation, as its absolute property and free from trust, and the
Fiduciary shall thereupon be released and discharged with respect
thereto and the Bondholders shall look only to the Corporation for the
payment of such Bonds and coupons; provided, however, that before
being required to make any such payment to the Corporation, the
Fiduciary shall, at the expense of the Corporation, cause to be published
at least twice, at an interval of not less than seven days between publica-
tions, in an Authorized Newspaper, a notice that said monies remain
unclaimed and that, after a date named in said notice, which date shall
be not less than 30 days after the date of the first publication of such
notice, the balance of such monies then unclaimed will be returned to
the Corporation.

ARTICLE XV
MISCELLANEOUS

1501. Preservation and Inspection of Documents. All documents
received by the Trustee or any Paying Agent under the provisions of
this Resolution or any Series Resolution shall be retained in its posses-
sion and shall be subject at all reasonable times to the inspection of the
Corporation, the Trustee or any Paying Agent and after written re-
quest received by the Trustee at least five business days prior to the
date of inspection, by any Holder of Outstanding Bonds and their
agents and representatives, any of whom may make copies thereof.

1502. Parties of Interest. Nothing in this Resolution or in any
Series Resolution adopted pursuant to the provisions hereof, expressed
or implied, is intended to or shall be construed to confer upon or to
give to any person or party other than the Corporation, Trustee, Paying
Agents and the Holders of the Bonds and coupons pertaining thereto
any rights, remedies or claims under or by reason of this Resolution or
any Series Resolution or any covenants, condition or stipulation there-
of; and all covenants, stipulations, promises and agreements in this
Resolution and any Series Resolution contained by or on behalf of the
Corporation shall be for the sole and exclusive benefit of the Corpora-
tion, Trustee and Paying Agents and the Holders from time to time
of the Bonds and the coupons pertaining thereto.

1503. No Recourse Under Resolution or on Bonds. All covenants,
stipulations, promises, agreements and obligations of the Corporation
contained in this Resolution shall be deemed to be the covenants, stipu-
lations, promises, agreements and obligations of the Corporation and
not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the Corporation or any natural person executing the Bonds.

1504. *Severability.* If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Resolution on the part of the Corporation, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

1505. *Headings.* Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

1506. *Conflict.* All resolutions or parts of resolutions or other proceedings of the Corporation in conflict herewith be and the same are repealed insofar as such conflict exists.

1507. *Effective Date.* This Resolution shall take effect immediately upon its adoption. Any resolutions of the Corporation authorizing the issuance of notes of the Corporation and the establishment of a debt service fund is hereby rescinded effective upon payment in full of such notes.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1975 Series B Resolution

Authorizing
$275,000,000
1975 SERIES B BONDS

Adopted August 15, 1975
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1975 SERIES B RESOLUTION AUTHORIZING $275,000,000
1975 SERIES B BONDS

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1975 SERIES B RESOLUTION AUTHORIZING
$275,000,000 1975 SERIES B BONDS

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. 1975 Series B Resolution. This Resolution is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on July 2, 1975, entitled "General Bond Resolution".

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the General Bond Resolution shall have the same meanings, respectively, in this 1975 Series B Resolution Authorizing $275,000,000 1975 Series B Bonds, as such terms are given in said Section 101 of the General Bond Resolution.

(b) In addition, as used in this 1975 Series B Resolution Authorizing $275,000,000 1975 Series B Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"1975 Series B Bonds" shall mean the Bonds authorized by Article II of this 1975 Series B Resolution.

"1975 Series B Bond Proceeds Fund" means the fund by that name established by Section 301 hereof.

"1975 Series B Resolution" shall mean this 1975 Series B Resolution Authorizing $275,000,000 1975 Series B Bonds.

"1975 Series B Serial Bond" shall mean any of the 1975 Series B Bonds maturing in annual installments on February 1, 1980 and February 1, 1981.

"1975 Series B Term Bond" shall mean any of the 1975 Series B Bonds maturing on February 1, 1983.
(b) Payment to the City of the amount required by the City to enable it to pay operating expenses of the City, as hereinafter provided.

SECTION 203. Issue Date. The 1975 Series B Bonds shall be dated August 1, 1975, except as otherwise provided in Section 301 of the Resolution with respect to certain registered 1975 Series B Bonds. Registered 1975 Series B Bonds issued prior to the first interest payment date thereof shall be dated August 1, 1975.

SECTION 204. Maturities and Interest Rates. The 1975 Series B Bonds shall mature on February 1 in each of the years and in the respective principal amounts and shall bear interest at the rates per annum as shown below:

$135,000,000 1975 Series B Serial Bonds

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<th>Year of Maturity</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$70,000,000</td>
<td>10%</td>
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<tr>
<td>1981</td>
<td>$65,000,000</td>
<td>10½%</td>
</tr>
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</table>

$140,000,000 1975 Series B Term Bonds

<table>
<thead>
<tr>
<th>Year of Maturity</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>$140,000,000</td>
<td>11%</td>
</tr>
</tbody>
</table>

SECTION 205. Interest Payments. The 1975 Series B Bonds in coupon form shall bear interest from August 1, 1975, payable semi-annually on February 1 and August 1, in each year, commencing February 1, 1976, until the Corporation’s obligation with respect to the payment of the principal sum on said Series B Bonds is discharged. Registered 1975 Series B Bonds shall bear interest from their date, payable semi-annually on February 1 and August 1, in each year, provided that registered 1975 Series B Bonds dated August 1, 1975, shall bear interest from their date payable semi-annually on February 1 and August 1, in each year, commencing February 1, 1976, until the Corporation’s obligation with respect to the payment of the principal sum on said 1975 Series B Bonds is discharged.
payable to bearer shall be payable at the corporate trust office of

, in the , or, at the option of the holder, at the corporate
trust office of , in the

, or, at the option of the holder, at the corporate trust
office of , in the

, each being hereby
appointed as a Paying Agent for the 1975 Series B Bonds, unless regis-
tered as to principal. The interest on all registered 1975 Series B
Bonds and the principal of all registered 1975 Series B Bonds and of
all 1975 Series B Bonds issued in coupon form payable to bearer and
subsequently registered as to principal, shall be payable at the cor-
porate trust office of the Trustee.

The 1975 Series B Serial Bonds shall not be subject to redemption
prior to maturity. The 1975 Series B Term Bonds shall not be subject
to redemption prior to maturity otherwise than from mandatory Sink-
ing Fund Installments, as hereinafter provided.

Section 210. Sinking Fund Installments. The 1975 Series B Term
Bonds shall be subject to redemption, in part, by operation of the Debt
Service Fund through application of Sinking Fund Installments as
provided in the Resolution. The 1975 Series B Term Bonds shall be
subject to such redemption on February 1, 1982, as herein provided,
upon published notice, all as prescribed in Article IV of the Resolution,
at the Redemption Price of one hundred per centum (100%) of the
principal amount of each 1975 Series B Term Bond or portion thereof
to be redeemed, plus accrued interest, if any, to the date of redemption.
Unless none of the 1975 Series B Term Bonds shall then be Outstand-
ing, and, subject to the provisions of Section 605 of the Resolution
permitting amounts to be credited to part or all of any one or more
Sinking Fund Installments, there shall be due and the Corporation
shall be required to pay for the retirement of the 1975 Series B Term
Bonds, on February 1 of each of the years set forth in the following
table, the amount set opposite such year in said table, and the said
amount so to be paid on each such date is hereby established as and
shall constitute a Sinking Fund Installment for retirement of the 1975
Series B Term Bonds, except that the amount set opposite the year
ARTICLE III
Disposition of 1975 Series B Bond Proceeds and Accrued Interest

Section 301. Establishment of 1975 Series B Bonds Proceeds Fund. There is hereby established the 1975 Series B Bonds Proceeds Fund to be held by the Trustee. There shall be deposited into such Fund the balance of the proceeds of sale of the 1975 Series B Bonds after deducting therefrom the amount of accrued interest received at the time of delivery of the 1975 Series B Bonds, which amount shall be deposited into the Debt Service Fund pursuant to Section 303 hereof.

Section 302. Payments from 1975 Series B Bonds Proceeds Fund. The moneys deposited in the 1975 Series B Bonds Proceeds Fund shall be expended by the Trustee only pursuant to the written order of the Corporation signed by an Authorized Officer for the following purposes:

(a) Payment to the City of the amount required by the City to enable it to pay, at maturity, the principal of and interest on any Short Term Obligations, as certified to the Corporation by the Mayor, a copy of which certification shall be attached to said written order; and

(b) Payment to the City of the amount required by the City to enable it to pay operating expenses of the City, as certified to the Corporation by the Mayor, a copy of which certification shall be attached to said written order together with evidence of the receipt by the Corporation of Short Term Obligations, if required by the Act as then in effect;

provided, however, that pending expenditure of the moneys as herein directed, such moneys may be invested by the Trustee upon direction of the Corporation in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the Corporation in issuing such direction shall take into consideration the dates and times when moneys in such 1975 Series B Bonds Proceeds Fund will be required for the purposes of this 1975 Series B Resolution) in obligations of issuers enumerated as authorized for investments of moneys in the Debt Service Fund and the Capital Reserve Fund pursuant to the provisions of paragraph (1) of Section 702 of the General
bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal sum of FIVE THOUSAND DOLLARS ($5,000) on the first day of February, ___, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon from the date hereof to the date of maturity or earlier redemption, of this Bond, at the rate of ___ per centum (___%) per annum, payable semi-annually on February 1 and August 1, in each year, commencing February 1, 1976, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but only with respect to interest due on or before the maturity of this Bond according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of ________________, in the ________________, or, at the option of the holder, at the corporate trust office of ________________, in the ________________, or, at the option of the holder, at the corporate trust office of ________________, in the ________________. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the resolution of the Corporation adopted July 2, 1975, entitled "General Bond Resolution" (herein called the "General Bond Resolution"), or its successor as trustee (herein called the "Trustee"), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the General Bond Resolution and the series resolution authorizing each such series.
by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the General Bond Resolution is not limited except as provided in the General Bond Resolution or as may be limited by law and all Bonds issued and to be issued pursuant to the General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

This Bond is one of a series of Bonds designated “1975 Series B Bonds” (herein called the “1975 Series B Bonds”), issued in the aggregate principal amount of $275,000,000 pursuant to the General Bond Resolution and the series resolution of the Corporation adopted August 15, 1975, entitled “1975 Series B Resolution Authorizing $275,000,000 1975 Series B Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 1975 Series B Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1975 Series B Bonds with respect thereto and the terms and conditions upon which the 1975 Series B Bonds are issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders
payment of such charges, if any, registered 1975 Series B Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1975 Series B Bonds, with appropriate coupons attached, or of 1975 Series B Bonds without coupons of any other authorized denominations, of the same maturity, provided, however, that in no event shall 1975 Series B Bonds in the denominations of $5,000 or an integral multiple of $5,000 be exchanged for an equal aggregate principal amount of 1975 Series B Bonds in the denomination of $1,000.

The 1975 Series B Bonds maturing on February 1, 1980, and on February 1, 1981 are not subject to redemption prior to maturity. The 1975 Series B Bonds maturing on February 1, 1983, are subject to redemption, in part, by lot as provided in the Resolutions, on February 1 in each of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on February 1 of each of the years shown below the principal amount of such 1975 Series B Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$66,350,000</td>
</tr>
<tr>
<td>1983</td>
<td>73,650,000</td>
</tr>
</tbody>
</table>

The 1975 Series B Bonds maturing on February 1, 1983, are not subject to redemption prior to maturity otherwise than from such mandatory Sinking Fund Installments.

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, 1975 Series B Bonds of the Corporation payable from such Sinking Fund Installment
Neither this 1975 Series B Bond nor any coupon for interest hereon shall be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any person executing the 1975 Series B Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 1975 Series B Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1975 Series B Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In Witness Whereof, the Municipal Assistance Corporation For The City of New York has caused this 1975 Series B Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of August, 1975.

Municipal Assistance Corporation
For The City of New York

By ____________________________
Chairman

[Seal]

Attest:

______________________________
Assistant Secretary
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1975 Series B Bond

The Municipal Assistance Corporation for the City of New York (hereinafter sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal sum of Five Thousand Dollars ($5,000) on the first day of February, ______, and to pay interest thereon from the date hereof to the date of maturity of this Bond, at the rate of ______ per centum (____% per annum, payable semi-annually on February 1 and August 1, in each year, commencing February 1, 1976, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but only with respect to interest due on or before the maturity of this Bond according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of ________________________________, in the ________________________________, or, at the option of the holder, at the corporate trust office of ________________________________, in the ________________________________, or, at the option of the holder, at the corporate trust office of ________________________________, in the ________________________________. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York,
of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (ii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iii) investment earnings of moneys in such Funds; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds or Notes, relating to said taxes and such Municipal Assistance Tax Fund, the Special Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the General Bond Resolution is not limited except as provided in the General Bond Resolution or as may be limited by law and all Bonds issued and to be issued pursuant to the General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

This Bond is one of a series of Bonds designated "1975 Series B Bonds" (herein called the "1975 Series B Bonds"), issued in the aggregate principal amount of $275,000,000 pursuant to the General Bond Resolution and the series resolution of the Corporation adopted August 15, 1975, entitled "1975 Series B Resolution Authorizing $275,000,000 1975 Series B Bonds" (said resolutions being herein collectively called the "Resolutions"), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corpora-
The 1975 Series B Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $1,000 or $5,000 and in the form of registered Bonds without coupons in the denomination of $1,000 or $5,000 or an integral multiple of $5,000, not exceeding the aggregate principal amount of the 1975 Series B Bonds maturing in the year of maturity of the 1975 Series B Bond for which the denomination of the 1975 Series B Bond is to be specified. Coupon 1975 Series B Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of coupon 1975 Series B Bonds or registered 1975 Series B Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon the payment of such charges, if any, registered 1975 Series B Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1975 Series B Bonds, with appropriate coupons attached, or of 1975 Series B Bonds without coupons of any other authorized denominations, of the same maturity, provided, however, that in no event shall 1975 Series B Bonds in the denomination of $5,000 or an integral multiple of $5,000 be exchanged for an equal aggregate principal amount of 1975 Series B Bonds in the denomination of $1,000.

This 1975 Series B Bond is not subject to redemption prior to maturity.

The 1975 Series B Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

This 1975 Series B Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this 1975 Series B Bond, or of any coupon appurtenant hereto, by accepting this 1975 Series B Bond or coupon shall be conclusively deemed to have agreed that this 1975 Series B Bond or coupon is fully negotiable for those purposes.
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1975 Series B Bonds of the Municipal Assistance Corporation For The City of New York.

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

By __________________________

Authorized Signature

(Form of Coupon)

No. __________  $__________

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK on ______________________, 19__, will pay to bearer the amount shown hereon in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of __________________________, in the __________________________, or, at the option of the holder, at the corporate trust office of __________________________, in the __________________________, or, at the option of the holder, at the corporate trust office of __________________________, in the __________________________, upon presentation and surrender of this coupon, being the interest then due on its 1975 Series B Bond, dated August 1, 1975, No. B

By __________________________

Chairman, Municipal Assistance Corporation For The City of New York

Registration

(No writing below except by the Trustee as Registrar.)

Date of Registration __________________________

Name of Registered Holder __________________________

Authorized Signature __________________________
Bond Resolution” (herein called the “General Bond Resolution”) and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any revenues of the Corporation and are entitled to a first lien created by the pledge under the General Bond Resolution of all revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund (as defined therein), subject to the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure payment of principal of and interest on Notes and interest on Other Obligations (as defined in the General Bond Resolution). The General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Debt Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and the application of amounts in the Debt Service Fund to the payment, when due, of the principal of and interest on Notes and interest on Other Obligations. Pursuant to the General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Debt Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, effective April 1, 1976, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (ii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iii) investment earnings of moneys in such Funds; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds
atory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee a new registered 1975 Series B Bond or Bonds or, at the option of the transferee, a coupon 1975 Series B Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and series, maturity and interest rate as the surrendered 1975 Series B Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this 1975 Series B Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes whatsoever.

The 1975 Series B Bonds are issuable in the form of coupon bonds payable to bearer in the denomination of $1,000 or $5,000 and in the form of registered bonds without coupons in the denomination of $1,000 or $5,000 or an integral multiple of $5,000, not exceeding the aggregate principal amount of the 1975 Series B Bonds maturing in the year of maturity of the 1975 Series B Bonds for which the denomination of the 1975 Series B Bond is to be specified. Coupon 1975 Series
The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, 1975 Series B Bonds of the Corporation payable from such Sinking Fund Installment and apply any 1975 Series B Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1975 Series B Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 1975 Series B Bonds or portions of the 1975 Series B Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the 1975 Series B Bonds. Notice of redemption having been given, as aforesaid, the 1975 Series B Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided and, from and after the date so fixed for redemption, interest on the 1975 Series B Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 1975 Series B Bonds maturing subsequent to the redemption date shall be void.

The 1975 Series B Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

This 1975 Series B Bond shall not be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1975 Series B Bonds of the Municipal Assistance Corporation For The City of New York.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

By ____________________
Authorized Signature

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received the undersigned hereby sells, assigns, and transfers unto

(Please print or typewrite name and address of transferee)

the within 1975 Series B Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

______________________________ Attorney

to transfer the within 1975 Series B Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _______________________

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within 1975 Series B Bond in every particular, without alteration or enlargement or any change whatever.
Bond Resolution” (herein called the “General Bond Resolution”) and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any revenues of the Corporation and are entitled to a first lien created by the pledge under the General Bond Resolution of all revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund (as defined therein), subject to the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure payment of principal of and interest on Notes and interest on Other Obligations (as defined in the General Bond Resolution). The General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Debt Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and the application of amounts in the Debt Service Fund to the payment, when due, of the principal of and interest on Notes and interest on Other Obligations. Pursuant to the General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Debt Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, effective April 1, 1976, if required, the stock transfer tax imposed by Sections 270 and 270-a of Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (ii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iii) investment earnings of moneys in such Funds; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds
To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee a new registered 1975 Series B Bond or Bonds or, at the option of the transferee, a coupon 1975 Series B Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and series, maturity and interest rate as the surrendered 1975 Series B Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this 1975 Series B Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

The 1975 Series B Bonds are issuable in the form of coupon bonds payable to bearer in the denomination of $1,000 or $5,000 and in the form of registered bonds without coupons in the denomination of $1,000 or $5,000 or an integral multiple of $5,000, not exceeding the aggregate principal amount of the 1975 Series B Bonds maturing in
of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 1975 Series B Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1975 Series B Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In Witness Whereof, the Municipal Assistance Corporation for the City of New York has caused this 1975 Series B Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the ________ day of ________ , ________.

Municipal Assistance Corporation
for the City of New York

By __________________________
Chairman

[Seal]

Attest:

______________________________
Assistant Secretary
Section 402. No Recourse on 1975 Series B Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 1975 Series B Bonds or for any claim based thereon or on the 1975 Series B Resolution against any member or officer of the Corporation or any person executing the 1975 Series B Bonds and neither the Directors of the Corporation nor any other person executing the 1975 Series B Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

Section 403. Execution of 1975 Series B Bonds. Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the 1975 Series B Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the 1975 Series B Bonds.

Article V
Miscellaneous

Section 501. When Effective. This 1975 Series B Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1975 SERIES B BONDS

BOND PURCHASE AGREEMENT

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipals Co.
Smith, Barney & Co. Incorporated
As Representatives of the Underwriters

c/o The Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York 10015

Gentlemen:

Subject to the terms and conditions herein, the undersigned, Municipal Assistance Corporation For The City of New York (the “Corporation”), hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (such Underwriters as finally determined, and in any event including each of the Representatives, being herein collectively called the “Underwriters”), for whom you are acting as Representatives, with respect to the purchase, jointly and severally, from the Corporation and the sale by the Underwriters of $275,000,000 aggregate principal amount of the Corporation’s 1975 Series B Bonds consisting of $135,000,000 aggregate principal amount of Bonds maturing serially on February 1, 1980 and February 1, 1981 (the “Serial Bonds”), and $140,000,000 aggregate principal amount of Bonds maturing February 1, 1983 (the “Term Bonds”; the Serial and the Term Bonds being herein sometimes collectively called the “Bonds”), maturing, bearing interest at the rates and otherwise as set forth in the final Official Statement hereinafter referred to, which the Underwriters herein agree to purchase and which are to be issued pursuant to the General Bond Resolution and the 1975 Series B Resolution, adopted by the board of directors of the Corporation on July 2, 1975 and August 15, 1975, respectively (collectively, the “Resolution”).

SECTION 1. Representations and Agreements of the Corporation.

The Corporation hereby represents to and agrees with each of the Underwriters that:

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal
Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of
the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of
New York, and herein called the "Act"), its corporate purposes being to assist The City of New York
(the "City") in providing essential services to its inhabitants without interruption and in creating
investor confidence in the soundness of the obligations of the City; and the Act and Chapters
168 and 169 of the Laws of 1975 of the State of New York, have been validly adopted and are in
full force and effect.

(b) A specimen Bond, a copy of this Agreement executed by the Corporation, a copy of the
Resolution certified by an appropriate officer of the Corporation and a definitive copy of the Official
Statement of the Corporation with respect to the Bonds (the "final Official Statement") shall be
delivered to you at or prior to the Closing Time (hereinafter defined).

(c) The information concerning the Corporation and the Bonds in the final Official Statement
is true as of the date thereof in all material respects. With respect to the Corporation, the final
Official Statement as of its date does not contain any untrue statement of any material fact or
omit any statement of a material fact necessary to make the final Official Statement, and the state-
ments and information therein contained, not misleading.

(d) The Corporation will apply the proceeds from the sale of the Bonds substantially as set
forth in the Resolution and the final Official Statement.

(e) When delivered to and paid for by the Underwriters in accordance with the terms of this
Agreement and the Resolution, the Bonds will have been duly authorized, executed, authenticated,
issued and delivered and will constitute valid and legally binding obligations of the Corporation
and will be entitled to the benefits of the Resolution.

(f) The Corporation agrees to cooperate with the Underwriters to qualify the Bonds for offer
and sale under the securities or "blue sky" laws of such jurisdictions in the United States as the
Underwriters may request (it being understood that nothing herein shall require the Corporation
to qualify as a foreign corporation or as a dealer in securities or to execute any consent to service
of process).

(g) Except as set forth in the final Official Statement, there is no action, suit, proceeding
or investigation at law or in equity before or by any court or public board or body
pending (or to the knowledge of the Corporation threatened) against the Corporation, wherein
an unfavorable decision, ruling or finding might in any material respect adversely affect the
transactions contemplated by this Agreement or by the final Official Statement, or which in any
way might adversely affect provisions for the payment of principal, premium, if any, or interest
on the Bonds or the validity of the Bonds, the Resolution, this Agreement, or any agreement
or instrument to which the Corporation is a party which is used or contemplated for use in con-
nection with consummation of the transactions contemplated hereby or by the final Official Statement.

(h) The execution, delivery and receipt of the final Official Statement, this Agreement, the
Bonds and the Resolution, under the circumstances contemplated hereby and by the final Official
Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part
of the Corporation a breach of, or a default under, any existing law, court or administrative regulation,
decree, order, agreement, indenture, mortgage, lease or other instrument to which the Corpora-
tion is subject or by which it is bound.

(i) Any certificate signed by any officer of the Corporation and delivered to the Underwriters
shall be deemed a representation by the Corporation to each of the Underwriters as to the truth
of the statements therein made.
(j) The execution, delivery and performance of this Agreement and the Bonds provided for herein have been duly authorized by proper proceedings and will not contravene any provisions of law or regulation or by-laws of the Corporation or any agreement, decree or instrument binding upon the Corporation or any of its property. This Agreement constitutes a legal, valid and binding agreement of the Corporation enforceable in accordance with its terms.

(k) Except for liens created by the 1975 Series A Bonds and 1975 Series C Bonds of the Corporation, there is no lien on the revenues or property of the Corporation as of the date of this Agreement and as of the Closing Time there will be no liens on the revenues or property of the Corporation except for the liens created by the 1975 Series A Bonds and 1975 Series C Bonds of the Corporation.

(l) By adoption of the Resolution, the Corporation has duly authorized the execution, delivery and performance of this Agreement and the issuance of the Bonds. The Corporation hereby agrees to pay punctually the Bonds and the interest thereon when the same shall become due. To that end the Corporation covenants and warrants that it will take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under this Agreement, the Resolution and the Bonds and in order to provide for and to assure payment of the Bonds at maturity.

(m) No authorization, consent or approval of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Corporation of this Agreement, the Resolution or the Bonds, or, if necessary, such authorization, consent, approval or license has been duly obtained.

SECTION 2. Purchase, Sale and Delivery of the Bonds.

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the Corporation, the Bonds for an aggregate purchase price of $269,561,250, plus accrued interest from August 1, 1975 to the date of payment and delivery. The Bonds shall be issued under and secured by the Resolution, to the extent therein provided. The Bonds shall mature and shall bear the interest rates as set forth in the final Official Statement, and the Term Bonds shall have such sinking fund provisions as set forth in the final Official Statement. Payment for the Bonds shall be made by certified or official bank check or checks, in New York Clearing House funds, payable to the order of the Corporation, at the Closing Time, at the offices of The Chase Manhattan Bank (National Association), One Chase Manhattan Plaza, New York, New York 10015. The Closing Time shall be 10:00 A.M., New York time, on August 21, 1975, or such other time as may be provided in accordance with the provisions of Section 9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Bonds shall be delivered in definitive form, as coupon Bonds in the denominations of $1,000 each and $5,000 each, registrable as to principal only, or Bonds registered as to principal and interest in the denominations of $1,000, $5,000 or any integral multiple of $5,000, and shall be available for examination by the Underwriters not less than 24 hours prior to the Closing Time.

SECTION 3. Conditions of the Underwriters' Obligations.

The Underwriters' obligations hereunder shall be subject to the performance by the Corporation of its obligations and agreements to be performed hereunder at or prior to the Closing Time, to the
accuracy of and compliance with the representations and agreements of the Corporation contained herein, as of the date hereof and as of the Closing Time, and to the following conditions:

(a) At the Closing Time you shall receive as Representatives of the Underwriters:

(1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (a) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, in the form attached hereto as Exhibit A, (b) Hawkins, Delafield & Wood, Bond Counsel, in the form attached hereto as Exhibit B and C, (c) the Attorney General of the State of New York, in the form attached hereto as Exhibit D, (d) the Corporation Counsel of the City, in the form attached hereto as Exhibit E, and (e) such General Counsel and such Bond Counsel, substantially to the effect set forth in the preliminary Official Statement under the caption “Litigation”; in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as White & Case, counsel for the Underwriters, shall reasonably approve.

(2) An opinion of White & Case, counsel for the Underwriters, dated the Closing Time, with sufficient copies for each Underwriter, satisfactory in form and substance to the Representatives of the Underwriters, with respect to the creation and existence of the Corporation, the adoption of the Resolution, the authorization and issuance of the Bonds, the authorization, execution and delivery by the Corporation of this Agreement, the exemption of the offering and sale of the Bonds from the registration requirements of the Securities Act of 1933, as amended, the exemption of the Resolution from the qualification requirements of the Trust Indenture Act of 1939, as amended and the status of the Bonds as “exempted securities” within the meaning of the Securities Exchange Act of 1934, as amended; to the effect that nothing has come to their attention which would lead them to believe that the final Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading; and as to such other related matters as the Representatives of the Underwriters may reasonably request; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(3) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, to the effect that (i) each of the representations of the Corporation set forth in Section 1 hereof is true, accurate and complete in all material respects as though made with respect to and as of the Closing Time; (ii) each of the agreements of the Corporation set forth in Section 1 hereof to be complied with at or prior to the Closing Time has been complied with as of such time; and (iii) the Bonds and the Resolution conform in all material respects to the descriptions thereof in the final Official Statement.

(4) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of the Commissioner of Taxation and Finance of the State of New York to the effect that the information set forth in the final Official Statement under the caption “Provisions for Payment of the Bonds” with respect to collections of sales and compensating use taxes and the stock transfer tax and a certificate of the New York State Division of the Budget to the effect that the estimates set forth in the final Official Statement under the caption “Provisions for Payment of the Bonds” with respect to estimated collections of sales and compensating use taxes and the stock transfer tax are true, accurate and complete in all material respects.

(5) Such additional certificates, instruments and other documents as you, as Representatives of the Underwriters, may reasonably request to evidence the truth and accuracy, as of the
Closing Time, of the representations of the Corporation herein contained and of the final Official Statement, and the due performance and satisfaction by the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it in connection with the transactions contemplated hereby or by the final Official Statement.

(b) The market prices of the Bonds, or the market prices of general credit or revenue obligations issued by states or political subdivisions thereof, or the market prices of obligations of the character of the Bonds, shall not (in the reasonable opinion of the Underwriters) have been materially adversely affected by reason of the fact that between the date hereof and the Closing Time

(i) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or introduced and favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or

(ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, or

(iii) an order, ruling or regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service and published in the Federal Register,

with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Bonds, or

(iv) there shall have been a material adverse change in the national financial economic situation in the United States and there shall have occurred (A) the closing other than in the ordinary course of business of the New York Stock Exchange, Inc. or (B) the general suspension of trading on the New York Stock Exchange, Inc. or (C) the establishment of a general banking moratorium by Federal or New York State authorities.

(c) No order, decree or injunction of any court of competent jurisdiction, and no order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, and no legislation shall have been enacted by the Congress, with the purpose or effect of prohibiting the offering, issuance or sale of the Bonds as contemplated hereby or by the final Official Statement.

(d) The Government of the United States shall not have made any declaration of war and the United States shall not have become engaged in any intercontinental ballistic or atomic warfare, or other major military hostilities (exclusive of civil war, insurrection or rebellion).

(e) Underwriters who are member banks of the Federal Reserve System shall be authorized under applicable law to underwrite the Bonds.

(f) The Comptroller of the State of New York shall have approved in writing the sale of the Bonds and the terms thereof as provided in this Agreement.

(g) The Underwriters shall have received a certificate, reasonably satisfactory in form and substance to you, as Representatives of the Underwriters, of the Comptroller of the City, dated, the Closing Time, stating that the proceeds from the sale of the Bonds, together with all other proceeds from the financing plan described in the final Official Statement under the caption “Use of Proceeds and Needs of the City”, will provide sufficient funds to the City for the payment of its notes maturing on August 22, 1975 in the aggregate principal amount of $741,000,000 and operating expenses through September 4, 1978.

The Corporation's obligations hereunder, other than pursuant to Sections 5, 7 and 10 hereof, shall be subject to the following conditions:

(a) the performance by the Underwriters of their obligations hereunder;
(b) the satisfaction of the conditions set forth above in (c), (e) and (f) of Section 3 hereof;
(c) the receipt at the Closing Time of the opinions described in Sections 3(a)(1) and 3(a)(2) hereof; and
(d) the reasonable satisfaction of the Corporation as to the availability of funds for the payment in full by the City of principal and interest on all of its short-term obligations maturing on August 22, 1975.

SECTION 5. Deposit.

The Corporation hereby acknowledges receipt of a certified or bank cashier's check payable to the order of the Corporation in New York Clearing House funds in an amount equal to 2½ of 1% of the aggregate principal amount of the Bonds. In the event of the failure of the Corporation to deliver the Bonds at the Closing Time or if the Corporation shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Agreement (unless waived by the Underwriters), or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, such check shall be returned to the Representatives. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept delivery and pay for the Bonds at the Closing Time as herein provided, such check shall be retained by the Corporation as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as otherwise provided in this Agreement, no party shall have any further right against any other hereunder.

SECTION 6. Representations and Agreements to Survive Delivery.

All representations and agreements of the Corporation shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or any person who controls any Underwriter, and shall survive delivery of the Bonds to the Underwriters.

SECTION 7. Payment of Expenses.

The Corporation shall pay all costs and expenses incident to the performance of its obligations under this Agreement including all expenses incident to the delivery of the Bonds to the several Underwriters, the fees and expenses of Bond Counsel and General Counsel for the Corporation, the costs and expenses incident to the preparing and printing of this Agreement, the Official Statement, the Resolution and related documents, the fees and expenses of the Trustee under the Resolution and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Resolution and the Bonds, and expenses incurred in connection with any securities or "blue sky" law qualifications and the preparation of a memorandum with respect thereto and for any fees charged by investment rating agencies for the rating of the Bonds, it being understood that, except as provided in this Section 7, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel and any advertising connected with any offering of the Bonds by them; provided however that the Corporation shall have no obligation to the Underwriters under this Section 7 if the Corporation is not obligated under this Agreement pursuant to Section 4(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.

SECTION 8. Use of Preliminary and Final Official Statement.

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Bonds the preliminary Official Statement dated
August 8, 1975, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Bonds. Each Underwriter agrees, in connection with the sale of Bonds by such Underwriter, that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement.

Section 9. Default of Underwriters.

If the Underwriters shall default in their obligation to purchase the principal amount of Bonds herein agreed to be purchased, and if the Representatives at such time shall notify the Corporation that such default is the result of a failure on the part of one or more of the Underwriters to comply with its or their obligations, then either the Representatives or the Corporation shall have the right to postpone the Closing Time for a single period of not more than three business days (and the Representatives with the consent of the Corporation shall have the right to postpone the Closing Time for an additional single period of seven days) in order that necessary changes and arrangements may be effected by the Representatives and the Corporation to have the Underwriters which shall not have so failed, or one or more other Underwriters, take up, in such proportions as the Underwriters may agree and upon the terms herein set forth, the participations of the Underwriter or Underwriters which failed to comply with its or their obligations, whereupon this Agreement shall be carried out accordingly at such postponed Closing Time. The provisions of this Section 9 shall not in any way affect the joint and several obligations of the Underwriters to take up and pay for all of the Bonds or any liability to the Corporation arising out of any failure so to do, or the liability of any Underwriter or Underwriters which failed to comply with its or their obligations to the Underwriters which have not so failed.

Section 10. Indemnification.

To the extent it may legally do so, the Corporation agrees to indemnify and hold harmless each of the Underwriters and each person, if any, who controls any Underwriter against any and all losses, claims, damages and liabilities (i) arising out of any untrue statement of a material fact contained in the final Official Statement or the omission therefrom of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Corporation. In case any claim shall be made or action brought against any Underwriter or person controlling such Underwriter based upon the final Official Statement as aforesaid, in respect of which indemnity may be sought against the Corporation, such Underwriter shall promptly notify the Corporation in writing setting forth the particulars of such claim or action and the Corporation shall assume the defense thereof including the employment of counsel, satisfactory to the Representatives of the Underwriters, and the payment of all expenses. Any Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless the employment, and payment by the Corporation, of such counsel has been specifically authorized by the Corporation.

Section 11. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters and the Corporation and their respective successors, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Corporation, and officials of the Corporation, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The terms “successors” and “assigns” shall not include any purchaser of Bonds from any Underwriter merely because of such purchase.

Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or to the funds created by Sections 92-b and 92-d of the State
Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

Section 12. Notices.

All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at 1350 Avenue of the Americas, New York, New York 10019, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022, and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives of the Underwriters at the address set forth above.

Section 13. Representation.

In all dealings under this Agreement the Corporation shall be entitled to act and rely upon any statement, request, notice or agreement made or entered into by you jointly, or by The Chase Manhattan Bank (National Association) or Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of you as the Representatives, as having been duly made or entered into on behalf of each of the Underwriters.


This Agreement shall be governed by the laws of the State of New York and may not be assigned by the Corporation or the Underwriters.

If the foregoing is in accordance with the Underwriters’ understanding of the agreement between the Corporation and the Underwriters, kindly sign and return to the Corporation the enclosed duplicate hereof, whereupon it will constitute a binding agreement between the Corporation and the Underwriters in accordance with its terms.

Yours very truly,

Municipal Assistance Corporation For The City of New York

By .............................................

[Seal]

Attest:

By .............................................

Accepted and confirmed as of the date first above written:

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company

By The Chase Manhattan Bank (National Association)

By .............................................

Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipal Co.
Smith, Barney & Co. Incorporated

on behalf of themselves and the other Underwriters named in Schedule I hereto.
SCHEDULE I

To Bond Purchase Agreement between Municipal Assistance Corporation For The City of New York and the Underwriters referred to therein

UNDERWRITERS

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.—Affiliate of Bache & Co. Incorporated
Manufacturers Hanover Trust Company
Marine Midland Municipal Co.
Smith, Barney & Co. Incorporated

Bank of America NT & SA
Bear, Stearns & Co.
A. G. Becker & Co. Municipal Securities Incorporated
Blyth Eastman Dillon & Company Inc.
The Connecticut Bank & Trust Company
Dillon, Read Municipal—Division of Dillon, Read & Co., Inc.
Drexel Burnham & Co. Incorporated
First Penneco Securities Inc.
Hornblower & Weeks-Hemphill, Noyes Incorporated
E. F. Hutton & Company, Inc.
Kuhn, Loeb & Co.
Lehman Brothers Incorporated
Loeb, Rhoades & Co.
W. H. Morton & Co.—Division of American Express Co.
Paine, Webber, Jackson & Curtis, Incorporated
Reynolds Securities Inc.
L. F. Rothschild & Co.
Shearson Hayden Stone Inc.
Weeden & Co. Incorporated
Wertheim & Co., Inc.
White, Weld & Co. Incorporated
Dean Witter & Co., Incorporated
Allen & Company
Altgelt & Company, Incorporated
American Securities Corporation
Barr Brothers & Co. Inc.
J. C. Bradford & Co.
Alex. Brown & Sons

Ehrlich-Bober & Co., Inc.
Fainblatt & Co.
The First National Bank of Memphis
Girard Bank
Harris, Upham & Co., Inc.
National Bank of North America
New Japan Securities International, Inc.
North Carolina National Bank
R. W. Pressprich & Co., Incorporated
Shields Model Roland Incorporated
Southeast First National Bank of Miami
Stephens, Inc.
Thomson & McKinnon Aitchinloss Kohlmeyer Inc
Van Kampen Waeterle & Brown, Inc.
Adams, McEntee & Company
Baker, Watts & Co.
Banco Popular de Puerto Rico
Boand, Saffin, Gordon & Sautter
Butcher & Singer
Collin, Hofstein Co.
Laudon P. Cook & Co., Inc.
Dain, Kalman & Quail, Incorporated
Douglas & Co. Municipal, Inc.
Edwards & Hanly
Ernst & Co.
European-American Bank & Trust Company
Faulkner, Dawkins & Sullivan, Inc.
Ferris & Company, Incorporated
First of Michigan Corporation
First Union National Bank of North Carolina
George B. Gibbs & Company, Incorporated
Chester Harris & Co., Inc.
William R. Hough & Co.
Howard, Weil, Labouisse, Friedrick, Incorporated
Johnston, Lemon & Co. Inc.
Lubenthal & Co. Inc.
Matthews & Wright, Inc.
McDonald & Company
McKinley and Company
Moore & Schley, Cameron & Co.
O'Neill & Feldman, Inc.
Parks, Ryan, Inc.
Piper, Jaffray & Hopwood Incorporated
Wm. E. Pollock & Co. Inc.
Prescott, Ball & Turben
Provident National Bank
Rand & Co., Inc.
Rauscher Pierce Securities Corporation
Roosevelt & Cross, Inc.
Scott, Gorman, O'Donnell & Co., Inc.
Herbert J. Sim & Co., Inc.
SoGen-Swiss International Corporation
Sterling, Grace Municipal Securities Corp.
Spencer Trask & Co., Incorporated
Wheat, First Securities, Inc.
Wood Walker — Div. First Regional Securities, Inc.
Advest Co.
AP&H Securities Corp.
Baird, Patrick & Co.
George K. Baum & Company
Carleton D. Beh Co.
Bevill, Bresler & Schniman, Incorporated
Birmingham Trust National Bank
Carolan & Co., Inc.
Central Banshares of the South, Inc.
Julien Collins & Company
Connors & Co., Inc.
Coogan, Gilbert & Co.
Cowen & Co.
Cunningham, Scherz & Co., Inc.
Cutter, Bennett Securities Corp.
Shelby Cullom Davis & Co.
Denn & Co., Incorporated
Doft & Co., Inc.
Dolphin & Bradbury
A. Webster Dougherty & Co.
Dupree & Company
A. G. Edwards & Sons, Inc.
Elkins, Stroud, Suplee & Co.
Ergood & Co.
Fabricand & Co.
Fidelity Union Trust Co.
First & Merchants National Bank
First Birmingham Securities Corp.
Fulton, Reid & Staples, Inc.
Gibraltar Securities Co.
Glickenhaus & Co.
Gruntal & Co.
Hamilton/Cooke & Co.
J. B. Hanauer & Co.
Hanauer, Stern & Company
R. H. Heineman & Co., Inc.
Paul M. Henry Municipals
Hibbard, O'Connor & Weeks, Inc.
J. J. B. Hilliard, W. L. Lyons & Co.
Howe, Barnes & Johnson, Inc.
Hutchinson, Shoaley, Erley & Co.
The Illinois Company, Incorporated
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Jesup Lannom Municipal Securities
Josephthal & Co.
Kerns, Byrd Brothers, Inc.
Laidlaw-Coggeshall Inc.
The Leedy Corporation
Manley, Bennett, McDonald & Co.
Marshall and Meyer, Inc.
A. E. Masten & Co. Incorporated
C. S. McKee & Co., Inc.
McMaster, Hutchinson & Co.
E. F. Miller Municipals, Inc.
Moore, Leonard & Lynch Inc.
Morgan, Olmstead, Kennedy & Gardner Incorporated
Muir & Company
Murch & Co., Inc.
Leo Oppenheim & Company, Inc.
J. A. Overton & Co.
Charles G. Peeler & Co., Inc.
Pierce, Walburn, Murphy, Inc.
D. A. Pineus & Co.
Samuel A. Ramirez & Co., Inc.
Rand, McKay & Lyon, Inc.
Raymond, James & Associates, Inc.
Riviere Securities Corporation
Roos, Wade & Company
Ryan, Sutherland & Co., Inc.
Sage, Ruttly & Co., Inc.
Schaffer, Neckerman & Co.
Scharff & Jones, Incorporated
Donald Sheldon & Co., Inc.
Stern, Lauer & Co.
Stix & Co., Inc.
Thomas & Co., Inc.
Tollner & Dean, Inc.
Tripp & Co., Inc.
UMIC, Inc.
Valeriano & Craig
R. D. White & Company
Young, Moore & Company
Zahnler and Company
A. W. Zucker & Co.
Zuckerman, Smith & Co.
EXHIBIT A
To
Bond Purchase Agreement

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
First National City Bank
Kidder, Peabody & Co., Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipal Co.
Smith, Barney & Co. Incorporated
As Representatives of the Underwriters
c/o The Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York 10015

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated August 15, 1975 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the issuance and sale to you thereunder of the Corporation’s $275,000,000 principal amount of 1975 Series B Bonds (the “Bonds”).

August 21, 1975
In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law (the “Act”), the final Official Statement of the Corporation, dated August 15, 1975, with respect to the Bonds, the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1975 Series B Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and August 15, 1975, respectively (the “Resolutions”), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

Based on the foregoing, we are of the opinion that:

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement, to adopt the Resolutions and to issue and sell the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation to assist The City of New York (hereinafter called the “City”) in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City.

3. The execution and delivery of, and the performance of the obligations under, the Agreement and the issuance of the Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement constitutes the legal, valid and binding agreement of the Corporation enforceable in accordance with its terms. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for, or filing or recording of, the Resolutions is required.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Resolutions.

5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Bonds and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, do not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or by the final Official Statement, or which in any way would adversely affect provisions for the payment of principal or interest on the Bonds or the validity of the Bonds, the Resolutions, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement or the final Official Statement.

7. The issuance and sale to you of the Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, is exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Bonds constitute “exempted securities” within the meaning of the Securities Exchange Act of 1934, as amended.
8. To the best of our knowledge, the final Official Statement does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the final Official Statement, and the statements and information therein contained, not misleading.

9. The statements set forth in the final Official Statement under the headings "Functions of the Corporation with Respect to the City" and "Agreement of the State of New York" are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws, upon the validity, binding effect or enforceability of the Resolutions, the Agreement or the Bonds are rendered in reliance upon the opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation, of even date herewith addressed to the Corporation and delivered to you in accordance with the Agreement, and, although we have made no independent investigation with respect thereto, such opinion is in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,

[TO BE SIGNED, PAUL, WEISS, RIFKIND, WHARTON & GARRISON]
EXHIBIT B

to

Bond Purchase
Agreement

Hawkins, Delafield & Wood
67 Wall Street, New York 10005

August 21, 1975

Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $275,000,000 1975 Series B Bonds (the “1975 Series B Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the “Act”).

The 1975 Series B Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation (the “General Bond Resolution”) and the 1975 Series B Resolution (the “Series Resolution”), adopted July 2, 1975 and August 15, 1975, respectively. Said resolutions are herein collectively called the “Resolutions.”

The 1975 Series B Bonds are part of an issue of bonds of the Corporation (the “Bonds”) which the Corporation has established and created under the terms of the General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the General Bond Resolution or as may be limited by law. The 1975 Series B Bonds are being issued for the purpose of providing funds to The City of New York, New York (“The City”) to enable The City to pay certain of its operating expenses and the principal of and interest on certain of its short term obligations.

The Corporation is authorized to issue Bonds, in addition to the 1975 Series B Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1975 Series B Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Bond Resolution.

The 1975 Series B Bonds are dated August 1, 1975, except as otherwise provided in the Resolutions with respect to fully registered 1975 Series B Bonds and will mature on the dates and will bear interest, payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>$ 70,000,000</td>
<td>10%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10 1/2%</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>11%</td>
</tr>
</tbody>
</table>
The 1975 Series B Bonds are issued either in coupon form in the denominations of $1,000 and $5,000, registrable as to principal only, or in fully registered form without coupons in the denominations of $1,000, $5,000 or an integral multiple of $5,000. Coupon and fully registered 1975 Series B Bonds are interchangeable as provided in the Resolutions. Coupon 1975 Series B Bonds in the denomination of $1,000 are lettered BM, coupon 1975 Series B Bonds in the denomination of $5,000 are lettered BV and fully registered 1975 Series B Bonds are lettered BR, in each case followed by the last two digits of the year in which each of such 1975 Series B Bonds matures and its number. Coupon 1975 Series B Bonds so lettered are numbered consecutively from one upward for each year of maturity and fully registered 1975 Series B Bonds are numbered consecutively from one upward in order of issuance for each year of maturity. The 1975 Series B Bonds shall not be subject to redemption prior to maturity.

The 1975 Series B Bonds maturing on February 1, 1983, are subject to redemption, in part, by lot and upon such notice, as provided in the Resolutions, by operation of the Debt Service Fund through application of mandatory Sinking Fund Installments as defined in the General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 1975 Series B Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption.

Chapters 168 and 169 of the Laws of 1975 each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provides, among other things, for the insertion of the Act in the Public Authorities Law creating the Corporation as aforesaid, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1975 Series B Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance tax fund (the “Assistance Fund”) and a special account for the Corporation within the Assistance Fund (the “Special Account”), adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Account together with, after deducting such costs, such amounts, beginning with the fiscal year of the State commencing April 1, 1976, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 5 of said State Finance Law, into which the revenues derived from a tax imposed by sections 270, 270-a and 270-d of Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the 1975 Series B Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1975 Series B Bonds. Under the laws of the State, including the Constitution of the State, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the General Bond Resolution and is authorized and permitted by the General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in
full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys and securities is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Debt Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subjected to the pledge and lien created by the Resolutions.

3. The 1975 Series B Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The 1975 Series B Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, and are entitled, together with additional Bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Act.

4. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Act, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such capital reserve fund requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Assistance Fund into which is paid the Sales Tax and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

6. The 1975 Series B Bonds do not constitute a debt either of the State or The City, and neither the State nor The City shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

   (a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

   (b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;
(c) to establish the Stock Transfer Tax Fund, the Assistance Fund and the Special Account within the Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or account;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Assistance Fund and commencing with the fiscal year of the State commencing April 1, 1976 from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

8. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Assistance Fund.

9. Under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

10. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series B Bonds.

11. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1975 Series B Bonds, and the execution and delivery of the 1975 Series B Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1975 Series B Bond numbered and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[To Be Signed, HAWSINS, DELAFIELD & WOOD]
August 21, 1975

Hawkins, Delafield & Wood
67 Wall Street, New York 10005

EXHIBIT C to Bond Purchase Agreement

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
FIRST NATIONAL CITY BANK
KIDDER, PEABODY & CO. INCORPORATED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
SALOMON BROTHERS
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
HALSEY, STUART & CO. INC.
MANUFACTURERS HANOVER TRUST COMPANY
MARINE MIDLAND MUNICIPALS CO.
SMITH, BARNEY & CO. INCORPORATED

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated August 15, 1975 with the
Municipal Assistance Corporation For The
City of New York,
c/o The Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York 10015

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation For The City of New York (the
"Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to the
authorization and issuance of the Corporation's 1975 Series B Bonds (the "Bonds"), dated August 1, 1975
and authorized by the General Bond Resolution, adopted by the Corporation on July 2, 1975, and the
1975 Series B Bond Resolution, adopted August 15, 1975. The Opinion is being rendered in connection
with the delivery of the Bonds to The Chase Manhattan Bank (National Association) on behalf of the
Underwriters named in Schedule I to the Bond Purchase Agreement for the Bonds (the "Bond Purchase
Agreement") by and between you, as representatives of said Underwriters, and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by
the Corporation in connection with the authorization, sale and issuance of the Bonds, including a record
of proceedings of the Corporation relating to the authorization, execution and delivery of the Bond
Purchase Agreement, were present at various meetings in connection therewith and have participated
with others in the preparation of various parts of the Official Statement with respect to the Bonds dated
August 15, 1975 (the "Official Statement").
In connection with the sale of the Bonds, at the request of the Corporation, we participated and assisted as bond counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PROVISIONS FOR PAYMENT OF THE BONDS (other than the statistical and financial information and other information under the headings “State Collections of New York City Sales and Compensating Use Taxes”, “State Collections of Stock Transfer Tax” and “Estimated Amounts Available for Debt Service and Debt Service Coverage”), DESCRIPTION OF THE 1975 SERIES B BONDS, SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION, and AGREEMENT OF THE STATE OF NEW YORK are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no-litigation of the Corporation including statements to the effect that, except as noted therein, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Bonds or the existence or powers of the Corporation, or the application of the proceeds of the sale of such Bonds as contemplated by the Official Statement. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. In so acting, we have necessarily assumed the correctness and completeness of the statements and material set forth therein. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information and other information set forth in the headings excluded above, as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussions, inquiries and conferences, referred to above, nothing has come to our attention which would lead us to believe, and we do not believe, that the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are further of the opinion that the Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a binding agreement of, the Corporation, enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Bonds, and your resale of the Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, is exempt from registration under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended; and the Bonds constitute "exempted securities" within the meaning of the Securities Exchange Act of 1934, as amended.

Very truly yours,

[To be signed, Hawkins, Delafield & Wood]
PROPOSED OPINION

STATE OF NEW YORK
DEPARTMENT OF LAW
ALBANY 12224

Louis J. Lefkowitz
Attorney General

August 21, 1975

Dr. Donna E. Shalala
Treasurer
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Dr. Shalala:

This is to acknowledge receipt of your letter of , 1975, enclosing the transcript of proceedings of the Municipal Assistance Corporation For The City of New York (herein called the “Corporation”) together with other documents relating to the authorization, sale and issuance of the bonds hereinafter referred to in the principal amount of $275,000,000 by the Corporation.

You have requested my opinion regarding the validity of such issue as well as other subsidiary and collateral questions, all of which are considered below.

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, created pursuant to chapters 168 and 169 of the Laws of 1975 (herein referred to as the “Acts”).

Such bonds are designated “Municipal Assistance Corporation For The City of New York, 1975 Series B Bonds”, are issued under and pursuant to section 3012 and other related provisions of the Public Authorities Law, as added by chapters 168 and 169 of the Laws of 1975, to provide moneys to be paid to The City of New York, to enable it to pay operating expenses of The City and maturing obligations of the City. Such bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>$20,000,000</td>
<td>10%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10⅝%</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>11%</td>
</tr>
</tbody>
</table>

Such bonds are dated August 1, 1975. Interest on such bonds is payable semi-annually February 1 and August 1 in each year, with the first interest payment due February 1, 1976. The bonds are issued as coupon bonds in the denominations of $1,000 and $5,000, registrable as to principal only, or as fully...
registered bonds registerable as to both principal and interest, dated as provided in the resolutions, in the denominations of $1,000, $5,000, or any integral multiple of $5,000. Both types of bonds are to be numbered and lettered as provided in said resolutions, and are interchangeable in accordance with the provisions of such resolutions, which set forth in full the form of each type of authorized bond.

I have examined the Constitution and statutes of the State of New York, including the statutes creating the Corporation, together with a record of proceedings relating to the issuance of the bonds, including the official statement, certified copies of such resolutions, and other documents relating to the issuance of such bonds, and such other documents as I have deemed necessary for the opinion set forth herein.

Based on the foregoing, it is my opinion that:

1. Article 10 of the Public Authorities Law of the State of New York, and the amendments to the Tax Law and the State Finance Law, added by chapter 168 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund", and Title III of Article 10 of the Public Authorities Law and the amendments to the State Finance Law and the New York City Stabilization Reserve Corporation Act, added by chapter 169 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to creating the municipal assistance corporation for the city of New York; to amend the state finance law, in relation to bonds and notes of such corporation; and to amend the public authorities law, in relation to the termination of the authority and existence of the New York city stabilization reserve corporation", were introduced in the New York State Legislature on June 9, 1975 (S6701-A8599, and S6702-A8600, respectively), passed in both Senate and Assembly on June 9, 1975, on a Message of Necessity from the Governor and a Home Rule Message from the City of New York, and approved by the Governor on June 10, 1975. The passage of these bills conforms to the provisions of Article III, § 14 and Article IX, § 2 of the Constitution of the State of New York. I conclude, therefore, that the Acts have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

2. The execution, delivery and performance by the Corporation of, and compliance with the resolutions and the 1975 Series B Bonds, if performed as provided in the resolutions and in the Bonds, will not result in a violation of or be in conflict with any term or provision of the Acts or any other applicable law, including the Constitution of the State of New York, or regulation of the State of New York.

3. The carrying out of the actions and transactions authorized or mandated by the legislation referred to in paragraph 1 above, in accordance with the respective provisions thereof, will not result in a violation of or be in conflict with any term or provision of applicable law, including the Constitution of the State of New York, or applicable regulation.

4. The Corporation has the right and power under the Acts to adopt such resolutions, and such resolutions have been duly and lawfully adopted by the Corporation, are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the resolutions is required; and such resolutions create the valid pledge which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution and other moneys and securities referred to therein, subject to the application thereof to the purposes and on the terms and conditions permitted by such resolutions. All revenues, moneys and securities, as and when received in the Debt Service Fund and the Capital Reserve Fund in accordance with the resolutions, will be validly subjected to the pledge and lien created by the resolutions.

5. The 1975 Series B Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Acts, and in accordance
with the resolutions. The 1975 Series B Bonds are valid and binding general obligations of the Corporation payable as provided in the resolutions, are enforceable in accordance with their terms, respectively, and the terms of the resolutions, and are entitled, together with additional bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Acts.

6. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and State Budget Director his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Public Authorities Law, providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the State Legislature, which is empowered, but is not bound or obligated, to appropriate such amount.

7. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Public Authorities Law, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund Requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Municipal Assistance Tax Fund into which is paid the Municipal Sales and Compensating Use Taxes and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the State Legislature which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

8. The 1975 Series B Bonds do not constitute a legally enforceable obligation upon the part of either the State or the City, nor create a debt on behalf of either the State or the City, and neither the State nor the City shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

9. The State has the good right and lawful authority:

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Tax Law of the State of New York;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;

(c) to establish the Stock Transfer Tax Fund, the Municipal Assistance Tax Fund and the Special Account within the Municipal Assistance Tax Fund but the State is not bound or obligated to maintain the existence of said funds or accounts;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Municipal Assistance Tax Fund and commencing with the fiscal year ending March 31, 1977 from the Stock Transfer Tax Fund, in amounts sufficient to enable the Corporation to fulfill the terms of the resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.
10. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Municipal Assistance Tax Fund.

11. Under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

12. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series B Bonds.

Very truly yours,

[To Be Signed, Louis J. Lefkowitz]  
Attorney General
August 21, 1975

Municipal Assistance Corporation
For The City of New York
New York, N. Y.

Dear Sirs:

I have examined a Bond Purchase Agreement (the “Agreement”) dated August 15, 1975 among the Municipal Assistance Corporation For The City of New York (the “Corporation”) and the Underwriters named in Schedule I thereto; the provisions therein for the issuance and delivery of certain bonds (the “Bonds”) by the Corporation; and Titles I, II and III of Article 10 of the Public Authorities Law, as amended, and the amendments to the Tax Law and the State Finance Law added by a chapter of the laws of 1975, entitled “An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal assistance sales and compensating use tax; and to amend the state finance law in relation to the municipal assistance tax fund” (the “legislation”).

It is my opinion that (i) any and all action by the City necessary to the valid enactment of the legislation has been duly taken; (ii) the execution, delivery and performance of, and compliance with, all of the terms and provisions of the Agreement and of the Bonds by the Corporation will not result in a violation of or be in conflict with any term or provision of any existing law, including the Charter of The City of New York, the Administrative Code of The City of New York and the Constitution of the State of New York applicable to The City of New York, or applicable regulation; and (iii) the carrying out of the actions and transactions authorized or mandated by the legislation in accordance with the respective provisions thereof will not result in a violation of or be in conflict with any term or provision of applicable law, including any term or provision of the Constitution of the State of New York applicable to The City of New York, or applicable regulation, or of any outstanding obligation of the City for borrowed money.

Sincerely,

[To Be Signed, W. Bernard Richland]

Corporation Counsel
NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes, and shall at all times be free from New York State and New York City personal income taxes.

$275,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Corporate Governmental Agency and Instrumentality of the State of New York)

1975 SERIES B BONDS

Dated August 1, 1975

Principal and interest on the 1975 Series B Bonds (payable on February 1, 1976 and semi-annually thereafter on each February 1 and August 1) payable at the corporate trust office of First National City Bank, New York, New York or at the option of the holder at The Northern Trust Company, Chicago, Illinois, or Bank of America, N.A. & S.A., San Francisco, California, unless registered. The Trustee under the General Bond Resolution is United States Trust Company of New York, N.Y., N.Y. Coupon bonds in the denominations of $1,000 each and $5,000 each, registrable as to principal only, or fully registered bonds in the denominations of $1,000, $5,000, or any integral multiple of $5,000. Coupon and registered bonds are interchangeable as more fully described herein. For information which may affect the market price of the 1975 Series B Bonds, see "Factors Affecting 1975 Series B Bonds."

The 1975 Series B Bonds due 1983 and 1981 are not subject to redemption prior to maturity. The 1975 Series B Term Bonds due 1983 are not subject to redemption prior to maturity except through application of mandatory sinking fund installments as described herein under the caption "Description of the 1975 Series B Bonds."

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Amount</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$70,000,000</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>1980, 1981</td>
<td>$135,000,000</td>
<td>11%</td>
<td>Term Bonds due February 1, 1983 @ 100%</td>
</tr>
</tbody>
</table>

(Accreted interest to be added)

The 1975 Series B Bonds of the Corporation are payable out of any revenues of the Corporation, including revenues derived from certain sales and compensating use taxes imposed by the State of New York within the City of New York and, under certain conditions commencing with the State's fiscal year beginning April 1, 1976, the State stock transfer tax. The State is not bound or obligated to continue the imposition of such taxes or to make the necessary appropriations of the revenues received from such taxes. The Corporation has no taxing power. The 1975 Series B Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the 1975 Series B Bonds.

The 1975 Series B Bonds are offered when, as and if issued and received by the Underwriters and subject to approval of legality by Hawkins, Delafield & Wood, New York, N.Y., Bond Counsel. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Certain legal matters will be passed on for the Underwriters by their Counsel, White & Case, New York, New York. It is expected that the 1975 Series B Bonds in definitive form will be available for delivery on or about August 21, 1975.

The Chase Manhattan Bank, N.A.

First National City Bank

Morgan Guaranty Trust Company of New York

Bankers Trust Company

Goldman, Sachs & Co.

Marine Midland Municpals Co.

Chemical Bank

Halsey, Stuart & Co., Inc.

Affiliate of Bache & Co., Incorporated

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Kidder, Peabody & Co.

Incorporated

Salomon Brothers

The First Boston Corporation

Manufacturers Hanover Trust Company

Smith, Barney & Co.

Incorporated

August 15, 1975
No dealer, broker, salesman or other person has been authorized 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. 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 the Bonds or any other securities of the Municipal Assistance Corporation For The City of New York 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 from such Corporation and from other sources which are believed to be reliable but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is 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 such Corporation since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING OF THE 1975 SERIES B BONDS, THE UNDERWRITERS MAY OVERALLLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Lazard Frères & Co.—Financial Advisor
Official Statement

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
A Corporate Governmental Agency and Instrumentality of
The State of New York
Relating to
$275,000,000 1975 Series B Bonds

INTRODUCTION

This Official Statement of the Municipal Assistance Corporation For The City of New York (the “Corporation”) is provided for the purpose of setting forth information concerning the Corporation in connection with the sale of its $275,000,000 1975 Series B Bonds (the “1975 Series B Bonds”). The 1975 Series B Bonds are to be issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act (the “Act”), being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the general bond resolution (the “General Bond Resolution”) of the Corporation and the series resolution of the Corporation authorizing the 1975 Series B Bonds (the “1975 Series B Resolution”). The General Bond Resolution and the 1975 Series B Resolution are sometimes collectively referred to herein as the “Resolutions.” The Attorney General of the State of New York has issued an opinion that the Act has been validly enacted and has become law in accordance with the Constitution and laws of the State of New York (the “State”).

On July 10, 1975, the Corporation issued $1,000,000,000 of its 1975 Series A Bonds (the “1975 Series A Bonds”). On August 15, 1975, the Corporation sold $250,000,000 of its 6% 1975 Series C Bonds maturing on February 1, 1977-1979 (the “1975 Series C Bonds”) to certain commercial banks which are members of the New York Clearing House (“Clearing House Banks”). The 1975 Series A Bonds, the 1975 Series B Bonds and the 1975 Series C Bonds, together with all bonds that may be issued hereafter under the General Bond Resolution (herein collectively referred to as the “Bonds”), are general obligations of the Corporation payable out of any revenues of the Corporation and are secured by an equal charge and a first lien on all monies and securities in the Corporation’s Debt Service Fund and Capital Reserve Fund established under and defined in the General Bond Resolution. See “The Corporation,” “Provisions for Payment of the Bonds” and “Summary of Certain Provisions of the General Bond Resolution.”

The Corporation is a corporate governmental agency and instrumentality of the State and not of The City of New York (the “City”). As described herein, the Corporation’s revenues are applicable to the payment of the Bonds and are derived from certain State tax revenues, which tax revenues, under existing law, are not available to the City or any person other than the Corporation until the requirements of the Corporation, including debt service on the Bonds, have been met.

Amendments to the State Tax Law (the “Tax Law”), which became operative July 1, 1975, impose State sales and compensating use taxes within the City (the “Sales Tax”) and suspend the power of the City to adopt local laws for such types of taxes and the actual imposition by the City of such types of taxes. Amendments to the State Finance Law provide for the establishment of a Municipal Assistance Tax Fund (the “Municipal Assistance Tax Fund”) and, within such Fund, a special account for the benefit of the Corporation (the “Special Account”). The Special Account will include the revenues derived from the Sales Tax, less such amount as the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing the Sales Tax.

Subject to annual appropriation by the State Legislature (see “Provisions for the Payment of the Bonds”), amounts of Sales Tax collected and deposited in the Special Account are to be paid to the Corporation at such times and in such amounts as are annually certified by the Chairman of the
Corporation (the "Chairman") as necessary to fund the Corporation's Debt Service Fund, Capital Reserve Fund and Operating Fund (as defined in the General Bond Resolution) at the levels required by the Act. The State Legislature has made such an appropriation of the Sales Tax beginning July 1, 1975 for the State's fiscal year ending March 31, 1976.

The amount that will be required to fund the Debt Service Fund in any fiscal year is the amount needed to pay all interest on and principal of, and sinking fund installments as well as any redemption premium on, the Corporation's outstanding Bonds and Notes and interest on Other Obligations (each as defined in the General Bond Resolution) maturing or otherwise coming due during that fiscal year (see "Provisions for Payment of the Bonds"). The amount that will be required to fund the Capital Reserve Fund is a fixed percentage of the amount of principal of and interest on the Corporation's outstanding Bonds maturing or otherwise coming due during a specified calendar year, including for such purpose any unpaid amounts of such principal and interest owing in respect of prior calendar years. The Corporation is not obligated to maintain any amount in the Capital Reserve Fund in 1975 or 1976; thereafter the fixed percentages are 25% for 1977, 50% for 1978, 75% for 1979 and 100% for 1980 and every calendar year thereafter. In the event that the amounts in the Special Account shall at any time be less than the amount certified by the Chairman referred to in the preceding paragraph, an amount equal to the deficiency in the Special Account will be transferred, subject to appropriation by the State Legislature, to the Special Account from the Stock Transfer Tax Fund (the "Stock Transfer Tax Fund"). Such Fund consists of the revenues derived from the tax imposed pursuant to the Tax Law on sales or transfers of stock and certain other certificates (the "Stock Transfer Tax").

Receipts from the City sales tax (imposed on the same tax base and at the same rate as the Sales Tax) and the Stock Transfer Tax for the 12 months ended June 30, 1975 amounted to $787,200,000 and $185,982,000, respectively, a total of $973,182,000. Such City sales tax receipts would have covered such maximum estimated total annual debt service on the $3,000,000,000 authorized principal amount of Bonds 1.62 times. The total of such sales tax and Stock Transfer Tax receipts would have covered such maximum estimated total annual debt service 2.00 times. For additional information concerning the computation of the foregoing, see "Provisions for Payment of the Bonds—Estimated Amounts Available for Debt Service and Debt Service Coverage." The General Bond Resolution contains limitations on the issuance of additional Bonds based upon a certificate of the State Commissioner of Taxation and Finance with respect to Sales Tax and Stock Transfer Tax receipts.

The Corporation has no taxing power. The Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal or interest on the Bonds.

For a more complete description of the funds to be used to pay the principal of, and redemption premium, if any, and interest on, the Bonds, see "Provisions for Payment of the Bonds."

For information concerning the arrangements for the purchase of the 1975 Series B Bonds by the Underwriters, see "Underwriting Arrangements."

For information which may affect the price of the 1975 Series B Bonds, see "Factors Affecting 1975 Series B Bonds."

**USE OF PROCEEDS AND NEEDS OF THE CITY**

Pursuant to the Act, the Corporation is authorized to borrow up to an aggregate of $3,000,000,000 and to pay or lend the proceeds of such borrowing to the City and to exchange the Corporation's obligations for short-term obligations of the City. If the Legislature were to increase the borrowing authoriza-
tion of the Corporation, it would be able to issue Bonds, Notes or Other Obligations in excess of the $3,000,000,000 now authorized as long as the Corporation would be in compliance after such issuance with the debt service coverage requirements of the General Bond Resolution. Of the amount authorized by the Act, $1,250,000,000 aggregate principal amount of Bonds has been issued. After the issuance of the 1975 Series B Bonds, the completion of the financing plan and the issuance of the Corporation's 1975 6% Series E Bonds, each as described below, the remaining authorization will be $1,119,705,000 against which the Corporation anticipates that there will be additional issuances in the near future. See "Summary of Certain Provisions of the General Bond Resolution—Additional Bonds and Notes” and “Summary of Certain Provisions of the General Bond Resolution—Additional Obligations."

It is anticipated that the proceeds from the sale of the 1975 Series B Bonds, together with those from the financing plan described below, will provide sufficient funds to the City for the payment of its notes maturing on August 22, 1975 in the aggregate principal amount of $741,000,000 (the “August Notes”) and operating expenses through September 4, 1975. Neither the Underwriters nor the Corporation will be obligated to complete the sale of the 1975 Series B Bonds unless sufficient funds are available as of the date of closing, or about August 21, 1975, through the financing plan described below or otherwise, to permit the City to pay on August 22, 1975 the principal and interest on the August Notes. However, no particular component of the financing plan described below is required to be completed as described.

The components of the financing plan are expected to be substantially as follows:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Principal Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale to Clearing House Banks of the Corporation's 1975 Series C Bonds</td>
<td>$250,000</td>
</tr>
<tr>
<td>Sale to the public of the 1975 Series B Bonds</td>
<td>275,000</td>
</tr>
<tr>
<td>Sale to Clearing House Banks of the Corporation's 6% 1975 Series D Bonds maturing on February 1, 1977-1979 (the “1975 Series D Bonds”), which is subject to the availability of sufficient funds to pay the August Notes as stated above.</td>
<td>100,000</td>
</tr>
<tr>
<td>Advances by the State of certain funds previously scheduled for payment to the City in December, 1975 and March, 1976</td>
<td>120,000</td>
</tr>
<tr>
<td>Sale to certain City pension funds of the Corporation's 11% 1975 Series F Bonds due February 1, 1986 (the “1975 Series F Bonds”) at 934% of the principal amount thereof</td>
<td>165,000</td>
</tr>
<tr>
<td>Sale to certain State pension funds of the Corporation's 1975 Series G Bonds bearing interest at the rates of 8%-11% and maturing February 1, 1977-1985 (the “1975 Series G Bonds”)</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$960,000</strong></td>
</tr>
</tbody>
</table>

The Corporation received the proceeds of the sale of the 1975 Series C Bonds on August 15, 1975. Receipt of the net proceeds of the other transactions referred to above ($704,148,750) is expected to occur on August 21, 1975.

The Corporation believes that there can be no assurance, and has been informed by its underwriters and certain banks that such underwriters and banks cannot give assurance, that the Corporation will be able to obtain funds sufficient to enable the City to meet its operating expenses and the repayment of its indebtedness maturing subsequent to September 4, 1975.
Clearing House Banks have agreed to purchase, on or about September 11, 1975, the Corporation's 6% 1975 Series E Bonds maturing on February 1, 1977-1979 (the "1975 Series E Bonds"), in an amount equal to the aggregate principal amount of City bonds and notes (estimated at $40,295,000), maturing in September, 1975, held by Clearing House Banks, so long as the City is not in default on any of its debt obligations, including those maturing on the date of such purchase.

In addition, Clearing House Banks have agreed with the City that they will exchange the notes of the City held by them as such notes mature between October 1, 1975 and June 30, 1976 (estimated at an aggregate of $550,000,000) for City notes maturing one year from the dates of such exchanges and bearing interest at the rate of 7 3/4% per annum, so long as the City is not in default on any of its debt obligations, including those maturing on the dates of such exchanges.

The Corporation believes that the financing requirements of the City substantially exceed amounts that the Corporation is at present authorized to borrow and there can be no assurance that additional amounts required by the City for operating expenses and the payment of its debt obligations as they mature will be available through the Corporation or otherwise (see "Summary of Certain Provisions of the General Bond Resolution—Additional Bonds and Notes"). The Corporation has been advised by the City that the outstanding short-term debt of the City consists of revenue anticipation notes ("RANs"), bond anticipation notes ("BANs"), urban renewal notes ("URNs") and tax anticipation notes ("TANs"). The following table sets forth information provided to the Corporation by the Office of the Comptroller of the City with respect to the outstanding principal amounts of and interest payable at maturity on RANs, BANs, URNs and TANs at the date of this Official Statement and the dates on which such notes mature:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Principal (In Millions)</th>
<th>Interest (In Millions)</th>
<th>Total (In Millions)</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 22, 1975</td>
<td>741.0</td>
<td>50.7</td>
<td>791.7</td>
<td>BANs &amp; RANs</td>
</tr>
<tr>
<td>September 11, 1975</td>
<td>460.0</td>
<td>1.8</td>
<td>47.8</td>
<td>BANs</td>
</tr>
<tr>
<td>September 15, 1975</td>
<td>400.0</td>
<td>33.6</td>
<td>433.6</td>
<td>RANs</td>
</tr>
<tr>
<td>October 17, 1975</td>
<td>420.4</td>
<td>32.7</td>
<td>453.1</td>
<td>BANs</td>
</tr>
<tr>
<td>November 10, 1975</td>
<td>250.0</td>
<td>20.7</td>
<td>270.7</td>
<td>RANs</td>
</tr>
<tr>
<td>December 11, 1975</td>
<td>400.0</td>
<td>37.8</td>
<td>437.8</td>
<td>RANs</td>
</tr>
<tr>
<td>December 17, 1975</td>
<td>30.0</td>
<td>1.8</td>
<td>31.8</td>
<td>URNs</td>
</tr>
<tr>
<td>January 12, 1976</td>
<td>620.0</td>
<td>58.1</td>
<td>678.1</td>
<td>RANs</td>
</tr>
<tr>
<td>January 13, 1976</td>
<td>200.0</td>
<td>18.8</td>
<td>218.8</td>
<td>BANs</td>
</tr>
<tr>
<td>February 13, 1976</td>
<td>290.0</td>
<td>21.8</td>
<td>311.8</td>
<td>RANs</td>
</tr>
<tr>
<td>March 12, 1976</td>
<td>491.3</td>
<td>42.8</td>
<td>534.1</td>
<td>BANs</td>
</tr>
<tr>
<td>May 28, 1976</td>
<td>220.0</td>
<td>16.0</td>
<td>236.0</td>
<td>BANs</td>
</tr>
<tr>
<td>June 10, 1976</td>
<td>280.0</td>
<td>22.4</td>
<td>302.4</td>
<td>TANs</td>
</tr>
<tr>
<td>June 11, 1976</td>
<td>51.5</td>
<td>4.1</td>
<td>55.6</td>
<td>BANs</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,440.2</strong></td>
<td><strong>$363.1</strong></td>
<td><strong>$4,803.3</strong></td>
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</tr>
</tbody>
</table>

In addition, $904,500,000 of TANs maturing from September 9, 1975 to January 12, 1976 are held by the Corporation. The Corporation has determined that it will exchange such notes, upon maturity, for notes of the City maturing at later dates, provided that the City is in compliance with the conditions set forth in the Act.

The City has provided for the redemption of certain of its outstanding long-term debt in the amount of $105,500,000 during the City's fiscal year ending June 30, 1976, funds for the payment of which are currently in sinking funds. In addition, the City has appropriated (but has not yet funded) $1,586,700,000 in its budget for the current fiscal year for the redemption and payment of interest on other long-term debt for such period.
THE CORPORATION

The Corporation, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, was created in June 1975, by the Act, for the purposes of assisting the City in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City. To carry out such purposes, the Corporation is empowered, among other things, to issue and sell bonds and notes and to pay or lend funds received from such sale to the City and to exchange the Corporation's obligations for obligations of the City. See "Functions of the Corporation with Respect to the City—Powers of the Corporation."

The Act provides that no bond or note of the Corporation shall mature more than 15 years from the date of the original issue of such bond or note, and that no such bond or note shall be issued later than June 10, 1980, unless such bond or note is a renewal or refunding of an outstanding bond or note.

The present Directors of and Representatives to the Corporation are as follows:

**Directors**
- William M. Ellinghaus, Chairman
- Francis J. Barry
- John A. Coleman
- Thomas D. Flynn
- George D. Gould
- Dick Netzer
- Felix G. Rokatyn
- Donna E. Shalala, Treasurer
- Robert C. Weaver

**Representatives**
- Zane Klein
- Edward M. Kresky
- Leonard Nadel
- Arthur J. Quinn
- Robert W. Seavey
- M. Peter Schweitzer

Herbert Elish has been appointed by the Corporation as its Executive Director.

For additional information as to the Board of Directors of and the Representatives to the Corporation and related matters, see "Management."

The State has appropriated $3,000,000 to the Corporation to provide the Corporation with the funds needed to meet its initial operating costs. The Corporation has agreed to repay to the State, without interest, out of its Operating Fund, any amount of such appropriation which it expends. No portion of the proceeds of the sale of the 1975 Series A Bonds or 1975 Series B Bonds will be applied to such repayment.

On July 10, 1975, the Corporation sold its 1975 Series A Bonds in the aggregate principal amount of $1,000,000,000 and on August 15, 1975, the Corporation sold its 1975 Series C Bonds in the aggregate principal amount of $250,000,000, the combined net proceeds of which ($1,232,343,024) have been or will be used as described below.

On July 10, 1975, the Corporation applied $275,000,000 to the payment of the principal amount of its outstanding notes, plus accrued interest thereon, which notes had been sold at par to Clearing House Banks in June and July of 1975 pending delivery of the 1975 Series A Bonds. The proceeds of the notes that were refunded had been applied to the payment of operating expenses of the City.

From July 10, 1975 through August 14, 1975, the Corporation advanced $629,500,000 to the City in order to provide the City with funds to meet its operating expenses, and in connection therewith has received TANs from the City for such amount bearing interest at the rate of 5 3/4% and maturing on September 9, 1975, December 11, 1975 and January 12, 1976.

The balance of such proceeds will be advanced to the City on or after August 15, 1975 to pay operating expenses of the City for which the Corporation will receive TANs.
FACTORS AFFECTING 1975 SERIES B BONDS

The Corporation believes that, in addition to being affected by general conditions in the bond market, market prices of the 1975 Series A Bonds may have been affected and market prices of the 1975 Series B Bonds may be affected by developments with respect to the City's financial condition notwithstanding the fact that such Bonds do not constitute obligations or debts of the City. Since the release on July 21, 1975 of underwriting requirements with respect to trading in the 1975 Series A Bonds, such Bonds have traded substantially below their initial offering prices. The Corporation believes that its ability to repay such Bonds is not dependent upon the financial condition of the City. See "Provisions for Payment of the Bonds."

There can be no assurance that there will exist any substantial market for the 1975 Series B Bonds at or near the levels of their initial offering prices.

Approximately $650,000,000 of the 1975 Series A Bonds were sold to institutional investors with the understanding that such institutions would not resell the 1975 Series A Bonds for a period of 90 days ending on September 30, 1975. For additional information concerning arrangements with respect to the sale of the 1975 Series B Bonds, see "Underwriting Arrangements."

Although the 1975 Series B Bonds are issuable in the denomination of $1,000 (see "Description of the 1975 Series B Bonds"), municipal securities are usually issued in denominations of $5,000 and multiples thereof. Accordingly, any market for 1975 Series B Bonds in the $1,000 denomination may be limited and subject to commissions or discounts greater than those applicable to Bonds of the $5,000 denomination.

RECENT DEVELOPMENTS AFFECTING THE CITY

Wage Freeze

On July 31, 1975, the Mayor of the City (the "Mayor") announced that there will be a wage freeze, whether voluntary or imposed, for City employees to the levels of pay as of June 30, 1975. Under legislation signed by the Mayor on August 11, 1975, the Mayor has the power to suspend all or part of increases in salaries or wages of public employees, which have taken effect since June 30, 1975 or which will take effect after that date pursuant to collective bargaining agreements or other analogous contracts. The suspension of such increases, if ordered, would be effective on September 1, 1975 and would continue for one year unless the Mayor discontinued such suspension, in whole or in part, because he found the City's fiscal crisis to have been alleviated or for any other appropriate reason. The wages and salaries of all employees who are subject to collective bargaining agreements with the City, as well as those employees who are subject to collective bargaining agreements with certain non-mayoral agencies, are intended to be subject to the legislation. Certain union officials have stated publicly that they may bring lawsuits to challenge the power of the City to enforce the legislation, to the extent that the Mayor orders that it be applied to the wages and salaries of members of their unions.

The legislation provides that it is inapplicable to any public employee or group of employees who voluntarily agree in writing to a deferral of salary or wage increases, if such agreement is certified by the Mayor as acceptable and appropriate for alleviating the City's fiscal crisis. The Corporation has been informed by the City that unions representing approximately 175,000 employees have agreed (although such agreements have not yet been reduced to writing) to a graduated freeze on wages, under which, effective September 1, 1975, those employees earning $15,000 a year or more will have deferred the entire 6% increase that went into effect on July 1, 1975 pursuant to collective bargaining agreements, those earning between $10,000 and $15,000 a year will have deferred two-thirds of such increase and those earning less than $10,000 a year will have deferred one-third of such increase.

The Mayor also announced that managerial and executive employees of the City, who are not subject to collective bargaining agreements, will have their salaries frozen at the levels in effect at July 1, 1973, the last effective date of increases for such personnel.

Expenditure Limitation

On August 6, 1975, the Mayor announced that he would impose a limit on City expenditures under his control (which would exclude, for example, debt service requirements, pension costs and other
federal and State mandated expenditures) through its fiscal year ending June 30, 1978, to the levels contained in the current expense budget, subject, however, to increases of up to 2%, if necessary to meet unforeseen contingencies and if sufficient revenues are available. For limitations imposed by the Act on City expenditures, see "Functions of the Corporation with Respect to the City—Conditions."

Transit Fare Increase

The Metropolitan Transit Authority has announced a 15¢ fare increase, effective September 1, 1975, raising bus and subway fares in the City to 50¢. The increased fares may reduce the amount by which the City would otherwise have been required to make up operating deficits in the City transit system.

Reduction in City University Funds

The Mayor announced on July 31, 1975, that the City would decrease its subsidy to the City University by $32,000,000 in the current fiscal year.

Review Board

On August 7, 1975, the Mayor announced the formation of a Management Advisory Board, which will be headed by Richard R. Shinn, President of the Metropolitan Life Insurance Company.

Capital Budget

On July 31, 1975, the Mayor announced that he would order the transfer of $30,000,000 of operating expenses from the City's capital budget to the City's expense budget for the current fiscal year.

Recent Lawsuit

On August 13, 1975, an individual who purchased a RAN from the City brought a purported class action on behalf of himself and all other persons who purchased RANs or BANs of the City since September 30, 1974 (excepting only the defendants) against the City, the Mayor, the City Comptroller and certain banks and non-bank dealers. The complaint in the action alleges that the defendants were aware of material information with respect to the financial condition of the City that was not publicly disclosed at the time the City securities were purchased by plaintiff and other members of the purported class, in violation of the federal securities laws. The plaintiff seeks rescission, damages including the amount of $1,000,000,000 from each of the defendants and the costs and expenses of the action. The Corporation is not a defendant in this lawsuit and the complaint does not contain any allegations, which, if proven, would impair the Corporation's ability to repay its Bonds.

Other Developments

Certain City and State officials have raised questions with respect to certain of the City's fiscal practices, including the manner in which the City accounts for the amount of taxes and other revenues it expects to receive and the issuance of notes of the City in anticipation of the receipt of such revenues. One of the functions of the Corporation is to initiate and supervise reforms of certain of the City's fiscal practices. See "Functions of the Corporation with Respect to the City."

**PROVISIONS FOR PAYMENT OF THE BONDS**

General

The Bonds are general obligations of the Corporation payable out of any revenues of the Corporation. The Bonds are entitled to a first lien created by the pledge under the General Bond Resolution of all monies and securities paid into the Debt Service Fund and the Capital Reserve Fund held by the Trustee. Such monies and securities include each of the following (i) all amounts received by the Corporation from the State as payments from the Municipal Assistance Tax Fund (see "Municipal Assistance Tax Fund") for deposit in the Debt Service Fund and in the Capital Reserve Fund; (ii) all other amounts received by the Corporation from the State as payments for deposit in the Capital Reserve Fund (pursuant to the certification annually, on or before December 1, by the Chairman to the Governor and the State Director of the Budget, of the sums necessary to restore the Capital Reserve Fund to the
required amount, see “Restoration of Capital Reserve Fund”); and (iii) any income or interest earned as a result of investments of such amounts so deposited in such Funds. The first lien referred to above is subject only to the provisions of the General Bond Resolution requiring the application of the amounts in the Debt Service Fund and the Capital Reserve Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and permitting the application of amounts in the Debt Service Fund to the payment, when due, of the principal and interest on Notes and interest on Other Obligations of the Corporation as provided in the General Bond Resolution. In connection with such permitted application of funds in the Debt Service Fund, the Corporation may grant an equal lien on all monies and securities in the Debt Service Fund (other than monies, if any, paid into the Debt Service Fund from the Capital Reserve Fund) to secure payment of principal and interest on Notes and interest on Other Obligations. See “Summary of Certain Provisions of the General Bond Resolution—Additional Bonds and Notes.”

Payment of the amounts referred to in clause (i) above will be subject to the certification, not later than February 12 in each year or thereafter if revision is required, by the Chairman of the State Comptroller and to the Mayor of a schedule setting forth the cash requirements of the Corporation for such fiscal year and the time or times when such cash is required. The certification is required to include the total amount required to be deposited in the Debt Service Fund to pay all interest on and all principal of and redemption premium, if any, on Bonds and Notes maturing or otherwise coming due during such fiscal year and interest on Other Obligations becoming due in such fiscal year and the total amount required to be deposited in the Capital Reserve Fund during such fiscal year in order to maintain the Capital Reserve Fund at the required amount. The amount that will be required to fund the Capital Reserve Fund is a fixed percentage of the amount of principal of and interest on the Corporation’s outstanding Bonds maturing or otherwise coming due during a specified calendar year, including for such purpose any unpaid amounts of such principal and interest owing in respect of prior calendar years. The Corporation is not obligated to maintain any amount in the Capital Reserve Fund in 1975 or 1976; thereafter the fixed percentages are 25% for 1977, 50% for 1978, 75% for 1979 and 100% for 1980 and every calendar year thereafter.

Payment to the Corporation of the amounts referred to in clause (i) above are required to be made by the State only if and to the extent that monies are appropriated by the State Legislature from the Special Account established for the Corporation in the Municipal Assistance Tax Fund or that revenues have otherwise been made available therefor by the State (see “Municipal Assistance Tax Fund”). The source of monies in the Special Account is the sales and compensating use taxes imposed by Section 1107 of Article 28 of the Tax Law and, beginning with the State fiscal year commencing April 1, 1976, if required, the Stock Transfer Tax Fund, the monies in which are derived from the tax on the sale or transfer of stock and certain other certificates imposed by Sections 270, 270-a and 270-d of Article 12 of the Tax Law. In the opinion of Bond Counsel, the State has the right and power to impose such taxes and to increase or decrease the amount of such taxes, to establish the Municipal Assistance Tax Fund, the Special Account therein and the Stock Transfer Tax Fund and to make any such appropriation, but is not bound or obligated to continue the imposition of said taxes, to maintain the existence of the Municipal Assistance Tax Fund, any special account therein or the Stock Transfer Tax Fund or to make such appropriations. See “Appropriation by Legislature.”

The Corporation, in accordance with the Act and pursuant to the express provisions of the General Bond Resolution, has covenanted with the Chairman to certify each year (at the time or times required) to the State Comptroller and to the Mayor schedules setting forth the cash requirements of the Corporation for such fiscal year and the time or times when such cash is required, all as described above.

In addition to the monies that become available to the Corporation from the Special Account in the Municipal Assistance Tax Fund, or otherwise from the State, which are deposited in and subject to the aforesaid pledge of and lien upon the Debt Service Fund and Capital Reserve Fund, the Corporation may from time to time receive payments from the City of the principal of and interest on obligations of the City purchased or exchanged by the Corporation. Unless such payments are otherwise required either for the further purchase or exchange of obligations of the City or for other corporate purposes of the
Corporation, the Corporation will deposit such monies in the Debt Service Fund and will apply such monies to the payment of principal of and interest on obligations issued by the Corporation. Such monies in the Debt Service Fund are subject to the aforesaid pledge and lien upon the Debt Service Fund. The amount the Chairman is required to certify for debt service on the Bonds may not be reduced by any amounts payable to the Corporation in respect of obligations of the City. Such obligations of the City held from time to time by the Corporation are not subject to the lien created by the pledge under the General Bond Resolution.

Set forth below is a chart which illustrates the flow of funds as described above:

1. After appropriation by State Legislature.
2. After March 31, 1976, available, if necessary.
3. After certification by the Corporation as to its requirements.
4. After appropriation by State Legislature and after payment of all amounts certified by the Corporation, if any.
5. Available, if necessary.
6. After payment of all amounts certified by the Corporation.
Neither the Corporation nor the holders of the Bonds shall have any lien on the monies in the Special Account of the Municipal Assistance Tax Fund. Any provisions of the General Bond Resolution and the Bonds with respect to provision for payment by the State to the Corporation of the Sales Tax or the Stock Transfer Tax out of the Special Account, or by transfer to the Municipal Assistance Tax Fund from the Stock Transfer Tax Fund, are executory only to the extent of the monies available to the State in such Funds from time to time which monies shall have been theretofore appropriated to the Corporation and no liability on account thereof shall be incurred by the State beyond the monies available in such Funds.

The Corporation has no taxing power. The Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of the principal of or the interest or any redemption premium on the Bonds.

**Appropriation by Legislature**

The State Finance Law provides that the State Legislature shall appropriate the Sales Tax and Stock Transfer Tax to the Corporation. Under the State Constitution in order to appropriate State funds, the State Legislature must approve such appropriation at least every two years. The State Legislature may not be bound in advance to make such an appropriation. It is contemplated that the State Legislature will make an annual appropriation of the Sales Tax and Stock Transfer Tax.

The Sales Tax is now imposed at the same rate and upon the same base as the previously imposed City sales tax and is the primary source of payment for the Bonds. The Sales Tax is a new tax source for the State which, under the State Finance Law, is deposited in a special fund of the State (the Special Account in the Municipal Assistance Tax Fund) rather than in the State's general fund. The provisions of the State Finance Law relating to the creation of the Municipal Assistance Tax Fund provide that in no event shall the State Comptroller pay over and distribute any monies in the Special Account (other than the amount to be deducted for administering, collecting and distributing the Sales Tax) to any person other than the Corporation unless and until the aggregate of all cash requirements of the Corporation as certified to the State Comptroller have been appropriated and have been paid to the Corporation in full.

The Corporation believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and its agencies and public benefit corporations to raise funds in the public market.

The foregoing discussion does not constitute an assurance that the State Legislature will appropriate the Sales Tax and Stock Transfer Tax as contemplated.

**Municipal Assistance Tax Fund**

The Municipal Assistance Tax Fund has been established by the State Finance Law and is in the custody of the State Comptroller. Within the Municipal Assistance Tax Fund, the Special Account is established for the benefit of the Corporation. The Special Account receives the revenues from the Sales Tax, less such amount as the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing the Sales Tax. The operative date of the Sales Tax was July 1, 1975. The State Finance Law provides for the appropriation of the Sales Tax by the Legislature (although the Legislature is not obligated or bound to make such appropriation) (i) to the Corporation in order to enable the Corporation to fulfill the terms of any agreements made with the holders of the Corporation's securities and to carry out its corporate purposes and (ii) to the City, to the extent of any balance. The Act provides that any provision therein or in any agreement by the Corporation with the holders of the Corporation's securities which relates to certain taxes, including the Sales Tax and the Stock Transfer Tax, or to certain funds, including the Municipal Assistance Tax Fund and the Special Account, shall be deemed executory only to the extent of the monies available to the State in such Funds from time to time which monies shall have been theretofore appropriated to the Corporation and no liability on account thereof shall be incurred by the State beyond the monies in such Funds.

The Act provides that the State Comptroller shall make payments from the Special Account to the Corporation in the amounts and at the times certified by the Chairman to the State Comptroller and the
Mayor. In the event that the amounts in the Special Account that have been appropriated to the Corporation shall at any time be less than the amount certified by the Chairman, the State Finance Law provides for the transfer from the Stock Transfer Tax Fund to the Special Account of an amount equal to the deficiency. The Stock Transfer Tax Fund consists of the revenues derived from the Stock Transfer Tax. However, the State Finance Law does not authorize any appropriation of the monies in the Stock Transfer Tax Fund to the Corporation until the fiscal year of the State beginning April 1, 1976.

The State Finance Law provides that the State Comptroller shall from time to time, but in no event later than the 15th day of October, January and April and the last day of June of each fiscal year, pay to the City all revenues in the Special Account in excess of the amount which the Chairman has certified to the State Comptroller. The Sales Tax and Stock Transfer Tax are more fully described under “Sales Tax” and “Stock Transfer Tax.”

Pursuant to the Act and under the General Bond Resolution, the Chairman is required, not later than February 12 in each year, and from time to time thereafter as may be necessary, to certify to the State Comptroller the amount of cash required by the Corporation in order for it to meet its obligations payable from the Debt Service Fund as they become due. Pursuant to the Act, the State Comptroller may not disburse amounts from the Special Account to the City or any other entity so long as a certified amount required to be paid remains unpaid.

Pursuant to the Act and as provided in the General Bond Resolution, the foregoing certification procedure provides for quarterly payments to the Corporation for deposit in the Debt Service Fund and the Capital Reserve Fund from the Special Account to be made on or before April 12, June 30, October 12 and January 12 in each year. Consequently, the first interest payment on the Bonds, due on February 1, 1976, will be paid to the extent of monies on deposit in the Debt Service Fund received from two payments into the Debt Service Fund on October 12, 1975 and January 12, 1976 from the Special Account. Thereafter, subject to appropriation by the State Legislature, the debt service payments due on August 1 and February 1 in each fiscal year of the Corporation will be paid from monies on deposit in the Debt Service Fund received from quarterly payments into the Debt Service Fund which quarterly payments will aggregate the total debt service payments required to be made in such year. For additional information concerning the certification procedure, see “Summary of Certain Provisions of the General Bond Resolution—Maintenance of Certain Funds.”

The amount of revenues received from the Sales Tax must, upon certification by the State Commissioner of Taxation and Finance, be deposited in the Special Account, regardless of the investment results of the State Comptroller pending such deposits. The Commissioner of Taxation and Finance may invest monies in the Stock Transfer Tax Fund in accordance with the State Finance Law. However, if such amounts are needed for payment into the Special Account, the Commissioner of Taxation and Finance must pay the amount of monies needed from collections forthwith in cash into said Special Account. The State Comptroller may in his discretion invest revenues in the Special Account in obligations of the United States or of the State or in obligations the principal of and interest on which are guaranteed by the United States or by the State.

The Sales Tax and the Stock Transfer Tax do not require annual reenactment by the Legislature. However, the State is not bound or obligated to continue the imposition of either the Sales Tax or the Stock Transfer Tax or to maintain the existence of the Special Account or the Stock Transfer Tax Fund or to make any appropriations of the revenues received from the Sales Tax credited to the Special Account or from the Stock Transfer Tax deposited in the Stock Transfer Tax Fund. The General Bond Resolution, however, provides that (i) the failure of the State to continue the imposition, at rates not less than those in effect on July 2, 1975, of either the Sales Tax or Stock Transfer Tax or to maintain the existence of the Special Account or the Stock Transfer Tax Fund, or (ii) the failure of the State Comptroller to pay to the Corporation for deposit in the Debt Service Fund and the Capital Reserve Fund the amount or amounts as shall be certified by the Chairman, shall each constitute an event of default with respect to the Bonds. See “Summary of Certain Provisions of the General Bond Resolution—Events of Default.”
Sales Tax

Under the Tax Law, the Sales Tax is imposed within the City at the rate of four percent on (i) receipts from (a) retail sales of tangible personal property, (b) sales of certain services, (c) sales, other than sales for resale, of gas, electricity, refrigeration and steam, and of telephone and telegraphy, (d) occupations of hotel rooms, and (e) sales of food or beverages in or by restaurants, taverns, and similar establishments and by caterers; (ii) certain admission, entertainment, cover, minimum and club charges or dues; and (iii) the use within the City of certain tangible personal property and services not otherwise subject to the Sales Tax. The Sales Tax is also imposed at the rate of six percent on receipts from sales of the service of providing in the City parking, garaging or storing for motor vehicles. The imposition of the Sales Tax is subject to certain limited exceptions. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the City and there can be no assurance that the historical data with respect to collections of such tax are necessarily indicative of future receipts.

Generally, a seller of any item subject to the imposition of the Sales Tax is required to file returns on a quarterly basis. Under existing statutes and regulations, such returns and payments are due on September 20, December 20, March 20, and June 20 for the quarter ending on the last day of the preceding month.

Under the State Finance Law, the Sales Tax revenues payable to the Special Account in the Municipal Assistance Tax Fund shall be paid in accordance with the following procedure. On or before the twelfth day of each month, the State Commissioner of Taxation and Finance shall certify to the State Comptroller the amount of all Sales Tax revenues received, after deduction of administrative costs, during the prior month as a result of the Sales Tax and all interest and penalties imposed, and in addition on or before the last day of June the Commissioner shall certify the amount of such revenues received during the first 25 days of June, which amount shall be deposited by the State Comptroller in the Special Account. Notwithstanding the foregoing, the Commissioner may prorate revenue attributable to the quarter ending August 31, 1975, so as to separate from the revenue collected for that quarter the revenue collected pursuant to local legislation adopted by the City pursuant to the Tax Law prior to the operative date of the Sales Tax. The State Division of the Budget estimates that the proration of sales and compensating use taxes collected in September 1975 and certain payments for the period preceding July 1, 1975, will reduce payments to the Municipal Assistance Tax Fund by approximately $80,000,000.

The Sales Tax imposed pursuant to the Tax Law effective July 1, 1975, is imposed on the same tax base as the sales and compensating use taxes previously imposed by the City and collected by the State. A tax on sales of certain tangible personal property and services had been imposed by the City since 1934. Such tax base does not include certain additional taxes which the City is authorized to impose. State collections of the sales and compensating use taxes imposed by the City for its last ten fiscal years prior to July 1, 1975, after deductions of the costs of administration, collection and distribution, were as follows:

<table>
<thead>
<tr>
<th>City Fiscal Year Ending</th>
<th>Three Months Ending</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
<td>December 31</td>
</tr>
<tr>
<td>1966</td>
<td>$21,774(a)</td>
<td>$89,177</td>
</tr>
<tr>
<td>1967</td>
<td>85,565</td>
<td>90,962</td>
</tr>
<tr>
<td>1968</td>
<td>94,284</td>
<td>102,092</td>
</tr>
<tr>
<td>1969</td>
<td>101,588</td>
<td>107,658</td>
</tr>
<tr>
<td>1970</td>
<td>106,046</td>
<td>114,756</td>
</tr>
<tr>
<td>1971</td>
<td>114,093</td>
<td>121,190</td>
</tr>
<tr>
<td>1972</td>
<td>121,092</td>
<td>129,452</td>
</tr>
<tr>
<td>1973</td>
<td>130,357</td>
<td>129,541</td>
</tr>
<tr>
<td>1974</td>
<td>135,272</td>
<td>141,973</td>
</tr>
<tr>
<td>1975(b)</td>
<td>173,824</td>
<td>198,990</td>
</tr>
</tbody>
</table>

See footnotes on opposite page.
* Figures obtained from the State Department of Taxation and Finance.

(a) The amounts collected for the quarter ending September 30, 1965, do not reflect collections for June or July. Prior to August 1965, the City administered the collection of its sales and compensating use taxes.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975 reflect the increases in the sales and compensating use taxes from three percent to four percent, effective July 1, 1974. The six percent tax on sales of certain parking services remained the same.

After deductions for the cost of administration, collection and distribution, monthly collections of the sales and compensating use taxes which were imposed by the City for the City’s three fiscal years prior to July 1, 1975, are shown below and indicate, among other things, the relatively large amounts collected by the State during the months of September, December, March and June (amounts are in thousands):

<table>
<thead>
<tr>
<th>(City Fiscal Year Ended June 30)*</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>7,048</td>
<td>5,127</td>
<td>10,110</td>
</tr>
<tr>
<td>August</td>
<td>3,224</td>
<td>3,692</td>
<td>3,299</td>
</tr>
<tr>
<td>September</td>
<td>120,585</td>
<td>126,453</td>
<td>160,415</td>
</tr>
<tr>
<td>October</td>
<td>5,730</td>
<td>5,746</td>
<td>12,910</td>
</tr>
<tr>
<td>November</td>
<td>3,224</td>
<td>3,795</td>
<td>3,421</td>
</tr>
<tr>
<td>December</td>
<td>120,587</td>
<td>132,432</td>
<td>182,659</td>
</tr>
<tr>
<td>January</td>
<td>11,020</td>
<td>7,259</td>
<td>14,617</td>
</tr>
<tr>
<td>February</td>
<td>2,604</td>
<td>2,787</td>
<td>3,587</td>
</tr>
<tr>
<td>March</td>
<td>132,904</td>
<td>141,529</td>
<td>194,467</td>
</tr>
<tr>
<td>April</td>
<td>5,113</td>
<td>5,473</td>
<td>9,242</td>
</tr>
<tr>
<td>May</td>
<td>4,717</td>
<td>5,382</td>
<td>6,603</td>
</tr>
<tr>
<td>June</td>
<td>132,428</td>
<td>141,123</td>
<td>185,870</td>
</tr>
<tr>
<td>Total</td>
<td>$549,184</td>
<td>$580,798</td>
<td>$787,200</td>
</tr>
</tbody>
</table>

* Figures obtained from the State Department of Taxation and Finance.

Stock Transfer Tax

The Stock Transfer Tax is imposed pursuant to the Tax Law on sales, agreements to sell, memoranda of sale, and deliveries or transfers of (i) shares or certificates of stock, (ii) certificates of rights to stock, (iii) certificates of interest in property or accumulations, (iv) certificates of interest in business conducted by a trustee or trustees and (v) certificates of deposit representing any of the foregoing, made within the State. The imposition of the Stock Transfer Tax, as described, is subject to certain limited exceptions.

The level of Stock Transfer Tax receipts is related to the rate of tax imposed and the volume of transactions on the securities exchanges located in the City. Such volume has fluctuated widely so that there can be no assurance that the historical data with respect to collections of such tax is necessarily indicative of future receipts.

The Stock Transfer Tax is generally based on the number of shares sold or transferred at the following rates:

<table>
<thead>
<tr>
<th>Selling Price Per Share</th>
<th>Rate Per Share**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $5</td>
<td>1 1/4¢</td>
</tr>
<tr>
<td>$5 or more but less than $10</td>
<td>2 1/2¢</td>
</tr>
<tr>
<td>$10 or more but less than $20</td>
<td>3 3/4¢</td>
</tr>
<tr>
<td>$20 or more</td>
<td>5¢</td>
</tr>
<tr>
<td>Transactions Other Than Sales</td>
<td>2 1/4¢</td>
</tr>
</tbody>
</table>

** Such rates do not reflect the 25% surcharge imposed thereon pursuant to an amendment to the Tax Law effective for the period commencing August 1, 1975 and ending July 31, 1976. Such surcharge is part of the Stock Transfer Tax.
Non-residents of New York State are taxed on sales made within the State at a rate equal to 50 percent of the rates shown in the table above. Where any sale, including several sales considered to constitute a single sale, made within the State and subject to the Stock Transfer Tax relates to shares or certificates of the same class and issued by the same issuer, the aggregate amount of such tax shall not exceed $350. The Stock Transfer Tax accrues on the date of the taxable transaction. The foregoing information does not reflect the above noted 25% surcharge.

The amounts received by the imposition of the Stock Transfer Tax are paid into the Stock Transfer Tax Fund, which is in the custody of the State Commissioner of Taxation and Finance.

Under the State Finance Law, on and after April 1, 1976, monies in the Stock Transfer Tax Fund shall, after deduction of the amount the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in the administration, collection and distribution of the Stock Transfer Tax, be paid to the extent needed into the Special Account and any balance will be paid to the City. Such payments from the Stock Transfer Tax Fund are subject to annual appropriation by the State Legislature.

The revenues derived from the Stock Transfer Tax, after deduction of the costs of administration, collection and distribution of such tax, are shown below for the previous six City fiscal years ending June 30 based upon the various rates prevailing during the periods shown.

**State Collections of Stock Transfer Tax***

<table>
<thead>
<tr>
<th>City Fiscal Year Ending</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>$56,571</td>
<td>$70,509</td>
<td>$58,157</td>
<td>$54,732</td>
<td>$239,969</td>
</tr>
<tr>
<td>1971</td>
<td>46,563</td>
<td>59,170</td>
<td>78,864</td>
<td>79,769</td>
<td>264,366</td>
</tr>
<tr>
<td>1972</td>
<td>62,573</td>
<td>65,894</td>
<td>85,588</td>
<td>78,767</td>
<td>292,822</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
<td>68,993</td>
<td>64,658</td>
<td>51,731</td>
<td>244,787</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
<td>59,782</td>
<td>47,521</td>
<td>38,183</td>
<td>189,098</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
<td>40,214</td>
<td>51,363</td>
<td>58,649</td>
<td>185,982</td>
</tr>
</tbody>
</table>

* Figures obtained from the State Department of Taxation and Finance.

In addition, recent developments, including the enactment of the Federal Securities Acts Amendments of 1975, relating to the evolution of a centralized nationwide securities market, among other things, may affect the volume of taxable securities transactions in the State. The Securities Acts Amendments of 1975 prohibit the imposition by the State of a tax on stock transfers made outside of the State and not otherwise subject to the taxing jurisdiction of the State except for the fact such transfer is recorded on the books of a transfer agent located in the State.

**Estimated Amounts Available for Debt Service and Debt Service Coverage**

Assuming that the Sales Tax and the Stock Transfer Tax collections in each fiscal year subsequent to the Corporation's fiscal year ended June 30, 1975, remain at the levels of the State collections of the sales and compensating use taxes imposed by the City, and the Stock Transfer Tax, for the 12-month period ended June 30, 1975 (see "Sales Tax" and "Stock Transfer Tax"), the
aggregate annual amount which would be available from the Sales Tax, and from the Stock Transfer Tax if needed, to pay debt service on the authorized $3,000,000,000 of Bonds and Notes is shown below:

(Dollars in Thousands)

Sales and compensating use taxes for the 12 months ended June 30, 1975 787,200*
Stock transfer tax for the 12 months ended June 30, 1975 ............... 185,982**
Aggregate Annual Amount .................................................. 973,182

* The State Division of the Budget estimates that proration and tax payments allocated to the period prior to July 1, 1975, will reduce amounts payable into the Special Account in fiscal 1976 by $80,000,000.

** Stock Transfer Tax not available to the Corporation until after March 31, 1976.

The aggregate estimated annual debt service on the $3,000,000,000 authorized Bonds as shown in the following table has been calculated to include:

1. the actual debt service requirements on the 1973 Series A Bonds, the 1975 Series B Bonds, the 1975 Series C Bonds, the 1975 Series D Bonds, the 1975 Series E Bonds, the 1975 Series F Bonds and the 1975 Series G Bonds; and

2. the estimated debt service requirements on the additional $1,119,705,000 Bonds authorized, at 11%.

For the purposes of the following estimated annual debt service table, the principal of the additional Bonds authorized has been calculated to mature as soon as possible within the limits of the debt service coverage requirements of the General Bond Resolution. Subject to market conditions, the Corporation intends to schedule the actual maturities of the additional Bonds authorized so as to achieve as nearly as practicable level annual debt service on the full $3,000,000,000 authorization in the years from 1977 through 1990.

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Series A</th>
<th>Series B, C, D, E, F and G</th>
<th>Additional Bond Authorization</th>
<th>Estimated Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>44,671</td>
<td>37,981</td>
<td>61,584</td>
<td>144,236</td>
</tr>
<tr>
<td>1977</td>
<td>128,248</td>
<td>126,330</td>
<td>123,168</td>
<td>166,013</td>
</tr>
<tr>
<td>1978</td>
<td>128,247</td>
<td>134,005</td>
<td>119,555</td>
<td>246,554</td>
</tr>
<tr>
<td>1979</td>
<td>128,248</td>
<td>142,165</td>
<td>115,544</td>
<td>246,554</td>
</tr>
<tr>
<td>1980</td>
<td>128,248</td>
<td>74,835</td>
<td>120,935</td>
<td>246,554</td>
</tr>
<tr>
<td>1981</td>
<td>128,248</td>
<td>70,320</td>
<td>111,092</td>
<td>244,609</td>
</tr>
<tr>
<td>1982</td>
<td>128,248</td>
<td>72,230</td>
<td>97,789</td>
<td>244,609</td>
</tr>
<tr>
<td>1983</td>
<td>128,243</td>
<td>80,100</td>
<td>81,703</td>
<td>244,609</td>
</tr>
<tr>
<td>1984</td>
<td>128,226</td>
<td>56,600</td>
<td>249,498</td>
<td>486,554</td>
</tr>
<tr>
<td>1985</td>
<td>128,225</td>
<td>62,820</td>
<td>249,506</td>
<td>486,554</td>
</tr>
<tr>
<td>1986</td>
<td>128,227</td>
<td>60,830</td>
<td>166,006</td>
<td>195,748</td>
</tr>
<tr>
<td>1987</td>
<td>128,226</td>
<td>66,927</td>
<td>128,226</td>
<td>128,226</td>
</tr>
<tr>
<td>1988</td>
<td>128,225</td>
<td>62,820</td>
<td>128,224</td>
<td>128,224</td>
</tr>
<tr>
<td>1989</td>
<td>128,224</td>
<td>60,830</td>
<td>128,227</td>
<td>128,227</td>
</tr>
<tr>
<td>1990</td>
<td>128,227</td>
<td>66,927</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the information presented above: (i) the $973,182,000 total aggregate estimated amount available for debt service on the $3,000,000,000 authorized principal amount of Bonds would cover
maximum estimated total annual debt service 2.00 times; and (ii) the $787,200,000 sales and compensating use taxes would cover maximum estimated total annual debt service on the $3,000,000,000 authorized principal amount of Bonds 1.62 times.

Within the $3,000,000,000 authorization, additional Bonds and Notes may be issued under the General Bond Resolution on a parity (except that Notes are not secured by the Capital Reserve Fund) with the 1975 Series A, B, C, D, E, F and G Bonds, provided that, among other things, (i) collections of the Sales Tax and Stock Transfer Tax (and such other taxes, if any, which as of the date of authentication of such additional Bonds or issuance of Notes are levied and collected by the State and are payable into the Special Account) for which a history of 12 consecutive calendar months ended not more than two months prior to the date of such determination (as certified by the State Tax Commissioner), less estimated operating expenses of the Corporation, cover maximum annual debt service on all Bonds and Notes and interest on Other Obligations to be outstanding 2.0 times and (ii) the collections (as certified) of the Sales Tax, less such operating expenses, cover maximum annual debt service on all Bonds and Notes and interest on Other Obligations to be outstanding 1.5 times. Such a certificate will be required prior to the authentication of the 1975 Series B Bonds. In addition, Other Obligations of the Corporation may be issued and interest thereon may be paid on a parity with the Bonds and Notes from the Debt Service Fund, if the Corporation is able to certify upon the issuance of such obligations that the Corporation, giving effect to the issuance of such obligations, is in compliance with (i) and (ii) above. See “Certain Provisions of the General Bond Resolution—Additional Bonds and Notes.”

Restoration of Capital Reserve Fund

Additional payments may be made to the Capital Reserve Fund as a result of the following provision of the Act:

“In order further to assure the maintenance of the capital reserve fund, there shall be annually appropriated and paid to the corporation for deposit in the capital reserve fund such sum, if any, as shall be certified by the chairman to the governor and director of the budget as necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. The chairman of the board of directors of the corporation shall...”

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>0%</td>
</tr>
<tr>
<td>1976</td>
<td>0%</td>
</tr>
<tr>
<td>1977</td>
<td>25%</td>
</tr>
<tr>
<td>1978</td>
<td>50%</td>
</tr>
<tr>
<td>1979</td>
<td>75%</td>
</tr>
<tr>
<td>1980</td>
<td>100%</td>
</tr>
</tbody>
</table>

After 1980, the required amount of the Capital Reserve Fund is the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on any bonds then to be issued and on all other bonds of the Corporation then outstanding, including for such purpose any unpaid amounts of principal and interest owing in respect of prior calendar years.
The Corporation, in accordance with the Act and pursuant to the express provisions of the General Bond Resolution, has covenanted to cause its Chairman to certify on or before each December 1 to the Governor and the State Director of the Budget the sum required to restore the Capital Reserve Fund to its required amount and has agreed to certain additional requirements relating to such certification and maintenance of the Capital Reserve Fund. See "Provisions for Payment of the Bonds—General."

Under the State Constitution, no money may be paid out of the State Treasury or any of its funds or out of any of the funds under its management except pursuant to an appropriation by law specifying the sum appropriated, and payment thereunder shall be made within two years next after passage of such law. Accordingly, the provision of the Act quoted above does not constitute an enforceable obligation or debt of the State. See "Appropriation by Legislature."

In the opinion of Bond Counsel, such provision of the Act for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the State Legislature, which is empowered, but is not bound or obligated, to appropriate such amount.

TRUSTEE

United States Trust Company of New York has been appointed the Trustee under the General Bond Resolution. Its principal office is located at 45 Wall Street, New York, New York 10005, and its corporate trust office is located at 130 John Street, New York, New York 10038. The Trustee has accepted the duties and responsibilities imposed upon it by the Resolutions and is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act. Upon the happening of an "event of default" as defined in the General Bond Resolution, the Trustee may, and in certain circumstances is required to, proceed to protect and enforce its rights and the rights of the Bondholders. See "Summary of Certain Provisions of the General Bond Resolution—Events of Default" and "Remedies." In the performance of its duties, the Trustee is entitled to indemnification for any act which would involve it in expense or liability and will not be liable as a result of any action taken in connection with the performance of its duties except for its own negligence or default. The Trustee is protected in acting upon any direction or document believed by it to be genuine and to be signed by the proper party or parties or upon the opinion or advice of counsel. The Trustee may resign at any time upon 60 days' written notice to the Corporation and publication thereof. Any such resignation shall take effect on the day specified in the notice, but in the event that a successor has been appointed, the resignation shall take effect immediately.

DESCRIPTION OF THE 1975 SERIES B BONDS

The 1975 Series B Bonds will be dated August 1, 1975, and will bear interest therefrom, payable semi-annually on February 1 and August 1 of each year commencing February 1, 1976, at the rates, and will mature on the dates and in the amounts, set forth on the cover page of this Official Statement.

The 1975 Series B Bonds will be issued as coupon Bonds, in the denominations of $1,000 each and $5,000 each, registrable on the books of the Corporation at the corporate trust office of the Trustee, as to principal only, or as fully registered Bonds in denominations of $1,000, $5,000 or any integral multiple of $5,000. Coupon Bonds and fully registered Bonds are interchangeable, provided that 1975 Series B Bonds in denominations of greater than $1,000 may not be exchanged for denominations of $1,000.

For every exchange or transfer of the 1975 Series B Bonds, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or
transfer. The cost of preparing each new Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an operating expense.

The 1975 Series B Bonds due February 1, 1983 are subject to redemption, in part, on February 1 in each of the years 1982 and 1983 in the respective principal amounts of $66,350,000 and $73,650,000, at 100% of the principal amount thereof, plus accrued interest to the date of redemption thereof, from mandatory "Sinking Fund Installments" (as defined in the General Bond Resolution). Redemption on February 1, 1982 will be by lot.

The Corporation may, at any time not more than 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase with monies in the Debt Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, any Bonds of the Corporation payable from such Sinking Fund Installment and apply any Bonds so purchased as a credit against such Sinking Fund Installment.

**MANAGEMENT**

Under the Act, the Corporation is administered by a Board of Directors (the "Board"), consisting of nine directors. All of the directors are appointed by the Governor with the advice and consent of the State Senate; four of the directors are appointed upon written recommendation of the Mayor. The Act also provides for the appointment of representatives to the Board (the "Representatives") by certain State or City officials or bodies political. The Representatives are entitled to receive notice of and to attend all meetings of the Board but are not entitled to vote. In addition, the State Comptroller or his representative is entitled to attend and participate in the meetings of the Board but is not entitled to vote.

The Act provides that no director (and no Representative) may be an officer or employee of the Federal government or of the State or any political subdivision thereof.

The present members of the Board, the Representatives and the officers of the Corporation, and the expiration dates of their respective terms of office are as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>William M. Ellinghaus, Chairman (1) (2)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Francis J. Barry (1)</td>
<td>December 31, 1976</td>
</tr>
<tr>
<td>John A. Coleman (1)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Thomas D. Flynn</td>
<td>December 31, 1978</td>
</tr>
<tr>
<td>George D. Gould (1)</td>
<td>December 31, 1978</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Felix G. Robatyn</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Donna E. Sitala, Treasurer</td>
<td>December 31, 1978</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td>December 31, 1976</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Representatives(3)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Zane Klein</td>
<td>Appointed by the City Board of Estimate</td>
</tr>
<tr>
<td>Edward M. Kresky (2)</td>
<td>Appointed by the President Pro-Tem of the State Senate</td>
</tr>
<tr>
<td>Leonard Nadel</td>
<td>Appointed by the Speaker of the State Assembly</td>
</tr>
<tr>
<td>Arthur J. Quinn</td>
<td>Appointed by the Minority Leader of the State Assembly</td>
</tr>
<tr>
<td>Robert W. Seavey</td>
<td>Appointed by the Minority Leader of the State Senate</td>
</tr>
<tr>
<td>M. Peter Schweitzer</td>
<td>Designated representative of the State Comptroller</td>
</tr>
</tbody>
</table>

In addition, Herbert Elish has been appointed the Executive Director of the Corporation.

(1) Appointed upon the written recommendation of the Mayor.
(2) Bankers Trust Company and Wertheim & Co., Inc., with which Messrs. Ellinghaus and Kresky, respectively, are affiliated, will act as Underwriters in connection with the issuance of the 1975 Series B Bonds.
(3) Each Representative serves at the pleasure of the appointing official or body, is eligible for reappointment and holds office until his successor has been appointed. The Vice Chairman of the City Council is also entitled to appoint a Representative to the Board. The Corporation has not received notice of the appointment of a Representative by such official.
William M. Ellinghaus, Chairman. Mr. Ellinghaus has been President of the New York Telephone Company since 1970. He is a director of Bankers Trust Company, Ball Corporation, J. C. Penney Company, Inc., Bristol-Myers Co. and Thiokol Chemical Corp. and a trustee of the Union Dime Savings Bank. He is Chairman of the Regional Plan Association, Vice Chairman of the New York Chamber of Commerce and Industry, a member of the Mayor's Council of Economic and Business Advisors and Chairman of Region 2 of the National Alliance of Businessmen. Mr. Ellinghaus, 53, is a resident of Bronxville, New York.

Francis J. Barry. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and President of Campbell & Gardner, a brokerage firm. He is the Chairman of the New York City Council on Port Promotion and Development, of which he has been a member since 1962. From 1967 through 1972, he served as an arbitrator for the United States Division of the National Maritime Union. He was recently appointed Chairman of the Advisory Committee to the New York City Convention and Exhibition Corporation. Mr. Barry, 67, is a resident of New York City.

John A. Coleman. Mr. Coleman is a senior partner of Adler, Coleman and Company, a member of the New York Stock Exchange, Inc. He is a former Governor and Chairman of the Board of the New York Stock Exchange, Inc. He is a director of American Broadcasting Companies, Inc. and the Alfred E. Smith Memorial Foundation and a trustee of the East River Savings Bank. He is a former director of the New York Telephone Company and Manufacturers Hanover Trust Company. He was recently appointed by the Mayor to the Temporary Commission on City Finances. Mr. Coleman, 73, is a resident of New York City.

Thomas D. Flynn. Mr. Flynn is a partner in Arthur Young & Company, an international accounting firm, and is Vice Chairman of its Management Committee. He will retire from his positions with Arthur Young & Company in September 1975. He served as President of the American Institute of Certified Public Accountants ("AICPA") from 1964 through 1965. In 1969, he served as Chairman of the AICPA Advisory Committee to the panel which was appointed by the President of the United States to investigate the Department of Defense. In 1970, he was the recipient of an AICPA Gold Medal Award for Distinguished Service to the Accounting Profession, the highest honor awarded by the AICPA. He has been elected by the Alumni to serve as a Trustee of Columbia University. He has been a director of National Bureau of Economic Research, Inc. since 1968, a member of its Executive Committee since 1969 and its Treasurer since 1970. He is also a trustee of American Savings Bank and Household Finance Corp., of which he is Chairman of the Audit Committee. Mr. Flynn, 62, is a resident of Sands Point, Long Island.

George D. Gould. Mr. Gould is Vice Chairman of the Board of Directors of Donaldson, Lufkin & Jenrette, Inc. and Chairman of the Board of Directors and Chief Executive Officer of Donaldson, Lufkin & Jenrette Securities Corporation, a member of the New York Stock Exchange, Inc. Mr. Gould, 48, is a resident of New York City.

Dick Netzer. Mr. Netzer has been Dean of the Graduate School of Public Administration of New York University since 1969. From 1964 through 1966, he was research director of the Temporary Commission on City Finances of The City of New York. He is a nationally recognized expert in the areas of state and local government finance and urban economics, and he has published extensively in each of those areas. Mr. Netzer, 47, is a resident of New York City.

Felix G. Rohatyn. Mr. Rohatyn is a general partner of Lazard Frères & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Engelhard Minerals & Chemicals Corporation, Hommet Corporation, International Telephone & Telegraph Corporation, Owens-Illinois, Inc. and Pfizer Inc. He is a member of the Finance Committee of the Rockefeller Brothers Fund, Inc. and of the Central Market Advisory Committee of the Securities and Exchange Commission. He is also a trustee of Middlebury College. Mr. Rohatyn, 47, is a resident of New York City.

Donna E. Shalala. Dr. Shalala is an Associate Professor of Political Science, Teachers College, Columbia University. She is currently on leave from her teaching position on a Guggenheim Fellowship.
to write a book on state revenue politics, the structure of state and local governments, pension systems, state aid to the City and the politics of state budgeting. She has been active in New York civic affairs and serves as Vice Chairwoman of the Citizens Union. Dr. Shalala, 33, is a resident of New York City.

ROBERT C. WEAVER. Mr. Weaver has been Distinguished Professor of Urban Affairs at Hunter College since 1970. From 1966 through 1968 he was Secretary of the United States Department of Housing and Urban Development and from 1968 through 1970 was President of Bernard M. Baruch College. He is a trustee of the Metropolitan Life Insurance Co. and The Bowery Savings Bank, and is a former Chairman of the National Association for the Advancement of Colored People. Mr. Weaver, 67, is a resident of New York City.

ZANE KLEIN, Representative. Mr. Klein has been a member of the law firm of Berlack, Israels & Liberman, New York, New York, since 1968. He is a member of the City Comptroller’s Technical Debt Management Committee and a member of the Advisory Committee to the City Office of Telecommunications. He has also served on advisory panels with respect to equity and real estate investments of the employee pension systems of the City and is active in civic and community affairs. Mr. Klein, 38, is a resident of New York City.

EDWARD M. KRESKY, Representative. Mr. Kresky has been a Vice President of Wertheim & Co., Inc., investment bankers, since 1971. From 1965 through 1971 he served as Secretary to the Metropolitan Transportation Authority of the State. He is a member of the Board of the New York State Council on the Arts and the Council of the National Municipal League. In 1974 he was a member of the Governor’s Task Force on the New York State Urban Development Corp. and, in 1972 and 1973, was a member of the Governor’s Task Force on Financing Higher Education in New York State. Mr. Kresky, 50, is a resident of New York City.

LEONARD NADEL, Representative. Mr. Nadel is Senior Vice President of Abraham & Straus, a division of Federated Department Stores, Inc. He is Chairman of the Board of Trustees of Adelphi University, an Associate Trustee of Long Island Jewish Medical Center, a director of the Downtown Brooklyn Development Association and, in 1971 and 1972, was President of the Brooklyn Chamber of Commerce. Mr. Nadel, 53, is a resident of New York City.

ARTHUR J. QUINN, Representative. Mr. Quinn has been the President and a trustee of The New York Bank for Savings since 1969 and as a director of City Title Insurance Company, New York State Medical Care Facilities Finance Agency, and Community Funding Corporation. He is a trustee of St. John’s University and Savings Bank Retirement System. Mr. Quinn, 60, is a resident of New York City.

ROBERT W. SEAVEY, Representative. Mr. Seavey is a member of the law firm of Sceavey, Fingerit & Vogel, New York, New York. He has been the President of Neighborhood Developers Inc., a real estate development and construction firm, for the past five years. He was, from 1971 through 1974, Chairman of the Housing and Urban Development Committee of the Association of the Bar of the City of New York. Mr. Seavey, 47, is a resident of New York City.

M. PETER SCHWEITZER. Mr. Schweitzer is Chairman of the Board of Directors and Chief Executive Officer of West Chemical Products, Inc., Long Island City, New York. Prior to assuming that position in 1974, he was Vice Chairman of the Board of Directors and a member of the Executive Committee of Kimberly-Clark, Inc. Mr. Schweitzer, 64, is a resident of New York City.

HERBERT ELISH, Executive Director. Mr. Elish has been appointed by the Corporation as its Executive Director. In that position, he will direct the work of the Corporation’s management, financial, accounting and legal staff. Prior to his appointment, Mr. Elish was a Vice President of the First National City Bank. From 1971 through 1973, he was employed by the City as, successively, Commissioner of Sanitation and Administrator of the Environmental Protection Administration. Mr. Elish, 42, is a resident of New York City.
The Act provides that the directors of the Corporation, except as otherwise provided by law, may engage in private employment or in a profession or business and that they shall be deemed to be state officers for the purposes of Sections 73 and 74 of the State Public Officers Law. Notwithstanding the provisions of such law or of any other law, the Corporation or any other instrumentality of the State may purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any corporation, trust, association, partnership or other entity in which any director of the Corporation has a financial interest, direct or indirect, provided that such interest or affiliation is disclosed in the minutes of the Board of Directors of the Corporation and provided further that no director having such a financial interest or affiliation shall participate in any decision of the Board authorizing or affecting such transaction.

The State Banking Law and the Federal Banking Act of 1933 prohibit any officer, director or employee of, respectively, a bank or trust company or bank holding company (as defined in the Banking Law), or a member bank of the Federal Reserve System or bank holding company controlling such a member bank, from also serving as an officer, director or employee of a corporation which is engaged primarily in the issue, underwriting or public distribution or sale of securities, unless permission is granted under State law by the State Banking Board and, in the case of the Federal law, unless such corporation is exempted by the Federal Reserve Board from the application of such statute. Mr. William M. Elinghaus is a director of the Corporation and a director of a bank and bank holding company subject to the Banking Law. Mr. Elinghaus is also a director of a member bank of the Federal Reserve System and a holding company controlling such member bank. Permission for Mr. Elinghaus to serve as a director of the Corporation has been granted by the State Banking Board. The Federal Reserve Bank of New York has issued an opinion that the directors of member banks or holding companies controlling member banks may serve as directors of the Corporation.

Directors and Representatives serve without salary. Each director is entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a director and a per diem allowance of $100 when rendering services as a director, subject to a maximum aggregate allowance of $5,000 in any one fiscal year. Each Representative is entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a Representative, but is not entitled to a per diem allowance.

LITIGATION

On July 3, 1975, an individual purporting to be a taxpayer of the City brought an action against the City, the State, the Corporation and other defendants, seeking, among other things, (i) a declaratory judgment determining that the establishment of the Corporation, its sale of debt obligations and transfer of the proceeds to the City are illegal and unconstitutional procedures and (ii) an injunction prohibiting continuation of such acts. On July 4, 1975, the plaintiff served a notice of discontinuance of the action, without prejudice to his right to reinstitute his claim.

On July 18, 1975, the same individual reinstated an action, which as to the Corporation is substantially identical to his prior action. On July 29, 1975, the Corporation's motion for summary judgment, based on the grounds that the cause of action as to the Corporation has no merit, was granted. The plaintiff's time to appeal will expire on September 15, 1975.

Hawkins, Delafield & Wood, Bond Counsel for the Corporation, have rendered their opinion that, as to any relief sought by the plaintiff against the Corporation in the reinstated action, which in their opinion is without merit as to the Corporation, the Corporation will prevail in any final adjudication of the issues in such action, and that no final adjudication will in any way affect the validity of the Bonds of the Corporation or the pledge or application of any revenues, monies or securities provided for the payment of the Bonds of the Corporation, the existence or powers of the Corporation, or the application of the proceeds of such Bonds as contemplated by this Official Statement. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, have rendered their opinion that the reinstated complaint is without merit as to the claim therein asserted against the Corporation and that the Corporation will prevail in any final adjudication.
FUNCTIONS OF THE CORPORATION WITH RESPECT TO THE CITY

Conditions

At the time of any purchase from the City of obligations of the City, any exchange of the Corporation's bonds or notes for short-term obligations of the City or any other payment to the City of the Corporation's funds, the City is required to agree to observe and perform a number of statutory conditions, as they may be modified from time to time by the Corporation in accordance with the Act. No such modification, however, may be so substantial as effectively to constitute a waiver of the statutory conditions. The statutory conditions, as modified by the Corporation and agreed to by the City, are to remain in effect until all bonds and notes of the Corporation have been repaid or until the Corporation has accumulated in the Capital Reserve Fund provided for in the Act or otherwise an amount equal to the principal of all its outstanding bonds and notes plus accrued interest thereon. However, the State Legislature may from time to time modify the provisions of the Act which establish the conditions with which the City must comply. Failure of the City to comply with any of the statutory conditions outlined below is not a default under the Bonds pursuant to the Resolution. An event of default may, however, occur under the Resolution if the Corporation fails to notify designated officials and to disclose publicly the failure of the City so to comply. See “Summary of Certain Provisions of the General Bond Resolution—Events of Default.”

The City is entitled, at any time, to pay the Corporation an amount which, when added to the Capital Reserve Fund, equals the principal of all outstanding bonds and notes and accrued interest and redemption premiums, if any. If the City makes any such payment at a time when the Corporation has outstanding bonds or notes which are not then redeemable, the City must agree to pay the Corporation on demand an amount equal to the amount, if any, by which the amount of interest on such bonds or notes exceeds the Corporation's income from the investment of its funds. In the event of any such payment by the City, it shall not thereafter be required to comply with the conditions described herein.

Subject to the foregoing, the statutory conditions that the City is required to observe and perform are as follows:

1. The City is to certify that: (a) it is in compliance with such of the conditions, described below, as the Corporation may specify; (b) it is undertaking to comply with any of such specified conditions as the Corporation may then require; and (c) all local legislative and executive action then required to permit such compliance by the City has been taken.

2. The City is, within 90 days after the first agreement with the Corporation, to initiate steps to adopt as its method of accounting the accounting principles set forth in the State Comptroller's Uniform System of Accounts for Municipalities, as that system may be modified by the State Comptroller in consultation with the City Comptroller. The City is to complete the transition to such accounting method as promptly as is reasonably practicable thereafter, so that the audited financial statements (required by condition 3 below) provided to the Corporation for the City's fiscal year ending June 30, 1978 and for each subsequent fiscal year can be prepared in accordance with such accounting method. Because the City's adoption of the foregoing accounting method may result in substantial adjustments from its present method, the Corporation and the City are to consult, over the course of the introduction and adoption of the new method, in order to formulate a mutually acceptable method of phasing such adjustments into the new method over such reasonable period, not exceeding ten years, as the Corporation determines to be appropriate. The financial statements and other information to be furnished to the Corporation by the City during such period are to be prepared in accordance with such determination.

3. The City is to take such action as may be necessary to enable the State Comptroller, or at his election an independent certified public accounting firm retained by the City but satisfactory to the State Comptroller, to perform an annual audit and to furnish to the Corporation an annual report, beginning with the City's fiscal year ending June 30, 1978, and for each subsequent fiscal
year, as to the financial statements of the City. Each such report is to be prepared in accordance with the accounting method described in condition 2 above.

4. Beginning with the City's fiscal year ending June 30, 1977, the City is to deliver a proposed expense budget to the Corporation. Such delivery is to be made concurrently with the initial submission of a proposed expense budget to the Board of Estimate and the City Council but in no event later than 45 days prior to the beginning of such fiscal year. The proposed expense budget delivered to the Corporation is to be accompanied by (a) a statement setting forth the assumptions of income and expense used in its preparation, (b) a reconciliation of the differences, if any, between such proposed expense budget and the proposed expense budget submitted to the Board of Estimate and the City Council, and (c) a certificate of the Mayor stating that such assumptions are reasonable and that operation within the proposed budget is feasible (and explaining the reasons for any differences from the proposed expense budget submitted to the Board of Estimate and City Council). The City is in each of its fiscal years to adopt and maintain an expense budget in which the total of all income items equals or exceeds the total of all expenditure items. In addition, for the City's fiscal year ending June 30, 1978, and for each of its subsequent fiscal years, the total of all income items is to equal or exceed the total of all expenditure items in each expense budget adopted by the City, after any adjustments necessary to conform to the accounting method which will be required by the Corporation as described in condition 2 above. The City is also to maintain a balanced budget in accordance with such accounting method.

5. The City is, over a period of ten fiscal years beginning with its fiscal year ending June 30, 1977, to eliminate from its capital budget those expenses that are properly includable only in its expense budget, as determined in accordance with the State Comptroller's Uniform System of Accounts for Municipalities, as that system may be modified by the State Comptroller in consultation with the City Comptroller. The determination of which items are properly includable only in the City's expense budget is to be made in accordance with the aforesaid accounting principles regardless of any prior or subsequent act of the State Legislature otherwise classifying such items.

6. If after an expense budget has been adopted by the City, an increase in that budget is proposed, the Mayor is to submit such proposed increase to the Corporation concurrently with its submission to the Board of Estimate and the City Council. The City is to include in such submission to the Corporation a statement of the source of current income or other identifiable and currently available funds required for the payment of such increase.

7. Beginning as soon as the Corporation may specify but not later than December 1, 1975, the City Budget Director is to deliver to the Corporation, for each fiscal quarter of the City, an expenditure plan to implement the City's expense budget for such fiscal quarter. The City Budget Director is to deliver to the Corporation, within 30 days after the end of each such fiscal quarter, an operations report reflecting results of the City's operations for such fiscal quarter and stating whether the City has operated within the related expenditure plan.

8. The City is to comply in all material respects with the expenditure limitations in its budgets, except insofar as any noncompliance is the result of (i) such unanticipated circumstance occurring during such fiscal year that would permit the issuance of budget notes under the State Local Finance Law or (ii) a mandatory increase in expenditures by reason of State or Federal legislation enacted after the adoption of the City's budget for such fiscal year.

9. The City is not to permit the aggregate principal amount of its outstanding short-term obligations plus the aggregate principal amount of all the bonds and notes issued by the Corporation (less any bonds or notes of the Corporation which have been refunded or renewed and less any short-term obligations of the City then held by the Corporation) to exceed (i) $6,100,000,000 (hereinafter the "Base Debt Limit") plus (ii) an additional amount, not exceeding 10% of the Base Debt Limit. Notwithstanding the foregoing, during the fiscal years of the City ending
June 30, 1976 and 1977, such additional amount may not exceed 30% of the Base Debt Limit; during the fiscal year ending June 30, 1978, the additional amount may not exceed 25% of the Base Debt Limit; during the fiscal year ending June 30, 1979, the additional amount may not exceed 20% of the Base Debt Limit; and during the fiscal year ending June 30, 1980, the additional amount may not exceed 15% of the Base Debt Limit. In addition to the foregoing limitation, the City is not, at any date, to permit the aggregate principal amount of its outstanding short-term obligations (excluding bond anticipation notes) plus the aggregate principal amount of all bonds and notes issued by the Corporation (less any notes or bonds refunded or renewed and less any short-term obligations of the City then held by the Corporation and less any short-term obligations of the City issued and payable within the same fiscal year) to exceed $4,500,000,000 plus, in the discretion of the Board of Directors, an additional amount not exceeding $500,000,000.

Notwithstanding any other provision of the Act, the Corporation is not authorized to modify or waive the limitations specified in condition 9 above as to the maximum aggregate amount of short-term obligations of the City permitted to be outstanding.

Not less than 20 days prior to the issuance of any short-term obligations by the City, other than issuance to the Corporation, the City Comptroller is to notify the Corporation of the proposed issuance, specifying the amount and proposed terms thereof and the authority under which such obligations are proposed to be issued, together with the certificate of the City Budget Director specifying the proposed source of the funds for the redemption thereof. If, within ten days of such notice, the Corporation determines, after consultation with the City Comptroller and the City Budget Director, that the issuance of such obligations would violate the limitations specified above, the Corporation is to deliver to the City Comptroller a certified copy of such determination and the City Comptroller is not thereafter to issue such obligations.

Powers of the Corporation

The Act authorizes the Corporation to pay to the City part or all of such amounts as the Mayor from time to time certifies to the Corporation as the amounts required by the City to enable it to pay either the principal of and interest on, at maturity, any short-term obligations of the City or certain operating expenses of the City. In lieu of making direct payments to the City, the Corporation may purchase City obligations from the City having a maturity date not later than 15 years from the original date of issue. All amounts received by the City pursuant to any payment or purchase described in this paragraph must, in the case of amounts to be used for the payment of short-term City obligations, be held in trust for such purpose by the City and, in the case of amounts to be used for the payment of operating expenses by the City, be used to pay such operating expenses.

The Act provides that the outstanding amounts paid to the City for operating expenses in the manner described in the previous paragraph shall not exceed $1,725,000,000 and shall be evidenced by obligations issued by the City. Not more than an aggregate of $900,000,000 of such obligations shall mature in a fiscal year succeeding the fiscal year in which issued; the balance of $825,000,000 shall be payable in the fiscal year in which issued. The City is obligated to apply to welfare or public education purposes as to which State assistance advances have been or will be advanced to the City, not less than $750,000,000 of the amount received for operating expenses that are evidenced by obligations of the City maturing in a fiscal year succeeding the fiscal year in which issued.

In addition to granting the Corporation the power to make the payments and purchases described in the two immediately preceding paragraphs, the Act authorizes the Corporation to issue its bonds or notes in exchange for short-term obligations of the City as provided therein, provided that the principal amount of the Corporation's bonds or notes issued in any such exchange shall not exceed the principal amount of such short-term obligations of the City and accrued interest thereon at the stated rate to
the date of such exchange. Upon receipt of the short-term obligations of the City in any such exchange, the Corporation is permitted by the Act to deliver such short-term obligations to the City, which will thereupon cancel such obligations without making any payment of principal amount or accrued interest thereon, and the City shall have no further liability with respect to the obligations so cancelled. The Act, however, prohibits the Corporation from delivering to the City for cancellation bond anticipation notes of the City received in any such exchange unless the City pays the principal amount and accrued interest thereon or pays accrued interest and exchanges such bond anticipation notes for other bond anticipation notes of the City in equal principal amounts and at not less than the same interest rate, in refunding or renewal thereof.

The Act further prohibits the Corporation from making the payments to or purchases from or exchanging any of its bonds or notes for short-term obligations of, the City, as described above, unless the City shall have agreed to observe and perform the conditions described above under the caption “Conditions,” subject to such modifications as are described therein and as the Corporation may then approve. In addition, no such exchange of obligations may be made unless the Board shall have determined that the terms of such exchange will not prejudice the rights of holders of other bonds and notes of the City.

Review by the Corporation

In order to determine whether the City has taken or is taking action to comply with the conditions specified above, the Corporation is authorized to conduct a review of the records, accounts, budgets, forecasts, projections and other relevant materials of the City. The City is to make available for such review all of its books and records and is to furnish copies of all financial statements, budgets, forecasts, projections, information or corrective action taken by the City in response to any notices from the Corporation. The City is to make its officers and employees available to and is otherwise to cooperate with the persons conducting any such review for the Corporation.

Action by the Corporation

The proposed expense budgets (including related revenue estimates) and the proposed modifications thereof, the reports on expense items in the capital budget, and the expenditure plans and operations reports, all of which are to be submitted to the Corporation as set forth under the caption “Conditions”, are to be reviewed by the Corporation’s staff or designee promptly upon receipt.

If within 45 days after the receipt of the above information, the Board of Directors of the Corporation determines (a) that, in its judgment, the City’s expense budget will not be balanced, either by its terms or because income is overestimated or expenditures are underestimated therein, or that a report of proposed modifications indicates that as a result thereof the expense budget would not be balanced, or (b) that one or more of the other conditions described above under the caption “Conditions” has not been met or will not be met, then the Corporation shall promptly notify the Mayor of such determination and shall review with him the manner in which corrective action may be taken in order to balance the expense budget or comply with such other conditions.

In the event that the Board of Directors of the Corporation (a) determines, following such review with the Mayor, that the corrective action necessary to balance the budget or cause compliance with such other conditions will not be taken, (b) determines, as a result of a review made pursuant to the authority discussed above under the caption “Review by the Corporation”, that the City is not in compliance with any of the conditions specified above under the caption “Conditions” or that any representation or undertaking contained in any certificate delivered pursuant to the requirements discussed above is materially incorrect or has not been complied with in all material respects or (c) agrees to any limitation of the implementation of the requirements discussed above under the caption “Conditions”, then the Corporation is to certify promptly a copy of such determination or modification to the Governor, the
State Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council and the City Comptroller and is to disclose such determination or modification to the public.

The foregoing actions are not to be exclusive and the Corporation is to have and may exercise all other rights and remedies provided by law.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

Following is a summary of certain provisions of the General Bond Resolution. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the General Bond Resolution, to which reference is hereby made and copies of which are available from the Corporation.

Certain Defined Terms

"Capital Reserve Fund" shall mean the Fund by that name established by Section 602(3) of the Resolution.

"Capital Reserve Fund Requirement" shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 5 of Section 3036 of the Act, including, as provided in Section 901 of the General Bond Resolution for such purposes, any unpaid and matured amounts of principal and interest on the Bonds or such larger amounts as may hereafter be authorized pursuant to the Act as amended from time to time.

"Debt Service Fund" shall mean the Fund by that name established by Section 602(2) of the Resolution.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

"Notes" shall mean any obligations issued by the Corporation, other than Bonds or Other Obligations, within the limitations set forth under Section 202 (see "Additional Bonds and Notes") of the Resolution and the principal of and interest on which is payable from the Debt Service Fund.

"Operating Expenses" shall mean the Corporation's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or the Resolution or otherwise.

"Operating Fund" shall mean the Fund by that name established by Section 602(1) of the Resolution.

"Other Obligations" shall mean any obligations, other than Bonds or Notes, issued by the Corporation, in contemplation of the issuance of Bonds or Notes, within the limitations set forth under Section 202 (see "Additional Bonds and Notes") of the Resolution, the interest on which is payable from the Debt Service Fund.

"Outstanding", when used with reference to Bonds, other than Bonds referred to in Section 1105 of the Resolution, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV of the Resolution provided or provision satisfactory to the Trustee shall have been
made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106 of the Resolution, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401 of the Resolution.

"Paying Agent" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series Resolution pursuant to which the same was issued.

"Resolution" shall mean the General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

"Revenues" shall mean all payments to the Corporation pursuant to Section 3036 of the Act except payments to the Corporation for credit to the Operating Fund.

"Serial Bonds" shall mean the bonds so designated in a Series Resolution.

"Series of Bonds" or "Bonds of a Series" or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

"Series Resolution" shall mean a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions thereof adopted by the Corporation in accordance with Article X of the Resolution.

"Sinking Fund Installment" shall mean as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required by a Series Resolution, pursuant to which such Bonds were issued, to be paid at all events by the Corporation on a single future February 1 for the retirement of any Outstanding Bonds of said Series which mature after said future February 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future February 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"State" shall mean the State of New York.

"Supplemental Resolution" shall mean a resolution supplemental to or amendatory of the Resolution, adopted by the Corporation in accordance with Article X of the Resolution.

"Term Bonds" shall mean the bonds so designated in a Series Resolution and redeemable from Sinking Fund Installments.

"Trustee" shall mean United States Trust Company of New York and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

Authorization of Bonds

The Resolution creates an issue of Bonds which are general obligations of the Corporation payable out of any revenues of the Corporation and are additionally secured by the pledge of the revenues of the Corporation and the moneys and securities in the Debt Service Fund and Capital Reserve Fund as described in the caption "Provisions for Payment of the Bonds."

(Resolution, Section 201)
Additional Bonds and Notes

No Series of Bonds subsequent to the 1975 Series A Bonds shall be authenticated and delivered by the Trustee and no Notes or Other Obligations will be issued by the Corporation except upon receipt by the Trustee of:

(1) A certificate by the New York State Commissioner of Taxation and Finance setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Sales Tax and Stock Transfer Tax, and such other taxes, which as of the date of issuance of any such Series of Bonds, Notes or Other Obligations, are levied and collected by the State and are payable into the Special Account in the Municipal Assistance Tax Fund established for the Corporation.

Where the amount for such 12 consecutive calendar months is greater than the revenue expected by said Commissioner for the next succeeding 12 months from such Sales Tax, Stock Transfer Tax and such other taxes, the certificate shall set forth the estimated amount which is expected to be levied and collected in such next succeeding 12 months and paid into such Special Account. Any distortion for any such prior 12 consecutive month period occasioned by a change in payment dates, prepayments and late payments of such Sales Tax, Stock Transfer Tax or certain other taxes shall be taken into account in such certification by increasing or decreasing the estimated amount of Sales Tax, Stock Transfer Tax or such other taxes to be levied and collected. In the event the Sales Tax or such other taxes have not been in effect for 12 calendar months said Commissioner shall use, respectively, collections of the sales and compensating use taxes previously imposed by the City or collections of the tax similarly based to the other taxes referred to above if such tax was previously imposed by the City, as the amount to be certified in lieu of actual collections of the Sales Tax or other taxes, for those months the Sales Tax or other taxes were not in effect;

(2) A certificate by an authorized officer setting forth (a) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Instalments, maturities of Term Bonds not required to be paid from Sinking Fund Instalments and interest on all Outstanding Bonds, including such Series, and the principal of and interest on Notes, and the interest on Other Obligations for each Fiscal Year and (b) the aggregate amount of Operating Expenses as estimated by an authorized officer for the current Fiscal Year;

(3) A certificate by an authorized officer stating that the amounts set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 2 times such aggregate amount set forth in 2(a) above for each Fiscal Year set forth pursuant to paragraph 2(a) above; and

(4) A certificate by an authorized officer stating that the amount of Sales Tax collections or the amount to be certified in lieu of such collections set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 1.5 times the aggregate amount set forth in (2)(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above; provided further that prior to the issuance of any Notes or Other Obligations, the Trustee shall receive, in conjunction with the certificate hereinbefore referred to, a certificate of an authorized officer identifying such securities as either Notes or Other Obligations, the date or dates of payment of principal and interest on the Notes and the date or dates of payment of the interest on the Other Obligations and stating that such date or dates and amounts of payments due for principal and interest on the Notes to be issued or interest on the Other Obligations to be issued have not been so scheduled as to materially adversely affect the ability of the Corporation to pay the principal or interest on its Outstanding Bonds when due or the coverages set forth herebefore as affected by the quarterly payments provided for in Section 607 of the General Bond Resolution.

(Resolution, Section 202)
The Pledge Effected by the Resolution

The proceeds of sale of the Bonds, the Revenues, and all Funds (other than the Operating Fund) established by the Resolution, and other monies and securities referred to therein are pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes (including the payment from the Debt Service Fund of principal of and interest on Notes and the payment of interest on Other Obligations of the Corporation) and on the terms and conditions set forth in the Resolution; provided, however, nothing aforesaid shall be construed to preclude, subject to the provisions of Section 605 and Section 607, the right of the Corporation to grant an equal lien on all revenues, monies and securities in the Debt Service Fund (other than monies, if any, paid into the Debt Service Fund from the Capital Reserve Fund) to secure the payment of principal of and interest on the Notes and interest on Other Obligations.

(Resolution, Section 601)

Establishment of Funds

The Resolution establishes the following Funds:

1. Operating Fund, which is held by the Corporation;
2. Debt Service Fund, which is held by the Trustee; and
3. Capital Reserve Fund, which is held by the Trustee.

(Resolution, Section 602)

Application of Payments

Any payment received by the Corporation in accordance with subdivision 1 of Section 3036 of the Act shall be applied to the Operating Fund, the Debt Service Fund and the Capital Reserve Fund in accordance with the certification of the Chairman of the Corporation pursuant to which such payment is made. If the amount of any payment received is less than the amount so certified, such amount shall be applied pro rata to the respective Funds on the basis of the amounts as certified.

(Resolution, Section 603)

Debt Service Fund

1. The Trustee shall on or before the business day preceding each interest payment date for any Bonds or any outstanding Notes pay, out of the amounts then held in the Debt Service Fund, to itself and the Paying Agents, the amounts respectively required for the payment of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of and interest on, any such Bonds or Notes due and payable on such date, and shall at the direction of an Authorized Officer of the Corporation pay to itself or the Paying Agents or paying agents (for Other Obligations) for payment of interest on Other Obligations such amount as shall be necessary, in the opinion of the Corporation, to pay such interest on Other Obligations becoming due and payable and such amounts so paid out shall be irrevocably pledged to and applied to such payments.

2. In the event that on the business day preceding any interest payment date, the amount in the Debt Service Fund shall be less than the amounts respectively required for payment of interest on the Outstanding Bonds and for the payment of the principal and Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such interest payment date, the Trustee shall withdraw from the Capital Reserve Fund and deposit into the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payment or payments.

3. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 403 of the Resolution, on such
due date, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Term Bonds of such Series and maturity. The Trustee shall so call such Term Bonds for redemption whether or not it then has monies in the Debt Service Fund sufficient to pay the applicable principal amount thereof, together with interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on the day preceding each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

4. The Corporation may, at any time subsequent to the second day of February of any year but in no event less than 45 days prior to the succeeding first day of February on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with monies in the Debt Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds of the Corporation payable from such Sinking Fund Installment and any Term Bonds so purchased prior to the first day of February shall be cancelled by the Trustee and the aggregate principal amount of the Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such first day of February.

(Resolution, Section 605)

Capital Reserve Fund

1. The Corporation shall deposit into the Capital Reserve Fund: (i) all monies paid to the Corporation pursuant to subdivisions 1 and 4 of Section 3036 of the Act for the purpose of maintaining or restoring the amount in such Fund to the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by a Series Resolution authorizing the issuance thereof, and (iii) any other monies which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

2. Monies and securities held for the credit of the Capital Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of paragraph 2 of Section 605 of the Resolution. At any time after December 31, 1980, monies and securities in the Capital Reserve Fund in excess of its Requirement, upon direction of the Corporation, may be deposited to the credit of the Debt Service Fund.

3. In order to assure the maintenance of the Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement and in compliance with the requirements of subdivision 4 of Section 3036 of the Act, the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State said Chairman's certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. All monies received by the Corporation from the State pursuant to any such certification, in accordance with the provisions of subdivision 4 of Section 3036 of the Act, as amended, shall be deposited in the Capital Reserve Fund, as required by paragraph 1 of Section 606 of the Resolution.

(Resolution, Section 606)

Maintenance of Certain Funds

In order to assure the maintenance of the Operating Fund, the Debt Service Fund and the Capital Reserve Fund, not less than 120 days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year) (but not later than July 1, 1975 for the Fiscal Year ending June 30, 1976), the Chairman of the Corporation shall certify to the State Comptroller and to the Mayor a schedule setting for the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total
amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Debt Service Fund to pay all interest on, and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds and Notes maturing or otherwise coming due during such Fiscal Year and the interest on Other Obligations maturing or otherwise becoming due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, such Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor. The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds or Notes or interest on Other Obligations, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation. (See "Municipal Assistance Tax Fund"). In order further to secure the obligations of the Corporation, including the Bonds, each quarterly payment (to be made on or before April 12, June 30, October 12 and January 12) by the State Comptroller to the Corporation in accordance with the certification shall be an amount, after taking into account monies then in the Debt Service Fund and available for purposes of the Debt Service Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds, Notes or Other Obligations the interest on which is payable from the Debt Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds, Notes and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of the Corporation of which such quarterly period is a part.

(Resolution, Section 607)

Further Assurances

The Corporation has covenanted that it shall cause the Chairman to make and deliver the certificates referred to in Sections 606 and 607 of the Resolution.

(Resolution, Section 904)

Payment of Bonds

The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

(Resolution, Section 901)

Office for Servicing Bonds

The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds and coupons may be presented for payment, registration, transfer or exchange. The Corporation has appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Resolution, Section 903)
Power to Issue Bonds and Make Pledges

The Corporation is duly authorized pursuant to law to create and issue the Bonds and to adopt the Resolution and to pledge the Revenues, and other monies, securities and funds purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. The Revenues and other monies, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

(Resolution, Section 905)

Agreement of the State

In accordance with the provisions of Section 3015 of the Act, the Corporation has included in the Resolution a pledge and agreement with the Holders of the Bonds that the State will not limit or alter the rights vested pursuant to the Act in the Corporation to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged. See “Agreement of the State of New York.”

(Resolution, Section 906)

Creation of Liens

The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund and shall not create or cause to be created any lien or charge prior to the Bonds on the revenues, monies and securities in the Debt Service Fund.

(Resolution, Section 907)

Additional Obligations

The Corporation reserves the right to issue bonds, notes or any other obligations, other than Bonds, Notes or Other Obligations under another and separate resolution so long as the same are not a charge or lien or right prior or equal to the charge or lien created by, or to the rights of the Corporation and Holders of the Bonds provided by, the Resolution and the Act, or with respect to monies pledged under the Resolution or with respect to proceeds from the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act.

(Resolution, Section 204)

Events of Default

The Resolution provides that it shall constitute an “event of default” if:

(a) the Corporation shall default in the payment of the principal or Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption, or otherwise;

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036 of the Act, or the State Comptroller shall fail to pay to the Corporation, as and
when required by such Section, for deposit in the Capital Reserve Fund, the Debt Service Fund or the Operating Fund any amount or amounts as shall be certified by the Chairman of the Corporation pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund or the Debt Service Fund the amount or amounts received by the Corporation for deposit in such Funds; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 3 and 4 of Section 3036 of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund the amount or amounts received by the Corporation for deposit in such Fund; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by Section 1107 of Article 28 of the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on July 2, 1975; or

(g) the State shall fail to maintain the existence of either the Special Account or the Stock Transfer Fund.

(Resolution, Section 1202)

Remedies

The Resolution vests the Trustee with all rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 3017 of the Act and the right of Bondholders to appoint a trustee pursuant to such Section of the Act is thereby abrogated in accordance with the provision of subdivision 2(g) of Section 3012 of the Act.

(Resolution, Section 1201)

Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202 of the Resolution, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (c), (d), (e), (f) or (g) of said Section, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such one or more of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;
(d) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or

(e) in accordance with the provisions of the Act (including the requirement for 30 days notice to the Governor, the Corporation and the Attorney General of the State) to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of the Resolution or a Series Resolution or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

(Resolution, Section 1203)

Priority of Payments After Default

In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have therefore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according
to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

(Resolution, Section 1204)

Series Resolutions and Supplemental Resolutions

A Series Resolution or Supplemental Resolution of the Corporation may be adopted at any time or from time to time, for any one or more of the following purposes: to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions therein theretofore in effect; to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Revenues, or of any other monies, securities or funds; to modify any of the provisions of the Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or, with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

(Resolution, Section 1001)

Any of the provisions of the Resolution hereinbefore stated may be amended by a Supplemental Resolution, with the written consent (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (c) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 1101 of the Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Resolution, Section 1101)
Any term or provision of the Resolution and the rights and obligations of the Corporation and of the Holders of the Bonds and coupons thereunder may be modified or amended with the consent of the Holders of all of the Bonds then Outstanding.

(Resolution, Section 1103)

Investment of Funds

1. Monies in the Debt Service Fund and the Capital Reserve Fund and the proceeds of Bonds shall, as nearly as may be practicable, be invested by the Trustee upon direction of the Corporation in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any bond, debenture, note, participation or other similar obligation issued by any of the following Federal agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration and Export-Import Bank, (c) if permitted by law, any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association, and (d) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State treasury.

1975 Series B Bond proceeds may also be invested in repurchase agreements covering the obligations enumerated hereinbefore.

2. In lieu of the investments of monies in obligations authorized in paragraph (1) above, the Trustee shall, to the extent permitted by the Act then in effect, upon direction of the Corporation in writing, signed by an Authorized Officer, deposit monies from any fund or account held by the Trustee under the terms of the Resolution, in interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no monies in such funds or accounts shall be so deposited unless the recipient of such deposit shall certify in writing to the Corporation and the Trustee, upon the making of each such deposit or arrangement, that the interest to be earned thereon will be in excess of the interest, income or increment that would be earned by the investment of such monies in accordance with the requirements of paragraph (1) above in direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State at the then current market prices*; provided further, that each such interest-bearing time deposit or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

3. Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account.

* Hawkins, Delafield & Wood, Bond Counsel for the Corporation, have advised the Corporation and the Trustee that they need not obtain the certificate described in the text above (from the recipient of a deposit or arrangement) in circumstances in which the investment to be made is of a short term nature and the obligations authorized in paragraph (1) above, with maturities corresponding to the dates when monies are required by the Corporation, are not available and, consequently, it is not practicable to make a comparison to the interest, income or increment that would be earned by the investment of monies in such obligations. Carter, Ledyard & Milburn, counsel for the Trustee, have concurred in such opinion.
and the income or interest earned, profits realized or losses suffered by a fund or account due to the
investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

4. The Resolutions provide that the Trustee shall not be liable or responsible for the making of
any investment authorized pursuant thereto, in the manner provided therein, or for any loss resulting
from any such investment so made.

(Resolution, Sections 702 and 703, Series B Resolution, Section 302)

Defeasance

1. If the Corporation shall pay or cause to be paid to the Holders of all Bonds and coupons then
Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the
times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and
other obligations of the Corporation to the Bondholders shall be discharged and satisfied.

2. Bonds or coupons or interest installments for the payment or redemption of which monies shall
have been set aside and shall be held in trust by the Trustee or any Paying Agent (through deposit by the
Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date
thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph 1
above. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the
maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect
expressed in such paragraph 1 above if (a) in case any of said Bonds are to be redeemed on any date
prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable
instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such
Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be suf-
ficient, or direct obligations of the United States of America the principal of and the interest on which, when
due, will provide monies which, together with the monies, if any, deposited with the Trustee at the same
time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, and interest
due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as
the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the
next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable
instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days
between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons
that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons
are deemed to have been paid in accordance with Section 1401 of the Resolution and stating such maturity
or redemption date upon which monies are to be available for the payment of the principal or Redemption
Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or monies
deposited with the Trustee pursuant to Section 1401 of the Resolution nor principal or interest payments
on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for,
the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided
that any cash received from such principal or interest payments on such direct obligations of the United
States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent
practicable, be reinvested in direct obligations of the United States of America maturing at times and in
amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become
due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and
interest earned from such reinvestment as received by the Trustee, shall be paid over to the
Corporation free and clear of any trust, lien or pledge.

(Resolution, Section 1401)

AGREEMENT OF THE STATE OF NEW YORK

The State has pledged to and agreed with the holders of the Bonds that the State will not limit or
alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with
holders of Bonds, or in any way impair the rights and remedies of such holders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged and in accordance with the authority granted to the Corporation pursuant to Section 3015 of the Act, the Corporation has included such pledge in the General Bond Resolution.

Such pledge and agreement does not, among other things, bind or obligate the State to appropriate funds for the payment of principal or premium, if any, or interest on the Bonds. See "Provisions for Payment of the Bonds—Restoration of Capital Reserve Fund."

LEGAL INVESTMENT

The Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State. Pursuant to the Act the Bonds may be deposited with, and may be received, by all public officers and bodies of the State and all political subdivisions thereof and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Certain matters will be passed upon for the Underwriters by their counsel, White & Case, New York, New York. The approving opinion of Bond Counsel to the Corporation will be in the form attached to this Official Statement as Exhibit A. The Attorney General of the State has issued an opinion that the Act has been validly enacted and has become law in accordance with the Constitution and laws of the State. Carter, Ledyard & Milburn, New York, New York, have acted as counsel for the Trustee.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is exempt from Federal income taxes, and at all times shall be free from State and City personal income taxes.

UNDERWRITING ARRANGEMENTS

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the 1975 Series B Bonds from the Corporation at an aggregate discount of $5,438,750 from the initial public offering prices of the 1975 Series B Bonds. The public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities. Those Clearing House Banks that are also Underwriters hold in the aggregate approximately $89,000,000 principal amount of the August Notes, which will be paid, in part, from the proceeds of the sale of the 1975 Series B Bonds.
In addition, the Corporation has been advised by a group of 11 banks and seven non-bank dealers, 15 of whom are Underwriters, that any unsold portion of the 1975 Series B Bonds will be purchased from the underwriting syndicate at the price paid by the Underwriters for such 1975 Series B Bonds. At the request of the non-bank dealers, the 11 banks have agreed that they will not reoffer their portion of such Bonds prior to September 30, 1975. The seven non-bank dealers intend to reoffer their portion of such Bonds from time to time subject to applicable price restrictions, if any, contained in an agreement among the Underwriters.

Lazard Frères & Co., New York, N. Y., is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, a director of the Corporation, is a general partner of such firm.

The references herein to the Act, the Tax Law, the State Finance Law and the Resolutions are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to the Act, such Laws and the Resolutions for full and complete statements of such provisions. Copies of such Act, such Laws and such Resolutions are available at the office of the Corporation.

The delivery of this Official Statement has been duly authorized by the Corporation.

Municipal Assistance Corporation For The City of New York
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $275,000,000 1975 Series B Bonds (the "1975 Series B Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act").

The 1975 Series B Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation (the "General Bond Resolution") and the 1975 Series B Resolution (the "Series Resolution"), adopted July 2, 1975 and August 15, 1975, respectively. Said resolutions are herein collectively called the "Resolutions."

The 1975 Series B Bonds are part of an issue of bonds of the Corporation (the "Bonds") which the Corporation has established and created under the terms of the General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the General Bond Resolution or as may be limited by law. The 1975 Series B Bonds are being issued for the purpose of providing funds to The City of New York, New York ("The City") to enable The City to pay certain of its operating expenses and the principal of and interest on certain of its short term obligations.

The Corporation is authorized to issue Bonds, in addition to the 1975 Series B Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1975 Series B Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Bond Resolution.

The 1975 Series B Bonds are dated August 1, 1975, except as otherwise provided in the Resolutions with respect to fully registered 1975 Series B Bonds and will mature on the dates and will bear interest, payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
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<td>February 1, 1980</td>
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<td>10%</td>
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<tr>
<td>1981</td>
<td>$65,000,000</td>
<td>10½%</td>
</tr>
<tr>
<td>1983</td>
<td>$140,000,000</td>
<td>11%</td>
</tr>
</tbody>
</table>
The 1975 Series B Bonds are issued either in coupon form in the denominations of $1,000 and $5,000, registrable as to principal only, or in fully registered form without coupons in the denominations of $1,000, $5,000 or an integral multiple of $5,000. Coupon and fully registered 1975 Series B Bonds are interchangeable as provided in the Resolutions. Coupon 1975 Series B Bonds in the denomination of $1,000 are lettered BM, coupon 1975 Series B Bonds in the denomination of $5,000 are lettered BV and fully registered 1975 Series B Bonds are lettered BR, in each case followed by the last two digits of the year in which each of such 1975 Series B Bonds matures and its number. Coupon 1975 Series B Bonds so lettered are numbered consecutively from one upward for each year of maturity and fully registered 1975 Series B Bonds are numbered consecutively from one upward in order of issuance for each year of maturity. The 1975 Series B Bonds shall not be subject to redemption prior to maturity.

The 1975 Series B Bonds maturing on February 1, 1983, are subject to redemption, in part, by lot and upon such notice, as provided in the Resolutions, by operation of the Debt Service Fund through application of mandatory Sinking Fund Installments as defined in the General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 1975 Series B Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption.

Chapters 168 and 169 of the Laws of 1975 each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provides, among other things, for the insertion of the Act in the Public Authorities Law creating the Corporation as aforesaid, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1975 Series B Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance tax fund (the "Assistance Fund") and a special account for the Corporation within the Assistance Fund (the "Special Account"), adding a new section 107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the "Sales Tax"), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Account together with, after deducting such costs, such amounts, beginning with the fiscal year of the State commencing April 1, 1976, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by sections 270, 270-a and 270-d of Article 12 of the Tax Law (the "Stock Transfer Tax") are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the 1975 Series B Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1975 Series B Bonds. Under the laws of the State, including the Constitution of the State, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the General Bond Resolution and is authorized and permitted by the General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in
full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys and securities is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Debt Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subjected to the pledge and lien created by the Resolutions.

3. The 1975 Series B Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The 1975 Series B Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, and are entitled, together with additional Bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Act.

4. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Act, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such capital reserve fund requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Assistance Fund into which is paid the Sales Tax and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

6. The 1975 Series B Bonds do not constitute a debt either of the State or The City, and neither the State nor The City shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;
(c) to establish the Stock Transfer Tax Fund, the Assistance Fund and the Special Account within the Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or account;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Assistance Fund and commencing with the fiscal year of the State commencing April 1, 1976 from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

8. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Assistance Fund.

9. Under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

10. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series B Bonds.

11. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1975 Series B Bonds, and the execution and delivery of the 1975 Series B Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1975 Series B Bond numbered and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[To Be Signed, Hawkins, Delafield & Wood]
August 15, 1975

Honorable Arthur Levitt
Comptroller of the State of New York
Alfred E. Smith Office Building
Albany, New York

Dear Mr. Comptroller:

We are negotiating the sale of $275,000,000 of 1975 Series B Bonds of the Municipal Assistance Corporation for The City of New York. The 1975 Series B Bonds will be dated August 1, 1975, except as otherwise provided with respect to fully registered 1975 Series B Bonds, and will mature on the dates, and will bear interest payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<table>
<thead>
<tr>
<th>February 1,</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$70,000,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10.50%</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>11.00%</td>
</tr>
</tbody>
</table>

The purchaser of the 1975 Series B Bonds is a syndicate managed by The Chase Manhattan Bank (National Association) and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The purchase price of the 1975 Series B Bonds is 100% of the aggregate principal amount plus accrued interest from August 1, 1975 to the date of delivery and payment. The gross underwriting spread is $19.78 per thousand and the net interest cost is 11.0303%.

Your approval of this sale, pursuant to Section 3012(i)(e) of the Municipal Assistance Corporation Act, as amended, is respectfully requested.

Very truly yours,

Donna E. Shalala
Treasurer

The sale of the above described 1975 Series B Bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described is hereby approved.

Arthur Levitt, Comptroller of...
August 15, 1975

Honorable Arthur Levitt
Comptroller of the State of New York
Alfred E. Smith Office Building
Albany, New York

Dear Mr. Comptroller:

We hereby respectfully request your approval, pursuant to Section 3013(4) of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being I, II and III of Article 10 of the Public Authorities Law, of the system of accounts of the Corporation to the extent same are prescribed in the 1975 Series B Bond Resolution of the Corporation, to be adopted by the Corporation on August 15, 1975, in substantially the form annexed hereto as Exhibit A.

Your approval is respectfully requested.

Very truly yours,

Donna E. Shalala
Treasurer

The system of accounts of the Corporation to the extent same are prescribed in the 1975 Series B Bond Resolution of the Corporation to be adopted by the Corporation on August 15, 1975, in substantially the form annexed hereto as Exhibit A is hereby approved.

Arthur Levitt, Comptroller of the State of New York
CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation and
Finance of the State of New York, do HEREBY CERTIFY as follows:

A. Reference is made to the General Bond Resolution
(the "Resolution") adopted July 2, 1975 by the
Municipal Assistance Corporation For The City
of New York (the "Corporation"). All terms
defined in the Resolution are used in this
certificate with the meanings ascribed to them
at the indicated page in the Resolution.

B. 1. The most recent collections for the 12
   consecutive calendar months ended June 30,
   1975 of the sales and compensating use
taxes imposed by the City of New York prior
to July 1, 1975 was $ 787,200,663

2. The most recent collections for the 12
   consecutive calendar months ended June 30,
   1975 of the Stock Transfer Tax (p. 5) was $ 185,982,621

3. The most recent collections for the 12
   consecutive calendar months ended June 30,
   1975 of other taxes which, as of the date
   hereof, are levied and collected by New
   York State and are payable into the
   special account in the Municipal Assis-
tance Tax Fund described in Section 92-d
   of the State Finance Law established for
   the Corporation was Total of $ 973,183,284

C. The total amount of $973,183,284 for the
   12 consecutive calendar months ended June
   30, 1975 set forth above is not greater
   than the revenue expected by me for the
   next succeeding 12 months from the Sales
   Tax (p. 4) and the Stock Transfer Tax,
   taking into account any distortion for the
12 consecutive month period ended June 30, 1975 occasioned by a change in payment dates, prepayments, and late payments of the taxes set forth in clauses 1, 2 and 3 of paragraph B next above.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of August, 1975.

[Signature]

COMMISSIONER OF TAXATION AND FINANCE

To: United States Trust Company of New York, as Trustee under the Resolution (as defined above).
CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation
and Finance of the State of New York, do HEREBY CERTIFY
as follows:

1. I have reviewed the information contained in the
Official Statement dated August 15, 1975 of the Municipal
Assistance Corporation of the City of New York under the
sections captioned "Sales Tax" and "Stock Transfer Tax".

2. The information contained in such sections is
true and complete and does not contain any untrue statements
of a material fact or omit to state any material fact
necessary to make the statements therein not misleading.

3. The tabular data set forth under the charts
"State Collections of New York City Sales and Compensating
Use Taxes" and "State Collections of Stock Transfer Tax"
are complete and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand
this 19th day of August, 1975.

[Signature]
Commissioner of Taxation and
Finance of the State of New York
CERTIFICATE OF THE DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, Peter C. Goldmark, Jr., Director of the Budget
of the State of New York, do certify as follows:

1. I have reviewed the information contained in
the Official Statement dated August 15, 1975 of the Municipal
Assistance Corporation For the City of New York under the
sections captioned "Sales Tax", "Stock Transfer Tax" and
"Estimated Amounts Available for Debt Service and Debt
Service Coverage".

2. The numerical information set forth in (i) the
last sentence of the third paragraph in the section captioned
"Sales Tax" and (ii) the first footnote under the first para-
graph of the section captioned "Estimated Amounts Available
for Debt Service and Debt Service Coverage" is based upon
the actual estimates of the State Division of the Budget
and I have no reason to believe that the numerical infor-
mation is not correct and accurate or contains any untrue
statement of a material fact or omits to state a material
fact necessary to make the statements therein not misleading.

IN WITNESS WHEREOF, I have hereunto set my hand
this 19th day of August, 1975.

[Signature]
Director of the Budget
State of New York
August 21, 1975

The Chase Manhattan Bank  
(National Association)  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
First National City Bank  
Kidder, Peabody & Co. Incorporated  
Morgan Guaranty Trust Company of New York  
Salomon Brothers  
Bankers Trust Company  
Chemical Bank  
The First Boston Corporation  
Goldman, Sachs & Co.  
Halsey, Stuart & Co. Inc.  
Manufacturers Hanover Trust Company  
Marine Midland Municipals Co.  
Smith, Barney & Co. Incorporated  
As Representatives of the Underwriters

c/o The Chase Manhattan Bank  
(National Association)  
One Chase Manhattan Plaza  
New York, New York 10015

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), to furnish you our opinion as to the matters herein set forth.
in connection with the execution of a bond purchase agreement, dated August 15, 1975 (the "Agreement"), by and among the Corporation and each of you as purchasers, and the issuance and sale to you thereunder of the Corporation's $275,000,000 principal amount of 1975 Series B Bonds (the "Bonds").

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law (the "Act"), the final Official Statement of the Corporation, dated August 15, 1975, with respect to the Bonds, the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1975 Series B Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and August 15, 1975, respectively (the "Resolutions"), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

Based on the foregoing, we are of the opinion that:

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute
and deliver and to perform its obligations under the Agreement, to adopt the Resolutions and to issue and sell the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation to assist The City of New York (hereinafter called the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City.

3. The execution and delivery of, and the performance of the obligations under, the Agreement and the issuance of the Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement constitutes the legal, valid and binding agreement of the Corporation enforceable in accordance with its terms. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for, or filing or recording of, the Resolutions is required.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Resolutions.

5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Bonds and the Resolutions, under the circumstances contemplated by the Agreement and the
final Official Statement, and compliance with the provisions thereof, do not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or by the final Official Statement, or which in any way would adversely affect provisions for the payment of principal or interest on the Bonds or the validity of the Bonds, the Resolutions, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement or the final Official Statement.

7. The issuance and sale to you of the Bonds, and your resale of the Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, is exempt from registration under the Securities Act of 1933, as
amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Bonds constitute "exempted securities" within the meaning of the Securities Exchange Act of 1934, as amended.

8. To the best of our knowledge, the final Official Statement does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the final Official Statement, and the statements and information therein contained, not misleading.

9. The statements set forth in the final Official Statement under the headings "Functions of the Corporation with Respect to the City" and "Agreement of the State of New York" are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws, upon the validity, binding effect or enforceability of the Resolutions, the Agreement or the Bonds are rendered in reliance upon the opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation, of even date herewith addressed to the Corporation and delivered to you in accordance with the Agreement, and, although we have made no independent investigation with respect thereto, such opinion is in form and substance
satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,

[Signature]

Paul, Weiss, Rifkind, Wharton & Garrison
August 21, 1975

The Chase Manhattan Bank
(National Association)
Merrill Lynch, Pierce, Fenner & Smith

Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of
New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipal Co.
Smith, Barney & Co. Incorporated

As Representatives of the Underwriters

c/o The Chase Manhattan Bank
(National Association)
One Chase Manhattan Plaza
New York, New York 10015

Gentlemen:

We are General Counsel to Municipal Assistance
Corporation For The City of New York (the "Corporation"), and
in this capacity have examined a summons and complaint served
upon the Corporation on July 18, 1975. It appears therefrom
that the action was commenced in the Supreme Court of the State
of New York, County of New York and entitled "Robert Sasso v.
The City of New York, et al." The Corporation has authorized
us to represent it in this litigation.
On July 29, 1975, the Corporation's motion for summary judgment, based on the grounds that the cause of action as to the Corporation has no merit, was granted. The plaintiff's time to appeal will expire on September 15, 1975.

We are of the opinion that:

(1) The complaint is without merit as to the claim therein asserted against the Corporation.

(2) The Corporation will prevail in any final adjudication of the claim asserted in the complaint against the Corporation.

(3) No final adjudication of the claim asserted in the complaint will result in a judgment enjoining the issuance, sale, execution or delivery of the Series B Bonds of the Corporation proposed to be issued and sold on August 21, 1975, or in any way affecting the validity of such Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, monies or securities provided for the payment of such Bonds, the existence or powers of the Corporation, or the application of the proceeds of the sale of such Bonds as contemplated by the Series Resolution adopted by the Corporation in connection with such Bonds.

(4) Such final adjudication would not in any way
contravene any of the matters to which our opinion letter, to which this opinion letter is annexed, relates.

Very truly yours,

[Signature]

P.S. Weiss, Riffkin, Wharton & Garrison
August 21, 1975

Municipal Assistance Corporation  
For The City of New York  
New York, New York  

Dear Sirs:  

We have examined a record of proceedings relating to the issuance of $275,000,000 1975 Series B Bonds (the “1975 Series B Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the “Act”).

The 1975 Series B Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation (the “General Bond Resolution”) and the 1975 Series B Resolution (the “Series Resolution”), adopted July 2, 1975 and August 15, 1975, respectively. Said resolutions are herein collectively called the “Resolutions.”

The 1975 Series B Bonds are part of an issue of bonds of the Corporation (the “Bonds”) which the Corporation has established and created under the terms of the General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the General Bond Resolution or as may be limited by law. The 1975 Series B Bonds are being issued for the purpose of providing funds to The City of New York, New York (“The City”) to enable The City to pay certain of its operating expenses and the principal of and interest on certain of its short term obligations.

The Corporation is authorized to issue Bonds, in addition to the 1975 Series B Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1975 Series B Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Bond Resolution.

The 1975 Series B Bonds are dated August 1, 1975, except as otherwise provided in the Resolutions with respect to fully registered 1975 Series B Bonds and will mature on the dates and will bear interest, payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1</td>
<td>1980</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10.75%</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>11%</td>
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The 1975 Series B Bonds are issued either in coupon form in the denominations of $1,000 and $5,000, registerable as to principal only, or in fully registered form without coupons in the denominations of $1,000, $5,000 or an integral multiple of $5,000. Coupon and fully registered 1975 Series B Bonds are interchangeable as provided in the Resolutions. Coupon 1975 Series B Bonds in the denomination of $1,000 are lettered BM, coupon 1975 Series B Bonds in the denomination of $5,000 are lettered BV and fully registered 1975 Series B Bonds are lettered BR, in each case followed by the last two digits of the year in which each of such 1975 Series B Bonds matures and its number. Coupon 1975 Series B Bonds so lettered are numbered consecutively from one upward for each year of maturity and fully registered 1975 Series B Bonds are numbered consecutively from one upward in order of issuance for each year of maturity. The 1975 Series B Bonds maturing on February 1, 1980 and February 1, 1981 shall not be subject to redemption prior to maturity.

The 1975 Series B Bonds maturing on February 1, 1983, are subject to redemption, in part, by lot and upon such notice, as provided in the Resolutions, by operation of the Debt Service Fund through application of mandatory Sinking Fund Installments as defined in the General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 1975 Series B Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption.

Chapters 168 and 169 of the Laws of 1975 each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provides, among other things, for the insertion of the Act in the Public Authorities Law creating the Corporation as aforesaid, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1975 Series B Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance tax fund (the “Assistance Fund”) and a special account for the Corporation within the Assistance Fund (the “Special Account”), adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in the City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Account together with, after deducting such costs, such amounts, beginning with the fiscal year of the State commencing April 1, 1976, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by sections 270, 270-a and 270-d of Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the 1975 Series B Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1975 Series B Bonds. Under the laws of the State, including the Constitution of the State, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the General Bond Resolution and is authorized and permitted by the General Bond Resolu-
tion. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys and securities is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Debt Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subjected to the pledge and lien created by the Resolutions.

3. The 1975 Series B Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The 1975 Series B Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, and are entitled, together with additional Bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Act.

4. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Act, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such capital reserve fund requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Assistance Fund into which is paid the Sales Tax and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

6. The 1975 Series B Bonds do not constitute a debt either of the State or The City, and neither the State nor The City shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;
(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;

(c) to establish the Stock Transfer Tax Fund, the Assistance Fund and the Special Account within the Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or account;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Assistance Fund and commencing with the fiscal year of the State commencing April 1, 1976 from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

8. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Assistance Fund.

9. Under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

10. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series B Bonds.

11. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1975 Series B Bonds, and the execution and delivery of the 1975 Series B Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1975 Series B Bond numbered BV80-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Hawkins, Delafield & Wood
August 21, 1975

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipals Co.
Smith, Barney & Co. Incorporated

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated August 15, 1975 with the
Municipal Assistance Corporation For The
City of New York.

c/o The Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York 10015

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation
For The City of New York (the "Corporation") and are this day rendering
our final approving opinion (the "Opinion") relating to the authorization
and issuance of the Corporation's 1975 Series B Bonds (the "Bonds"),
dated August 1, 1975 and authorized by the General Bond Resolution,
adopted by the Corporation on July 2, 1975, and the 1975 Series Bond
Resolution, adopted August 15, 1975. The Opinion is being rendered in
connection with the delivery of the Bonds to The Chase Manhattan Bank
(National Association) on behalf of the Underwriters named in Schedule I
to the Bond Purchase Agreement for the Bonds (the "Bond Purchase
Agreement") by and between you, as representatives of said Underwriters,
and the Corporation.

In connection with the rendering of the Opinion, we have
reviewed records of the acts taken by the Corporation in connection
with the authorization, sale and issuance of the Bonds, including a
August 21, 1975

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith
   Incorporated
First National City Bank
Kidder, Peabody & Co. Incorporated
Morgan Guaranty Trust Company of New York
Salomon Brothers
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company
Marine Midland Municipals Co.
Smith, Barney & Co. Incorporated

   As representatives of the several Underwriters
   named in Schedule I of the Bond Purchase
   Agreement dated August 15, 1975 with the
   Municipal Assistance Corporation For The
   City of New York.

   c/o The Chase Manhattan Bank (National Association)
   One Chase Manhattan Plaza
   New York, New York 10015

Gentlemen:

   We are bond counsel to the Municipal Assistance Corporation
   For The City of New York (the "Corporation") and are this day rendering
   our final approving opinion (the "Opinion") relating to the authoriza-
   tion and issuance of the Corporation's 1975 Series B Bonds (the "Bonds"),
   dated August 1, 1975 and authorized by the General Bond Resolution,
   adopted by the Corporation on July 2, 1975, and the 1975 Series Bond
   Resolution, adopted August 15, 1975. The Opinion is being rendered in
   connection with the delivery of the Bonds to The Chase Manhattan Bank
   (National Association) on behalf of the Underwriters named in Schedule I
   to the Bond Purchase Agreement for the Bonds (the "Bond Purchase
   Agreement") by and between you, as representatives of said Underwriters,
   and the Corporation.

   In connection with the rendering of the Opinion, we have
   reviewed records of the acts taken by the Corporation in connection
   with the authorization, sale and issuance of the Bonds, including a
record of proceedings of the Corporation relating to the authorization, execution and delivery of the Bond Purchase Agreement, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Bonds dated August 15, 1975 (the "Official Statement").

In connection with the sale of the Bonds, at the request of the Corporation, we participated and assisted as bond counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PROVISIONS FOR PAYMENT OF THE BONDS (other than the statistical and financial information and other information under the headings "State Collections of New York City Sales and Compensating Use Taxes", "State Collections of Stock Transfer Tax" and "Estimated Amounts Available for Debt Service and Debt Service Coverage"), DESCRIPTION OF THE 1975 SERIES B BONDS, SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION, and AGREEMENT OF THE STATE OF NEW YORK are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no-litigation of the Corporation including statements to the effect that, except as noted therein, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Bonds or the existence or powers of the Corporation, or the application of the proceeds of the sale of such Bonds as contemplated by the Official Statement. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. In so acting, we have necessarily assumed the correctness and completeness of the statements and material set forth therein. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement.
(or in the statistical and financial information and other information set forth in the headings excluded above, as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussions, inquiries and conferences, referred to above, nothing has come to our attention which would lead us to believe, and we do not believe, that the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are further of the opinion that the Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a binding agreement of, the Corporation, enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Bonds, and your resale of the Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, is exempt from registration under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended; and the Bonds constitute "exempted securities" within the meaning of the Securities Exchange Act of 1934, as amended.

Very truly yours,

[Signature]

[Handwritten Name]
August 21, 1975

Dr. Donna E. Shalala
Treasurer
Municipal Assistance Corporation
for the City of New York
New York, New York

Dear Dr. Shalala:

This is to acknowledge receipt of your letter of August 19, 1975, enclosing the transcript of proceedings of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation") together with other documents relating to the authorization, sale and issuance of the bonds hereinafter referred to in the principal amount of $275,000,000 by the Corporation.

You have requested my opinion regarding the validity of such issue as well as other subsidiary and collateral questions, all of which are considered below.

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, created pursuant to chapters 168 and 169 of the Laws of 1975 (herein referred to as the "Acts").

Such bonds are designated "Municipal Assistance Corporation for the City of New York, 1975 Series B Bonds" are issued under and pursuant to section 3012 and other related provisions of the Public Authorities Law, as added by chapters 168 and 169 of the Laws of 1975, to provide moneys to be paid to The City of New York, to enable it to pay maturing obligations of the City. Such bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum shown below:
Maturity Date | Amount Maturing | Interest Rate
---|---|---
February 1, 1980 | $70,000,000 | 10%
1981 | 65,000,000 | 10 1/2%
1983 | 140,000,000 | 11%

Such bonds are dated August 1, 1975. Interest on such bonds is payable semi-annually February 1 and August 1 in each year, with the first interest payment due February 1, 1976. The bonds are issued as coupon bonds in the denomination of $1,000 or $5,000, registrable as to principal only, or as fully registered bonds registrable as to both principal and interest, dated as provided in the resolutions, in the denominations of $1,000 or $5,000, or any integral whole multiple thereof. Both types of bonds are to be numbered and lettered as provided in said resolutions, and are interchangeable in accordance with the provisions of such resolutions, which set forth in full the form of each type of authorized bond.

I have examined the Constitution and statutes of the State of New York, including the statutes creating the Corporation, together with a record of proceedings relating to the issuance of the bonds, including the official statement, certified copies of such resolutions, and other documents relating to the issuance of such bonds, and such other documents as I have deemed necessary for the opinion set forth herein.

Based on the foregoing, it is my opinion that:

1. Article 10 of the Public Authorities Law of the State of New York, and the amendments to the Tax Law and the State Finance Law, added by chapter 168 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund", and Title III of Article 10 of the Public Authorities Law and the amendments to the
State Finance Law and the New York City Stabilization Reserve Corporation Act, added by chapter 169 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to creating the municipal assistance corporation for the city of New York; to amend the state finance law, in relation to bonds and notes of such corporation; and to amend the public authorities law, in relation to the termination of the authority and existence of the New York city stabilization reserve corporation", were introduced in the New York State Legislature on June 9, 1975, (S. 6701-A. 8599, and S. 6702-A. 8600, respectively), passed in both Senate and Assembly on June 9, 1975, on a Message of Necessity from the Governor and a Home Rule Message from The City of New York, and approved by the Governor on June 10, 1975. The passage of these bills conforms to the provisions of Article III, § 14 and Article IX, § 2 of the Constitution of the State of New York. I conclude, therefore, that the Acts have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

2. The execution, delivery and performance by the Corporation of, and compliance with the resolutions and the 1975 Series B Bonds, if performed as provided in the resolutions and in the Bonds will not result in a violation of or be in conflict with any term or provision of the Acts or any other applicable law, including the Constitution of the State of New York, or regulation of the State of New York.

3. The carrying out of the actions and transactions authorized or mandated by the legislation referred to in paragraph 1 above, in accordance with the respective provisions thereof, will not result in a violation of or be in conflict with any term or provision of applicable law, including the Constitution of the State of New York, or applicable regulations.

4. The Corporation has the right and power under the Acts to adopt such resolutions, and such resolutions have been duly and lawfully adopted by the Corporation,
are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the resolutions is required; and such resolutions create the valid pledge which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution and other moneys and securities referred to therein, subject to the application thereof to the purposes and on the terms and conditions permitted by such resolutions. All revenues, moneys and securities, as and when received in the Debt Service Fund and the Capital Reserve Fund in accordance with the resolutions, will be validly subjected to the pledge and lien created by the resolutions.

5. The 1975 Series B Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Acts, and in accordance with the resolutions. The 1975 Series B Bonds are valid and binding general obligations of the Corporation payable as provided in the resolutions, are enforceable in accordance with their terms, respectively, and the terms of the resolutions, and are entitled, together with additional bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Acts.

6. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and State Budget Director his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Public Authorities Law, providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the State Legislature, which is empowered, but is not bound or obligated, to appropriate such amount.

7. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State
Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Public Authorities Law, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise becoming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund Requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Municipal Assistance Tax Fund into which is paid the Municipal Sales and Compensating Use Taxes and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the State Legislature which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

8. The 1975 Series B Bonds do not constitute a legally enforceable obligation upon the part of either the State or The City, nor create a debt on behalf of either the State or The City, and neither the State nor the City shall be liable thereon, nor shall the 1975 Series B Bonds be payable out of any funds other than those of the Corporation.

9. The State has the good right and lawful authority:

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Tax Law of the State of New York;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;

(c) to establish the Stock Transfer Tax Fund, the Municipal Assistance Tax Fund and the Special Account within the Municipal Assistance Tax Fund but the State is not bound or obligated to maintain the existence of said funds or account;
(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Municipal Assistance Tax Fund and commencing with the fiscal year ending March 31, 1977 from the Stock Transfer Tax Fund, in amounts sufficient to enable the Corporation to fulfill the terms of the resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

10. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Municipal Assistance Tax Fund.

11. Under existing statutes and court decisions, interest on the 1975 Series B Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

12. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series B Bonds.

Very truly yours,

LOUIS J. LEFKOWITZ
Attorney General
August 20, 1975

Municipal Assistance Corporation

For the City of New York

New York, New York

Sirs:

I have examined a Bond Purchase Agreement (the "Agreement") dated as of August 15, 1975 among the Municipal Assistance Corporation for the City of New York (the "Corporation") and the Purchasers named in Schedule I thereto; the provisions therein for the issuance and delivery of certain bonds (the "Bonds") by the Corporation; the 1975 Series B Resolution (the "Resolution"); Titles I, II and III of Article 10 of the Public Authorities Law, as amended, and the amendments to the Tax Law and the State Finance Law added by a chapter of the laws of 1975, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal assistance sales and compensating use tax; and to amend the state finance law in relation to the municipal assistance tax fund" (the "legislation"); and the procedures to be followed in issuance and delivery by the City to the Corporation of certain obligations of the City (the "City Obligations") referred to in Section 302 of the Resolution.

It is my opinion that (i) any and all action by the City necessary to the valid enactment of the legislation has been duly taken; (ii) the execution, delivery and performance of, and compliance with, all of the terms and provisions of the Agreement and of the Bonds by the Corporation will not result in a violation of or be in conflict with any term or provision of any existing law, including the Charter of the City of New York, of the Administrative Code of the City of New York or of the Constitution of the State of New York which is applicable to the City of New York, or applicable regulation; (iii) the carrying out of the actions and transactions authorized or mandated by the legislation in accordance with
the respective provisions thereof will not result in a violation of or be in conflict with any term or provision of applicable law, including any term or provision of the Constitution of the State of New York applicable to the City of New York, or applicable regulation, or of any outstanding obligation of the City for borrowed money; and (iv) the City Obligations when duly authorized, executed, delivered and issued will constitute valid and binding obligations of the City of New York in accordance with their terms.

Sincerely,

W. Bernard Richland
Corporation Counsel
August 21, 1975

Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Sirs:

You have requested us to advise you with respect to an action instituted pursuant to a summons and complaint, both dated July 18, 1975, in the Supreme Court of the State of New York, County of New York, entitled Robert Sasso v. The City of New York, et al., as it relates to the Corporation, and to the proposed sale and delivery of $275,000,000 aggregate principal amount of the Corporation's 1975 Series B Bonds (the "Bonds").

We are of the opinion that the Corporation, as to any relief sought by the plaintiff against the Corporation in such action which is without merit as to the Corporation, would prevail in any final adjudication of the issues in such action. We are further of the opinion that no final adjudication of the issues in such action would result in the enjoining of the issuance, sale, execution or delivery of the Bonds, or in any way affecting the validity of the Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, monies or securities provided for the payment of the Bonds, or the existence or powers of the Corporation, or the application of the proceeds of the sale of the Bonds as contemplated by the Series B Resolution of the Corporation adopted in connection with the Bonds, nor would such final adjudication in any way contravene any of the matters to which our approving opinion of even date herewith relates.

Very truly yours,

Signature

Hawkins, Delafield & Wood
See document number 13 herein.
August 21, 1975

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
FIRST NATIONAL CITY BANK
KIDDER, PEABODY & CO. INCORPORATED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
SALOMON BROTHERS
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
HALSEY, STUART & CO. INC.
MANUFACTURERS HANOVER TRUST COMPANY
MARINE MIDLAND MUNICIPALS CO.
SMITH, BARNEY & CO. INCORPORATED
As Representatives of the Underwriters

c/o The Chase Manhattan Bank (National Association)
One Chase Manhattan Plaza
New York, New York 10015

Dear Sirs:

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated August 15, 1975 (the “Bond Purchase Agreement”) between you and Municipal Assistance Corporation For The City of New York (the “Corporation”), under which you and such other Underwriters jointly and severally agree to purchase from the Corporation $275,000,000 aggregate principal amount of its 1975 Series B Bonds (the “Bonds”) issued pursuant to the General Bond Resolution and the Series B Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and August 15, 1975, respectively (the “Resolutions”). Pursuant to the Resolutions, the Corporation has designated United States Trust Company of New York as Trustee (the “Trustee”).

In connection with the offering of the Bonds, the Corporation has prepared and authorized the distribution of an official statement dated August 15, 1975 (the “Official Statement”).

In acting as your counsel, we have participated in the preparation of the Official Statement and have examined the originals, or copies thereof certified to our satisfaction, of such corporate records of the Corporation, certificates of public officials, certificates of officers of the Corporation and such other docu-
ments, records and papers as we have deemed necessary or appropriate in order to give the opinions
expressed herein. We have relied upon such certificates of officers of the Corporation and other certifica-
tions with respect to the accuracy of material factual matters contained therein which were not independently
established. In addition, we have, with your approval, assumed that the Bonds have been duly executed on
behalf of the Corporation and duly authenticated by the Trustee, and that the signatures on all documents
and instruments examined by us are genuine, which assumptions we have not independently verified.

Based upon the foregoing, it is our opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and
instrumentality of the State of New York (the "State") constituting a public benefit corporation
under the laws of the State.

2. The Resolutions have been duly and validly adopted by the Corporation and are in full force
and effect and no further authorization for the Resolutions is required.

3. The Bonds have been duly authorized and issued by the Corporation in accordance with the
laws of the State and in accordance with the Resolutions.

4. The Bond Purchase Agreement has been duly authorized, executed and delivered by the
Corporation.

5. The offering and sale of the Bonds by the Corporation, and the resale of the Bonds by you
as contemplated by the Bond Purchase Agreement and the Official Statement, do not require
registration under the Securities Act of 1933, as amended, or qualification of the Resolutions under
the Trust Indenture Act of 1939, as amended. The Bonds constitute exempted securities within
the meaning of the Securities Exchange Act of 1934, as amended.

In the course of the preparation by the Corporation of the Official Statement, we had numerous
conferences with general counsel and bond counsel for the Corporation and with certain of the Corporation’s
officers and representatives. No information was disclosed to us in connection with the preparation of the
Official Statement or in our conferences referred to above which gives us reason to believe that the Official
Statement contains any untrue statement of a material fact or omits to state a material fact required to be
stated therein, or necessary to make the statements therein, in the light of the circumstances under which
they were made, not misleading.

While we have not independently passed upon the validity of the Bonds, we hereby confirm that all
proceedings of the Corporation and related matters, including (i) the two opinions addressed to you of
Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, (ii) the four opinions of
Hawkins, Delafield & Wood, bond counsel for the Corporation, (iii) the opinion of the Attorney General
of the State of New York, and (iv) the opinion of the Corporation Counsel of The City of New York,
each of even date herewith and delivered to you today, are satisfactory in form and substance to us and we
believe that you and we are justified in relying thereon.

Very truly yours,

WHITE & CASE

2
CERTIFICATE OF THE CHAIRMAN AND ASSISTANT SECRETARY OF THE CORPORATION AS TO OFFICIAL STATEMENT, SIGNATURES AND DELIVERY AND PAYMENT.

We, the undersigned Chairman and Assistant Secretary of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation"), HEREBY CERTIFY as follows:

1. The statements and information concerning the Corporation in the document, in final form, entitled:

   Official Statement
   MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
   A Corporate Governmental Agency and Instrumentality of
   The State of New York
   Relating to
   $275,000,000
   1975 Series B Bonds

dated August 15, 1975, are, as of the date hereof, true and correct in all material respects and do not omit any material fact which should be included therein for the purpose for which the Official Statement is to be used or which is necessary to make the statements and information therein not misleading.

2. The $275,000,000 principal amount of 1975 Series B Bonds of the Corporation (herein called the "Bonds"), which Bonds are more fully described in Schedule X annexed hereto and by this reference made a part hereof, have been duly and completely executed in the name of the Corporation and on its behalf by the execution thereon of the facsimile signature of William M. Ellinghaus, Chairman of the Corporation and by the affixing thereon of the official seal of the Corporation attested by the facsimile signature of Raymond Shipman, Assistant Secretary of the Corporation.
3. At the time of the signing and execution of the Bonds and on the date hereof we were and are the duly chosen, qualified and acting officers of the Corporation authorized to execute the Bonds, and held and now hold the respective offices indicated by the official titles set opposite our signatures below.

4. The seal, an impression of which appears below, has been imprinted on the Bonds and it is the legally adopted, proper and only official corporate seal of the Corporation.

5. On the date hereof, the Corporation has caused the Bonds to be delivered, pursuant to the Bond Purchase Agreement between the Corporation and the Underwriters named therein, dated August 15, 1975, by the Trustee, and has received from said Underwriters the purchase price payable on the Bonds, as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$269,561,250.00</td>
</tr>
<tr>
<td>Plus Accrued Interest from August 1, 1975 to August 21, 1975</td>
<td>1,623,611.12</td>
</tr>
<tr>
<td>Amount Received</td>
<td>$271,184,861.12</td>
</tr>
</tbody>
</table>

6. The aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including the 1975 Series B Bonds, and assuming the contemporaneous delivery herewith of the 1975 Series D Bonds, 1975 Series F Bonds and 1975 Series G Bonds, and, delivery of the 1975 Series E Bonds on or about September 11, 1975, including all such Bonds, and the principal of and interest on Notes, and the interest
on Other Obligations (the "Debt Service") for each Fiscal Year are:

<table>
<thead>
<tr>
<th>Fiscal Year ending June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>$82,652,000</td>
</tr>
<tr>
<td>1977</td>
<td>330,540,000</td>
</tr>
<tr>
<td>1978</td>
<td>330,541,000</td>
</tr>
<tr>
<td>1979</td>
<td>330,540,000</td>
</tr>
<tr>
<td>1980</td>
<td>254,526,000</td>
</tr>
<tr>
<td>1981</td>
<td>242,527,000</td>
</tr>
<tr>
<td>1982</td>
<td>237,054,000</td>
</tr>
<tr>
<td>1983</td>
<td>237,048,000</td>
</tr>
<tr>
<td>1984</td>
<td>204,654,000</td>
</tr>
<tr>
<td>1985</td>
<td>204,647,000</td>
</tr>
<tr>
<td>1986</td>
<td>195,749,000</td>
</tr>
<tr>
<td>1987</td>
<td>128,226,000</td>
</tr>
<tr>
<td>1988</td>
<td>128,225,000</td>
</tr>
<tr>
<td>1989</td>
<td>128,224,000</td>
</tr>
<tr>
<td>1990</td>
<td>128,227,000</td>
</tr>
</tbody>
</table>

7. The aggregate amount of Operating Expenses as estimated for the Fiscal Year ending June 30, 1976 is $4,000,000.

8. The amount set forth in the certificate of the New York State Commissioner of Taxation and Finance, attached to this Transcript of Proceedings as document no. 10 (the "Commissioner's Certificate"), as representing the Sales Tax and Stock Transfer Tax, and such other taxes, which as of this date, are levied and collected by New York State, and are payable into the special account in the Municipal Assistance Tax Fund, less the Operating Expenses set forth in 7 hereinbefore is at least two (2) times the amount of Debt Service for each Fiscal Year as set forth in 6 above.

The amount of Sales Tax collections or amount certified in lieu of such collections in the Commissioner's Certificate less the Operating Expenses set forth in 7 hereinbefore is at least one and a half (1.50) times the amount of Debt Service for each Fiscal Year as set forth in 6 above.
IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 21st day of August, 1975.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Official Title</th>
<th>Term of Office Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Signature]</td>
<td>Chairman</td>
<td>Indefinite</td>
</tr>
<tr>
<td></td>
<td>Assistant</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Secretary</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(SEAL)

I HEREBY CERTIFY that the signatures of the officers of the Municipal Assistance Corporation For The City of New York, which appear above are true and genuine and that I know said officers and know them to hold said offices set opposite their signatures.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Signature]</td>
<td>Executive Vice President</td>
<td>United States Trust Company of New</td>
</tr>
<tr>
<td></td>
<td>Secretary</td>
<td>York</td>
</tr>
<tr>
<td>J. Sinclair Armstrong</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SCHEDULE X

Amount and Designation: 1975 Series B Bonds of the Municipal Assistance Corporation For The City of New York, in the aggregate principal amount of $275,000,000.

Dates, maturities and interest rates: The 1975 Series B Bonds are dated August 1, 1975, and will bear interest therefrom, payable semi-annually on February 1 and August 1 of each year commencing February 1, 1976, at the rates and will mature on the first day of February in each year and in the amounts, set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$70,000,000</td>
<td>10%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10 1/2%</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>.11</td>
</tr>
</tbody>
</table>

Redemption: The 1975 Series B Bonds due 1980 and 1981 are not subject to redemption prior to maturity. The 1975 Series B Term Bonds due 1983 are not subject to redemption prior to maturity except through application of mandatory Sinking Fund Installments on February 1 in each of the years 1982 and 1983 in the respective principal amounts of $66,350,000 and $73,650,000 at 100% of the principal amount thereof.

Form: The 1975 Series B Bonds are offered as coupon bonds in the denomination of $1,000 each and $5,000 each, registrable as to principal only or as fully registered bonds in the denominations of $1,000 and $5,000 or any integral multiple of $5,000. Coupon and fully registered 1975 Series B Bonds are interchangeable provided that 1975 Series B Bonds in denominations greater than $1,000 may not be exchanged for 1975 Series B Bonds in the denomination of $1,000.


CERTIFICATE OF THE TREASURER OF THE CORPORATION RESPONSIVE TO SECTION 3(a)(3) OF THE BOND PURCHASE AGREEMENT

I, DONNA E. SHALALA, Treasurer of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation"), HEREBY CERTIFY, as required pursuant to Section 3(a)(3) of the Bond Purchase Agreement (the "Agreement"), dated August 15, 1975, between the Corporation and the Underwriters defined therein, as follows:

1. Except with respect to the claim (which claim may affect the representation made by the Corporation in Section 1(g) of the Agreement), asserted in the complaint in the action entitled Robert Sasso v. The City of New York, et. al., discussed in the opinions of Hawkins, Delafield & Wood and Paul, Weiss, Rifkind, Wharton & Garrison, copies of which are being delivered contemporaneously herewith, each of the representations of the Corporation set forth in Section 1 of the Agreement is true, accurate and complete in all material respects as though such representations were made with respect to and as of the date hereof;

2. Each of the agreements of the Corporation set forth in Section 1 of the Agreement has, as of this date, been complied with; and

3. The Bonds and the Resolution conform in all material respects to the descriptions thereof in the final Official Statement, as such terms are defined in the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of August, 1975.

[Signature]
Treasurer
ORDER AS TO DELIVERY AND AUTHENTICATION OF THE BONDS

August 21, 1975

United States Trust Company
of New York
130 John Street
New York, New York

Gentlemen:

We have heretofore delivered to you, duly printed and executed, $275,000,000 principal amount of 1975 Series B Bonds, in definitive form, dated August 1, 1975 (the "Bonds"), of the Municipal Assistance Corporation For The City of New York, a corporate governmental agency, constituting a public benefit corporation of the State of New York (the "Corporation"), created by the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, constituting Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "Act"), and authorized pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975 (herein called "General Resolution"), and the 1975 Series B Resolution of the Corporation adopted August 15, 1975, all otherwise as described in the document annexed hereto marked Schedule X and by this reference made a part hereof.

You are hereby requested, authorized and ordered to authenticate the Bonds and when so authenticated to deliver
them, upon receipt of the documents and opinions which with this order constitute all the conditions precedent to the delivery of the Bonds pursuant to the General Resolution and payment of the purchase price of $269,561,250.00 together with accrued interest in the amount of $1,623,611.12 on the Bonds from August 1, 1975 to the date hereof, to or in accordance with the order of the Underwriters designated in the Bond Purchase Agreement of the Corporation dated August 15, 1975, against the receipt of said Underwriters therefor.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By Donna E. Shalala
Treasurer
Schedule X

Amount and Designation: 1975 Series B Bonds of the Municipal Assistance Corporation For The City of New York, in the aggregate principal amount of $275,000,000.

Dates, maturities and interest rates: The 1975 Series B Bonds are dated August 1, 1975, and will bear interest therefrom, payable semi-annually on February 1 and August 1 of each year commencing February 1, 1976, at the rates and will mature on the first day of February in each year and in the amounts, set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$70,000,000</td>
<td>10%</td>
</tr>
<tr>
<td>1981</td>
<td>65,000,000</td>
<td>10 1/2</td>
</tr>
<tr>
<td>1983</td>
<td>140,000,000</td>
<td>11</td>
</tr>
</tbody>
</table>

Redemption: The 1975 Series B Bonds due 1980 and 1981 are not subject to redemption prior to maturity. The 1975 Series B Term Bonds due 1983 are not subject to redemption prior to maturity except through application of mandatory Sinking Fund Installments on February 1 in each of the years 1982 and 1983 in the respective principal amounts of $66,350,000 and $73,650,000 at 100% of the principal amount thereof.

Form: The 1975 Series B Bonds are offered as coupon bonds in the denomination of $1,000 each and $5,000 each, registrable as to principal only or as fully registered bonds in the denominations of $1,000 and $5,000 or any integral multiple of $5,000. Coupon and fully registered 1975 Series B Bonds are interchangeable provided that 1975 Series B Bonds in denominations greater than $1,000 may not be exchanged for 1975 Series B Bonds in the denomination of $1,000.


CERTIFICATE OF TREASURER AS TO RECEIPT
AND APPLICATION OF PROCEEDS OF SALE AND
NON-EXISTENCE OF EVENT OF DEFAULT

I, DONNA E. SHALALA, Treasurer of the Municipal Assistance Corporation For The City of New York (herein called "Corporation"), HEREBY CERTIFY as follows:

1. At the time of delivery of the $275,000,000 in aggregate principal amount of 1975 Series B Bonds of the Corporation (herein called the "Bonds"), on this 21st day of August, 1975, there were received on behalf of the Corporation from certain underwriters (the "Underwriters") designated pursuant to the Bond Purchase Agreement dated August 15, 1975 with the Corporation, full payment for the Bonds computed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Amount</td>
<td>$275,000,000.00</td>
</tr>
<tr>
<td>Accrued Interest (8/1/75 to 8/21/75)</td>
<td>1,623,611.12</td>
</tr>
<tr>
<td>Less: Bond Discount</td>
<td>5,438,750.00</td>
</tr>
<tr>
<td>Paid at Delivery</td>
<td>$271,184,861.12</td>
</tr>
</tbody>
</table>

$276,623,611.12

2. Disbursements have been made from the proceeds of sale of the Bonds in the total amount of $271,184,861.12, as follows:

(a) To the Trustee for deposit in the 1975 Series B Bond Proceeds Fund   $269,561,250.00

(b) To the Trustee for deposit in the Debt Service Fund:                1,623,611.12

3. As of the time immediately after the delivery of the Bonds and payment therefor and application of the proceeds of sale of the Bonds as set forth in Section 2 hereinabove in
accordance with the General Bond Resolution adopted by the Corporation on July 2, 1975 and the 1975 Series B Resolution adopted by the Corporation on August 15, 1975 (the "General Bond Resolution" and the "Series Resolution", respectively) authorizing the issuance of such Bonds, no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, as described in Section 1202 of such General Bond Resolution, will have happened and will be continuing.

4. The moneys deposited in the 1975 Series B Bond Proceeds Fund as set forth in paragraph 2(a) hereinbefore shall be applied by the Trustee only in accordance with the provisions of Section 302 of the Series Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of August, 1975.

[Signature]
Treasurer
ARBITRAGE CERTIFICATE

I, DONNA E. SHALALIA, being the Treasurer of the Municipal Assistance Corporation for The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation existing under the laws of the State of New York (hereinafter called the "Issuer") DO HEREBY CERTIFY with respect to the issuance of the $275,000,000 1975 Series B Bonds of the Issuer (hereinafter called the "Bonds"), dated August 1, 1975, (a) that this certification is made in accordance with Section 1.103-13(a)(2)(ii) of the proposed regulations published in the Federal Register on May 3, 1973 relating to "arbitrage bonds" under Section 103(d) of the Internal Revenue Code of 1954, as amended, and is executed and delivered as part of the record of proceedings and accompanying certificates with respect to and on the date of issue of the Bonds, and unless a different meaning clearly appears from the context, each word or term which is herein used and underlined shall have the meaning ascribed thereto by the applicable section of said proposed regulations as set opposite such word or term in Schedule A attached hereto, and (b) that I am one of the officers of the Issuer charged by the General Bond Resolution adopted on July 2, 1975 and the 1975 Series B Resolution adopted on August 15, 1975 of the Issuer with responsibility for issuing the Bonds and as such I am such an official as is referred to in Section 13(a)(2)(ii) of said proposed regulations whose certification may be relied upon as the certification of the Issuer, and I DO HEREBY FURTHER CERTIFY and reasonably expect as of the date of issue of the Bonds that:

(1) The proceeds of the Bonds will be used for one or both of the following: (i) to purchase from the City of New York (the "City") certain short-term obligations of the City, all of which obligations are obligations described in Section 103(a)(1) of the Internal Revenue Code of 1954, as amended, and (ii) to pay to the City part or all of such amounts as the Mayor of the City from time to time certifies to the Issuer as the amounts required by the City to enable it to pay either the principal of and interest on, at maturity, any short-term obligations of the City or certain operating expenses of the City;

(2) All of the original proceeds of the Bonds, except for accrued interest on the Bonds, will be expended within three months of the day received and the balance will be expended on February 1, 1976;

(3) The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the Bond issue;

(4) The obligations acquired from the City will not be sold or otherwise disposed of prior to their maturity, in whole or
(5) Funds received from the City in respect of maturing short-term obligations of the City acquired by the Issuer will, within six months of the receipt of such funds, be used for one or more of the purposes set forth in clauses (i) or (ii) of paragraph (1) above, or to pay principal of or interest on the Bonds.

On the basis of the foregoing it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 103(d) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed under that section. To the best of my knowledge and belief there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 21st day of August, 1975, being the date of delivery of the Bonds referred to herein.

[Signature]
Treasurer
August 21, 1975

Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Sirs:

We have reviewed the accompanying arbitrage certificate of Donna E. Shalala, Treasurer of Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (hereinafter called the "Corporation"), relating to the reasonable expectation as of the date of issuance of the $275,000,000 1975 Series B Bonds of the Corporation, dated August 1, 1975 and maturing in various amounts on February 1, of the years 1980, 1981 and 1983 (hereinafter called the "Bonds"), that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(d)(2) of the Internal Revenue Code of 1954, as amended.

Based upon our examination of law and review of such certification, it is our opinion that the facts, estimates and circumstances set forth in such certification are sufficient to satisfy the criteria which are necessary under said Section 103(d), and Sections 1.103-13 and 1.103-14 of the proposed regulations thereunder, published in the Federal Register of May 3, 1973, to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of said Section of the Code. No matters have come to our attention which, in our opinion, make unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Signature]

Delofield & Wood
TRUSTEE'S ACCEPTANCE AND CERTIFICATE

The undersigned, United States Trust Company of New York, Trustee (the "Trustee"), appointed by the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation of the State of New York, under and pursuant to the General Bond Resolution dated July 2, 1975 and the 1975 Series B Resolution dated August 15, 1975 of the Corporation, (collectively, the "Resolutions") HEREBY CERTIFIES that:

1. The Trustee hereby accepts the duties and obligations of Trustee under the Resolutions.

2. The Trustee is duly empowered by law to do and to perform all acts and things required of it by the Resolutions.

3. Pursuant to the provisions of the Resolutions, the Trustee has authenticated and delivered $275,000,000 principal amount of 1975 Series B Bonds (the "Bonds") of the Corporation.

4. Each person who authenticated the Bonds was duly elected or appointed, qualified and acting as an officer of the Trustee and empowered to perform such
act, and the attached copy of an excerpt of the By-Laws of the Trustee conferring such authority is a true and correct copy of the original thereof on file in the principal office of the undersigned Trustee and said document as of the date hereof is in full force and effect in accordance with its tenor.

5. The Trustee has this day received from the Corporation copies of the Resolutions, certified to by an Assistant Secretary of the Corporation, as required by Section 202 of the General Bond Resolution.

IN WITNESS WHEREOF, United States Trust Company of New York has caused this certificate to be executed by the officers thereunto duly authorized this 21st day of August, 1975.

UNITED STATES TRUST COMPANY OF NEW YORK

By [Signature]  
(Title)

(SEAL)

Attest:

[Signature]  
(Title)
SECTION 10. Execution of Checks and Other Documents. Any officer except the Auditor shall have authority to sign checks on behalf of the Company, to certify checks against funds on deposit with the Company, and to endorse checks, drafts, notes and any orders payable to the Company.

The Chairman of the Board, the President, a Vice Chairman of the Board, or any Executive Vice President, Senior Vice President, the Treasurer or any Vice President or Assistant Vice President shall have authority to transfer stocks, mortgages and personal securities owned by the Company or in its custody in any capacity and to execute deeds of real, estate owned by the Company or in its custody in any capacity.

The Chairman of the Board, the President, a Vice Chairman of the Board, or any Executive Vice President, Senior Vice President, the Treasurer or any Vice President or Assistant Vice President shall have authority to execute on behalf of the Company indentures and all other instruments under which the Company is to act in a fiduciary capacity, and to execute on behalf of the Company all contracts, releases, forms, assignments, security documents and agreements relating thereto.

The Chairman of the Board, the President, a Vice Chairman of the Board, or any Executive Vice President, Senior Vice President, the Treasurer or any Vice President or Assistant Vice President shall, to the extent permitted by law, have authority to execute any agreements, contracts or other documents pertaining to the commitment, investment, or loaning of funds of the Company, or as agent for funds in its custody.

Any officer except the Auditor shall have authority to authenticate, execute, countersign or certify on behalf of the Company bonds, debentures and other evidences of indebtedness, coupons, certificates, warrants and proxies with respect to which the Company is trustee, registrar, transfer agent, or fiscal agent, depository and agent as the case may be and to certify as to the incumbency and specimen signature of any of the officers of the Company. The President or a Vice Chairman of the Board or an Executive Vice President or such Senior Vice Presidents as may be authorized by the Executive Committee, may from time to time designate clerks who shall be authorized, for and under the supervision of an officer of the Company, to authenticate, execute, countersign or certify such bonds, debentures, other evidences of indebtedness, coupons, certificates or warrants and proxies and to certify checks, using the title "Authorized Officer" or "Authorized Signature." The President or a Vice Chairman of the Board or an Executive Vice President or such Senior Vice Presidents as may be authorized by the Executive Committee may prescribe, sign advices, receipts, and other documents in connection with the transfer, receipt, delivery, subscription, redemption or exchange of securities, guarantee signatures upon sale, transfer or assignment of stock and bonds, and erasures in connection therewith, execute assignments or endorsement of subscription warrants, and execute attestations required with respect to securities issued by the United States of America, using the title "Authorized Officer" or "Authorized Signature." The President or a Vice Chairman of the Board shall report all such designations of clerks to the Executive Committee for approval.

The Executive Committee may authorize the use of facsimile signatures on any instrument to be authenticated, executed, countersigned or certified on behalf of the Company.
CERTIFICATE OF TRUSTEE AS TO RECEIPT
OF CERTAIN AMOUNTS OF PROCEEDS OF SALE

August 21, 1975

The undersigned, the Trustee, under and pursuant to the General Bond Resolution adopted July 2, 1975 and the 1975 Series B Resolution adopted August 15, 1975 (the "Resolutions") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), hereby acknowledges receipt from the proceeds of sale of the $275,000,000 1975 Series B Bonds (the "Bonds"), plus accrued interest thereon, in the aggregate amount of $271,184,861.12 for deposit in the amount of (1) $269,561,250.00 in the 1975 Series B Bond Proceeds Fund, and (2) $1,623,611.12, representing the accrued interest thereon, in the Debt Service Fund, both such Funds as established pursuant to the Resolutions and such deposits in accordance therewith.

UNITED STATES TRUST COMPANY
OF NEW YORK, as Trustee

By Authorized Officer
August 21, 1975

Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Sirs:

Our client, United States Trust Company of New York, has requested that we furnish you with our opinion as to its authority to act as Trustee pursuant to its appointment by the Municipal Assistance Corporation For The City of New York (the Corporation) in the General Bond Resolution adopted by the Corporation on July 2, 1975 and as to its due authentication and delivery of the Corporation's 1975 Series B Bonds issued today in the aggregate principal amount of $275,000,000 (the Bonds) pursuant to the 1975 Series B Bond Resolution adopted by the Corporation on August 15, 1975 and the General Bond Resolution (the Resolutions) and sold today pursuant to the Bond Purchase Agreement dated August 15, 1975 among the Corporation and the Underwriters listed in Schedule I thereto.

We have examined the Resolutions and such other documents as we have deemed necessary in order to render this opinion.

We are of the opinion that United States Trust Company of New York is a duly organized and existing corporation having the powers of a trust company under the laws of the State of New York and is authorized to act as Trustee under the Resolutions and to exercise all of the rights, powers and obligations as Trustee.
Municipal Assistance Corporation  
For The City of New York

We have examined the certificate dated today of the Trustee as to the due authentication and delivery of the Bonds and, relying upon said certificate and such other material as we deem necessary, it is our opinion that the Trustee has duly authenticated and delivered the Bonds.

Very truly yours,

[Signature]

Carter, Ledyard & Milburn

RGMcc/ bb
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the General Bond Resolution of the Municipal Assistance Corporation For The City of New York (the "Corporation") adopted by the Board of Directors of the Corporation on July 2, 1975, the 1975 Series B Resolution of the Corporation adopted by the Board of Directors of the Corporation on August 15, 1975 and the 1975 Series F, G and H Resolutions of the Corporation adopted by the Board of Directors of the Corporation on August 20, 1975. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds of the Corporation pursuant to the Resolutions referred to above.

THE NORTHERN TRUST COMPANY

By

Attest:
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the General Bond Resolution of the Municipal Assistance Corporation For The City of New York (the "Corporation") adopted by the Board of Directors of the Corporation on July 2, 1975, the 1975 Series B Resolution of the Corporation adopted by the Board of Directors of the Corporation on August 15, 1975 and the 1975 Series F, G and H Resolutions of the Corporation adopted by the Board of Directors of the Corporation on August 20, 1975. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds of the Corporation pursuant to the Resolutions referred to above.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By

Attest:

[Signatures]
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the General Bond Resolution of the Municipal Assistance Corporation For The City of New York (the "Corporation") adopted by the Board of Directors of the Corporation on July 2, 1975, the 1975 Series B Resolution of the Corporation adopted by the Board of Directors of the Corporation on August 15, 1975 and the 1975 Series F, G and H Resolutions of the Corporation adopted by the Board of Directors of the Corporation on August 20, 1975. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds of the Corporation pursuant to the Resolutions referred to above.

FIRST NATIONAL CITY BANK

By

Attest:
Carmelina Mille
Assistant Cashier
RECEIPT FOR BONDS AND DOCUMENTS REQUIRED BY PURCHASE AGREEMENT

On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated August 15, 1975 (the "Agreement"), with the Municipal Assistance Corporation For The City of New York (the "Corporation"), acknowledges receipt from the United States Trust Company of New York, as Trustee, of the 1975 Series B Bonds (the "Bonds") of the Corporation, in definitive form, in the principal amount of $275,000,000 issued pursuant to the General Bond Resolution and the 1975 Series B Resolution of the Corporation, adopted on July 2, 1975 and August 15, 1975, respectively.

We hereby further acknowledge receipt from the Corporation of the good faith check in the amount of $1,375,000 delivered to the Corporation on August 15, 1975 and returned to us, uncashed, on this date pursuant to the Agreement.

In connection with the purchase of the Bonds, the undersigned acknowledges receipt of all of the documents required to be delivered to the undersigned pursuant to the Agreement.

IN WITNESS WHEREOF, this receipt has been executed this 21st day of August, 1975.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
As Representative of the Underwriters

By [Signature]

[Signature]
CERTIFICATE OF THE MAYOR AND COMPTROLLER OF THE CITY OF NEW YORK AS TO THE CORPORATION'S $275,000,000 1975 SERIES B BONDS TO BE DELIVERED ON AUGUST 21, 1975

WE, the undersigned, ABRAHAM D. BEAME, Mayor of The City of New York (the "City"), and HARRISON J. GOLDIN, Comptroller of the City, pursuant to the provisions of Section 303B of the Municipal Assistance Corporation For The City of New York Act, being Title III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the "State"), as amended to the date hereof (the "Act"), DO HEREBY (a) represent that the City is in compliance with such conditions described in Section 303B of the Act as the Corporation may specify, (b) undertake and agree on behalf of the City to comply with any of such specified conditions as the Corporation may require and (c) represent that all local legislative and executive action required to permit such compliance by the City has been taken.

WITNESS our signatures and the seal of the City this 21st day of August, 1975.

[SEAL]

Abraham D. Beame
Mayor of The City of New York

[SEAL]

Comptroller of The City of New York
CERTIFICATE OF THE MAYOR OF THE CITY OF NEW YORK

I, the undersigned, ABRAHAM D. BEAME, Mayor of The City of New York (the "City"), do hereby (i) certify that the amount required by the City to enable it to pay principal and interest on all of its short-term obligations maturing on August 22, 1975 is $791,715,870.34; and (ii) confirm that the City will hold in trust for use on August 22, 1975 the amount of $791,715,870.34, such amount to be received by the City from the Municipal Assistance Corporation for The City of New York and from other sources on August 22, 1975.

WITNESS my signature and the Seal of The City of New York this 21st day of August, 1975.

[Seal]

______________________________
Mayor of The City of New York
Gentlemen:

The City of New York (the "City") anticipates receiving from you on August 22, 1975, an amount, which will be used, together with other funds of the City, by the City for the redemption of short-term notes of the City maturing on August 22, 1975 (the "August Notes").

I am attaching hereto as Exhibit I true, correct and complete copies of warrants (the "Warrants") dated August 22, 1975 which will effect, when delivered, the transfer of funds from the disbursement account of the City at the Chase Manhattan Bank (National Association) ("Chase") to the pool account of the City at Chase for the payment in full of principal and interest on the August Notes. After the Warrants are delivered to Chase, no disbursement may be made of the funds with respect to which the Warrants relate except for the disbursement of funds for the payment of the August Notes and such disbursements for payment of the August Notes will thereafter be made as such August Notes are presented for payment.

The City hereby agrees that, upon receipt from you of the amount described above, it will (i) deposit such amount in its account at Chase and (ii) deliver the Warrants to Chase for debt service disbursement. The City further agrees that it will not revoke or take any other action which would impair the effect of the Warrants.

Very truly yours,

[Signature]
Harrison J. Goldin,
Comptroller

August 21, 1975
CERTIFICATE OF THE COMPTROLLER OF THE CITY OF NEW YORK

I, HARRISON J. GOLDIN, Comptroller of The City of New York (the "City") hereby certify that the proceeds from the sale of the 1975 Series B Bonds of the Municipal Assistance Corporation for The City of New York (the "Corporation"), together with all other proceeds from the financing plan described on page 5 of the final Official Statement of the Corporation, dated August 15, 1975, will provide sufficient funds to the City for the payment of its notes maturing on August 22, 1975 in the aggregate principal amount of $741,000,000 and operating expenses through September 4, 1975.

WITNESSETH my signature and the seal of the City this 21st day of August, 1975.

[Signature]
Comptroller of the City of New York
$275,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1975 SERIES B BONDS

BLUE SKY MEMORANDUM

August 8, 1975

The Chase Manhattan Bank (National Association)
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

First National City Bank
Kidder, Peabody & Co. Incorporated

Morgan Guaranty Trust Company of New York
Salomon Brothers

Bankers Trust Company
Chemical Bank

The First Boston Corporation
Goldman, Sachs & Co.

Halsey, Stuart & Co. Inc.
Manufacturers Hanover Trust Company

Marine Midland Municipals Co.
Smith, Barney & Co. Incorporated

As Representatives of the Underwriters

c/o The Chase Manhattan Bank (N.A.)
One Chase Manhattan Plaza
New York, New York 10015

Dear Sirs:

In connection with the proposed offering of $275,000,000 aggregate principal amount of the 1975 Series B Bonds (hereinafter referred to as the "Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), we have prepared the accompanying Preliminary Blue Sky Survey relating to the provisions of the securities or Blue Sky laws of the jurisdictions enumerated therein. The Survey is based upon an examination of such laws as reported in the latest unofficial compilations available to us and upon financial and other information furnished by officers of the Corporation or contained in the Preliminary Official Statement dated August 8, 1975. The Survey covers (i) offers of and solicitations of offers to purchase the Bonds ("offers"), made orally or by means of the Preliminary Official Statement ("offering material") before issuance of the Official Statement in final form; and (ii) sales or contracts of sale of the Bonds ("sales") after issuance of the Official Statement in final form.
The Survey is based upon the opinion of Bond Counsel that the Corporation is a corporate governmental agency and instrumentality of the State of New York and upon the assumptions that the offers and sales will be made in accordance with the applicable statements contained in the Official Statement and at a price not in excess of the initial public offering price specified therein, that the necessary banking authority approvals have been obtained, and that the Bonds will be purchased by you and the other Underwriters and will be sold by the purchasers for their own account.

The Survey also is subject to the following qualifications:

(a) Although informal rulings from the securities commissions or other similar administrative bodies having jurisdiction have in some instances been obtained, such rulings do not in every case represent authoritative interpretations of the provisions in question. No opinions have been obtained from local counsel and we do not purport to be experts as to the laws of any state other than New York.

(b) Requirements relating to advertising matter published in any jurisdiction have not been considered.

(c) The conclusions set forth in the Survey are subject to the exercise of broad discretionary powers of the securities commissions or other similar administrative bodies having jurisdiction, including the power to withdraw exemptions or special classifications accorded by statute or regulation, to make specific requirements in respect of any offering of securities and to suspend or revoke at any time the registration or qualification of securities for offering in their respective jurisdictions.

Very truly yours,

WHITE & CASE
[Reference is made to the attached letter, dated August 8, 1975]

PRELIMINARY BLUE SKY SURVEY

$275,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1975 SERIES B BONDS

PART I

Offers and Sales to the Public by Banks and Registered Dealers

A. Banks, without registration as brokers or dealers except as indicated below, and dealers, registered or licensed in the jurisdictions listed below, may offer the Bonds to the public before the Official Statement in final form is issued and may sell the Bonds to the public after it is issued, without registration of the Bonds or other filings being made in the following jurisdictions:

<table>
<thead>
<tr>
<th>State</th>
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<tr>
<td>Alabama</td>
<td>Kentucky</td>
<td>Ohio (3) (5)</td>
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<tr>
<td>Alaska</td>
<td>Louisiana (3)</td>
<td>Oklahoma</td>
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<tr>
<td>Arizona (1)</td>
<td>Maine (3)</td>
<td>Oregon</td>
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<tr>
<td>Arkansas</td>
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<td>Pennsylvania (3)</td>
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<tr>
<td>California</td>
<td>Massachusetts</td>
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<tr>
<td>Colorado</td>
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<td>Connecticut</td>
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<td>Delaware</td>
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<td>District of Columbia</td>
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<td>Florida (2)</td>
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<td>Idaho</td>
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<td>Illinois (4)</td>
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<td>Iowa (3)</td>
<td>North Carolina</td>
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<tr>
<td>Kansas</td>
<td>North Dakota (3)</td>
<td>Wyoming</td>
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</table>

(1) Registration as a dealer is not required to offer and sell the Bonds in this State.

(2) A bank must register as a dealer in Florida unless it is organized under the laws of Florida or of the United States and its profit on the Bonds sold by it is not more than two per cent of the total sales price thereof; provided that there is no solicitation of this business by such bank where such bank acts merely as agent in the purchase or sale of such securities.

(3) Banks must register as dealers in this State.

(4) Banks not organized under the laws of this State or the United States must register as dealers in this State.

(5) Application for confirmation of exemption is being filed. Before making any sales, dealers should communicate with The Chase Manhattan Bank (National Association) for information as to final approval.

(6) Registration or licensing as a dealer is not required in Nevada, provided the dealer or broker is either registered pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or is a member of the National Association of Securities Dealers, Inc. or is a bank.

(7) Persons offering and selling the Bonds, including banks, must be registered as broker-dealers and agents under the Municipal Securities Act of 1972.

B. The Bonds are not exempt in the State of New Hampshire, and dealers and banks, which must be registered or licensed as dealers in New Hampshire, may not offer or sell the Bonds until the securities are qualified and approved for sale by the Securities Commissioner. Dealers should communicate with The Chase Manhattan Bank (National Association) for information as to approval.
PART II

Exempt Transactions

Dealers

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made to dealers and brokers in the jurisdictions listed below without registration of the Bonds or any filings being made in such jurisdictions. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions except as otherwise indicated.

Alabama  Kentucky  Ohio
Alaska(1)  Louisiana(5)  Oklahoma(1)
Arizona  Maine  Oregon
Arkansas(1)  Maryland(1)  Pennsylvania(4)
California(2)  Massachusetts(1)  Puerto Rico(1)
Colorado(1)  Michigan(1)  Rhode Island
Connecticut(3)  Minnesota(1)  South Carolina(1)
Delaware(1)  Mississippi  South Dakota
District of Columbia(1)  Missouri(1)  Tennessee(8)
Florida  Montana  Texas(5)
Georgia  Nebraska  Utah(1)
Hawaii(4)  Nevada(6)  Vermont
Idaho  New Hampshire(7)  Virginia
Illinois  New Jersey  Washington
Indiana(1)  New Mexico  West Virginia(1)
Iowa(5)  New York  Wisconsin(4)
Kansas  North Carolina(1)  Wyoming(1)
North Dakota

(1) Provided offeror or seller is a bank, savings institution or trust company; or a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank or is registered as a broker-dealer in California; or has no place of business in California and effects transactions in California exclusively with broker-dealers; or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to exempt institutions.

(3) Provided offeror or seller is a registered dealer or broker in Connecticut, or has no place of business in Connecticut and offers or sells securities in Connecticut exclusively to registered dealers or brokers.

(4) Provided offeror or seller is a registered or licensed dealer or broker in this jurisdiction, or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(5) Provided offeree or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.

(6) Provided offeror or seller is a bank, or is registered as a broker or dealer in Nevada, or is registered pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(7) Provided offeror or seller is a registered dealer in New Hampshire.

(8) Provided offeror or seller is registered as a broker-dealer or agent under the Municipal Securities Act of 1972, or has no place of business in Tennessee and effects transactions in Tennessee exclusively with or through underwriter-dealers.
Institutions

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made in the following jurisdictions to the institutions specified, without registration of the Bonds or any filings being made. Persons making such offers and sales need not be registered or licensed as dealers or brokers in the jurisdictions, unless otherwise indicated. This Survey does not cover the status of the Bonds with respect to eligibility for investment by any of the institutions mentioned.

Alabama .............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Alaska(1) ............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Arizona ............... Any bank, savings institution, trust company, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.

Arkansas(1) ........... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

California(2) ......... Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust, or such other institutional investor or governmental agency or instrumentality as the Commissioner may designate by rule, whether the purchaser is acting for itself or as trustee; provided purchaser represents that it is purchasing for its own account for investment and not with a view to or for sale in connection with any distribution of the security.

Colorado(1) ........... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Connecticut(3) ........ Anyone.

Delaware(1) ........... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

District of Columbia(1) .... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Florida ............... Any bank, savings institution, trust company, insurance company, corporation or pension plan.

Georgia ............... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.
Hawaii

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Idaho

Any bank, savings institution, trust company, insurance company, or any corporation or institution acting in a fiduciary capacity.

Illinois

Any corporation, bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Indiana

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Iowa

Any bank, savings institution, trust company, insurance company, or corporation.

Kansas

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Kentucky

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Louisiana

Any bank, savings institution, trust company, insurance company, or corporation.

Maine

Any pension or profit-sharing trust or financial institution, whether the purchaser is acting in a fiduciary capacity or not. After October 2, 1975, to any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Maryland

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Massachusetts

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Michigan

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Minnesota

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Mississippi

Any bank, savings institution, trust company, insurance company, agency or instrumentality of the United States or of a state or any person, a principal part of whose business consists of buying securities.

Missouri

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.

Montana

Any bank, savings institution, trust company, insurance company, investment company, or any corporation or institution acting in a fiduciary capacity.
Nebraska ....... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nevada(5) ....... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

New Hampshire ... No one.

New Jersey ....... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

New Mexico ....... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

New York ......... Any bank or syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups.

North Carolina(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

North Dakota ..... Any bank, savings bank, savings institution, trust company, insurance company, or any corporation, organization or association, a principal part of whose business consists of the buying of securities.

Ohio(3) ........... Any institutional investor, defined as any corporation, bank, insurance company, pension fund or trust, employees' profit-sharing fund or trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.

Oklahoma(1) ....... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Oregon ............ Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer.

Pennsylvania(4) .... Any institutional investor, defined as any bank, insurance company, pension or profit-sharing plan or trust, investment company, as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, whether the buyer is acting for itself or in some fiduciary capacity, the Federal Government, State or any agency or political subdivision thereof or any other person so designated by regulation of the commission.

Puerto Rico(1) .... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Rhode Island ....... Any national bank, or any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or institutional buyer, such securities being purchased by such institutions for their own account and investment.
South Carolina(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

South Dakota Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, the state or any state agency or political subdivision thereof, or other financial institution or institutional buyer, whether such person is acting for itself or as trustee.

Tennessee(6) Any bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, association engaged as a substantial part of its business or operations in purchasing or holding securities, or trust in respect of which a bank or trust company is trustee or co-trustee.

Texas Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, or small business investment company as defined in the Small Business Investment Act of 1958, as amended.

Utah(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Vermont Any bank, savings institution, trust company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in a fiduciary capacity.

Virginia Any corporation, investment company or pension or profit-sharing trust.

Washington Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

West Virginia(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Wisconsin(4) Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or the state or any agency or political subdivision thereof, or other financial institution or institutional investor, whether such person is acting for itself or as trustee.

Wyoming(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

(1) Provided offeror or seller is a bank, savings institution or trust company; or a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank; or is registered as a broker-dealer in California, or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to broker-dealers or to exempt institutions.

(3) Provided offeror or seller is a registered dealer or broker in this State.

(4) Provided offeror or seller is a registered or licensed dealer or broker in this jurisdiction, or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(5) Provided offeror or seller is a bank or is registered as a broker-dealer in Nevada or is registered pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(6) Provided offeror or seller is registered as a broker-dealer or agent under the Municipal Securities Act of 1972.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$275,000,000

1975 SERIES B BONDS

MEMORANDUM OF CLOSING ON AUGUST 21, 1975

At a Closing held on August 21, 1975, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the purchasers referred to in Schedule I to the Bond Purchase Agreement, dated August 15, 1975 (the "Bond Purchase Agreement"), among the Corporation and certain underwriters (collectively, the "Purchasers"), $275,000,000 aggregate principal amount of the Corporation's 1975 Series B Bonds consisting of $135,000,000 aggregate principal amount of 1975 Series B Bonds maturing serially on February 1, 1980 and 1981 and $140,000,000 aggregate principal amount of 1975 Series B Term Bonds maturing February 1, 1983 (the "Bonds"); the Bonds are issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act (the "Act"), being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the General Bond Re-
solution (the "General Bond Resolution") of the Corporation and the 1975 Series B Resolution (the "Series Resolution") of the Corporation authorizing the Bonds adopted by the Corporation on August 15, 1975 (the General Bond Resolution and the Series Resolution are sometimes collectively referred to herein as the "Resolutions").

I

Matters Completed Prior to the Closing

A. Proceedings of the Board of Directors of the Corporation

The Board adopted the General Bond Resolution and the Series Resolution on July 2, 1975 and August 15, 1975, respectively, authorized the execution of the Bond Purchase Agreement and the execution and delivery of the Bonds, the issuance and sale of the Bonds and other action necessary and appropriate to carry out the transactions contemplated by the Resolutions.

B. Execution of Certain Documents Commencement of Offering

On August 15, 1975 the Bond Purchase Agreement, dated such date, was executed and delivered.

II

The Closing

A. On August 20, 1975, a preliminary closing was held at the offices of The Chase Manhattan Bank, N.A., New
York City, New York. All papers to be delivered at the closing, to the extent practicable, were checked and approved, and such papers were packaged and delivered in escrow.

B. The closing was held at such offices of The Chase Manhattan Bank, N.A. on August 21, 1975. The persons present at the closing are set forth in Schedule I hereto.

C. All transactions enumerated in divisions III and IV below are considered to have taken place simultaneously, and no delivery or payment was considered to have been made until all transactions to be taken at the closing were completed.

III

Documents Delivered at the Closing

BASIC DOCUMENTS AND APPROVALS

1. A copy of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York, being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), as amended (the "Act"), certified as of June 10, 1975 by the Secretary of State of the State of New York (the "State").

2. General Certificate of an Assistant Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation") as to Members, Officers, Terms of Office and other details of the Corporation including by-laws; minutes; certain resolutions; approval of the State Comptroller as to the terms of sale and system of accounts; delivery and payment; and specimen bonds.

4. Extract of the Minutes of a Meeting of the Corporation held on August 15, 1975 showing adoption of the 1975 Series B Resolution of the Corporation authorizing: (i) the issuance of $275,000,000 1975 Series B Bonds (the "Bonds"); and (ii) the execution of a Bond Purchase Agreement dated August 15, 1975, between the Corporation and certain underwriters named therein (the "Purchase Agreement") providing for the sale of the Bonds (the "Series Resolution").


8. The certificate of approval of the Comptroller of the State required pursuant to Section 3012 of the Act.

9. The certificate of approval of the Comptroller of the State required pursuant to Section 3013 of the Act.


11. Certificate of New York State Commissioner of Taxation and Finance required by Section 3(a)(4) of the Purchase Agreement.

12. Certificate of the New York State Division of the Budget required by Section 3(a)(4) of the Purchase Agreement.

**OPINIONS**

13. The opinion, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(a) of the Purchase Agreement.

14. The approving opinion and supplemental opinion, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation required pursuant to Section 3(a)(1)(b) of the Purchase Agreement.

15. The opinion, dated the date of the Closing, of the Attorney General of the State, required pursuant to Section 3(a)(1)(c) of the Purchase Agreement.

16. The opinion, dated the date of the Closing, of the Corporation Counsel of The City of New York (the "City"), required pursuant to Section 3(a)(1)(d) of the Purchase Agreement.

17. The opinion as to litigation, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel.
Counsel to the Corporation required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

18. The opinion as to litigation, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

19. The opinion, dated the date of the Closing, of Messrs. White & Case, Counsel to the Underwriters, addressed to the Underwriters pursuant to Section 3(a)(2) of the Purchase Agreement.

CORPORATION CLOSING DOCUMENTS

20. Certificate of the Chairman and Treasurer of the Corporation with respect to: certificates required by Section 202 of the General Resolution; delivery and payment and signatures.

21. Certificate of the Treasurer of the Corporation responsive to Section 3(a)(3) of the Purchase Agreement.

22. Written order of the Corporation as to the delivery and authentication of the Bonds signed by the Treasurer of the Corporation.

23. Certificate of Treasurer of the Corporation as to Receipt and Application of Proceeds of Sale and Non-Existence of Event of Default, as defined in the General Resolution.


TRUSTEE AND PAYING AGENT DOCUMENTS

25. Trustee's Certificate with attached copy of excerpt of the By-Laws showing authority for officers to authenticate the Bonds.


27. Opinion of Counsel for Trustee with respect to the Trustee's authority to act as Trustee.

MISCELLANEOUS

29. Receipt for Bonds and Documents Required by Purchase Agreement.

30. Certificate of Treasurer to the Comptroller of the State and Mayor of the City.


32. Blue Sky Survey.

IV

Delivery of the Bonds and Checks at the Closing

A. The Bonds in coupon form representing $275,000,000 aggregate principal amount of Bonds were delivered to the Purchasers against receipt therefor.

B. The Purchasers delivered to the Corporation bank checks in immediately available funds aggregating $271,184,861.12 in full payment of the Bonds delivered to the Purchasers.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$275,000,000

1975 SERIES B BONDS

MEMORANDUM OF CLOSING ON AUGUST 21, 1975

At a Closing held on August 21, 1975, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the purchasers referred to in Schedule I to the Bond Purchase Agreement, dated August 15, 1975 (the "Bond Purchase Agreement"), among the Corporation and certain underwriters (collectively, the "Purchasers"), $275,000,000 aggregate principal amount of the Corporation's 1975 Series B Bonds consisting of $135,000,000 aggregate principal amount of 1975 Series B Bonds maturing serially on February 1, 1980 and 1981 and $140,000,000 aggregate principal amount of 1975 Series B Term Bonds maturing February 1, 1983 (the "Bonds"); the Bonds are issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act (the "Act"), being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the General Bond Re-
solution (the "General Bond Resolution") of the Corporation and the 1975 Series B Resolution (the "Series Resolution") of the Corporation authorizing the Bonds adopted by the Corporation on August 15, 1975 (the General Bond Resolution and the Series Resolution are sometimes collectively referred to herein as the "Resolutions").

I

Matters Completed Prior to the Closing

A. Proceedings of the Board of Directors of the Corporation

The Board adopted the General Bond Resolution and the Series Resolution on July 2, 1975 and August 15, 1975, respectively, authorized the execution of the Bond Purchase Agreement and the execution and delivery of the Bonds, the issuance and sale of the Bonds and other action necessary and appropriate to carry out the transactions contemplated by the Resolutions.

B. Execution of Certain Documents Commencement of Offering

On August 15, 1975 the Bond Purchase Agreement, dated such date, was executed and delivered.

II

The Closing

A. On August 20, 1975, a preliminary closing was held at the offices of The Chase Manhattan Bank, N.A., New
York City, New York. All papers to be delivered at the closing, to the extent practicable, were checked and approved, and such papers were packaged and delivered in escrow.

B. The closing was held at such offices of The Chase Manhattan Bank, N.A. on August 21, 1975. The persons present at the closing are set forth in Schedule I hereto.

C. All transactions enumerated in divisions III and IV below are considered to have taken place simultaneously, and no delivery or payment was considered to have been made until all transactions to be taken at the closing were completed.

III

Documents Delivered at the Closing

BASIC DOCUMENTS AND APPROVALS

1. A copy of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York, being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), as amended (the "Act"), certified as of June 10, 1975 by the Secretary of State of the State of New York (the "State").

2. General Certificate of an Assistant Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation") as to Members, Officers, Terms of Office and other details of the Corporation including by-laws; minutes; certain resolutions; approval of the State Comptroller as to the terms of sale and system of accounts; delivery and payment; and specimen bonds.

4. Extract of the Minutes of a Meeting of the Corporation held on August 15, 1975 showing adoption of the 1975 Series B Resolution of the Corporation authorizing: (i) the issuance of $275,000,000 1975 Series B Bonds (the "Bonds"); and (ii) the execution of a Bond Purchase Agreement dated August 15, 1975, between the Corporation and certain underwriters named therein (the "Purchase Agreement") providing for the sale of the Bonds (the "Series Resolution").


8. The certificate of approval of the Comptroller of the State required pursuant to Section 3012 of the Act.

9. The certificate of approval of the Comptroller of the State required pursuant to Section 3013 of the Act.


11. Certificate of New York State Commissioner of Taxation and Finance required by Section 3(a)(4) of the Purchase Agreement.

12. Certificate of the New York State Division of the Budget required by Section 3(a)(4) of the Purchase Agreement.

OPINIONS

13. The opinion, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(a) of the Purchase Agreement.

14. The approving opinion and supplemental opinion, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation required pursuant to Section 3(a)(1)(b) of the Purchase Agreement.

15. The opinion, dated the date of the Closing, of the Attorney General of the State, required pursuant to Section 3(a)(1)(c) of the Purchase Agreement.

16. The opinion, dated the date of the Closing, of the Corporation Counsel of the City of New York (the "City"), required pursuant to Section 3(a)(1)(d) of the Purchase Agreement.

17. The opinion as to litigation, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.
Counsel to the Corporation required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

18. The opinion as to litigation, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 3(a)(1)(e) of the Purchase Agreement.

19. The opinion, dated the date of the Closing, of Messrs. White & Case, Counsel to the Underwriters, addressed to the Underwriters pursuant to Section 3(a)(2) of the Purchase Agreement.

CORPORATION CLOSING DOCUMENTS

20. Certificate of the Chairman and Treasurer of the Corporation with respect to: certificates required by Section 202 of the General Resolution; delivery and payment and signatures.

21. Certificate of the Treasurer of the Corporation responsive to Section 3(a)(3) of the Purchase Agreement.

22. Written order of the Corporation as to the delivery and authentication of the Bonds signed by the Treasurer of the Corporation.

23. Certificate of Treasurer of the Corporation as to Receipt and Application of Proceeds of Sale and Non-Existence of Event of Default, as defined in the General Resolution.


TRUSTEE AND PAYING AGENT DOCUMENTS

25. Trustee's Certificate with attached copy of excerpt of the By-Laws showing authority for officers to authenticate the Bonds.


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B. The Purchasers delivered to the Corporation bank checks in immediately available funds aggregating $271,184,861.12 in full payment of the Bonds delivered to the Purchasers.
CERTIFICATE OF THE DEPUTY COMPTROLLER
OF THE CITY OF NEW YORK

I, William T. Scott, Deputy Comptroller of The City of New York (the "City") hereby certify that:

1. On the date hereof The Chase Manhattan Bank, N.A. has received telegraphic confirmation from National Commercial Bank & Trust Company, Albany, New York, that such bank will transfer by wire on August 22, 1975, to the account of the City with The Chase Manhattan Bank, N.Y. immediately available funds in the amount of $120,000,000 representing payment of the advances by the State of New York referred to on page 5 of the final official Statement dated August 15, 1975, of Municipal Assistance Corporation For The City of New York (the "Corporation").

2. The Corporation has agreed to deliver to the City on August 22, 1975 at least $671,715,870.34 in immediately available funds for use by the City in payment of principal of and interest on its short-term obligations maturing on such date.

3. The City will apply the proceeds of the advances and payment, referred to in paragraphs 1 and 2 above to the payment of the principal of and interest on short-term obligations of the City maturing on August 22, 1975.

IN WITNESS WHEREOF, this Certificate has been executed this 21st day of August, 1975.

[Signature]
Deputy Comptroller of
The City of New York
CERTIFICATE

Municipal Assistance Corporation For The City of New York
(the "Corporation") hereby acknowledges receipt of a Certificate of
the Mayor of The City of New York (the "City") certifying that the
City requires $791,715,870.34 to pay principal of and interest on
all of its short term obligations maturing on August 22, 1975
(the "August Notes"). The Corporation has been advised by the
Deputy Comptroller of the City that the City intends to apply the
amount of $120,000,000, upon receipt of such amount as advances
from the State of New York, to the payment of principal of and
interest on the August Notes.

The Corporation acknowledges that it has received the
proceeds of the financing plan set forth on page 5 of the final
Official Statement, other than advances to be made by the State
of New York to the City.

The Corporation hereby agrees to deliver to the City
on August 22, 1975 pursuant to Section 3037 of the Municipal Assistance
Corporation For The City of New York Act, at least $671,715,870.34 for
use by the City for the payment of principal of and interest on the
August Notes.

The Corporation further acknowledges that it has received a
Certificate dated August 21, 1975 of the Comptroller of the City as to
the deposit of the funds received by the City from the Corporation and
as to the delivery of warrants against $791,715,870.34 for the payment
on the August Notes.

Witness the signature of the Corporation this 21st day
of August, 1975.

Municipal Assistance Corporation
For The City of New York

By

[Signature]
Treasurer
CERTIFICATE OF THE CHAIRMAN OF THE BOARD
OF DIRECTORS OF THE MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK TO
THE COMPTROLLER OF THE STATE OF NEW YORK
AND TO THE MAYOR OF THE CITY OF NEW YORK

Pursuant to § 3036 of the Municipal Assistance
Corporation for the City of New York Act, the undersigned,
Chairman of the Board of Directors of the Municipal Assistance
Corporation For The City of New York (the "Corporation")
hereby certifies to the Comptroller of the State of New York
and to the Mayor of The City of New York the revised schedule
of cash requirements of the Corporation which is attached
hereto as Schedule A.

This certificate and Schedule A hereto which
is incorporated herein expressly revise any and all certi-
fications heretofore made to the aforesaid Comptroller and
Mayor.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed the seal of the Corporation this 21st day of
August, 1975.

[Signature]
Chairman
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THE CHASE MANHATTAN BANK
National Association
New York, N.Y. 10015

Date AUGUST 21, 1975

TWO HUNDRED SEVENTY ONE MILLION ONE HUNDRED EIGHTY FOUR
THOUSAND EIGHT HUNDRED SIXTY ONE DOLLARS AND 12/100

Pay

$271,184,861.12

BS No 48239

1 2
210

to the order of

MUNICIPAL ASSISTANCE CORPORATION FOR
THE CITY OF NEW YORK

[Signature]

AUTHORIZED SIGNATURE
Pay to the order of U.S. Trust Co. of N.Y., As Trustee

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By

Treasurer