MUNICIPAL ASSISTANCE CORPORATION FOR

THE CITY OF NEW YORK

$256,250,000

1976 Series CC Bonds and

$6,875,000

1976 Series DD Bonds

Issued to Refund

$100,000,000

1975 Series V Bonds and

$150,000,000

1975 Series AA Bonds

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1. Copy of the final Official Statement of the Municipal Assistance Corporation (the "Corporation") relating to the 1976 Series CC Bonds.

2. General certificate of the Corporation as to members, officers, terms of office and other details of the Corporation including by-laws, minutes, certain resolutions, specimen bonds, litigation, signatures and certificates required by Section 202 of the First General Bond Resolution as incorporated by Section 203(3) of the First General Bond Resolution (the "Resolution").

3. Extracts of the Minutes of Board of Directors Meeting held November 5, 1976, showing:

   (i) adoption of the Series CC and Series DD Resolutions;
(ii) authorization of the issuance and delivery of the Series CC and Series DD Bonds.

4. Copy of the First General Bond Resolution, as amended and supplemented, and copy of the Series CC and Series DD Resolutions.

5. Copy of the consent of the Holder of the Series V and Series AA Bonds being refunded, waiver of notice by publication executed by State Comptroller and receipt for $256,250,000 aggregate principal amount of 1976 Series CC Bonds and $6,875,000 aggregate principal amount of 1976 Series DD Bonds executed by the State.

6. The Certificate of the Commissioner of Taxation and Finance of the State required pursuant to the Resolution.

7. The opinion of General Counsel required pursuant to the Resolution, together with reliance opinion to the Trustee and to the State.

8. The approving opinion of Bond Counsel required pursuant to the Resolution together with reliance opinion to the Trustee.


10. Opinion of Bond Counsel as to Arbitrage.

11. Written order of the Corporation as to the delivery and authentication of the Series CC and Series DD Bonds.

TRUSTEE AND PAYING AGENT DOCUMENTS

12. Trustee's certificate with attached copy of an excerpt of the By-laws showing authority for officers to authenticate the Series CC and Series DD Bonds.

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


15. Receipt executed by Trustee for $100,000,000 aggregate principal amount of 1975 Series V Bonds and $150,000,000 aggregate principal amount of 1975 Series AA Bonds.
1. Copy of the final Official Statement of the Municipal Assistance Corporation (the "Corporation") relating to the 1976 Series CC Bonds.


3. Copy of the Bond Purchase Agreement dated November 5, 1976 (the "Bond Purchase Agreement"), executed by the Corporation, the State of New York (the "State") and Salomon Brothers as representatives of the Underwriters (the "Underwriters").

4. Extracts of the Minutes of Board of Directors Meeting of the Corporation held November 5, 1976, showing:

   (i) authorization to execute Bond Purchase Agreement; and

   (ii) approval of final Official Statement and authorization of distribution of final Official Statement.

5. The opinion, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.
6. The opinions, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.

7. The opinion, dated the date of the Closing, of the Attorney General of the State, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.

8. The opinion, dated the date of the Closing, of Messrs. White & Case, Counsel to the Underwriters, required pursuant to Section 4(a)(2) of the Bond Purchase Agreement.

CERTIFICATES

9. A Certificate, dated the date of the Closing, of an officer of the Corporation, required pursuant to Section 4(a)(3) of the Bond Purchase Agreement.

10. A Certificate, dated the date of the Closing, of the Comptroller of the State, required pursuant to Section 4(a)(4) of the Bond Purchase Agreement.

11. A Certificate, dated the date of the Closing, of the Director of the Budget of the State, required pursuant to Section 4(a)(5) of the Bond Purchase Agreement.

12. A Certificate of the Commissioner of Taxation and Finance of the State required pursuant to Section 4(a)(6) of the Bond Purchase Agreement.

13. A Certificate of the Deputy Mayor for Finance of the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.

14. A Certificate of the First Deputy Comptroller of the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.

15. A Certificate of the State Special Deputy Comptroller for the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.

16. A letter, dated the date of the Closing, furnished by Price Waterhouse & Co. required pursuant to Section 4(f) of the Bond Purchase Agreement.
17. Copy of the consent of the Holder of the Series V and Series AA Bonds being refunded, waiver of notice by publication executed by Comptroller of the State and receipt for $256,250,000 aggregate principal amount of 1976 Series CC Bonds and $6,875,000 aggregate principal amount of 1976 Series DD Bonds executed by the State.

18. Receipt for Bonds and Documents signed by the Underwriters.


22. Letter from the Corporation to Price Waterhouse & Co.

23. Acknowledgments of Paying Agents as to corrected coupons.

24. Receipt and Agreement as to correction of coupons.

25. Closing Memorandum.
NOT A NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 1976 Series CC 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.

$256,250,000

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

1976 SERIES CC BONDS

Dated: November 1, 1976

Due February 1, 1993

Principal of and interest on the 1976 Series CC Bonds are payable at the corporate trust office of Citibank, N.A., New York, New York, or at the option of the holder at The Northern Trust Company, Chicago, Illinois, or at Bank of America, N.T. & S.A., San Francisco, California, unless registered. Interest on the 1976 Series CC Bonds is payable February 1, 1977 and semi-annually thereafter on each February 1 and August 1. The Trustee under the First General Bond Resolution (pursuant to which the 1976 Series CC Bonds are to be issued) is United States Trust Company of New York. The 1976 Series CC Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $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 for and source of payment of the 1976 Series CC Bonds, see "Introduction" and the references included therein.

The 1976 Series CC Bonds will be subject to redemption at the option of the Corporation on and after August 1, 1982 at an initial redemption price of 104% of the principal amount thereof and from mandatory sinking fund installments on and after February 1, 1984 at a redemption price of 100% of the principal amount thereof, plus, in each case, accrued interest to the redemption date, all as more fully described herein under "Bonds Being Offered—Description of the Bonds."

10½% Term Bonds due February 1, 1993
Price 100%
(plus accrued interest)

The 1976 Series CC Bonds will be issued as Refunding Bonds to the State of New York in exchange for the 1975 Series V and AA Bonds of the Corporation currently held by the State. The State intends to offer the 1976 Series CC Bonds for sale to the underwriters for resale to the public pursuant to the offering being made by this Official Statement. See "Introduction—Refunding of Bonds Held by the State and Use of Proceeds."

The 1976 Series CC Bonds of the Corporation are payable out of certain 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, 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 1976 Series CC 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 or interest on the 1976 Series CC Bonds.

The 1976 Series CC 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, New York, Bond Counsel. Reference is hereby made to the matters set forth in paragraph 13 of Exhibit B to this Official Statement. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. It is expected that the 1976 Series CC Bonds in definitive form will be available for delivery on or about November 15, 1976.

Salomon Brothers
Merrill Lynch, Pierce, Fenner & Smith
The Chase Manhattan Bank, N.A.

Morgan Guaranty Trust Company
Kidder, Peabody & Co.

Bache Halsey Stuart Inc.
The First Boston Corporation
Smith Barney, Harris Upham & Co.

Bankers Trust Company
Goldman, Sachs & Co.

Manufacturers Hanover Trust Company
Bear, Stearns & Co.

November 5, 1976
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 1976 Series CC 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 provided by such Corporation and by other sources which are believed to be reliable by such Corporation, 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 1976 SERIES CC BONDS, THE UNDERWriters MAY OVERALL 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

OF

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

Relating to

$256,250,000 1976 Series CC Bonds

INTRODUCTION

This Official Statement, including the cover page and the exhibits, of the Municipal Assistance Corporation For The City of New York (the “Corporation”) is provided for the purpose of setting forth information in connection with the offering of the Corporation’s 1976 Series CC Bonds (the “1976 Series CC Bonds”) by the State of New York (the “State”).

The Corporation

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. The Corporation was created in June 1975, pursuant to The New York Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, each as further amended (the “Act”), for purposes of assisting 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. To carry out such purposes, the Corporation is empowered, among other things, to issue and sell, and has issued and sold, bonds and notes, and paid or loaned funds received from such sales to the City, and exchanged the Corporation’s obligations for those of the City, under conditions specified in the Act. Also pursuant to the Act, the Corporation is empowered to perform, and has provided for, certain oversight functions with respect to the City’s financial activities.

The 1976 Series CC Bonds are to be issued pursuant to the Act, the General Bond Resolution of the Corporation, dated July 2, 1975, as amended (the “First General Bond Resolution”), and the series resolution of the Corporation authorizing the 1976 Series CC Bonds (the “1976 Series CC Resolution”). The First General Bond Resolution and the 1976 Series CC Resolution are sometimes collectively referred to herein as the “Resolution.”

Refunding of Bonds Held by the State and Use of Proceeds

The 1976 Series CC Bonds, in the aggregate principal amount of $256,250,000, will be issued by the Corporation as Refunding Bonds (as such term is used in the Act and the First General Bond Resolution) and delivered to the State in exchange for $100,000,000 principal amount of 1975 Series V Bonds and $150,000,000 principal amount of 1975 Series AA Bonds of the Corporation (collectively, the “Series V and AA Bonds”) now held by the State. The Series V and AA Bonds bear interest at 11% per annum and mature serially from 1986 to 1995. The Series V and AA Bonds received by the Corporation pursuant to such exchange will be cancelled by the Corporation and will thereafter no longer be outstanding. The issuance of the 1976 Series CC Bonds as Refunding Bonds in exchange for the Series V and AA Bonds will result in debt service savings to the Corporation. See “Provision for Payment of the Bonds—Debt Service Requirements and Estimated Coverage Ratios.”

The Series V and AA Bonds were originally issued by the Corporation and acquired by the State in connection with the Corporation’s three-month financial plan to provide financial aid to the City from September through November 1975. The Corporation used the monies received in connection with the issuance of the Series V and AA Bonds to make cash available to the City as contemplated by the Act. In connection with the issuance of the Series V and AA Bonds to the State, the Corporation indicated its willingness to assist the State in selling or otherwise disposing of such Bonds.
The net proceeds of the sale of the 1976 Series CC Bonds of $250,000,000 (which amount is exclusive of accrued interest and after deduction of underwriters' compensation, see "Underwriting") will be paid to the State and not to the Corporation. The State has informed the Corporation that it will use such net proceeds to retire an equal principal amount of tax and revenue anticipation notes sold by the State in November 1975 to certain of the State retirement systems and other State sources in order to fund a first instance appropriation to the Corporation evidenced by the Series V and AA Bonds. Such State notes mature on November 19, 1976. See "Certain Developments Affecting the State—Significant Factors Affecting Plans for the 1976-77 Fiscal Year."

**Payment of the Bonds**

All bonds issued under the First General Bond Resolution, including the 1976 Series CC Bonds and all bonds heretofore or subsequently issued under the First General Bond Resolution (herein collectively referred to as the "Bonds"), are general obligations of the Corporation and are payable from revenues derived from certain State sales and compensating use taxes (the "Sales Tax") imposed pursuant to the State Tax Law (the "Tax Law") by the State within the City and, under certain conditions, the tax imposed pursuant to the Tax Law by the State on sales or transfers of stock and certain other certificates (the "Stock Transfer Tax").

Under the State Finance Law (the "Finance Law"), the Sales Tax and the Stock Transfer Tax 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.

The Finance Law provides 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 includes 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.

Amounts of Sales Tax collected and deposited in the Special Account are paid to the Corporation at such times and in such amounts as are certified annually by the Chairman of the Corporation (the "Chairman") as necessary to fund the Corporation's Debt Service Fund, Capital Reserve Fund and Operating Fund (each as defined in the First General Bond Resolution) at the levels required by the Act, subject to annual appropriation by the State Legislature. For information with respect to the willingness of the State Legislature to make such appropriation, see "Provisions for Payment of the Bonds—Appropriation by Legislature" and "Certain Developments Affecting the State."

In the event that the amounts in the Special Account shall at any time be less than the amount certified by the Chairman as 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 Stock Transfer Tax.

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 and 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 such taxes, to maintain the existence of the Municipal Assistance Tax Fund, the Special Account therein or the Stock Transfer Tax Fund or to make any such appropriations. See "Provisions for Payment of the Bonds—Appropriation by Legislature."

The State Legislature has appropriated, for the benefit of the Corporation, the Sales Tax and the Stock Transfer Tax for the State's fiscal year beginning April 1, 1976.

The Bonds are secured by an equal charge on the Debt Service Fund and the Capital Reserve Fund, and payments of principal of and interest on the Bonds are made from such Funds. The amount that is required to fund the Debt Service Fund in any fiscal year is the amount needed to pay all principal (including sinking fund obligations) of, and interest and redemption premium, if any, on, the Corporation's outstanding Bonds and Notes and interest on Other Obligations (each as defined in the First General Bond Resolution) maturing or otherwise coming due during that fiscal.
year. The amount 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 1976; thereafter the fixed percentages of debt service requirements are 25% for 1977, 50% for 1978, 75% for 1979 and 100% for 1980. Beginning in 1981, the fixed percentage is 100% of the succeeding year's debt service requirements.

The Corporation is a corporate governmental agency and instrumentality of the State and not of the City. 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 of or interest on the Bonds.

See "Litigation" with respect to litigation relating to the source of payment for the Bonds. Reference is hereby made to the matters set forth in paragraph 13 of Exhibit B to this Official Statement. Such paragraph concludes that, if the Moratorium Act referred to therein is sustained, future legislation could be adopted (although none has been proposed) which may impose a moratorium on the enforcement of the Bonds.

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

Sales Tax and Stock Transfer Tax Coverage

Receipts from the Sales Tax and the Stock Transfer Tax (excluding the 25% surcharge imposed, under present law, on the Stock Transfer Tax until July 31, 1978) for the twelve months ended September 30, 1976 amounted to approximately $823,843,000 and $220,522,000, respectively, a total of approximately $1,044,365,000. Such Sales Tax receipts alone would have covered maximum total annual debt service on outstanding Bonds (after giving effect to the issuance of the 1976 Series CC Bonds in exchange for the Series V and AA Bonds) 1.70 times. The total of such Sales Tax and Stock Transfer Tax receipts would have covered such maximum total annual debt service 2.15 times. There is no assurance that the Sales Tax and the Stock Transfer Tax collections will, in the future, equal or exceed historical levels. For additional information concerning the computation of the foregoing and the collections of the Sales Tax and the Stock Transfer Tax, see "Provisions for Payment of the Bonds" and the information therein under the captions "Sales Tax", "Stock Transfer Tax" and "Debt Service Payment Requirements and Estimated Coverage Ratios." The First 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. Such certificate must demonstrate that specified historical collections of the Sales Tax alone provide minimum debt service coverage of 1.5 times and that such collections of the Sales Tax and the Stock Transfer Tax together provide debt service coverage of not less than 2.0 times. Such ratios provide for the deduction, from the amounts available for coverage, of the Corporation's estimated operating expenses for the current fiscal year. See "Bonds Being Offered—Additional Bonds."

Certain Factors

The Corporation believes that the market for and the source of payment of the 1976 Series CC Bonds may be affected by certain factors described elsewhere in this Official Statement. Reference should be made to those portions of the Official Statement for a more detailed description of those factors. Certain market factors are described in "Market Considerations Affecting 1976 Series CC Bonds." In addition, developments with respect to the State or the City, or agencies of either, may have an effect on the market for and source of payment of the 1976 Series CC Bonds. For a more detailed description of each of such matters, see "Certain Developments Affecting the State" and "Certain Developments Affecting the City." For a description of certain litigation regarding the legality of the imposition of the Sales Tax and the Stock Transfer Tax and challenging the constitutionality of the New York City Emergency Moratorium Act, as well as certain other litigation, each of which may affect the Corporation, see "Litigation."
Other Indebtedness of the Corporation

In addition to the Bonds, the Corporation has outstanding other bonds and promissory notes which were issued under resolutions other than the First General Bond Resolution and which are either payable out of revenues not pledged to the payment of principal and interest on the Bonds or are subordinate as to payment of the Bonds and as to payments to the Capital Reserve Fund. See “Outstanding Debt of the Corporation.”

MARKET CONSIDERATIONS AFFECTING 1976 SERIES CC BONDS

The Corporation believes that, in addition to being affected by general conditions in the bond market, the market prices of bonds of the Corporation may have been affected, and the market for the 1976 Series CC Bonds may be affected, by developments with respect to the financial condition of the State or the City, or agencies of either, notwithstanding the fact that bonds of the Corporation do not constitute obligations or debits of the State or the City. See “Certain Developments Affecting the State” and “Certain Developments Affecting the City.”

There can be no assurance that there will exist any substantial market for the 1976 Series CC Bonds at or near the level of their initial offering price.

On May 26, 1976, Moody's Investor's Service, Inc. (“Moody's”), a bond-rating agency, issued a report stating that it had reduced its rating of certain Bonds of the Corporation issued pursuant to its First General Bond Resolution from A, its third highest rating, to B, its sixth highest rating. Moody's defines bonds to which an A rating is given as “upper medium grade obligations” where “factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future”, while bonds to which a B rating is given are defined as ones which “generally lack characteristics of a desirable investment” and with respect to which “assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.”

Moody's report of May 26, 1976 was issued without benefit of any prior discussions with officials of the Corporation and, in the judgment of the Corporation, relied upon certain misconceptions. On May 28, 1976, Moody's issued a reaffirmation of its reduced rating. In the judgment of the Corporation, Moody's reduction of rating was not justified.

On October 6, 1976, the Corporation formally requested that Moody's withdraw its ratings of all securities of the Corporation and refrain from rating any future issues of such securities, including the 1976 Series CC Bonds. Moody's has responded by stating that it intends to continue to rate those Bonds of the Corporation on which it has outstanding ratings.

The Bonds of the Corporation that are rated by Moody's have also been rated by both Standard & Poor's and Fitch rating agencies at A+ and A, respectively. Standard & Poor's defines bonds rated A as “safe” with respect to principal and interest payments, concerning which “[d]ebt service coverage is good, but not exceptional”, and where “[e]stability of the pledged revenues could show some variations because of . . . economic influences on revenues.” In addition, Standard and Poor's may assign a + to differentiate between bonds within a category. Fitch defines bonds which are rated A as having “ample protection with regard to principal and interest payments”, and considers such bonds to be in “the ‘safe’ investment class.” Such agencies have either reaffirmed or have not changed such ratings on such Bonds following the action by Moody's. Nevertheless, the Corporation believes that Moody's action adversely affected the market for as well as the market price of the Bonds and may similarly affect the 1976 Series CC Bonds.

The 1976 Series CC Bonds have been rated A+ and A by Standard & Poor's and Fitch rating agencies, respectively.

The ratings and report referred to above reflect only the respective views of such agencies, and an explanation of such ratings and report may be obtained from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by one or more of such rating agencies, if, in
their judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such ratings, or any of them, may have an adverse effect on the market price and marketability of the 1976 Series CC Bonds.

OUTSTANDING DEBT OF THE CORPORATION

The Corporation at present has outstanding $3,078,685,000 in aggregate principal amount of Bonds issued pursuant to the First General Bond Resolution and $607,440,000 in aggregate principal amount of other bonds (the "Second Resolution Bonds") issued pursuant to the Second General Bond Resolution of the Corporation, dated November 25, 1975 (the "Second General Bond Resolution"). It also has outstanding $23,500,000 in aggregate principal amount of promissory notes (the "Promissory Notes") issued pursuant to a Promissory Note Resolution of the Corporation, dated November 17, 1975. See "Provisions for Payment of the Bonds—Debt Service Payment Requirements and Estimated Coverage Ratios."

The holders of the Bonds have a claim prior to that of the holders of the Promissory Notes and the Second Resolution Bonds on all amounts received by the Corporation from the State as payments from the Municipal Assistance Tax Fund (including the revenues derived from the Sales Tax and the Stock Transfer Tax). The holders of the Second Resolution Bonds have no claim on any of the moneys or securities in the funds or accounts established pursuant to the First General Bond Resolution as long as the Bonds or any Notes or Other Obligations (as defined in and issued pursuant to the First General Bond Resolution) are outstanding. The holders of the Bonds have no claim, however, on any per capita State aid, which is the principal source of payment for Second Resolution Bonds, received by the Corporation.

As of October 15, 1976, the Corporation had on deposit in the Debt Service Fund and the Capital Reserve Fund $207,665,918 and $102,912,256, respectively, for the payment of principal of and interest on the Bonds, which amounts equal or exceed the amounts required by the Act and the First General Bond Resolution to be in such Funds on such date. For additional information concerning the financial condition of the Corporation as at June 30, 1976 and events occurring between such date and the date hereof, see "Financial Statements and Subsequent Events" and the audited financial statements of the Corporation as at June 30, 1976, annexed hereto.

PROVISIONS FOR PAYMENT OF THE BONDS

General

The Bonds are general obligations of the Corporation payable out of any available revenues of the Corporation not otherwise pledged. The Bonds are entitled to a first lien created by the pledge under the First General Bond Resolution of all moneys and securities paid into the Debt Service Fund and the Capital Reserve Fund held by the Trustee. Such moneys and securities include each of the following: (i) amounts received by the Corporation from the State as payments from the Municipal Assistance Tax Fund for deposit in the Debt Service Fund and 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 amounts so deposited in such Funds. The first lien referred to above is that created by the provisions of the First 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 First General Bond Resolution. (Second Resolution Bonds do not constitute either "Bonds" or "Other Obligations" as such terms are used herein and in the First 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 moneys and securities in the Debt Service Fund (other than moneys, if any, paid into the Debt Service Fund from the Capital Reserve Fund) to secure payment of
principal of and interest on Notes and interest on Other Obligations. See “Summary of Certain Provisions of the First 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 to the State Comptroller and to the Mayor of the City (the “Mayor”) of a schedule setting forth the cash requirements of the Corporation 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 the fiscal year beginning on the following July 1 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 1976; thereafter the fixed percentages of debt service requirements are 25% for 1977, 50% for 1978, 75% for 1979 and 100% for 1980. Beginning in 1981, the fixed percentage is 100% of the succeeding year’s debt service requirements.

Payments 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 moneys have been appropriated by the State Legislature from the Special Account or that revenues have otherwise been made available therefor by the State (see “Municipal Assistance Tax Fund”). The source of moneys in the Special Account is the Sales Tax and, if required, the Stock Transfer Tax Fund, the moneys in which are derived from the Stock Transfer Tax imposed by 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 and 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 such taxes, to maintain the existence of the Municipal Assistance Tax Fund, the Special Account therein or the Stock Transfer Tax Fund or to make any appropriations. See “Appropriation by Legislature.”

The Corporation, in accordance with the Act and pursuant to the express provisions of the First General Bond Resolution, has covenanted to cause its 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 moneys that become available to the Corporation from the Special Account and the Stock Transfer 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 by the Corporation or received by the Corporation in exchange for its bonds. Such payments may be used for the further purchase of or exchange for obligations of the City or for other corporate purposes of the Corporation. It is the present policy of the Corporation, however, not to present for payment of principal or interest any obligations of the City held by the Corporation (other than certain bond anticipation notes of the City which will be presented for the payment of interest only). Moneys 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 First General Bond Resolution.
Set forth below is a chart which illustrates the flow of funds as described above:

1. After appropriations by State Legislature.
2. Available, if necessary.
3. After certification by the Corporation as to its requirements.
4. See "Restoration of Capital Reserve Fund."
5. Available, if necessary.
6. Subject to appropriation by State Legislature and after payment of all debt service on obligations issued pursuant to the First General Bond Resolution.
7. Initially payable from per capita State aid.
8. After payment of all amounts certified by the Corporation.
Neither the Corporation nor the holders of the Bonds have any lien on the moneys in the Special Account. Any provisions of the First 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 moneys available to the State in such Funds from time to time, which moneys shall have been theretofore appropriated to the Corporation, and no liability on account thereof shall be incurred by the State beyond the moneys 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 Finance Law provides that the State Legislature shall appropriate the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation. Under the State Constitution, an appropriation of State funds must be paid out within two years of the date of the appropriation act. The State Legislature may not be bound in advance to make such an appropriation. The State Legislature has appropriated, for the benefit of the Corporation, the Sales Tax and the Stock Transfer Tax for the State's fiscal year beginning April 1, 1976. It is expected, but the Corporation has no assurance, that the State Legislature will continue to make an annual appropriation of the Sales Tax and the 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 of the Bonds. The Sales Tax is a new tax source for the State which, under the 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 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 moneys 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 expected 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 the Stock Transfer Tax for the benefit of the Corporation as expected. See “Certain Developments Affecting the State.”

Article 7, Section 16 of the State Constitution provides that if the State Legislature shall fail to make an appropriation for the payment of principal of and interest on State debt obligations, including sinking fund payments, as the same shall fall due, the State Comptroller “. . . shall set apart from the first revenues thereafter received, applicable to the general fund of the State, a sum sufficient to pay such interest, installments of principal, or contributions to such sinking fund, as the case may be, and shall so apply the moneys thus set apart.”

Section 55 of the Finance Law provides that, under certain terms and conditions, the State Comptroller is to set aside all taxes and revenues (defined to mean moneys payable into the General Fund of the State but with certain itemized exceptions) in a note repayment account established pursuant to such section for the purpose of paying the principal of and interest on certain State tax and revenue anticipation notes (other than those maturing November 19, 1976, see “Introduction—Refunding of Bonds Held by the State and Use of Proceeds”).

In the opinion of Bond Counsel, under existing law, upon any failure of the State Legislature to make the required appropriations for State debt obligations as aforesaid or upon the establishment of a note repayment account as aforesaid, moneys on deposit in the Stock Transfer Tax Fund and the Municipal Assistance Tax Fund, including the Special Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the
General Fund of the State and hence neither said Article 7, Section 16 nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. Further, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account.

Municipal Assistance Tax Fund

The Municipal Assistance Tax Fund has been established by the 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 Finance Law provides for the appropriation of the Sales Tax by the State Legislature (although the State 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 Bonds, including the 1976 Series CC Bonds, and Notes issued pursuant to the First General Bond Resolution, (ii) after payments of the amounts required by (i), to the Corporation to enable the Corporation to fulfill the terms of any agreements made with the holders of the Promissory Notes and the holders of Second Resolution Bonds and to carry out its corporate purposes and (iii) 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 moneys available to the State in such Funds from time to time which moneys shall have been therefore appropriated to the Corporation and no liability on account thereof shall be incurred by the State beyond the moneys 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 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.

The 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.

Pursuant to the Act and under the First 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 and the Mayor 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 First General Bond Resolution, the foregoing certification procedure provides for substantially quarterly payments to the Corporation for deposit in the Debt Service Fund and the Capital Reserve Fund from the Special Account. Subject to appropriation by the State Legislature, the debt service payments due on February 1 and August 1 in each fiscal year of the Corporation will be paid from moneys on deposit in the Debt Service Fund received from such quarterly payments into the Debt Service Fund, which 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 First 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 moneys in the Stock Transfer Tax Fund in accordance with the 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 moneys needed from collections forthwith in cash into the Special Account. The State Comptroller may in his discretion invest moneys 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 State 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 First 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 First General Bond Resolution—Events of Default.”

Sales Tax

Under the Tax Law, in addition to the four percent sales and compensating use taxes levied statewide, 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, other than sales for resale, of certain services, (c) sales, other than sales for resale, of gas, electricity, refrigeration and steam, and of telephony and telegraphy, (d) occupancies of hotel rooms, other than for resale, 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. The Sales Tax is also imposed on receipts from sales of the service of providing in the City parking, garaging or storing for motor vehicles at the rate of six percent. The Sales Tax is subject to certain limited exceptions, exemptions and exclusions.

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. During recent years the City has experienced adverse trends in certain economic and demographic factors. Employment in the City decreased by 13.9% between 1970 and August 1976 as compared to an increase of 13.7% for the United States. The City's unemployment rate rose from 4.8% in 1970 to 10.1% in August 1976. The unemployment rate for the United States increased from 4.9% in 1970 to 7.6% in August 1976. The population of the City decreased by 4.2% between 1970 and 1975, as compared to a population increase of 4.2% for the United States. (The sources of statistics referred to in this paragraph are the U.S. Department of Labor, New York State Department of Labor, Bureau of Labor Statistics and the U.S. Department of Commerce, Bureau of the Census.)

If such trends continue or accelerate, Sales Tax collections may be adversely affected. The Corporation believes that it is not now possible to predict the effect of future developments with respect to the City’s economic condition or other related economic developments in the City on Sales Tax collections. As shown in the table below, collections of the Sales Tax and the sales and compensating use taxes previously imposed by the City have increased in each of the last ten years, although at a rate less than inflation since 1974.

Generally, vendors of any item including services, the sale of which is subject to the imposition of the Sales Tax, are 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. Since March 1, 1976, however, certain large
vendors, i.e., all persons with taxable receipts of $300,000 or more ($100,000 or more beginning
September 1, 1977) in any quarter of the preceding four quarters, are required to file monthly returns
and make monthly payments in addition to filing quarterly returns.

Under the Finance Law, the Sales Tax revenues payable to the Special Account in the Municipal
Assistance Tax Fund are required to be paid into such Account in accordance with the following
procedure. On or before the twelfth day of each month, the State Commissioner of Taxation and Finance
is required to 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 is required to 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. Payments from the Special Account to the Corporation
are subject to annual appropriation by the State Legislature.

The Sales Tax 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
limited sales taxes on particular services which the City is still authorized to impose. State collections of the
sales and compensating use taxes imposed by the City prior to July 1, 1975, and of the Sales Tax imposed
by the State since July 1, 1975, for the last ten fiscal years of the City and the first quarter of its 1976-1977
fiscal year, after deductions of the costs of administration, collection and distribution, were as follows:

<table>
<thead>
<tr>
<th>State Collections of Sales and Compensating Use Taxes in New York City(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Fiscal Year Ended June 30</td>
</tr>
<tr>
<td>1967 ......</td>
</tr>
<tr>
<td>1968 ......</td>
</tr>
<tr>
<td>1969 ......</td>
</tr>
<tr>
<td>1970 ......</td>
</tr>
<tr>
<td>1971 ......</td>
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<tr>
<td>1972 ......</td>
</tr>
<tr>
<td>1973 ......</td>
</tr>
<tr>
<td>1974 ......</td>
</tr>
<tr>
<td>1975(b) ......</td>
</tr>
<tr>
<td>1976(b) ......</td>
</tr>
<tr>
<td>1977(b) ......</td>
</tr>
</tbody>
</table>

(a) Figures obtained from the State Department of Taxation and Finance.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975, 1976 and 1977
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 has remained the same.

(c) This amount represents combined total quarterly collections of both sales and compensating
use taxes imposed by the City prior to July 1, 1975 and the Sales Tax in the respective amounts of
$73,648,000 and $120,912,000.

(d) Commencing on and after March 1976, certain large vendors were required to file returns on
a monthly basis. A portion of the amounts of Sales Tax reported in the month of March 1976 represents,
in addition to amounts reported for the quarter December 1975 through February 1976, payments of
estimated amounts of Sales Tax for the month of March 1976. Adjustments necessary to report and
reflect proper payment of Sales Tax for such month are required to be made on the monthly return
for such month due in the calendar month of April immediately following.

(e) Commencing March 1976, due to a monthly filing procedure which authorizes certain
large vendors to estimate sales and compensating use tax liability for particular months based upon
historical experience for quarters containing those months, such vendors may have overpaid sales and
compensating use tax liability for those particular months. Furthermore, after deduction of the State
portion of such estimated payments, the remainder of such payments also was distributed to various jurisdictions on a historical basis and payments of the Sales Tax calculated on such historical basis were deposited in the Special Account. Accordingly, any overpayment of the Sales Tax into the Special Account resulting from either of the aforementioned factors, the amount of which has not yet been calculated by the State Department of Taxation and Finance, would require reduction of amounts otherwise payable into the Special Account for subsequent periods. However, the Corporation has been advised by the Commissioner of Taxation and Finance that he believes that the amount of Sales Tax collections available for deposit in the Special Account for the 12 consecutive calendar months commencing October 1, 1976 will not be less than the amounts so available for the 12 months ended September 30, 1976, taking into account the foregoing factors.

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 prior to July 1, 1975, and of the Sales Tax imposed by the State since July 1, 1975, for the last three fiscal years of the City and the first quarter of its 1976-77 fiscal year, are shown below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>$ 5,127</td>
<td>$10,110</td>
<td>$ 8,885</td>
<td>$51,298</td>
</tr>
<tr>
<td>August</td>
<td>3,692</td>
<td>3,299</td>
<td>3,855(c)</td>
<td>43,442</td>
</tr>
<tr>
<td>September</td>
<td>126,453</td>
<td>160,415</td>
<td>181,820</td>
<td>121,054</td>
</tr>
<tr>
<td>October</td>
<td>5,746</td>
<td>12,910</td>
<td>4,960</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>3,795</td>
<td>3,421</td>
<td>2,592</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>132,432</td>
<td>182,659</td>
<td>186,138</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>7,259</td>
<td>14,617</td>
<td>10,892</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>2,787</td>
<td>3,587</td>
<td>3,380</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>141,529</td>
<td>194,467</td>
<td>232,931</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>5,473</td>
<td>9,242</td>
<td>19,489(d)</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>5,382</td>
<td>6,603</td>
<td>63,685</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>141,123</td>
<td>185,870</td>
<td>103,981</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$580,798</td>
<td>$787,200</td>
<td>$802,608</td>
<td></td>
</tr>
</tbody>
</table>

(a) Figures obtained from the State Department of Taxation and Finance.
(b) See footnote (c) to preceding table.
(c) See footnote (c) to preceding table.
(d) See footnote (d) to preceding table.

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 revenues 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 revenues.

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 1/4¢</td>
</tr>
<tr>
<td>$10 or more but less than $20</td>
<td>3 1/4¢</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>

(a) Such rates do not reflect the 25% surcharge imposed thereon pursuant to amendments to the Tax Law effective for the period commencing August 1, 1975 and ending July 31, 1978. Such surcharge is part of the Stock Transfer Tax.
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 (excluding the surcharge). The Stock Transfer Tax accrues on the date of the taxable transaction. Non-residents of the State are taxed on sales made within the State at a rate equal to 50% of the rates shown in the table above.

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 Finance Law, moneys 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 seven fiscal years of the City and the first quarter of its 1976-77 fiscal year based upon the various rates prevailing during the periods shown.

<table>
<thead>
<tr>
<th>City Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>1970</td>
<td>$56,571</td>
</tr>
<tr>
<td>1971</td>
<td>46,563</td>
</tr>
<tr>
<td>1972</td>
<td>62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976</td>
<td>53,049</td>
</tr>
<tr>
<td>1977</td>
<td>62,220</td>
</tr>
</tbody>
</table>

(a) Figures obtained from the State Department of Taxation and Finance. Includes collections of the 25% surcharge imposed upon the Stock Transfer Tax effective August 1, 1975.

The Corporation believes that it is not now possible to predict the effect of developments with respect to the City's economic condition or other related economic developments in the City on Stock Transfer Tax collections. In addition, the enactment of the Federal Securities Acts Amendments of 1975, relating to the evolution of a centralized nationwide securities market, may affect the volume of taxable securities transactions in the State. The Securities Acts Amendments of 1975 also prohibit the imposition 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 transfet agent located in the State.

Debt Service Payment Requirements and Estimated Coverage Ratios

The Corporation has been informed by the State Department of Taxation and Finance that the Sales Tax collected for the twelve months ended September 30, 1976 (less expenses of administration, collection and distribution) was approximately $823,843,000. Based upon information supplied by such Department, the Corporation has determined that the Stock Transfer Tax (less expenses of administration, collection and distribution and excluding approximately $55,296,000 attributable to the surcharge discussed under "Stock
Transfer Tax”) collected for the twelve months ended September 30, 1976 was approximately $220,522,000. This amount added to the $823,843,000 amount of Sales Tax collections results in a total amount of $1,044,365,000. The following table shows the ratios of the Sales Tax alone and the Sales Tax and Stock Transfer Tax (in each case less the $4,000,000 estimated by the Corporation as necessary for operating expenses of the Corporation for the fiscal year of the Corporation ending June 30, 1977) to the debt service required to be paid by the Corporation in each of the twelve month periods ending February 1 of each year set forth below on Bonds issued under the First General Bond Resolution. There is no assurance, however, that the Sales Tax and the Stock Transfer Tax collections will, in fact, remain at such levels, see “Sales Tax” and “Stock Transfer Tax”, or that the operating expense level of the Corporation will not change, or that additional Bonds will not be issued within the limitations described under “Bonds Being Offered—Additional Bonds.”

### Debt Service Payment Requirements and Estimated Coverage Ratios

<table>
<thead>
<tr>
<th>12-Month Period Ended February 1</th>
<th>Total Debt Service Payments</th>
<th>Coverage Ratios (b)—Sales and Stock Transfer Tax</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Total Debt Service Payments</th>
<th>Sales and Stock Transfer Tax</th>
<th>Sales Tax Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>$ 417,396</td>
<td>2.49</td>
<td>$ 191,200</td>
<td>$ 225,960</td>
<td>$ 417,160</td>
<td>2.49</td>
<td>1.97</td>
</tr>
<tr>
<td>1978</td>
<td>411,887</td>
<td>2.53</td>
<td>190,310</td>
<td>220,342</td>
<td>410,652</td>
<td>2.53</td>
<td>2.00</td>
</tr>
<tr>
<td>1979</td>
<td>398,253</td>
<td>2.61</td>
<td>188,625</td>
<td>208,394</td>
<td>397,019</td>
<td>2.62</td>
<td>2.06</td>
</tr>
<tr>
<td>1980</td>
<td>484,350</td>
<td>2.15</td>
<td>285,645</td>
<td>196,471</td>
<td>483,116</td>
<td>2.15</td>
<td>1.70</td>
</tr>
<tr>
<td>1981</td>
<td>462,504</td>
<td>2.25</td>
<td>286,405</td>
<td>174,864</td>
<td>461,269</td>
<td>2.26</td>
<td>1.78</td>
</tr>
<tr>
<td>1982</td>
<td>434,670</td>
<td>2.39</td>
<td>230,260</td>
<td>153,176</td>
<td>433,436</td>
<td>2.40</td>
<td>1.89</td>
</tr>
<tr>
<td>1983</td>
<td>416,121</td>
<td>2.50</td>
<td>282,822</td>
<td>132,065</td>
<td>414,887</td>
<td>2.51</td>
<td>1.98</td>
</tr>
<tr>
<td>1984</td>
<td>409,734</td>
<td>2.54</td>
<td>301,600</td>
<td>111,964</td>
<td>413,564</td>
<td>2.52</td>
<td>1.98</td>
</tr>
<tr>
<td>1985</td>
<td>322,523</td>
<td>3.23</td>
<td>236,000</td>
<td>90,340</td>
<td>326,340</td>
<td>3.19</td>
<td>2.51</td>
</tr>
<tr>
<td>1986</td>
<td>423,018</td>
<td>2.46</td>
<td>336,718</td>
<td>75,356</td>
<td>412,074</td>
<td>2.52</td>
<td>1.99</td>
</tr>
<tr>
<td>1987</td>
<td>164,530</td>
<td>6.32</td>
<td>102,175</td>
<td>51,396</td>
<td>153,571</td>
<td>6.77</td>
<td>5.34</td>
</tr>
<tr>
<td>1988</td>
<td>154,552</td>
<td>6.73</td>
<td>101,725</td>
<td>41,784</td>
<td>143,509</td>
<td>7.25</td>
<td>5.71</td>
</tr>
<tr>
<td>1989</td>
<td>61,640</td>
<td>16.88</td>
<td>27,825</td>
<td>32,120</td>
<td>59,945</td>
<td>17.36</td>
<td>13.68</td>
</tr>
<tr>
<td>1992</td>
<td>62,425</td>
<td>16.67</td>
<td>86,000</td>
<td>20,899</td>
<td>106,899</td>
<td>9.73</td>
<td>7.67</td>
</tr>
<tr>
<td>1994</td>
<td>60,542</td>
<td>17.18</td>
<td>66,100</td>
<td>1,991</td>
<td>88,091</td>
<td>57.51</td>
<td>45.32</td>
</tr>
<tr>
<td>1995</td>
<td>44,666</td>
<td>23.29</td>
<td>2,000</td>
<td>220</td>
<td>2,220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total ... $4,913,180 ... $3,091,810 ... $1,804,181 ... $4,895,991

(a) The Corporation may issue additional Bonds, Notes and Other Obligations pursuant to the First General Bond Resolution, subject to the limitations described under “Bonds Being Offered—Additional Bonds.”

(b) Such coverage ratios assume amounts available in each twelve month period ending February 1 will remain at a level equal to the amount of collections for the twelve month period ended September 30, (Footnotes continued on following page)
1976 (exclusive of Stock Transfer Tax surcharge), less State expenses of administration, all as reported to the Corporation by the office of the State Commissioner of Taxation and Finance, and also less estimated current fiscal year operating expenses of the Corporation. See "Sales Tax" and "Stock Transfer Tax." The total debt service payments set forth above do not include amounts required to be paid into the Capital Reserve Fund. See "General." For information with respect to coverage required for issuance of additional Bonds, see "Bonds Being Offered—Additional Bonds."

**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, 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. . . . For each of the calendar years set forth below the capital reserve fund requirement, as of any date of calculation, shall equal the percentage set forth opposite such calendar year of the amount of principal and interest maturing or otherwise due or becoming due during such calendar year on all bonds of the corporation secured by the capital reserve fund 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>

After 1980, the required amount of the Capital Reserve Fund is the amount of principal of and interest maturing or otherwise due or 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 First 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 immediately following 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.
Moratorium and Federal Bankruptcy Legislation

As discussed under “Certain Developments Affecting the City—Moratorium Legislation”, in November 1975, the State Legislature enacted the New York City Emergency Moratorium Act (the “Moratorium Act”) which relates to certain outstanding notes of the City. Actions are pending in the State courts contesting the validity, under the State and Federal Constitutions and under the Federal Bankruptcy Act, of the Moratorium Act. For additional information concerning such court actions, see “Litigation—Moratorium.” In the event that the validity of the Moratorium Act is sustained by a court of final jurisdiction, such judicial determination could support the constitutionality of similar legislative enactments in the future which, if enacted, could adversely affect certain terms and conditions of the Bonds and the Resolution, including the payment of principal and interest thereon, and the enforceability thereof.

There is no moratorium legislation in existence or, to the knowledge of the Corporation, introduced in the State Legislature that in any way relates to obligations of the Corporation, although there is no assurance that the State Legislature will not enact such legislation in the future.

As discussed under “Certain Developments Affecting the City—Federal Bankruptcy and State Stay Legislation”, in April 1976, a new Chapter IX of the Federal Bankruptcy Act became effective. A petition for relief under the provisions of such Chapter may be filed by any State agency that is authorized under State law to file such a petition. The Corporation is an agency and instrumentality of the State and, if authorized to file a petition by the State Legislature or other appropriate authority, could file a Chapter IX petition if the Corporation were insolvent or unable to meet its debts as they mature, and were to meet the other conditions specified in Chapter IX. The Corporation is not now authorized by the State to file a Chapter IX petition, although it may be so authorized in the future. If the Corporation commenced such a Chapter IX proceeding, the Bonds, including the 1976 Series CC Bonds, would be among the debts it could seek to modify or adjust by a plan in that proceeding. The Corporation does not anticipate that it will seek such authorization and does not anticipate a need for such relief.

Although the filing by the City of a Chapter IX petition might have a general adverse effect on the economic health of the City, the Corporation believes that the filing by the City or the Emergency Financial Control Board of a Chapter IX petition would not have a material adverse effect on the available revenues of the Corporation and, thus, would not affect the ability of the Corporation to repay its obligations, including the 1976 Series CC Bonds.

BONDS BEING OFFERED

Description of the Bonds

General

The 1976 Series CC Bonds will be dated November 1, 1976 and will bear interest therefrom, payable semi-annually on February 1 and August 1 of each year commencing February 1, 1977, at the rate, and will mature on the date, as set forth on the cover page of this Official Statement.

The 1976 Series CC Bonds will be issued as coupon bonds, in the denomination of $5,000 each, registrable as to principal only on the books of the Corporation at the corporate trust office of the Trustee, or as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Coupon bonds and fully registered bonds are interchangeable.

For every exchange or transfer of the 1976 Series CC 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 1976 Series CC 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.
Optional Redemption

The 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole on any date, or in part, by lot, on any interest payment date or dates, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued interest to the date of redemption.

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 1982 to July 31, 1983</td>
<td>104%</td>
</tr>
<tr>
<td>August 1, 1983 to January 31, 1984</td>
<td>103</td>
</tr>
<tr>
<td>February 1, 1984 to July 31, 1984</td>
<td>102</td>
</tr>
<tr>
<td>August 1, 1984 to January 31, 1985</td>
<td>102(\frac{1}{2})</td>
</tr>
<tr>
<td>February 1, 1985 to July 31, 1986</td>
<td>101(\frac{1}{2})</td>
</tr>
<tr>
<td>August 1, 1986 to January 31, 1988</td>
<td>101</td>
</tr>
<tr>
<td>February 1, 1988 to July 31, 1989</td>
<td>100</td>
</tr>
<tr>
<td>August 1, 1989 to January 31, 1991</td>
<td>100(\frac{1}{2})</td>
</tr>
<tr>
<td>February 1, 1991 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The 1976 Series CC Bonds are also subject to redemption, in part, by lot on February 1 in each of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof (except as set forth below), plus accrued interest to the date of redemption thereof, from mandatory “Sinking Fund Installments” (as defined in the First General Bond Resolution) which are required to be made in amounts sufficient to redeem on February 1 of each year the principal amount of such 1976 Series CC Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$5,065,000</td>
<td>1989</td>
<td>$17,725,000</td>
</tr>
<tr>
<td>1985</td>
<td>5,570,000</td>
<td>1990</td>
<td>20,260,000</td>
</tr>
<tr>
<td>1986</td>
<td>6,330,000</td>
<td>1991</td>
<td>30,385,000</td>
</tr>
<tr>
<td>1987</td>
<td>6,965,000</td>
<td>1992</td>
<td>70,900,000</td>
</tr>
<tr>
<td>1988</td>
<td>7,595,000</td>
<td>1993</td>
<td>85,455,000*</td>
</tr>
</tbody>
</table>

* Final Maturity.

The 1976 Series CC Resolution provides that no change may be made in the amount or timing of the above Sinking Fund Installments without the unanimous consent of holders of all outstanding 1976 Series CC Bonds.

The Corporation may from time to time direct the Trustee to purchase with moneys in the Debt Service Fund, at or below par plus unpaid interest accrued to the date of such purchase, 1976 Series CC Bonds and apply any 1976 Series CC Bonds so purchased as a credit, at the par amount thereof, against and in fulfillment of a required Sinking Fund Installment on such 1976 Series CC Bonds. See “Summary of Certain Provisions of The First General Bond Resolution—Debt Service Fund.” To the extent the Corporation fulfills its sinking fund obligations in a particular year through such purchases, the likelihood of a bondholder's 1976 Series CC Bonds being redeemed through the operation of the sinking fund will be reduced for such year. The Corporation has in the past exercised such right with respect to certain of its Second Resolution Bonds and may in the future do so with respect to the 1976 Series CC Bonds.

Trustee

United States Trust Company of New York has been appointed the Trustee for the 1976 Series CC Bonds. Its corporate trust office is located at 130 John Street, New York, New York 10038. For further information concerning the Trustee, see “Trustee.”
Additional Bonds

Pursuant to the Act, the Corporation is authorized to issue bonds and notes in an aggregate principal amount not exceeding $5.25 billion (exclusive of bonds and notes issued to refund outstanding bonds and notes). As of the date of this Official Statement, the Corporation has issued $3,993,535,000 aggregate principal amount of bonds and notes, excluding refunding issues but including notes paid at maturity and bonds acquired for credit to sinking fund requirements.

The Corporation may not issue any additional Bonds, Notes or Other Obligations unless both of the following conditions imposed by the First General Bond Resolution are met:

1. The amount equal to (a) the lesser of (i) the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such determination, 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) or (ii) the amounts estimated to be collectible during the succeeding 12-month period from such sources as estimated by the State Commissioner of Taxation and Finance, less (b) the estimated amount of operating expenses of the Corporation for the then current fiscal year of the Corporation, is at least two times (c) the amount of principal, including sinking fund installments, and interest maturing or otherwise coming due in the then current or any future fiscal year of the Corporation on all Bonds, Notes and Other Obligations (including the particular series or series of additional Bonds, Notes or Other Obligations then proposed to be issued); and

2. The amount of Sales Tax collections (determined as in clause (a) of paragraph 1 above), less the estimated operating expenses of the Corporation for the then current fiscal year of the Corporation, is at least 1.5 times the amount determined under clause (c) of paragraph 1 above.

Under the Act and the Resolution, collections attributable to the existing surcharge on the Stock Transfer Tax may be includable in determining the amount of additional Bonds which may be issued pursuant to Section 201 of the First General Bond Resolution. The Corporation has no intention of including in the calculations of debt service coverage, for the purposes of the issuance test described in paragraphs 1 and 2 above, any tax collections (including the 25% surcharge on the Stock Transfer Tax) attributable to any periods after the date on which such taxes are scheduled to expire pursuant to legislation in effect at the time of such calculation.

In addition to the limitations imposed by the First General Bond Resolution on the issuance of Bonds, Notes or Other Obligations, the Second General Bond Resolution contains other limitations upon the issuance by the Corporation of additional obligations under the First General Bond Resolution. The Second Resolution Bonds are payable principally from the municipal assistance state aid fund and also from the Municipal Assistance Tax Fund on a subordinated basis to the Bonds.

The Treasury Department has proposed an amendment to its regulations relating to the tax exemption for interest on obligations of certain public authorities, and it is possible that new regulations might eventually be adopted which could affect the tax exempt status of future obligations of the Corporation. Such regulations could materially increase the cost of borrowing or limit the ability of the Corporation to borrow.

SUGGESTED RESTRUCTURING OF CITY AND CORPORATION DEBT

In an address delivered on September 21, 1976, the Chairman of the Corporation suggested in general terms a refinancing of bonds of the City and the Corporation on a long-term basis, in order to reduce current debt service requirements and facilitate the achievement of a balanced City budget during the 1977-78 fiscal year. Under this suggestion, bonds of the City and the Corporation would be refinanced through the issuance of new bonds of either or both such entities having terms of 20 to 25 years and interest rates lower than bonds currently outstanding. The Chairman of the Corporation has proposed that such new bonds issued by the Corporation be backed by Federal guarantees.
These suggestions have not been refined into specific proposals. If any such proposals were to be implemented, certain steps, including Federal and State legislation, would be required. No assurance can be given that such proposals could be implemented.

In the event that any of such proposals are implemented at some future date, holders of the Bonds might have their Bonds redeemed in accordance with the provisions of the First General Bond Resolution or could be asked to exchange voluntarily such Bonds for other obligations of the Corporation which might be Federally guaranteed.

**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 politic. 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>Felix G. Robatyn, <em>Chairman</em></td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Francis J. Barry(1)</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>George M. Brooker(1)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>John A. Coleman(1)</td>
<td>December 31, 1976</td>
</tr>
<tr>
<td>Thomas D. Flynn</td>
<td>December 31, 1977</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>Donna E. Shalala, <em>Treasurer</em></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(2)</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(3)</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>Nicholas L. Pitaro</td>
<td>Appointed by the Vice-Chairman of the City Council</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>Sanford I. Weill(3)</td>
<td>Designated representative of the State Comptroller</td>
</tr>
</tbody>
</table>

In addition, Eugene Keilin is the Executive Director of the Corporation.

(1) Appointed upon the written recommendation of the Mayor.

(2) 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.

(3) Wertheim & Co., Inc. and Shearson Hayden Stone, Inc., with which Messrs. Kresky and Weill, respectively, are affiliated, will act as underwriters in connection with the sale of the 1976 Series CC Bonds.
FEDEX G. ROHATYN, Chairman. 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, Howmet Turbine Components 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. He is also a trustee of Middlebury College. Mr. Rohatyn serves as a member of the Control Board. Mr. Rohatyn, 48, is a resident of New York City.

FRANCIS J. BARRY. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and other of its affiliated companies. He is also President of Cambell & Gardiner, 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 to date, he has served as an arbitrator for the United States Division of the National Maritime Union. He is a member of the Advisory Committee to the New York City Convention and Exhibition Corporation. Mr. Barry, 68, is a resident of New York City.

GEORGE M. BROOKER. Mr. Brooker has been principal stockholder and Secretary-Treasurer of Webb & Brooker, Inc., a real estate management and brokerage firm, since 1969. He is Chairman of the Board of Directors of the New York Urban League. He is a director of the DuBois Memorial Foundation, the Management Division Real Estate Board of New York and the Realty Advisory Board of New York. He is also a member of the Board of Governors of the Carver Democratic Club of New York City. Mr. Brooker, 50, 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 is a member of the Temporary Commission on City Finances. Mr. Coleman, 74, is a resident of New York City.

THOMAS D. FLYNN. Mr. Flynn was, until September 1975, a partner inArthur Young & Company, an international accounting firm, and Vice Chairman of its Management Committee. He served as President of the American Institute of Certified Public Accountants ("AICPA") from 1964 through 1965. 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 is 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. He is a member of the Board of Directors of Household Finance Corporation, of which he is Chairman of the Audit Committee. Mr. Flynn, 63, is a resident of Sands Point, Long Island.

GEORGE D. GOULD. Mr. Gould is President and Chief Executive Officer of The Madison Fund, Inc., a closed-end investment company. Until 1976, Mr. Gould was 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. He is also a Director of First National Stores, Inc., and International Controls Corporation. He serves as an observer to the Control Board. Mr. Gould, 49, 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. 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, 48, is a resident of New York City.
DONNA E. SHALALA. Dr. Shalala is an Associate Professor of Politics, Teachers College, Columbia University. She was recently on leave from her teaching position on a Guggenheim Fellowship to write a book on state revenue politics. She has published extensively in the field of the financial structure of state and local governments and the subjects of her writings include the operations of pension systems, state aid to local governments and the politics of state budgeting. She has been active in New York civic affairs and serves as Vice Chairwoman of the Citizens Union. She serves as an observer to the Control Board. Dr. Shalala, 34, 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, 68, is a resident of New York City.

ZANE KLEIN, Representative. Mr. Klein has been a member of the law firm of Berlack, Israls & 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, 39, is a resident of New York City.

EDWARD M. KESKY, Representative. Mr. Kresky is a First Vice President of Wertheim & Co., Inc., investment bankers. He has been with Wertheim since 1971. From 1965 through 1971, he served as Secretary to the Metropolitan Transportation Authority of New York 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 Financing Higher Education in New York State. Mr. Kresky serves as an observer to the Control Board. Mr. Kresky, 52, 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, Vice Chairman and a director of the Downtown Brooklyn Chamber of Commerce. Mr. Nadel, 55, is a resident of New York City.

NICHOLAS L. PITARIO, Representative. Mr. Pitaro is a member of the law firm of Liggio & Pitaro, New York, New York. He has served as Counsel to the Public Service Committee of the New York State Assembly, as Assistant Counsel to the Majority Leader of the New York State Assembly, and as a member of the last New York State Constitutional Convention. He is President of the 106th Precinct Community Council, Queens County, and is active in other civic and community affairs. Mr. Pitaro, 56, 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 Chairman of the Board since January 1976. He is a director of City Title Insurance Company, of New York State Medical Care Facilities Agency, and of Community Funding Corporation. He is a trustee of St. John’s University and BT Mortgage Investors. Mr. Quinn, 62, is a resident of New York City.

ROBERT W. SWEAVEY, Representative. Mr. Seavey is a member of the law firm of Seavey, 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 1973, a member of the Committee on Continuing Legal Education of the Association of the Bar of The City of New York. Mr. Seavey, 48, is a resident of New York City.
SANFORD I. WEILL, Representative. Mr. Weill is Chairman and Chief Executive Officer of Shearson Hayden Stone, an international investment banking firm, of which he was a founder in 1960. He has served as a director of numerous corporations and currently is on the Board of the Arlen Realty & Development Corp. He is a member of the New York Society of Security Analysts, Midwest Stock Exchange, Chicago Board of Trade and Young Presidents Organization, Inc. In January 1976, he was appointed by the Governor of New York to the Securities Industry Task Force. He is a member of the President's Council of Brandeis University. Mr. Weill, 43, is a resident of New York City.

EUGENE KEILIN, Executive Director. For the past year, Mr. Keilin was counsel to New York City's first Deputy Mayor for Finance. Mr. Keilin was employed by New York City from 1971 until he became Executive Director of the Corporation on October 1, 1976. From 1973 to 1975 he served as General Counsel of the City's Office of Management and Budget. Prior to his employment by the City, Mr. Keilin was associated with the New York law firm of Sage, Gray, Todd & Sims. Mr. Keilin, 34, 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.

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

Revenues of the Corporation

In November 1975, a national bank purporting to represent all holders of the City's bonds acquired before June 10, 1975, commenced an action in the State Supreme Court against the Corporation, the City, the State and certain officers of the City and State. The suit seeks, among other things, a declaratory judgment that sections of the Tax Law and Finance Law enacted as part of the Act are unconstitutional under Article 8, Section 2 of the State Constitution in depriving such holders of amounts to be received by the Corporation from the Sales Tax, which the plaintiff alleges would otherwise have constituted revenues of the City pledged for the payment of principal of and interest on such holders' City bonds. Also in November 1975, plaintiff served an amended complaint, which added allegations that sections of the Tax Law and Finance Law are also unconstitutional under Article 1, Section 10 of the Federal Constitution, the due process and equal protection clauses of the Fourteenth Amendment of the Federal Constitution and the equal protection guarantee of Article 1, Section 11 of the State Constitution.

Bond counsel has given its opinion to the Corporation that in a suit brought by a holder of any bonds or notes of the City, including the plaintiff in this lawsuit, asserting a right to the Sales Tax or the Stock Transfer Tax superior or equal to the rights of holders of bonds of the Corporation, including the Bonds, such holder will not prevail in the court of final jurisdiction.

The plaintiff bank in this suit also seeks a declaratory judgment that the City's publicly announced plan, upon any default, "to give priority of payment from the City's revenues to certain selected City
employees, selected vendors, welfare recipients and certain other selected persons” before paying principal of and interest on bonds of the City is unconstitutional under Article 8, Section 2 of the State Constitution in that the holders of City bonds are to be paid the principal of and interest on such bonds from the first revenues received by the City and that such plan is illegal and unconstitutional under the Federal Bankruptcy Act and the supremacy clause of the Federal Constitution. The suit further asks for a declaratory judgment that the provisions of Title 6-A of the Local Finance Law are illegal and unconstitutional under the State Constitution, the Federal Bankruptcy Act and the Federal Constitution. See “Certain Developments Affecting the City.” Finally, the suit also seeks a declaratory judgment that the Emergency Act (as defined under “Certain Developments Affecting the City—City Financial Plan”) “unconstitutionally diverts and expropriates to the [Emergency Financial Control Board] all of the City revenues mandated for application to payment of plaintiff’s City bonds, and unconstitutionally abrogates the duty of the City Comptroller, as the City’s fiscal officer”, in violation of the State Constitution.

In December 1975, motions for summary judgment made by the Corporation and by the State Comptroller and the State Tax Commission were granted by the State Supreme Court (i) holding that neither the State Constitution nor the Federal Constitution was violated by the provisions of the legislation that (a) suspended the City’s right to collect the sales and use tax imposed by the City and (b) imposed the Sales Tax and (ii) declaring that the State Tax Commission may collect the Sales Tax and remit the proceeds to the Corporation as prescribed by the statute. Plaintiff appealed this judgment to the State Court of Appeals, which has transferred the case to the Appellate Division on the ground that the judgment appealed from does not finally determine the entire controversy between the parties. In September 1976, the State Comptroller and the State Tax Commission moved to dismiss plaintiff’s appeal in the Appellate Division for failure diligently to prosecute. The Appellate Division has entered an order granting the motion unless plaintiff perfects its appeal for the January 1977 term of such Court.

**Moratorium**

In November 1975, a national bank purporting to represent all holders of notes of the City commenced an action in the State Supreme Court against the Corporation, the City, the Emergency Financial Control Board and the City Comptroller, alleging that the Moratorium Act violates provisions of the State and Federal Constitutions and of the Federal Bankruptcy Act. See “Certain Developments Affecting the City.” In December 1975, the State Supreme Court granted a motion of the defendants for summary judgment and dismissal of the complaint. The dismissal was affirmed by the Appellate Division in May 1976. The Appellate Division held, in part, that the Moratorium Act neither unconstitutionally impaired the obligation of contracts nor deprived City note holders of property without due process of law, that the Moratorium Act did not violate the State Constitution’s restrictions on borrowing and securing City notes, and that the Moratorium Act did not violate the Federal Bankruptcy Act. Plaintiff appealed to the State Court of Appeals, which heard arguments in September 1976, but has not yet rendered a decision on the appeal.

In December 1975, another action was commenced in the State Supreme Court by two individuals against the City, the City Comptroller and the State (but not the Corporation), seeking to have the Moratorium Act declared unconstitutional on the same grounds alleged in the State court action described above, and seeking payment by the City of principal of and interest on all of its notes which were scheduled to mature on December 11, 1975. The City has informed the Corporation that it has filed an answer denying all material allegations and all liability.

In June 1976, two individuals owning a City note subject to the Moratorium Act commenced an action against the City (but not against the Corporation) in State Supreme Court. The complaint seeks (i) a declaratory judgment that plaintiffs have the right to set off amounts due pursuant to their note against the City income tax which they owe; and (ii) an injunction against the City enjoining it from levying on plaintiffs’ property or in any way interfering with plaintiffs’ property until plaintiffs have recouped amounts due pursuant to their note. The City has informed the Corporation that it intends to file a motion for summary judgment on the ground that the complaint fails to state a cause of action upon which relief may be granted.
In December 1975, an action was commenced, allegedly on behalf of all holders of notes of the City, in the United States District Court for the Southern District of New York by a corporation holding notes of the City against the City, the City Comptroller and the Corporation seeking (i) to have the Moratorium Act declared unconstitutional under provisions of the Federal Constitution and the Federal Bankruptcy Act, (ii) to enjoin the Corporation from issuing to holders of notes of the City, any securities of the Corporation having a maturity in excess of one year, and (iii) to require either (a) that the State Legislature amend the Moratorium Act to apply to City bonds and to provide that holders of notes of the City receive the rate of interest stated thereon, or (b) that the Moratorium Act be declared unconstitutional. In December 1975, another action was commenced in the same District Court by an individual purporting to represent all holders of notes of the City against the City and the City Comptroller (but not the Corporation) seeking to have the Moratorium Act declared unconstitutional under various provisions of the Federal Constitution. In September 1976, the District Court granted motions by defendants in both actions for summary judgment and dismissal of the complaints. The District Court held, among other things, that the Moratorium Act neither unconstitutionally impaired the obligation of contracts nor deprived City noteholders of property without due process of law, and that the Moratorium Act did not violate the Federal Bankruptcy Act. Plaintiffs' time to appeal has expired and no appeal has been taken.

In April 1976, an action was commenced against the City in the State Supreme Court by a partnership holding notes of the City seeking a judgment declaring the minimum 6% annual rate of interest on non-exchanged notes of the City, as established by the Moratorium Act, constitutionally deficient under the State and Federal Constitutions, and requiring the payment of such additional interest, if any, on those notes upon their redemption or at the expiration of the moratorium period, as the court finds constitutionally mandated. In its answer the City has denied all material allegations and all liability.

In June 1976, one individual, on behalf of himself, his wife and another relative, as taxpayers and owners of stock in cooperative apartments, commenced a special proceeding in State Supreme Court against the City Comptroller alleging that, notwithstanding the Moratorium Act, Article 8, Section 2 of the State Constitution requires that the City Comptroller set aside the first revenues received by the City after a failure by the City to appropriate moneys to pay short-term indebtedness of the City and apply such revenues to redeem City notes. Petitioners seek a judgment directing the City Comptroller to set aside the first revenues received by the City after June 30, 1976 and to apply these revenues to the redemption of City notes which are subject to the Moratorium Act. The City has moved to dismiss the petition, but such motion has not yet been heard by the Court.

State and City Pension Funds' Investment in Securities of the Corporation

An association purporting to represent retired City civil service employees had sought by litigation to prevent the trustees of certain City pension funds from investing assets of those funds in securities of the Corporation pursuant to the mandate contained in the Emergency Act. In October 1975, a motion by those plaintiffs for a preliminary injunction barring the trustees of the City pension funds from making the proposed investments pursuant to such Legislation was denied by the State Supreme Court after the trustees had stated that they were purchasing the Corporation's securities on a voluntary basis and not pursuant to the mandate of the Emergency Act. In February 1976, plaintiffs served an amended and supplemental complaint. The amended complaint added allegations that sections 179(1) and (2) of the State Retirement and Social Securities Law are illegal and unconstitutional under the State and Federal Constitutions, including those provisions of such legislation which declare securities of the Corporation to be reasonable, prudent and proper investments for fiduciaries. The amended complaint further asks for a decretory judgment that certain State legislation enacted in December 1975 providing for the indemnification by the City of public pension fund trustees for liabilities on losses arising out of the purchase by such trustees of securities of the City or of the Corporation is illegal and unconstitutional under the State and Federal Constitutions; and that those provisions of the Emergency Act which mandated the investment by the teachers' retirement fund of a portion of its assets in securities of the Corpora-
tion are illegal and unconstitutional under the State and Federal Constitutions. Finally, the amended complaint also seeks a judgment declaring that the investments already made by the trustees in securities of the Corporation are illegal and that the trustees are liable to the fund for any losses sustained by the fund as a result of such investments. The City has informed the Corporation that it has filed an answer denying all material allegations and all liability.

In February 1976, an action was brought in the United States District Court for the Southern District of New York by a retired New York City teacher, purporting to sue on behalf of a class of all retired New York City teachers, against the Corporation, the City, the members of the Board of the Teachers' Retirement System of the City of New York and others. The complaint alleges that the State statute which had mandated purchases of bonds of the Corporation by the Teachers' Retirement System violates various provisions of the State and Federal Constitutions and that purchases of bonds of the Corporation by the Teachers' Retirement System allegedly made "pursuant thereto" were unconstitutional and allegedly impaired the rights of retired teachers. Plaintiff seeks, among other things, to enjoin further purchases of securities of the Corporation and the City by the Teachers' Retirement System. All defendants have moved to dismiss the complaint for lack of Federal jurisdiction and for failure to state a claim upon which relief may be granted. The motions are pending.

In March 1976, two actions were commenced on behalf of the members of the State Employees' Retirement System and the State Police's and Firemen's Retirement System (the two Retirement Systems whose assets are included in the Common Retirement Fund) seeking, among other things, to declare the authorization of investment of the respective System's funds in obligations of the State and its Authorities void and to enjoin investments in such securities unless the State Comptroller shows that such investments are prudent and are for the sole benefit of the respective Systems. On March 29, 1976, the court denied a preliminary injunction seeking such relief. Motion for summary judgment for defendant and cross-motion for summary judgment for the members of the State Employees' Retirement System were argued on April 23, 1976. On August 2, 1976, the court granted the Comptroller's motion for summary judgment and dismissed the complaint.

In October 1976, three retired teachers, purporting to sue on behalf of a class of all persons receiving a retirement allowance from the New York City Teachers Retirement System, brought an action in the United States District Court for the Southern District of New York against the Teachers Retirement System and each of its members, seeking, among other things, to enjoin further investments by the Teachers Retirement System in obligations of the City, and to recover damages for any losses sustained by plaintiffs and members of their class.

CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although bonds of the Corporation are not obligations of the State, financial developments with respect to the State, or its agencies, may affect the market prices of the Bonds, including the 1976 Series CC Bonds. In addition, as is more fully described under "Provisions for Payment of the Bonds", the revenues of the Corporation that are pledged to payment of debt service on the Bonds are derived from the Sales Tax and Stock Transfer Tax. The payment of revenues derived from the Sales Tax and the Stock Transfer Tax to the Corporation is subject to appropriation by the State Legislature. The State Legislature has made such appropriations for the State's 1976-77 fiscal year, and the Corporation believes that the State Legislature will continue to make such appropriations. See "Provisions for Payment of the Bonds—Appropriation by Legislature." It is possible, however, that the willingness of the State Legislature to make such appropriations may in the future be affected by the financial condition of the State. The factors affecting the State's financial condition are complex; this section outlining the State's financial condition is based entirely on information supplied by the State.

Difficulties prior to and during the 1975-76 Fiscal Year of the State

A series of developments during 1975 adversely affected the financial condition of the State. These difficulties included a default, subsequently cured, by the Urban Development Corporation
("UDC") on certain of its bond anticipation notes. The State organized the State Project Finance Agency ("PFA"), which took over certain UDC projects. Further, the State, because of the City's financial difficulties, was called upon to accelerate payment of certain State aid to the City, to organize the Corporation, to make substantial first instance appropriations for the benefit of the City, and ultimately to enact the Moratorium Act relating to certain obligations of the City. The Moratorium Act is believed to have caused additional investor resistance to all securities issued by the State, its municipalities and authorities. In the years leading up to the last quarter of 1975, the amount of short-term debt issued by the State, its municipalities and authorities increased substantially. The reliance of these other governmental units upon the State for financial assistance created a tendency among investors to view all such New York-related securities similarly. These factors are believed to have contributed to a decrease in the demand for such New York-related securities generally.

Partly because of these developments and the additional burdents the State assumed in providing assistance to certain authorities and municipalities, the State, during the latter part of 1975, lost access to the public capital market from which it had traditionally met its borrowing needs. The State's difficulties were compounded by the fact that it ended its fiscal year on March 31, 1976 with a deficit of $446.8 million in its General Fund.

**Plans for the 1976-77 Fiscal Year**

Because of the developments referred to in the immediately preceding paragraphs and the State's need for substantial seasonal borrowing in the first quarter of its fiscal year, the State recognized the need for, and developed, plans for its 1976-77 fiscal year designed to finance its operations and meet its maturing obligations. These plans called for (i) a balanced financial plan (the "State Financial Plan") for the 1976-77 fiscal year, including the payment before the end of the fiscal year of all tax and revenue anticipation notes issued or coming due during such fiscal year, (ii) a borrowing plan to provide for the State's estimated borrowing needs of $4.53 billion for the 1976-77 fiscal year (the "Fiscal 1976-77 Borrowing Plan"), of which approximately $3.96 billion (including $3.72 billion of seasonal borrowing in the form of tax and revenue anticipation notes) has been accomplished, (iii) a plan (the "Authority Build-Out Plan") to meet the financing requirements through September 30, 1978, aggregating approximately $2.58 billion, of four financially-troubled authorities (the New York State Housing Finance Agency, the Dormitory Authority, the New York State Medical Care Facilities Finance Agency and the New York State Environmental Facilities Corporation, referred to herein collectively as the "Build-Out Authorities"), of which approximately $456 million has heretofore been permanently financed, approximately $1,097 million has been temporarily financed and approximately $287 million has been accomplished by project suspensions, and (iv) provision in the balanced State Financial Plan for an appropriation to UDC as part of the program for completion of certain UDC projects and avoidance of default, which has been accomplished. In addition to these plans, legislation was adopted placing limitations on the incurrence of additional so-called "moral obligation" debt by State authorities.

Since the development of these plans the State has been able to sell publicly $104 million of its bonds, and the Comptroller, as Trustee of the Common Retirement Fund of the State, has been able to resell publicly $288.6 million of tax and revenue anticipation notes held by such fund.

The State Financial Plan, as promulgated in April 1976, has been modified and revised, partly in accordance with regular mid-year review and partly in view of certain recent developments. See "Significant Factors Affecting Plans for the 1976-77 Fiscal Year", especially paragraph 1(a) below.

**Significant Factors Affecting Plans for the 1976-77 Fiscal Year**

The plans of the State referred to above are subject to a number of significant projections and contingencies which, if not realized, may prevent it from achieving the objectives of such plans and may have the effect of again foreclosing access to the public market for its securities. The most significant of such factors include the following:

1. **Factors Related to the State Financial Plan for the 1976-77 Fiscal Year**

   (a) **Modification of State Financial Plan.** The State began the fiscal year with a balanced State Financial Plan based on a projected increased revenue yield of 7.6% (representing a projected "true
growth", i.e., growth resulting from economic factors and inflation, of $725 million), and a projected increase in expenditure levels of 2.7% (or a total increase of $289 million). The original cash flow statement of April 1976 was revised on June 7, 1976, to reflect changes in estimated time of receipts and expenditures during the fiscal year, but not in the total amounts thereof. On October 14, 1976, the State announced a revised State Financial Plan which reflects an excess of expenditures over income of $229 million for the current fiscal year. Such revised plan projects an increased revenue yield of 7.4% (or $710 million of “true growth”) and an increase in expenditure levels of 4.9% (or $517 million). The projected total current revenue shows a decrease of $70 million from the original estimates, due primarily to a short-fall in state sales and use tax collections (the state-wide sales and use tax, as distinct from the Sales Tax, which is imposed only within the City). However, because of receipts from Federal revenue sharing and certain bond funds which were higher than originally anticipated, the total income projected for the current fiscal year is only one million dollars less than projected in April 1976. This projected decrease, combined with the $228 million increase in projected expenditures reflected above (including an increase in social service disbursements of $145 million, and increases of approximately $57 million in grants and State aid to local governments, not-for-profit institutions and individuals), results in the projected $229 million deficit.

To the extent that such excess of expenditures over income is not eliminated by March 31, 1977, and is financed through the funding of existing tax and revenue anticipation notes or the issuance of new notes, the State Constitution, which requires that the Governor submit to the State Legislature a balanced budget (including the repayment of notes issued to finance a deficit in the prior year), and which further requires the repayment of tax and revenue anticipation notes within one year of their original date of issuance, may require that such notes be repaid by June 14, 1977. A recent Court of Appeals decision, although not directly ruling on the financing of a State deficit, creates doubts as to the ability of the State to borrow to finance such a deficit. The State Director of the Budget has informed the Corporation that, in his judgment, such deficit should not impair the State's ability to pay on a timely basis debt service on its outstanding debt obligations.

(b) Postponement of Income Tax Refunds. The State has indicated that the payment of all of the personal income tax refunds (currently estimated by the State to be somewhat more than $200 million) which would ordinarily be processed during the last quarter of the fiscal year will be deferred until after the end of the State’s current fiscal year. This measure would result in a concomitant decrease in available revenues in the 1977-78 fiscal year and would increase the difficulty of achieving a balanced State financial plan in that year. Legislative opposition to this measure was voiced in the 1976 session, but no legislation was enacted.

(c) Repayment of First Instance Appropriations. In order to fund a first instance appropriation to the Corporation, the State sold $250,000,000 of tax and revenue anticipation notes (the “State Notes”) in November 1975 to certain of the State retirement systems and other State sources. The State Notes mature on November 19, 1976. As a precondition to receiving such appropriation, the Corporation was required to enter into a repayment agreement with the State Director of the Budget and to issue the Series V and AA Bonds payable to the State in the amount of the appropriation. The sale of the 1976 Series CC Bonds will provide the State with the moneys needed to repay the State Notes. See “Introduction—Refunding of Bonds Held by the State and Use of Proceeds.”

(d) Problems of Municipalities. The City of Yonkers, which has been experiencing financial difficulties and for which the State has established a financial control board, has recently been able to sell its securities in the public market. In view of Erie County's recent financial difficulties, the State Comptroller, at the request of the Governor, has undertaken a special audit in order to identify the reasons for the County's current financial condition. Erie County has funded for one month approximately $35 million in notes held by certain upstate banks which matured on November 1, 1976. The impact, if any, of the financial condition of Erie County on the State's own finances cannot be determined at this time. If these governmental units continue to be in financial difficulty, or if any other governmental units within the State become involved in similar financial difficulty, the State may be asked for assistance.
which, if provided, could result in a larger deficit in the State Financial Plan than is currently projected. The possibility of additional State financial assistance is particularly significant with respect to the City. See “Certain Developments Affecting the City.”

2. Factors Related to the Authority Build-Out Plan and the Fiscal 1976-77 Borrowing Plan

(a) Litigation, Regulations and Other Factors. The implementation of the Authority Build-Out Plan may be affected by (i) litigation challenging the investment of certain State retirement systems in securities of either the State or the Build-Out Authorities, (ii) amendments to the Treasury regulations at present applicable to the tax exemption for interest on obligations of the Build-Out Authorities and (iii) the fact that all the commitments and assurances related to the Authority Build-Out Plan are interdependent, and failure to achieve any one may result in the termination of all such commitments and assurances.

The Fiscal 1976-77 Borrowing Plan could also be affected by the litigation referred to in (i) above.

(b) HUD-Insured Mortgage Program. An important element of the Authority Build-Out Plan is the sale of mortgages insured by the United States Department of Housing and Urban Development (“HUD”) and held by the New York State Housing Finance Agency (“HFA”) on approximately 25 projects. Ten sales have been completed on which an aggregate of $49.5 million has been received by HFA, and eight other projects are currently under review for inclusion in the insured mortgage program.

(c) HFA Bond Sale. HFA has recently been able to sell approximately $149 million in principal amount of its State University Construction Bonds in the public market.

Outlook for the 1977-78 Fiscal Year

The State Constitution requires that the Governor submit to the State Legislature a balanced budget. Certain significant developments during the 1976-77 fiscal year may affect the aggregate total of income or expenditures in such balanced budget for the 1977-78 fiscal year, including: (1) the effect of a deficit projected to be incurred for the 1976-77 fiscal year; (2) the possible unavailability of a substantial amount of potentially non-recurring revenues which were utilized in the 1976-77 State Financial Plan; (3) provision for the payment of a substantial amount of potentially non-recurring expenditures which were incurred in the 1976-77 State Financial Plan; and (4) the adoption of legislation in an extraordinary session of the State Legislature in 1976 requiring the State to pay in its 1977-78 fiscal year approximately one-quarter of the costs of operation of the State court system presently paid by local governments. The State Division of the Budget has stated that, because it has only recently begun the process of preparing forecasts for the 1977-78 Executive Budget, it is unable, at this time, to make definitive statements on the effect which the foregoing factors may have on such Executive Budget. Consequently, because the need for, the aggregate amount of and the terms of any borrowing in anticipation of taxes and revenues during the 1977-78 fiscal year are dependent upon the requirements of such Executive Budget and are not necessarily related to the amount of or the terms of such borrowing in prior years, the State can make no definitive statement about the need for or the amount of such borrowing. For information as to seasonal borrowing during the 1976-77 fiscal year, see “Plans for the 1976-77 Fiscal Year.”

CERTAIN DEVELOPMENTS AFFECTING THE CITY

Although bonds of the Corporation are not obligations of the City, financial developments with respect to the City may affect the market prices of the Bonds, including the 1976 Series CC Bonds. The Corporation believes that its ability to repay the Bonds is not dependent upon the financial condition of the City. This section describes the financial plan (the “Financial Plan”) by which the City proposes to achieve a balanced Expense Budget, in accordance with accounting principles promulgated by the State Comptroller, for the 1977-78 fiscal year and sets forth cash sources the City has identified to cover deficits and other cash needs for the period through the 1977-78 fiscal year. (For a discussion of the plan to phase out operating expense items from the City’s Capital Budget, see “Various Control Programs—Conditions to Payments by the Corporation.”) The factors affecting the City’s financial condition are
complex; this section outlines the City’s financial condition as reported by the City and presented in the Financial Plan.

As noted herein, the City reported an Expense Budget deficit for its 1975-76 fiscal year and the Financial Plan assumes an additional Expense Budget deficit for the 1976-77 fiscal year. Such deficits have been or are expected to be financed by the sources described under “Cash Sources.” The City also has an accumulated deficit for prior fiscal years which has been financed by a variety of sources, including the issuance of bonds of the City and the Corporation. In addition, a portion of such accumulated deficit is represented by notes of the City which are subject to the Moratorium Act, as discussed under “Moratorium Legislation.”

The City’s accounting system is being restructured to permit an independent audit of the City’s financial statements for the 1977-78 fiscal year. See “Various Control Programs—Conditions to Payment by the Corporation.” Until this restructuring is complete, the financial information the City reports may be subject to material revision.

City Financial Plan

In September 1975, the State Legislature adopted the New York State Financial Emergency Act for The City of New York (the “Emergency Act”) which, among other things, created the Emergency Financial Control Board (the “Control Board”). See “Various Control Programs—Control Board.” As required by the Emergency Act, the City has submitted, and the Control Board has approved, the Financial Plan. The City has, with the approval of the Control Board, modified the Financial Plan from time to time and may make further material modifications, subject to the approval of the Control Board. (As used herein, the term “Financial Plan” means, with respect to the 1975-76 and 1976-77 fiscal years, the Financial Plan as modified by the City and approved by the Control Board as of the date hereof and, with respect to the 1977-78 fiscal year, as modified by the City and submitted to the Control Board for its approval.)

In reporting the operating results of the City for the 1975-76 fiscal year, the City Comptroller reported an actual Expense Budget deficit of $968 million (see item 10 of “Certain Assumptions” below), which is $83 million less than the deficit projected in the Financial Plan. The Financial Plan projects a further deficit in the Expense Budget of the City of $686 million for the 1976-77 fiscal year and projects a surplus in the 1977-78 fiscal year of $12 million.

The City’s ability to achieve the Financial Plan and to implement economies in excess of $1 billion, within 20 months, may be affected by or depend upon the City’s work force and management, public opinion and private employment, the State and the United States, and other factors over which the City may not have or exercise control.

Certain Assumptions

The Financial Plan is based on a large number of assumptions. To the extent that such assumptions are not realized, the Financial Plan may require further modification to achieve its objectives. Among the most significant of the Financial Plan assumptions stated by the City, are the following:

1. The Financial Plan assumes that the City will develop and be able to implement expenditure reductions and revenue increases sufficient to achieve the projected deficit or surplus in each fiscal year covered by the Financial Plan. The Financial Plan assumed expenditure reductions and revenue increases aggregating $200 million for the 1975-76 fiscal year (which the City has reported that it has achieved) and assumes additional such economies of $379 million for the 1976-77 fiscal year and $491 million for the 1977-78 fiscal year.

2. Certain assumptions, including assumptions with respect to the local and national economy, form the basis of estimates of expenditures and revenues contained in the Financial Plan. The City assumes a stabilizing trend in the local economy with some growth in revenues. From these basic estimates of revenues and expenditures, the City determines the amount of economies which it projects are needed to achieve a balanced budget in the 1977-78 fiscal year.

3. The Financial Plan assumes that the City will achieve numerous economies with respect to matters which may be subject to collective bargaining or require employee cooperation, such as reduction in the number of municipal employees, reduction in employee benefits and withdrawal from the Social Security System.
4. The Financial Plan assumes no general increases in wages or salaries for municipal employees pursuant to collective bargaining agreements above wage levels for the 1975-76 fiscal year and a wage freeze has been imposed pursuant to the Emergency Act. The Control Board may, however, permit limited cost of living increases in specific instances in which such increases are funded by independently measured savings realized, without a reduction in services, through gains in productivity, reduction of fringe benefits or through other savings or revenues approved by the Control Board.

5. The Financial Plan assumes that certain public authorities or corporations which receive funds from the City will operate without deficits and within the aggregate amounts provided for such purposes in the Financial Plan. On October 5, 1976, the State Special Deputy Comptroller for the City issued a report which projects a deficit for the Health and Hospitals Corporation of $45.6 million for the 1976-77 fiscal year and a deficit ranging from $69.6 million to $96.1 million for the 1977-78 fiscal year. The Control Board rejected the financial plan of the New York City Transit Authority for, among other reasons, its assumption that the City and the State will take certain actions which neither the City nor the State has agreed to perform.

6. The Financial Plan assumes the State will take over the cost of certain court, correction and probation functions which the City now funds. The Financial Plan further assumes that the Federal government will provide certain housing subsidies. The City has no commitments from State and Federal governments to take many of such actions.

7. The Financial Plan assumes a reduction in the level of City support for the City University of New York senior colleges. Such reduction may require a reduction in the level of educational services performed by the City University, increased tuition for students attending City University, integration of City University senior colleges into the State University system, increased financial support from the State or a combination of such acts.

8. The Financial Plan assumes favorable determinations in certain lawsuits pending against the City and the Corporation, particularly those suits challenging the Moratorium Act and the wage freeze enacted as part of the Emergency Act and lawsuits seeking to rescind past purchases and to enjoin future purchases of securities of the City or the Corporation by certain City pension funds.

9. The Financial Plan assumes no increase in the City's aggregate cost for public assistance and Medicaid, although eligibility for such programs is determined by Federal and State laws and the City has historically experienced difficulty controlling the costs for such programs.

10. The Financial Plan assumes no substantial increase in contributions to City pension funds. The City includes its annual contributions to the City pension funds in the Financial Plan for each year on a cash basis, which reflects current funding requirements under existing State and local law, rather than on an accrual basis, which reflects future funding obligations based on current payroll. The City has reported that if such contributions were computed on an accrual basis, the deficit projected in the Financial Plan for the 1975-76 fiscal year and the actual deficit for such year would both increase by approximately $200 million.

11. The Financial Plan does not include an inflation factor for costs designated as other than personal service costs and assumes that City productivity savings or further economies will offset price increases.

Actions Taken to Date

The City has reported that certain actions providing for reductions in expenditures and increases in revenues have been implemented since the commencement of the 1975-76 fiscal year. Among the most significant of these actions are the following:

1. The City has reported that it achieved the expenditure reductions and revenue increases included in its Financial Plan for the 1975-76 fiscal year, and that it is implementing the economies
contained in its Financial Plan for the 1976-77 fiscal year (including an additional $50 million program designed to compensate for expenditure overruns or revenue shortfalls). A proposed modification to the Financial Plan assumes a need for further expenditure reductions and revenue increases aggregating $491 million for the 1977-78 fiscal year. The City is required to submit the details of such measures to the Control Board by January 1, 1977 and to implement fully such measures by July 1, 1977 in order to achieve a balanced budget for the 1977-78 fiscal year.

2. The City Comptroller has reported a reduction of 41,360 in the number of City employees from 266,853 on June 30, 1975 to 225,493 on July 31, 1976. These figures exclude the Health and Hospitals Corporation and the Transit Authority, each of which has also reported a substantial decrease in employees.

3. The City and substantially all of the municipal labor unions with which the City bargains directly have entered into memoranda of interim understanding consistent with the assumption referred to above in item 4 of "Certain Assumptions."

4. The Financial Plan assumes that the State takeover of the costs of courts, correction and probation functions referred to above in item 6 of "Certain Assumptions" would be completed by the end of the 1977-78 fiscal year of the City. The State has enacted legislation under which it will assume the costs of only the court functions (and not correction and probation functions). Such legislation further provides that such takeover will not be completed until the end of the 1979-80 fiscal year.

5. The Transit Authority increased its fares from $.35 to $.50.

6. The City University of New York imposed a general tuition fee for the first time in its history.

7. The State has enacted tax legislation designed to provide approximately $500 million of additional revenues for the City over the period covered by the Financial Plan. Such tax legislation included an estate tax surcharge and a tax on transfers of bonds, each of which has been subsequently repealed. The Financial Plan takes into account the City's estimate of the approximately $46 million shortfall in revenues projected to result from such repeal in the 1977-78 fiscal year.

8. The State Special Deputy Comptroller issued a report on September 17, 1976 finding that, after review of the budget projections for the two largest categories of public assistance—Aid to Dependent Children and Home Relief—the City's grant and caseload projections in the aggregate for such categories are reasonable but that there is sufficient uncertainty in such projections to mandate close monthly monitoring.

9. Certain changes have been made with respect to the personnel who are responsible for the financial operations of the City. The positions of Deputy Mayor for Finance and Deputy Mayor for Economic Development have been created and a new First Deputy Mayor and a new Budget Director have been appointed by the Mayor. The City Comptroller has also appointed three new Deputy Comptrollers. Certain of such positions have been filled by persons formerly employed in private industry and in other levels of government.

In addition to such actions, the Mayor and the City Comptroller have stated that the City has taken steps which provide the City with an increased capability to produce comprehensible and reliable financial statements based upon interim improvements in the City's accounting systems. The City is currently installing new integrated budgeting and accounting systems. The Mayor and City Comptroller have stated that the work needed to implement such budgeting and accounting systems by July 1, 1977, was "on schedule" as of August 1976. However, several of the most difficult aspects of implementation of the new systems are scheduled to occur subsequent to August 1976.
Cash Sources

To provide the cash necessary to cover deficits and fund capital improvements through the 1977-78 fiscal year and to meet seasonal financing requirements as well as other cash needs of the City, the City has prepared cash flow projections which identify the following cash sources:

1. In November 1975, certain City pension funds agreed to purchase an aggregate of $2.5 billion of bonds of the City or the Corporation through the 1977-78 fiscal year. The pension funds have also agreed to apply all principal amortization payments received prior to June 30, 1978 to the purchase of such bonds. As of October 15, 1976, $875 million of City bonds have been purchased pursuant to such agreements. In the course of collective bargaining negotiations from time to time over the past year, certain municipal union leaders have stated that they may request that the pension funds refuse to make any further purchases of such bonds. However, all purchases have been made to date as originally contemplated.

2. Pursuant to legislation enacted by the Congress, a Credit Agreement among the City, the State, the Control Board and the Federal government, dated December 30, 1975, authorizes the Secretary of the Treasury to lend to the City up to $2.3 billion at any given time in the 1976-77 and 1977-78 fiscal years. Such amounts are payable on demand, and in any event, by the expiration of the fiscal year of the City in which the amounts are borrowed. There are several conditions to the making of any Federal loan, including the condition that the Secretary of the Treasury determine that there is a reasonable prospect of repayment in accordance with the terms of the loan. In the City's 1975-76 fiscal year, the City borrowed $1.26 billion under the Credit Agreement, which amount was repaid in full on or prior to June 30, 1976. As of October 15, 1976, $1.075 billion in loans pursuant to the Credit Agreement were outstanding, out of a projected total borrowing of $2.175 billion for the 1976-77 fiscal year.

3. In the last quarter of the City's 1975-76 fiscal year, the State advanced $800 million of education, public assistance and other aid funds to the City which would otherwise have been paid in the City's 1976-77 fiscal year. The City is in the process of repaying such advance. There is no assurance that the State can or will renew such advance in the future although the Financial Plan assumes that such advances will be made in the City's 1976-77 and 1977-78 fiscal years.

4. The City cash flow projections assume realization of $350 million in the 1976-77 fiscal year through the sale of certain Mitchell-Lama mortgages. However, the City has reported that it is unlikely that it will realize the full amount in this fiscal year. Further, there is no assurance that any of such proceeds will be available to the City to be applied as contemplated in the Financial Plan.

The City has projected a closing cash balance at the end of each of the 1976-77 and 1977-78 fiscal years of less than $100 million. To the extent the cash sources described above are not available to the City at the times and in the amounts projected by the City and other cash sources are not available to the City to meet any cash short falls, the financial condition of the City may be materially adversely affected.

Expiration of Plan

The Financial Plan currently covers the three fiscal years of the City ending with the 1977-78 fiscal year. Thereafter, the City will face a number of substantial liabilities and at present has no arrangements to meet them. Among these liabilities are the facts that the moratorium on the payment of the short-term notes of the City referred to below under “Moratorium Legislation” is scheduled to expire, and that wage increases deferred during the period of the wage freeze which is scheduled to end upon the expiration of the "emergency period" (as defined below under “Various Control Programs—Control Board”) may come due. In addition, a substantial increase in contributions to the City's pension funds, which has been recommended by, among others, the Mayor's Management Advisory Board, may be required.

In addition, the cash sources referred to above are projected to supply the City with sufficient cash to operate through the 1977-78 fiscal year. None of these cash sources provides for any cash after the con-
clusion of such fiscal year and extensions of the arrangements for such sources will have to be made or alternative sources will have to be found to meet the cash needs of the City after such fiscal year.

Federal Bankruptcy and State Stay Legislation

Recently enacted Federal and State statutes provide for certain remedies if the City’s cash sources are insufficient to meet the City’s obligations.

A new amendment to the Federal Bankruptcy Act ("Chapter IX") permits any State political subdivision or agency to file a petition for relief under its provisions if the subdivision or agency is authorized to do so by State law. Both the City and the Control Board are so authorized, and either could file such a petition if the City were (a) insolvent or unable to meet its debts as they mature, (b) desirous of effecting a plan to adjust its debts, and (c) able to meet the other pre-requisites for filing a Chapter IX petition with respect to negotiations between the City and its creditors and other matters. Any plan to adjust the City's debts would become effective only upon Court approval, after the requisite approval by creditors of the City had been obtained.

Title 6-A of the Local Finance Law ("Title 6-A"), like Chapter IX, permits adjustment or modification of City obligations if the City is unable to pay its debts or obligations as they mature. Title 6-A permits the City or the Control Board to file a petition in State court which would operate to stay any action to enforce any City obligation for at least 90 days and to file with the court a repayment plan. The Court may approve such repayment plan if it meets certain standards, including providing for repayment to creditors "on a fair and equitable basis, as is practicable in the circumstances." Creditors who do not accept such repayment plan will not be bound by its terms. The validity of Title 6-A is currently being litigated. See "Litigation—Revenues of the Corporation."

The filing of such a Chapter IX or Title 6-A petition would cause a failure of a condition to the obligation of the City pension funds to purchase bonds of the City or the Corporation and could cause the Secretary of the Treasury to refuse to make any additional loans and to demand payment of outstanding loans to the City under the Credit Agreement.

Although the filing of either such petition might have a general adverse effect on the economic health of the City, the Corporation believes that such a filing would not have a material adverse effect on the available revenues of the Corporation, and would therefore not affect the Corporation's ability to repay its obligations, including the 1976 Series CC Bonds. The filing of such a petition, like other financial developments with respect to the City, might affect the market for or market price of the 1976 Series CC Bonds.

Moratorium Legislation

The Moratorium Act provides that during the "moratorium period", which ends on November 14, 1978 unless the State Legislature otherwise provides, holders of short-term obligations of the City outstanding on November 13, 1975 may not enforce any judgment or lien, or commence or continue any action, with respect to such short-term obligations. This limitation on the rights of such holders is effective only for so long as the City continues to pay to those holders who have not exchanged such short-term obligations for obligations of the Corporation interest at the rate of at least 6% per annum. The City has advised the Corporation that the City will continue to pay such interest during the moratorium period.

Actions are pending in State court contesting the constitutionality of the Moratorium Act. See "Litigation—Moratorium". If the Moratorium Act is declared invalid, the City may be legally required to provide in its current budget for the repayment of short-term obligations subject to the Moratorium Act.

At present, an aggregate of approximately $93 million principal amount of short-term obligations of the City is held by members of the public and subject to the Moratorium Act. In addition to such amount, the New York Clearing House Banks and City pension funds hold an aggregate of approximately $819 million principal amount of short-term obligations of the City subject to the Moratorium Act.
The banks and pension funds have agreed to defer the payment in full of such short-term obligations of the City until July 1, 1986, subject to equal annual reductions of outstanding principal from the end of the moratorium period to July 1, 1986, if the City, among other things, continues to pay 6% per annum interest on such short-term obligations of the City.

At present, the Corporation holds an aggregate of approximately $2.814 billion principal amount of short-term obligations of the City.

VARIOUS CONTROL PROGRAMS

Conditions to Payments by the Corporation

The Act provides that, at the time of any purchase by the Corporation of City obligations, any exchange of the Corporation's bonds or notes for short-term City obligations 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 which the Corporation may modify from time to time, but may not waive. 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 such repayment is provided for as specified in the Act.

The statutory conditions which the City is required to observe and perform are designed to (i) reform and unify the City's system of accounting, (ii) provide independent review of the City's expenditures, and (iii) establish limits and controls over the City's debt-incurring power. These conditions, and the City's compliance therewith to date, may be briefly summarized as follows:

(i) The City has informed the Corporation that the City has initiated 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, so that the audited financial statements provided to the Corporation for the City's 1977-78 fiscal year and for each subsequent fiscal year can be prepared in accordance with such accounting method. The City is also required over the next ten fiscal years to eliminate from its capital budget those expenses properly includable only in its expense budget under such accounting method. The City has reported that, for the 1975-76 fiscal year, it allocated $654 million in its Capital Budget to fund operating expense items. The Financial Plan projects further allocations to fund such items of $572 million in the 1976-77 fiscal year and of $515 million in the 1977-78 fiscal year.

(ii) The City must submit its financial statements for an independent annual audit by the State Comptroller or, at his election, by an independent certified public accounting firm, beginning with the 1977-78 fiscal year, and must submit its proposed expense budgets (and any subsequent increases therein) for each fiscal year and each quarter thereof to the Corporation for review as to whether the City is maintaining an expense budget in which the total of all income equals or exceeds the total of all expenditure items. The City is currently in compliance with these requirements.

(iii) The amount of short-term debt which the City may have outstanding is subject to certain limitations. The sum of the aggregate principal amounts of the City's outstanding short-term obligations (excluding those held by the Corporation) and the Corporation's outstanding notes and bonds may not exceed 130% of the "Base Debt Limit" of $6.1 billion during the current fiscal year, with such limit decreasing in 5% annual increments to 110% for the 1980-81 fiscal year and each fiscal year thereafter. In addition, any excess of this sum over $4.5 billion (which may be increased, in the discretion of the Board of Directors, by an additional amount not exceeding $500 million) must consist solely of bond anticipation notes or short-term obligations of the City issued and payable within the same fiscal year. The Corporation is authorized to police these limits by making an advance determination as to whether a proposed issuance of short-term obligations by the City violates the debt limits and by reporting any adverse determination to the City Comptroller, who is then prohibited from issuing such obligations.
If the Board of Directors of the Corporation determines, after review of the City’s books and records and consultation with the Mayor, that the City’s expense budget will not be balanced, or that any of the conditions summarized above have not been fulfilled or should be modified, the Corporation must notify the Governor, the Mayor and certain other State and City officials and must disclose such determination or modification to the public.

**Powers of the Corporation**

The Act authorizes the Corporation to make direct payments to or purchase obligations of the City, subject to the conditions described under “Conditions to Payments by the Corporation.”

The Corporation may pay to the City, directly or through the purchase of City obligations with maturities not longer than 15 years, part or all of the amounts certified by the Mayor to be required to pay either (i) principal and interest on short-term City obligations at maturity or (ii) certain operating expenses of the City. Amounts received pursuant to (i) must be held in trust by the City for such purpose. Amounts received pursuant to (ii) must be used to pay such expenses, and must be evidenced by City obligations not exceeding $1.925 billion in aggregate principal amount outstanding (with no more than $900 million payable in other than the fiscal year of issuance, and the balance payable within such fiscal year). The Corporation’s advances for City operating expenses to the date hereof aggregated $1,799,770,158.

The Corporation is further empowered to exchange its bonds or notes for short-term obligations of the City provided that the Board of Directors of the Corporation finds that such exchange will not prejudice the rights of holders of other City bonds and notes. The Corporation may deliver such short-term obligations (other than bond anticipation notes, which must be refunded, renewed, or repaid to the Corporation) to the City for cancellation. As of the date hereof, the Corporation has issued $616.35 million aggregate principal amount of Second Resolution Bonds in exchange for an equal principal amount of outstanding short-term obligations of the City.

**Control Board**

The members of the Control Board created pursuant to the Emergency Act (see “Certain Developments Affecting the City”) consist of the Governor and Comptroller of the State, the Mayor and Comptroller of the City, and William M. Ellinghaus (formerly Chairman of the Corporation), Felix G. Rohatyn (current Chairman of the Corporation) and David I. Margolis, the latter three being appointees of the Governor. Sidney Schwartz has been appointed State Special Deputy Comptroller to assist the Control Board in carrying out its functions and Stephen Berger has been appointed Executive Director of the Control Board.

As required by the Emergency Act, the Financial Plan, which is intended to bring the City expense budget into balance by June 30, 1978 has been approved by the Control Board. If the Control Board determines that increased revenues are available in an amount equal to a requested increase in expenditures, the Control Board may, upon the request of the City, allow an increase in the Expense Budget of the City or of a covered organization for any fiscal year (which increase may be cumulative) equal to two percent of the 1975-76 expense budget, or such further increases as may be required to meet the impact of substantial inflation. The period covered by the Financial Plan may be extended by the Control Board.

The Control Board’s current program for monitoring the City’s performance under the Financial Plan includes monitoring the City’s performance under its new system of monthly expenditure projections and quarterly allocations by agency, review of cost reduction programs, and review of revenue by category on an ongoing basis.

For the duration of the “emergency period” (defined in the Emergency Act to mean the period ending when the Control Board determines that the expense budget shall have been in balance for one fiscal year in accordance with the accounting methods referred to above) all revenues received by the City or any covered organization have become revenues of the Emergency Financial Control Board Fund (the “Fund”) and are for the account of the City and the appropriate covered organizat-
tions, and all funds and accounts hereafter established by the City or the covered organizations have become funds and accounts of the Fund, except to the extent expressly prohibited by Federal law or in cases in which such revenues or funds and accounts are pledged to the payment of, or prohibited by covenants or agreements relating to, any outstanding bonds, notes or other obligations of covered organizations. Disbursements from and day-to-day management of the Fund is in the hands of the City, although the Control Board has established procedures through which it may assume immediate control of such Fund. The Control Board has the power to exempt revenues, funds or accounts from these requirements.

In addition to its responsibilities with respect to the Financial Plan, the Control Board is also charged with responsibility for the review and approval of proposed City contracts or obligations and, in coordination with the Corporation, the approval of long-term and short-term borrowing by the City or any covered organization.

Credit Agreement

Through the Credit Agreement, the Federal Government also monitors the financial condition of the City.

Before making any loan to the City under the Credit Agreement, the Secretary of the Treasury of the United States (the "Secretary") must have received a borrowing and payment schedule prepared by the City and approved by the Control Board setting forth expected receipts and expenditures of the City from the date of the loan to the end of the next succeeding fiscal year, together with the sources, amounts and dates of anticipated receipt of revenue available for repayment of the loan. The Secretary must further determine that there is a reasonable prospect of repayment of the loan in accordance with its terms and conditions.

The Mayor, the City Comptroller and the Control Board are required to notify the Secretary of any reasons known to them why revenues will not be available or sufficient to repay any loan according to its terms. Upon notice that the Secretary has reason to believe that any loan will not be repaid according to its terms, the State must impound any revenues due the City which were identified in the loan request as available for repayment of the loan. Any such impounded revenues must be paid directly to the Secretary on the due date of the loan and thereafter until such loan is repaid in full.

Until all loans have been repaid and until June 30, 1978, the City and the Control Board must notify the Secretary of any modifications, changes or amendments to the Financial Plan.

The General Accounting Office of the Federal Government and the Secretary's representative are authorized to audit and review the books and records of the City, the Control Board and the State. In addition, the City and the Control Board must furnish to the Secretary a monthly statement of any material changes in the Financial Plan or any litigation affecting it, a monthly statement of the results of the City's operations, an annual statement of the City's financial position, and a semi-annual evaluation of the current economic condition of the City.

In the event that any of the foregoing conditions and requirements are not met, the Secretary may demand and seek to enforce immediate repayment of any loan then outstanding.

SUMMARY OF CERTAIN PROVISIONS OF THE FIRST GENERAL BOND RESOLUTION

Following is a summary of certain provisions of the First 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 First General Bond Resolution, to which reference is hereby made and copies of which are available from the Corporation. Sections 203 and 902 of the First General Bond Resolution were amended effective July 17, 1976; see "Special Refunding Provisions" and "Special Provisions as to Extension of Payment of Bonds and Coupons."
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 First General Bond Resolution 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.

“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 of the Resolution, 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 consultants’ 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 First General Bond 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, with the limitations set forth under Section 202 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 at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys 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.

“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 of the Resolution.
“Resolution” shall mean the First 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 any 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 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 of the Resolution adopted by the Corporation in accordance with Article X thereof.

“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.

“Stock Transfer Tax” shall mean the tax on the sale or transfer of stock or other certificates imposed by Article 12 of the Tax Law of the State.

“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 payable 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 of the Corporation 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 of the Corporation for the current Fiscal Year;

(3) A certificate by an authorized officer of the Corporation 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 of the Corporation 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 of the Corporation 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 materially 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 of the First General Bond Resolution.

(Resolution, Section 202)

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 moneys 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 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 of the Resolution, the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund (other than moneys if any, paid into the Debt Service Fund from the Capital Reserve Fund pursuant to Section 605(2) of the Resolution) to secure the payment of principal of and interest on 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)

Operating Fund

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

(Resolution, Section 604)

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 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 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; provided that any amounts paid into the Debt Service Fund from the Capital Reserve Fund pursuant to paragraph (2) hereof shall be used only for the purpose of paying principal 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 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 moneys 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 moneys 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 moneys 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 moneys which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

2. Moneys 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, moneys and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund 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 moneys 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), the Chairman of the Corporation 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 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. 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 moneys 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. 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 "Provisions for Payment of the Bonds—Municipal Assistance Tax Funds."

(Resolution, Section 607)

Special Refunding Provisions

Notwithstanding any other provision or restriction contained in Section 203 of the Resolution or elsewhere in the Resolution, the Corporation, by Series Resolution, may authorize, cause to be authenticated and deliver Refunding Bonds, being refunding bonds as defined in the Act as amended to the date of delivery of such Refunding Bonds, in exchange for Outstanding Bonds of one or more Series or portion thereof including any maturity or portion of a maturity (the "Refunded Bonds"), with the consent of the Holder or Holders thereof, whether or not the Refunded Bonds are subject to redemption prior to their stated maturity and, if so, without regard to the redemption provisions thereof, including, but not limited to, the time of redemption and redemption premium, if any, provided that (i) the Board determines such refunding to be in fulfillment of one or more of the Corporation's purposes, (ii) the Refunded Bonds are upon the exchange thereof cancelled and no longer Outstanding and (iii) the Trustee receives the documents required by Section 202 of the Resolution.

The Bonds being refunded pursuant to Section 203 of the Resolution shall not be deemed Outstanding for the purposes of the documents required by Section 202 deliverable pursuant to such Section 203.

(Resolution, Section 203)

Special Provisions as to Extension of Payment of Bonds and Coupons

Except as hereinafter permitted, the Corporation 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 unless (i) the Board determines such extension to be in fulfillment of one or more of the Corporation's purposes, (ii) the Holder of such Bonds, coupon or claim for interest consents thereto, (iii) the Trustee receives the documents that would be required by Section 202 of the Resolution,
(excluding a Series Resolution if not applicable) in the event of an issuance of Bonds, assuming for such purpose that for all computations required for the issuance of a Series of Bonds under Section 202 of the Resolution, all Bonds, coupons and claims for interest to be so extended or otherwise modified, at a particular time, as extended or modified constitute a Series of Bonds to be authenticated and delivered and that the Bonds, coupons and claims for interest as they existed prior to such extension or modification are not to be deemed outstanding for the purposes of documents required to be delivered by Section 202 of the Resolution and (iv) the Corporation publishes within 90 days after the Board shall have taken the action referred to in (i) hereof in an Authorized Newspaper a notice of such extension or proposed extension. 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, except as permitted in the foregoing sentence, such Bonds, coupons or claims for interest shall not be entitled in case of any default under the Resolution to the benefit of the 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 the 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 interest. Nothing herein shall be deemed to limit the right of the Corporation to issue Bonds of a Refunding Issue as provided in Section 203 of the Resolution 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.

(Resolution, Section 902)

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 moneys, 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 moneys, 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 moneys, 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, moneys 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, moneys and securities in the Debt Service Fund except to the extent provided in Section 601 provided, however, that nothing contained in the Resolution shall prevent the Corporation from issuing bonds, notes, or any other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(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 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, the Resolution and the Act, or with respect to the moneys 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; 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 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 45 days after written notice thereof by the Holders of not less than 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 Tax 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 paragraph (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 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 moneys available for such purpose, in any manner provided by law, the moneys 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 theretofore become due at maturity or by call for redemption) and any other moneys 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 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 thereon 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 moneys, 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. Moneys 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 (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.

2. In lieu of the investments of moneys 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 of the Corporation, 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 moneys 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 moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys 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 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)

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 moneys 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

* 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 moneys 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 moneys in such obligations. Carter, Ledyard & Milburn, counsel for the Trustee, have concurred in such opinion.
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 moneys 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 moneys which, together with the moneys, 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 moneys 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 moneys 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 First 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 of or premium, if any, or interest on the Bonds. See “Provisions for Payment of the Bonds.”

LEGAL INVESTMENT

The Bonds are legal investments, under present provisions of State 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.

TRUSTEE

United States Trust Company of New York has been appointed the Trustee under the First 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 First 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 First General Bond Resolution.” 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. At September 30, 1976, United States Trust Company of New York (the “Trust Company”), which is a New York Clearing House Bank, owned $6,633,000 of Bonds. The Trust Company also acts as Trustee under the Second General Bond Resolution and has performed, and may in the future perform, certain banking services for the Corporation.

FINANCIAL STATEMENTS AND SUBSEQUENT EVENTS

The financial statements of the Corporation, and related notes, as at June 30, 1976, and the accompanying report thereon by Price Waterhouse & Co., the Corporation’s independent accountants, are annexed hereto.

In July 1976, the terms of certain Bonds held by certain New York City commercial banks, City pension funds and City sinking funds were adjusted, pursuant to an Amended and Restated Agreement made as of November 26, 1975 among the Corporation and such holders, to provide for lower interest rates thereon and to adjust the maturities thereof. Such adjustment was effected by the amendment of the terms of certain of such Bonds and by the exchange of the remainder of such Bonds for the Corporation’s newly-issued 1976 Series BB Bonds. In connection with such adjustment, the Corporation agreed not to issue additional obligations based upon the resulting debt service savings. The annexed financial statements and exhibits give effect to the results of this adjustment, see Note 4 to the financial statements.

In August 1976, the Corporation issued $18,215,000 principal amount of Second Resolution Bonds in exchange for an equal principal amount of short-term notes of the City which were tendered pursuant to the Corporation’s Exchange Offer which expired on July 21, 1976. The annexed financial statements do not give effect to such issuance. Such amount is, however, included in the tables set forth in the exhibits to such financial statements, see Note 6 to the financial statements.

In September 1976, the Corporation purchased $8,910,000 aggregate principal amount of Second Resolution Bonds which were tendered, pursuant to the Corporation’s Solicitation of Tenders which expired August 31, 1976, at a price of $85 or less per $100 of principal amount, plus accrued interest to September 9, 1976. Such Second Resolution Bonds were cancelled and the principal amount thereof was credited to the Corporation’s sinking fund obligations with respect thereto. The annexed financial statements and exhibits do not reflect such purchases and cancellations.

On September 14, 1976 the Corporation paid the State $271,689,583 in full payment of the principal of and interest on the Corporation’s $250,000,000 principal amount subordinated promissory
note due September 14, 1976 held by the State. The annexed financial statements and exhibits do not reflect such payment but do reflect the funding of such promissory note.

On October 12, 1976 $197,041,353 was received by the Corporation from the Special Account pursuant to the certification of the Chairman to the State Comptroller and the Mayor. Of such amount, $85,904,097 was deposited in the debt service funds for the payment of principal and interest on Bonds and Second Resolution Bonds, $102,912,256 was deposited in the Capital Reserve Fund for Bonds, $4,225,000 was deposited in the debt service fund in respect of the sinking fund obligations for the Second Resolution Bonds and arrangements were made with respect to $4,000,000 to be used for the Corporation's Operating Fund.

LEGAL OPINIONS

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. The approving opinion of Bond Counsel to the Corporation will be in the form attached to this Official Statement as Exhibit B. Carter, Ledyard & Milburn, New York, New York, have acted as counsel for the Trustee.

Certain matters will be passed upon for the underwriters by their counsel, White & Case, New York, New York.

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

The underwriters have jointly and severally agreed, subject to certain conditions, to purchase the 1976 Series CC Bonds from the State at a discount equal to 2.44% from the initial public offering price. The underwriters may offer to sell such 1976 Series CC Bonds to certain dealers and others at prices lower than the initial public offering price and the public offering price may be changed from time to time by the underwriters. The Corporation has agreed to indemnify the underwriters against certain liabilities. Certain commercial banks which are also underwriters hold substantial amounts of obligations of the Corporation and the City and such banks may from time to time during and after the time when the 1976 Series CC Bonds are being offered to the public, purchase and sell obligations of the Corporation and the City for their own respective accounts or for the accounts of others.

Of the 1976 Series CC Bonds which otherwise could have been offered to the public, the underwriters, at the request of the Corporation, have reserved $16,000,000 aggregate principal amount for sale to certain New York State savings banks at par plus accrued interest. The underwriters will receive no compensation with respect to such Bonds.

Lazard Frères & Co., New York, N. Y., is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, chairman of the Corporation, is a general partner of such firm.

The references herein to the Act, the Emergency Act, the Tax Law, the Finance Law and the Resolutions are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such Acts, such Laws and the Resolutions for full and complete statements of such provisions. Copies of such Acts, such Laws and the 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

By  FELIX G. ROHATYN,
Chairman
REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Municipal Assistance Corporation For
The City of New York

In our opinion, the accompanying Statement of Financial Position of Municipal Assistance Corporation For The City of New York at June 30, 1976 and the related Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions present fairly the financial position of Municipal Assistance Corporation For The City of New York at June 30, 1976 and the Debt Service Fund, Capital Reserve Fund and Operating Fund transactions for the period then ended in conformity with generally accepted accounting principles. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including at June 30, 1976 confirmation of securities owned by correspondence with the Trustee.

PRICE WATERHOUSE & CO.

60 Broad Street
New York, New York
August 11, 1976
<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Debt Service Fund</th>
<th>Operating Fund (Note 7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First General Resolution Bonds</td>
<td>$3,078,685,000</td>
<td></td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>598,135,000</td>
<td></td>
</tr>
<tr>
<td>Promissory Notes</td>
<td>273,500,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total bonds and notes payable (Note 4, Exhibits 1, 2 and 3)</strong></td>
<td><strong>3,950,320,000</strong></td>
<td></td>
</tr>
<tr>
<td>Accrued interest on bonds and notes payable</td>
<td>114,697,715</td>
<td></td>
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<tr>
<td>Vouchers payable</td>
<td></td>
<td>$1,462,287</td>
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<tr>
<td>Advance under First Instance Appropriation</td>
<td></td>
<td>560,634</td>
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<tr>
<td>Accrued expenses</td>
<td></td>
<td>1,044,642</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>4,065,017,715</strong></td>
<td><strong>3,067,563</strong></td>
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<table>
<thead>
<tr>
<th>Assets:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>58,155</td>
<td>8,894</td>
</tr>
<tr>
<td>Investments in marketable securities, at cost not in excess of market value (Note 5)</td>
<td>548,091,237</td>
<td></td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td>4,669,044</td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund assets (Note 3)</td>
<td>19,839,964</td>
<td></td>
</tr>
<tr>
<td>Unexpended portion of allocated funds held by New York State</td>
<td></td>
<td>3,389,750</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>572,658,400</strong></td>
<td><strong>3,398,644</strong></td>
</tr>
<tr>
<td>Net funding requirements (Note 2)</td>
<td><strong>$3,492,359,315</strong></td>
<td>($331,081)</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
DEBT SERVICE AND CAPITAL RESERVE FUNDS

STATEMENT OF TRANSACTIONS
For the Period from Inception on June 10, 1975
to June 30, 1976

Receipts:
Principal amount of bonds and promissory notes issued ......... $3,975,320,000

Less:
Discount on bonds issued ........................................ 24,183,226
City of New York notes received in exchange for Second General Resolution Bonds (Note 6) ........... 598,135,000

Net proceeds from issuance of bonds and notes ................. 3,353,001,774

Accrued interest received on issuance of bonds ................. 6,379,764
Sales Tax allocations received from the State of New York ... 644,123,011
Per Capita Aid received from the State of New York .......... 62,210,494 $19,824,097
Interest received on obligations of The City of New York (Note 6) .............................................. 35,512,822
Interest income from investments in marketable securities .... 10,314,239 15,867

Total receipts .................................................. 4,111,542,104

Expenditures:
Disbursements to The City of New York from bond proceeds and interest received on obligations of The City of New York (Note 6) .............................................. 3,391,318,699

Debt service:
Interest on First General Resolution Bonds .......... 222,767,250
Principal repayment of Promissory Note .................. 25,000,000
Interest on Promissory Notes ............................... 17,534,083
Interest on Second General Resolution Bonds .......... 16,261,796
Interest on short-term borrowing ........................ 539,555

Total debt service ........................................... 282,102,684
Total expenditures ........................................... 3,673,421,383

Excess of receipts over expenditures ......................... 438,120,721 19,839,964

Bonds and promissory notes payable at June 30, 1976 .......... 3,950,320,000

Balance at June 30, 1976 ................................... $3,512,199,279 ($19,839,964)

Net funding requirement at June 30, 1976 ............... $3,492,359,315
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
OPERATING FUND

STATEMENT OF TRANSACTIONS
For the Period from Inception on June 10, 1975
to June 30, 1976
(Note 7)

Receipts:
Operating Fund appropriation allocated from Municipal Assistance Tax Fund .... $6,448,825

Expenditures:—
Debt issuance and service:
  Printing and public notices ........................................... 1,650,715
  Legal services .......................................................... 2,868,459
  Trustee and related services ........................................... 495,849
  Total ........................................................................... 5,015,023

Oversight functions:
  Office of Special Deputy Comptroller (Note 9) ......................... 499,102
  Emergency Financial Control Board (Note 9) .......................... 44,739
  Total ........................................................................... 543,841

Administrative:
  Personnel services—
    Salaries and benefits .................................................. 205,470
    Legal services .......................................................... 28,125
    Other personnel services ................................................. 256,194
  General office expenses .................................................. 41,974
  Travel expenses .......................................................... 13,543
  Communications .......................................................... 11,935
  Printing and public notices ................................................. 1,639
  Total ........................................................................... 558,880
  Total expenditures ........................................................ 6,117,744

Excess of receipts over expenditures at June 30, 1976 (Note 2) ................. $331,081
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS
June 30, 1976

Summary of Significant Accounting Policies:

The Debt Service Fund follows the modified accrual basis of accounting whereby receipts from tax allocations and interest on New York City obligations are recorded as received and disbursements to New York City are recorded as made. Interest income on investments and interest expense on the Corporation's debt are recorded on an accrual basis. The Corporation's debt is recorded at the principal amount of the obligations outstanding. Original issue discounts have been charged to the Debt Service Fund and become part of net funding requirements. Expenses of debt issuance are charged to the Operating Fund as incurred. Amounts required for the payment of debt service due on July 1 are accounted for as if paid on June 30, by which date such amounts were segregated by the Trustee for that purpose.

The Operating Fund accounts have been prepared on the accrual basis of accounting. Receipts are recorded in the Operating Fund as allocations are approved by New York State.

In the Statement of Financial Position, as described in Note 6, no recognition has been given to obligations of The City of New York held by the Corporation and interest on such obligations is credited to the Debt Service Fund only as received. The net funding requirements of the Corporation reported in the Statement of Financial Position do not include future interest requirements.

Note 1—Organization and Functions of 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 (the “State”) constituting a public benefit corporation. The Corporation was created in June 1975 by the Municipal Assistance Corporation For The City of New York Act (the “Act”) for purposes of assisting The City of New York (the “City”) in providing essential services to its inhabitants without interruption and 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, and has issued and sold, bonds and notes, and paid or loaned funds received from such sales to the City, and exchanged the Corporation's obligations for those of the City under conditions specified in the Act. Also pursuant to the Act, the Corporation has provided for certain oversight of the City's financial activities.

Note 2—Future Funding Requirements:

The Corporation funds its debt service requirements and operating expenses by receipt of tax allocations from the State’s collections of Sales Taxes imposed by the State within the City, Stock Transfer Taxes and Per Capita Aid. Tax and Per Capita Aid amounts not allocated to the Corporation for its requirements are available to the City under the terms of the applicable statutes.

Debt service, for obligations issued under the First General Bond Resolution and Promissory Note Resolutions, is to be paid from funds allocated from the Special Account in the State's Municipal Assistance Tax Fund, which contains revenues collected, less the State's charges for collection and administration, from the Sales Tax imposed by the State within the City and, if necessary, revenues collected from Stock Transfer Taxes after April 1, 1976. The net Sales and Stock Transfer Tax revenues which were collected by the State during the twelve months ended June 30, 1976 amounted to over $1,065 million. Allocations to the Corporation from the Municipal Assistance Tax Fund are to be made quarterly and at such other times as the Corporation requests. The expenses of the Operating Fund are also funded from this source. Total debt service to maturity, including future
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

interest requirements, to be funded from these sources, aggregates $4,730 million for debt outstanding at June 30, 1976.

Debt service, for obligations issued under the Second General Bond Resolution, is to be paid from funds allocated from the Special Account in the Municipal Assistance State Aid Fund, which is to contain Per Capita State Aid otherwise payable by the State to the City, after satisfaction of prior claims. Allocations to the Corporation from the Municipal Assistance State Aid Fund are to be made annually. Total Per Capita Aid paid into the Special Account on June 25, 1976 amounted to $434 million, of which $82 million was required by the Corporation and the remainder was made available to the City. Although Per Capita Aid may, under certain conditions, be subject to prior claims by other State or City agencies, at June 30, 1976 no such prior claims had been asserted. Total debt service to maturity, including future interest requirements, to be funded from Per Capita Aid, aggregates $958 million for debt outstanding at June 30, 1976.

Funding under all resolutions occurs following certification by the Chairman of the Corporation to the State Comptroller and the Mayor of the City of the amounts required to meet the Corporation’s debt service, capital reserve and operating funding requirements. The monies become available from the Municipal Assistance Tax Fund and the Municipal Assistance State Aid Fund only after the State legislature annually appropriates such funds.

Note 3—Capital Reserve Fund:

The Act provides for the establishment of a Capital Reserve Fund to provide for the periodic payment of interest and retirement of principal on the Corporation's bonds. Generally, the Capital Reserve Fund is required to have the following percentages of each calendar year's debt service requirement on deposit by January 1 of such year: 1977—25%, 1978—50%, 1979—75%, 1980—100% and thereafter 100% of the succeeding calendar year's debt service requirement. At June 30, 1976 $19,824,097 had been deposited in accordance with the provisions of the Second General Bond Resolution (Exhibit 2).

The Capital Reserve Fund may be invested on the same basis as described in Note 5, and comprised the following at June 30, 1976:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,538</td>
</tr>
<tr>
<td>U.S. Treasury notes maturing February 1981, at cost not in excess of market value</td>
<td>19,494,880</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>341,546</td>
</tr>
</tbody>
</table>

$19,839,964

Note 4—Bonds and Notes Payable:

Existing legislation authorizes the Corporation to issue $5,250,000,000 aggregate principal amount of bonds and notes, excluding bonds and notes issued to refund outstanding bonds and notes of the Corporation. No new obligations may be issued unless certain debt service coverage ratios specified in the relevant resolutions and restructuring agreement referred to below are met, nor may any bond or note of the Corporation mature more than 20 years from the date of original issue. There are to be no obligations issued after June 10, 1980, unless such obligation is a renewal or refunding of an outstanding obligation.

All the bonds and notes payable are general obligations of the Corporation. The Corporation has no taxing power. However, the bonds are entitled to liens, created by pledges under the respective resolutions, on monies paid into the Debt Service and Capital Reserve Funds from the Special Accounts created in the Municipal Assistance Tax Fund and State Aid Fund.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

The First General Resolution Bonds are senior to the Promissory Notes in claim on funds from the Sales and Stock Transfer Taxes on deposit in the Municipal Assistance Tax Fund. The Second General Resolution Bonds, in addition to a claim on Per Capita Aid funds available to the Corporation, have a secondary claim on amounts remaining on deposit in the Municipal Assistance Tax Fund, after the certification of the amount required for First General Bond and Note Resolution debt service and Capital Reserve Fund, but before the remaining amounts are released to the City.

Pursuant to an agreement dated November 26, 1975 with certain of the New York City commercial banks, Pension and Sinking Funds, the terms of certain bonds held by them were renegotiated to provide for lower interest rates and to adjust maturities. The accompanying financial statements and exhibits give effect to the result of this restructuring.

Note 5—Investments in Marketable Securities:

Debt service funds transferred to the Corporation in advance of disbursement to bond and note holders are temporarily invested for the Corporation by United States Trust Company of New York acting as Trustee or agent under the bond and note resolutions, and the income therefrom is credited to the Debt Service Fund for which such investments are made.

Such investments may be made only in direct obligations of, or obligations guaranteed by, the State or the United States of America, or in certain other permitted investments, and at June 30, 1976 comprised the following at cost, which is not in excess of market value:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Bill Repurchase Agreements maturing through July 1976</td>
<td>$81,914,000</td>
</tr>
<tr>
<td>U. S. Treasury Bills maturing through December 1976</td>
<td>376,177,237</td>
</tr>
<tr>
<td>New York State Bond Anticipation Notes due September 1976</td>
<td>90,000,000</td>
</tr>
<tr>
<td><strong>Total Debt Service Fund investments</strong></td>
<td><strong>$548,091,237</strong></td>
</tr>
</tbody>
</table>

Note 6—New York City Notes Held by the Corporation:

The Act requires that the Corporation receive obligations of the City in connection with all payments made to the City for the purpose of paying its operating expenses and authorizes the Corporation to purchase obligations of the City in connection with payments made to the City to enable it to meet short-term debt service. In addition, under exchange offers made by the Corporation, which terminated prior to June 30, 1976, holders of short-term notes of the City exchanged such notes for bonds of the Corporation issued under the Second General Bond Resolution. As a result of such transactions the Corporation held $2,795 million of such City notes at June 30, 1976.

Of the City notes held by the Corporation, approximately $2.4 billion are subject to the moratorium currently in effect under the laws of the State of New York. Under the moratorium legislation, the Corporation may not, during the period of the moratorium, bring any action against the City seeking payment of principal on such notes even though their scheduled maturity dates have passed, provided that the City pays interest on such notes, if presented, at the rate of 6% per year at least annually. It is the Corporation's present intention that City notes held will not be presented for payment of principal or interest.

Any funds which may be received by the Corporation as interest or principal payments on the City notes have the effect of either (a) reducing the funding required from the State, thereby making additional tax funds available for payment by the State to the City, or (b) providing additional funds
to the Corporation for disbursements to the City for its operating expenses or short-term debt service requirements.

Because of these circumstances, the City notes held by the Corporation have not been included in the accompanying statement of financial position.

Subsequent to June 30, 1976, the Corporation exchanged an additional $18,215,000 of its bonds for City notes subject to the moratorium. The accompanying statements do not reflect the issuance of this additional amount. However, the future funding and payment requirements of these bonds have been reflected in Exhibits 2 and 3.

Note 7—Operating Fund:

The Operating Fund includes those expenses of carrying out the Corporation's duties and functions, as authorized by the Act, including the expenses of issuing debt, exercising its oversight responsibilities and the general administration of the Corporation. These expenses are to be funded by an annual appropriation from the Special Account in the Municipal Assistance Tax Fund. The amount of the appropriation for the 1977 fiscal year of the Corporation is currently $4 million (1976—$6.8 million).

Receipts are recorded in the Operating Fund as allocations are approved by the State. At June 30, 1976, $6,448,825 had been so allocated, of which $2,961,885 had not been expended and was held for the Corporation's account by the State Department of Audit and Control.

Expenditures are recorded as goods or services are received and are processed for payment by the State Department of Audit and Control, except payroll payments which are made directly by the Corporation in amounts previously authorized. The accompanying Statement of Transactions does not include any expenses for the Corporation's Financial Advisor which is serving without compensation, and includes rent expense only from April 1, 1976, as office space had been provided by the State at no cost until that date.

In addition, the Corporation partially utilized in commencing its operations, repayable First Instance Appropriations for the State's fiscal years ended March 1976 and 1977 of $3 million and $696,137, respectively. The amount of the appropriations remaining at June 30, 1976 to be repaid to the State from operating expense appropriations were $52,884 and $507,750, respectively.

Note 8—Litigation:

An action has been brought seeking to establish that the statutes which appropriate sales tax and stock transfer tax revenue to purposes of the Corporation are illegal or unconstitutional. A summary judgement was granted the Corporation and other defendants declaring that the State Tax Commission may collect such tax and remit the proceeds to the Corporation as prescribed by statute. An appeal of the judgement is pending before the New York State Appellate Division.

The Corporation has also been named as a defendant in several suits challenging the constitutionality of the Moratorium Act and seeking, among other things, to enjoin the Corporation from issuing securities with a maturity over one year to holders of New York City Notes. In the first of these actions to be considered, the defendants were granted a summary judgement, which was affirmed by the Appellate Division, but has been appealed to the New York State Court of Appeals.

Note 9—Commitments and Contingencies:

The Corporation's responsibilities, pursuant to the requirements of the Act, for the oversight of the City's financial affairs are substantially similar to the responsibilities of the Office of the Special Deputy Controller for The City of New York and the Emergency Financial Control Board. To avoid duplication of efforts, the Corporation has contracted with the State Department of Audit and Control
to provide certain services for the oversight of the City's financial affairs. The Corporation's current estimate of the annual cost of these services is $1 million. In addition, the Corporation executed a contract effective April 29, 1976 providing for further oversight services to be performed by the staff of the Emergency Financial Control Board at an annual cost not to exceed $500,000.

Pursuant to the Amended and Restated Agreement dated November 26, 1975 the City Pension and Sinking Funds agreed in principle, under certain conditions, to purchase prior to June 30, 1978 a total of $2,530 million of City obligations or, at their option, obligations of the Corporation, in an amount up to $1,600,175,000, less the principal amounts of bonds issued by the Corporation in exchange offers for City notes. To date, the Corporation has not been requested to issue any obligations under this provision of the agreement.

On December 30, 1975 the City executed with the Federal Government a Credit Agreement providing for certain short-term seasonal loans to the City through June 30, 1978. The Corporation is not a party to the agreement, but has agreed to the following as an inducement to the Federal Government to make these loans:

1. Not to unreasonably withhold its consent or approval, if required, to future Federal loans to the City pursuant to such Credit Agreement;

2. To the extent permitted by law to perform its obligations pursuant to the Amended and Restated Agreement dated November 26, 1975 regarding a restructuring of certain of the Corporation's bonds and to take reasonable steps to assure performance of such Agreement by others; and

3. Acknowledged that in the future the Corporation may become a Borrower on the City's behalf pursuant to the Credit Agreement, and therefore a party to such agreement.
MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

BONDS AND NOTES OUTSTANDING  
June 30, 1976  
(Note 4)  

<table>
<thead>
<tr>
<th>Series</th>
<th>Maturity date</th>
<th>Interest rate</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A (Public)</td>
<td>1977–1990</td>
<td>6.5%–9.25%</td>
<td>$ 549,460,000</td>
</tr>
<tr>
<td>B (Public)</td>
<td>1980–1983</td>
<td>10%–11%</td>
<td>212,912,000</td>
</tr>
<tr>
<td>C</td>
<td>1977–1986</td>
<td>6%</td>
<td>178,555,000</td>
</tr>
<tr>
<td>D</td>
<td>1977–1986</td>
<td>6%</td>
<td>36,860,000</td>
</tr>
<tr>
<td>E</td>
<td>1977–1986</td>
<td>6%</td>
<td>40,000,000</td>
</tr>
<tr>
<td>G</td>
<td>1977–1985</td>
<td>8.5%–11%</td>
<td>50,000,000</td>
</tr>
<tr>
<td>J (Public)</td>
<td>1984–1985</td>
<td>11%</td>
<td>1,090,000</td>
</tr>
<tr>
<td>J (Restructured)</td>
<td>1977–1986</td>
<td>6%</td>
<td>73,590,000</td>
</tr>
<tr>
<td>M</td>
<td>1977–1995</td>
<td>9%–11%</td>
<td>86,050,000</td>
</tr>
<tr>
<td>O</td>
<td>1990–1994</td>
<td>11%</td>
<td>25,000,000</td>
</tr>
<tr>
<td>U</td>
<td>1986–1990</td>
<td>11%</td>
<td>40,000,000</td>
</tr>
<tr>
<td>V</td>
<td>1986–1995</td>
<td>11%</td>
<td>100,000,000</td>
</tr>
<tr>
<td>X</td>
<td>1991–1994</td>
<td>11%</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Y</td>
<td>1981</td>
<td>10%</td>
<td>20,850,000</td>
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<tr>
<td>AA</td>
<td>1986–1995</td>
<td>11%</td>
<td>150,000,000</td>
</tr>
<tr>
<td>BB</td>
<td>1977–1986</td>
<td>6%</td>
<td>1,479,318,000</td>
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<tr>
<td><strong>Total First Resolution</strong></td>
<td></td>
<td></td>
<td>3,078,685,000</td>
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</tbody>
</table>

| **Second General Resolution Bonds:** |               |               |           |
| 1                          | 1977–1986     | 8%            | 89,945,000  |
| 2                          | 1977–1986     | 8%            | 191,670,000 |
| 3                          | 1977–1986     | 8%            | 78,700,000  |
| 4                          | 1977–1986     | 8%            | 97,960,000  |
| 5                          | 1982–1991     | 8%            | 139,860,000 |
| **Total Second Resolution** |               |               | 598,135,000  |

| **Promissory Notes:** |               |               |           |
| September 14, 1976    | 8.7%          | 250,000,000   |
| February 15, 1977     | 6%            | 23,500,000    |
| **Total Promissory Notes** |               |               | 273,500,000  |
| **Total bonds and notes outstanding at June 30, 1976** |               |               | $3,950,320,000  |

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MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS
(Notes 2, 3 and 4)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30</th>
<th>Capital reserve fund contribution</th>
<th>Principal and interest requirements</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>1977</td>
<td>$123,368,659.03</td>
<td>$414,641,525.00</td>
<td>$79,212,000.00</td>
<td>$25,242,916.67</td>
<td>$642,465,100.70</td>
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<tr>
<td>1978</td>
<td>120,266,987.50</td>
<td>405,069,887.50</td>
<td>79,211,200.00</td>
<td>604,548,075.00</td>
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<td></td>
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<tr>
<td>1979</td>
<td>111,545,853.13</td>
<td>441,301,462.50</td>
<td>79,209,200.00</td>
<td>632,056,515.63</td>
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<tr>
<td>1980</td>
<td>190,348,521.87</td>
<td>473,426,718.74</td>
<td>79,203,200.00</td>
<td>742,978,440.61</td>
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</tr>
<tr>
<td>1981</td>
<td>(49,244,343.75)</td>
<td>448,586,800.00</td>
<td>79,208,400.00</td>
<td>478,550,856.25</td>
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</tr>
<tr>
<td>1982</td>
<td>(17,832,160.00)</td>
<td>425,395,575.00</td>
<td>89,518,800.00</td>
<td>497,082,215.00</td>
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<tr>
<td>1983</td>
<td>(6,671,985.00)</td>
<td>412,927,315.00</td>
<td>89,516,000.00</td>
<td>495,771,330.00</td>
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<tr>
<td>1984</td>
<td>(83,728,223.00)</td>
<td>366,128,330.00</td>
<td>89,520,800.00</td>
<td>371,920,905.00</td>
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<tr>
<td>1985</td>
<td>95,223,872.50</td>
<td>372,770,805.00</td>
<td>89,315,200.00</td>
<td>557,509,877.50</td>
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<tr>
<td>1986</td>
<td>(256,922,576.25)</td>
<td>293,774,177.50</td>
<td>89,412,800.00</td>
<td>126,264,401.25</td>
<td></td>
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</tr>
<tr>
<td>1987</td>
<td>(73,369,988.75)</td>
<td>159,540,762.50</td>
<td>22,958,800.00</td>
<td>109,129,573.75</td>
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<tr>
<td>1988</td>
<td>(69,398,018.75)</td>
<td>108,095,712.50</td>
<td>22,962,800.00</td>
<td>61,660,493.75</td>
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<tr>
<td>1989</td>
<td>(18,062,668.75)</td>
<td>62,582,100.00</td>
<td>22,960,400.00</td>
<td>67,479,831.25</td>
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<tr>
<td>1990</td>
<td>(22,647,275.00)</td>
<td>63,803,125.00</td>
<td>22,957,600.00</td>
<td>64,113,450.00</td>
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<td>1991</td>
<td>(2,644,325.00)</td>
<td>63,253,450.00</td>
<td>22,941,200.00</td>
<td>83,520,325.00</td>
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<tr>
<td>1992</td>
<td>(5,611,275.00)</td>
<td>59,593,925.00</td>
<td>53,982,650.00</td>
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<tr>
<td>1993</td>
<td>3,316,775.00</td>
<td>58,652,650.00</td>
<td>61,969,425.00</td>
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<tr>
<td>1994</td>
<td>(15,308,725.00)</td>
<td>52,604,425.00</td>
<td>37,295,700.00</td>
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<tr>
<td>1995</td>
<td>(42,453,200.00)</td>
<td>22,333,200.00</td>
<td>(20,120,000.00)</td>
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<tr>
<td>Total</td>
<td>$(19,824,097.22)</td>
<td>$4,704,481,946.24</td>
<td>$958,278,400.00</td>
<td>$25,242,916.67</td>
<td>$5,668,179,165.69</td>
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</table>

F-11
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SUMMARY OF TOTAL ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS
(Note 4)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>First general bond resolution</th>
<th>Second general bond resolution</th>
<th>Promissory note resolutions</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>$417,396,387.50</td>
<td>$40,987,382.22</td>
<td>$296,932,500.03</td>
<td>$755,316,269.75</td>
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<tr>
<td>1978</td>
<td>411,886,662.50</td>
<td>79,212,000.00</td>
<td>491,098,662.50</td>
<td>491,098,662.50</td>
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<tr>
<td>1979</td>
<td>398,253,112.50</td>
<td>79,211,200.00</td>
<td>477,464,312.50</td>
<td>477,464,312.50</td>
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<td>1980</td>
<td>484,349,812.50</td>
<td>79,209,200.00</td>
<td>563,559,012.50</td>
<td>563,559,012.50</td>
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<tr>
<td>1981</td>
<td>462,503,625.00</td>
<td>79,203,200.00</td>
<td>541,706,825.00</td>
<td>541,706,825.00</td>
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<tr>
<td>1982</td>
<td>434,669,975.00</td>
<td>79,208,400.00</td>
<td>513,878,375.00</td>
<td>513,878,375.00</td>
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<tr>
<td>1983</td>
<td>416,121,175.00</td>
<td>89,518,800.00</td>
<td>505,639,975.00</td>
<td>505,639,975.00</td>
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<tr>
<td>1984</td>
<td>409,733,455.00</td>
<td>89,516,000.00</td>
<td>499,249,455.00</td>
<td>499,249,455.00</td>
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<tr>
<td>1985</td>
<td>322,523,205.00</td>
<td>89,520,800.00</td>
<td>412,044,005.00</td>
<td>412,044,005.00</td>
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<tr>
<td>1986</td>
<td>423,018,405.00</td>
<td>89,515,200.00</td>
<td>512,533,605.00</td>
<td>512,533,605.00</td>
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<tr>
<td>1987</td>
<td>164,529,950.00</td>
<td>89,412,800.00</td>
<td>253,942,750.00</td>
<td>253,942,750.00</td>
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<tr>
<td>1988</td>
<td>154,551,575.00</td>
<td>22,958,800.00</td>
<td>177,510,375.00</td>
<td>177,510,375.00</td>
</tr>
<tr>
<td>1989</td>
<td>61,639,850.00</td>
<td>22,962,800.00</td>
<td>84,602,650.00</td>
<td>84,602,650.00</td>
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<tr>
<td>1990</td>
<td>63,524,350.00</td>
<td>22,960,400.00</td>
<td>86,484,750.00</td>
<td>86,484,750.00</td>
</tr>
<tr>
<td>1991</td>
<td>64,081,900.00</td>
<td>22,957,600.00</td>
<td>87,039,500.00</td>
<td>87,039,500.00</td>
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<tr>
<td>1992</td>
<td>62,425,000.00</td>
<td>22,911,200.00</td>
<td>85,336,200.00</td>
<td>85,336,200.00</td>
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<tr>
<td>1993</td>
<td>56,762,850.00</td>
<td></td>
<td>56,762,850.00</td>
<td>56,762,850.00</td>
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<tr>
<td>1994</td>
<td>60,542,450.00</td>
<td></td>
<td>60,542,450.00</td>
<td>60,542,450.00</td>
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<tr>
<td>1995</td>
<td>44,666,400.00</td>
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<td>44,666,400.00</td>
<td>44,666,400.00</td>
</tr>
<tr>
<td>Total</td>
<td>$4,913,180,140.00</td>
<td>$999,265,782.22</td>
<td>$296,932,500.03</td>
<td>$6,209,378,422.25</td>
</tr>
</tbody>
</table>

F-12
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 $256,250,000 aggregate principal amount of 1976 Series CC Bonds (the “1976 Series CC 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 to the date hereof (the “Act”).

The 1976 Series CC Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation, as amended and supplemented to the date hereof, (the “General Bond Resolution”) and the 1976 Series CC Resolution (the “Series Resolution”), adopted July 2, 1975 and November 5, 1976, respectively. Said resolutions are herein collectively called the “Resolutions”.

The 1976 Series CC 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 1976 Series CC Bonds are being issued as Refunding Bonds as defined in the General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1976 Series CC Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1976 Series CC 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 1976 Series CC Bonds are dated November 1, 1976 except as otherwise provided in the Resolutions with respect to fully registered 1976 Series CC Bonds and will bear interest payable February 1, 1977 and semi-annually thereafter on August 1 and February 1 in each year at the rate of ten and one quarter per centum (10¼%) per annum and shall mature on February 1, 1993.

The 1976 Series CC Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple of $5,000. Coupon and fully registered 1976 Series CC Bonds are interchangeable as provided in the Resolutions. Coupon 1976 Series CC Bonds are lettered CC, and fully registered 1976 Series CC Bonds are lettered CCR, in each case followed by the last two digits of the year in which each of such 1976 Series CC Bonds matures and its number. Coupon 1976 Series CC Bonds are numbered consecutively from one upward for each year of maturity and fully registered 1976 Series CC Bonds are numbered consecutively from one upward in order of issuance for each year of maturity.
The 1975 Series CC Bonds are subject to redemption, in part, as provided in the Resolutions, by operation of the Debt Service Fund through application of 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 1976 Series CC Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole or in part and at the redemption prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168 and 169 of the Laws of 1975, as amended to the date hereof, 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”) provide, 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 1976 Series CC 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 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 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 1976 Series CC Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1976 Series CC 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, monies, securities and funds held or set aside under the Resolutions, 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, monies, securities and funds in the Debt Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, 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 1976 Series CC 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 1976 Series CC 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, sinking fund installments, if any, 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 1976 Series CC 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 1976 Series CC 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 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. We are further of the opinion that, in any suit, action or other proceeding brought
by a creditor of The City of New York (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) asserting a right to any such Taxes, such Stock Transfer Tax Fund or Special Account superior or equal to the rights of holders of bonds issued under the General Bond Resolution, such creditor will not prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55 of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Municipal Assistance Tax Fund, including the Special Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account.

10. Under existing statutes and court decisions, interest on the 1976 Series CC 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.

11. 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 1976 Series CC Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1976 Series CC Bonds, and the execution and delivery of the 1976 Series CC Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

13. Your attention should be called to a suit entitled Flushing National Bank, on behalf of itself and all other holders of notes of The City of New York maturing on or before June 30, 1976, plaintiff, against The City of New York; State of New York; and Harrison J. Goldin, Comptroller of the City of New York, defendants, filed on November 17, 1975 in the Supreme Court of the State of New York, County of New York, and presently on appeal to the New York State Court of Appeals, wherein the plaintiff demands, among other things, judgment declaring and adjudicating that the New York State Emergency Moratorium Act of the City of New York, enacted by the Legislature and signed by the Governor of the State on November 15, 1975, is unconstitutional, alleging, among other things, violations of the New York State Constitution and United States Constitution.

Said Moratorium Act, among other things, and subject to two conditions, provides that during the moratorium period therein defined, and notwithstanding any inconsistent provisions of any law, general, special or local or of any agreement or short-term obligation of the City that although the payment of such short-term obligation may be due by the terms thereof or the terms of any general or special or local law or agreement, no action or special proceeding shall be commenced or continued in any court in any jurisdiction (a) upon any such short-term obligation, or the indebtedness or liability evidenced thereby, or (b) seeking the levy of taxes or application of any funds, property, receivables or revenues of the City on account of any such short-term obligation or the indebtedness evidenced thereby.

In the event that the constitutionality of said Moratorium Act is sustained by a court of final jurisdiction, such judicial determination could support the constitutionality of similar legislative enactments which may adversely affect certain terms and conditions of the Bonds and the Resolutions, including the payment of principal and interest thereon, and the enforceability thereof.

We have examined the executed 1976 Series CC Bond numbered CC and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
GENERAL CERTIFICATE OF THE
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

I, STEPHEN WEINSTEIN, 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 Secretary of the Corporation, acting as such, and in such capacity 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:

<table>
<thead>
<tr>
<th>Names</th>
<th>Date of Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn, Chairman</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Donna E. Shalala, Treasurer</td>
<td>December 31, 1978</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>Thomas D. Flynn</td>
<td>December 31, 1977</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>Robert C. Weaver</td>
<td>December 31, 1976</td>
</tr>
<tr>
<td>George M. Brooker</td>
<td>December 31, 1977</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. The By-Laws of the Corporation adopted June 10, 1975 are in full force and effect on the date hereof and have not been repealed, modified or amended.

7. Except as set forth in the final Official Statement dated November 5, 1976, attached to this Record of Proceedings as document no. 1 and by this reference made a part hereof, 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 best of the knowledge of the Corporation threatened) against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the issuance of the 1976 Series CC Bonds and the 1976 Series DD Bonds (the "Bonds") to refund the 1975 Series V Bonds and the 1975 Series AA Bonds 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 Resolutions (as defined below), or any agreement or instrument to which the Corporation is a party which
is used or contemplated for use in connection with the consummation of the issuance of the Bonds to refund the 1975 Series V Bonds and the 1975 Series AA Bonds.

8. The General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented, and the 1976 Series CC Resolution and the 1976 Series DD Resolution of the Corporation adopted November 5, 1976 (the "Resolutions"), attached to this Record of Proceedings as document no. 4, 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 principal 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 Meetings of the Corporation held November 5, 1976 attached to this Record of Proceedings as document no. 3, are true and correct copies of the originals thereof on file and of record in the principal office of the Corporation and that the same are in full force on the date hereof and have not been repealed, modified or amended.

10. The specimens of the 1976 Series CC Bonds and the 1976 Series DD Bonds, attached hereto as Exhibit A, are identical in all respects, except as to number, denomination and name of registered owner, where applicable, with the Bonds this day delivered to the Tenderer referred to in the 1976 Series CC and DD Resolutions (the "Tenderer") and said specimens are substantially in the form required by the Resolutions.
11. The 1976 Series CC and DD Resolutions referred to in paragraph 8 hereinbefore record therein the determination of the Corporation required pursuant to Section 203 of the General Bond Resolution.

We, FELIX ROHATYN and STEPHEN WEINSTEIN, Chairman and Secretary, respectively, of the Corporation HEREBY CERTIFY as follows:

1. The Bonds delivered to the Tenderer on this date, specimens of which are attached hereto, which Bonds are more fully described in the 1976 Series CC and DD Resolutions, have been duly and completely executed in the name of the Corporation and on its behalf by the affixing thereon of the facsimile or manual signature of Felix Rohatyn, Chairman of the Corporation, who did, and does hereby adopt such signature and the affixing thereof of the official seal of the Corporation attested by the facsimile or manual signature of Stephen Weinstein, Secretary of the Corporation, who did and does hereby adopt such signature.

2. 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.

3. 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.

4. The Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolutions.
5. 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 1976 Series CC and DD Bonds and excluding the 1975 Series V and AA Bonds being refunded hereby, and the principal of and interest on Notes and the interest on Other Obligations for each Fiscal Year is as set forth in Schedule Y affixed hereto and by this reference made a part hereof.

6. The aggregate amount of the debt service referred to in paragraph 5 hereof if such debt service had not been subject to refunding and restructuring pursuant to a certain Amended and Restated Agreement by and between the Corporation and certain other parties dated as of November 26, 1975 is as set forth in Schedule Z affixed hereto and by this reference made a part hereof.

7. The aggregate amount of Operating Expenses as estimated for the Fiscal Year ending June 30, 1977 is $4,000,000.

8. The amount set forth in the certificate of the New York State Commissioner of Taxation and Finance, a copy of which is attached to this Transcript of Proceedings as document no. 6 (the "Commissioner's Certificate"), as representing the most recent collections for the 12 consecutive calendar months ended September 30, 1976, of the Sales Tax and Stock Transfer Tax, 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 or amount certified in lieu of such collections in the Commissioner's Certificate, less the Operating Expenses set forth in paragraph 7 hereinbefore is at least two (2) times the amount of Debt Service for each Fiscal Year as set forth in Schedules Y and Z.
9. 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 paragraph 7 hereinbefore is at least one and one half (1.50) times the amount of Debt Service for each Fiscal Year as set forth in Schedules Y and Z.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 15th day of November, 1976.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Official Title</th>
<th>Term of Office Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chairman</td>
<td>Indefinite</td>
</tr>
<tr>
<td></td>
<td>Secretary</td>
<td>Indefinite</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assistant Vice President</td>
<td>UNITED STATES TRUST COMPANY OF NEW YORK</td>
</tr>
</tbody>
</table>
FOR SPECIMEN

1976 SERIES CC BOND

See Document
No. 2
of
Subsequent
Table of Contents
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1976 SERIES DD BOND

No. DDR-1

$6,875,000

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (herein 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 STATE OF NEW YORK or registered assigns, upon presentation and surrender of this Bond, the principal sum of Six Million Eight Hundred Seventy Five Thousand Dollars ($6,875,000) on the first day of February, 1977 and to pay to the registered owner hereof interest thereon from the date of delivery hereof as hereinafter set forth to the date of maturity of this Bond, at the rate of five per centum (5%) per annum, payable on February 1, 1977, at the corporate trust office in the Borough of Manhattan, City and State of New York, of the United States Trust Company of New York, New York, N.Y., as Trustee. 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.

This Bond is one of a duly authorized issuance 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 4, 11 and 111 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 resolution of the Corporation adopted July 2, 1975, as amended and supplemented entitled "General 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, 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 or Notes or Other Obligations, 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 "1976 Series DD Bonds" (herein called the "1976 Series DD Bonds"), issued in the aggregate principal amount of $6,875,000 as Refunding Bonds as defined in and pursuant to the General Bond Resolution and the series resolution of the Corporation adopted November 5, 1976, entitled "1976 Series DD Resolution Authorizing $6,875,000 1976 Series DD Bonds" (said resolutions being herein collectively called the "Resolutions"), in exchange for other Bonds as identified in the Resolutions. 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 1976 Series DD Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the 1976 Series DD Bonds with respect thereto and the terms and conditions upon which the 1976 Series DD Bonds are issued and may be issued thereunder.
exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1976 Series DD 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 1976 Series DD 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 first day of November, 1976.

Date of Delivery: November 15, 1976

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By________________________________________
Chairman

Attest:

________________________________________
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Resolutions and is the only 1976 Series DD Bond of the Municipal Assistance Corporation For The City of New York.

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

By________________________________________
Authorized Signature
MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

CALCULATION OF CERTAIN FIRST GENERAL BOND  
RESOLUTION COVERAGE RATIOS  

<table>
<thead>
<tr>
<th>Year ended June 30 (1)</th>
<th>Total First Resolution debt service after cancellation of V and AA bonds and issuance of CC and DD Bonds (2)</th>
<th>Net sales and stock transfer taxes</th>
<th>Including stock transfer tax surcharge of $55,296,372</th>
<th>Excluding stock transfer tax surcharge of $55,296,372</th>
<th>Net sales tax only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>$ 417,160,363.19</td>
<td>2.63</td>
<td>2.49</td>
<td>1.97</td>
<td></td>
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<tr>
<td>1978</td>
<td>410,652,287.50</td>
<td>2.67</td>
<td>2.53</td>
<td>2.00</td>
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<td>1979</td>
<td>397,018,737.50</td>
<td>2.76</td>
<td>2.62</td>
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<tr>
<td>1980</td>
<td>483,115,437.50</td>
<td>2.27</td>
<td>2.15</td>
<td>1.70</td>
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<tr>
<td>1981</td>
<td>461,269,250.00</td>
<td>2.38</td>
<td>2.26</td>
<td>1.78</td>
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<tr>
<td>1982</td>
<td>433,435,600.00</td>
<td>2.53</td>
<td>2.40</td>
<td>1.89</td>
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<tr>
<td>1983</td>
<td>414,886,800.00</td>
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<td>2.51</td>
<td>1.98</td>
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<td>2.52</td>
<td>1.98</td>
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<tr>
<td>1985</td>
<td>326,339,667.50</td>
<td>3.36</td>
<td>3.19</td>
<td>2.51</td>
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<tr>
<td>1986</td>
<td>412,073,942.50</td>
<td>2.66</td>
<td>2.52</td>
<td>1.99</td>
<td></td>
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<tr>
<td>1987</td>
<td>153,571,162.50</td>
<td>7.13</td>
<td>6.77</td>
<td>5.34</td>
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</tr>
<tr>
<td>1988</td>
<td>143,509,325.00</td>
<td>7.63</td>
<td>7.25</td>
<td>5.71</td>
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</tr>
<tr>
<td>1989</td>
<td>59,945,312.50</td>
<td>18.28</td>
<td>17.36</td>
<td>13.68</td>
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</tr>
<tr>
<td>1990</td>
<td>62,552,500.00</td>
<td>17.52</td>
<td>16.63</td>
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<tr>
<td>1991</td>
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<td>15.40</td>
<td>14.62</td>
<td>11.52</td>
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<tr>
<td>1992</td>
<td>106,899,387.50</td>
<td>10.25</td>
<td>9.73</td>
<td>7.67</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>108,526,137.50</td>
<td>10.10</td>
<td>9.59</td>
<td>7.55</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>18,091,000.00</td>
<td>60.56</td>
<td>57.51</td>
<td>45.32</td>
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</tr>
<tr>
<td>1995</td>
<td>2,220,000.00</td>
<td>493.54</td>
<td>468.63</td>
<td>369.30</td>
<td></td>
</tr>
</tbody>
</table>

Total $4,895,990,840.69

Applicable net revenue amount $1,095,660,464 $1,040,364,492 $819,642,687

Basis of preparation:

(1) Corporation fiscal year ended June 30.

(2) Debt Service on a payment basis.
(3) Revenues reported by General Counsel as the net amounts having been collected by the State for the twelve consecutive months ended September 30, 1976, reduced by the State's charges for administration and collection.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales tax</td>
<td>$ 823,842,687</td>
</tr>
<tr>
<td>Net stock transfer tax excluding surcharge</td>
<td>220,521,805</td>
</tr>
<tr>
<td>Surcharge amount</td>
<td>55,296,372</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,099,660,864</strong></td>
</tr>
</tbody>
</table>

(4) Net revenues shown in (3) above are further reduced by the Corporation's current estimate of operating expenses for the fiscal year ending June 30, 1977 of $4 million.
### Calculation of Certain First General Bond Resolution Coverage Ratios

<table>
<thead>
<tr>
<th>Year ended June 30 (1)</th>
<th>Total First Resolution debt service after cancellation of V and AA bonds and issuance of CC and DD Bonds (2), (5)</th>
<th>Coverage ratios (3), (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net sales and stock transfer taxes</td>
<td>Including stock transfer tax surcharge of $55,296,372</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>$ 471,826,063.19</td>
<td>2.32</td>
</tr>
<tr>
<td>1978</td>
<td>469,328,137.50</td>
<td>2.33</td>
</tr>
<tr>
<td>1979</td>
<td>464,403,762.50</td>
<td>2.36</td>
</tr>
<tr>
<td>1980</td>
<td>453,853,587.50</td>
<td>2.41</td>
</tr>
<tr>
<td>1981</td>
<td>410,281,025.00</td>
<td>2.67</td>
</tr>
<tr>
<td>1982</td>
<td>383,200,375.00</td>
<td>2.86</td>
</tr>
<tr>
<td>1983</td>
<td>384,328,200.00</td>
<td>2.85</td>
</tr>
<tr>
<td>1984</td>
<td>409,881,025.00</td>
<td>2.67</td>
</tr>
<tr>
<td>1985</td>
<td>384,984,050.00</td>
<td>2.85</td>
</tr>
<tr>
<td>1986</td>
<td>395,767,325.00</td>
<td>2.77</td>
</tr>
<tr>
<td>1987</td>
<td>305,806,925.00</td>
<td>3.58</td>
</tr>
<tr>
<td>1988</td>
<td>279,288,587.50</td>
<td>3.92</td>
</tr>
<tr>
<td>1989</td>
<td>263,291,362.50</td>
<td>4.16</td>
</tr>
<tr>
<td>1990</td>
<td>265,909,575.00</td>
<td>4.12</td>
</tr>
<tr>
<td>1991</td>
<td>71,159,850.00</td>
<td>15.40</td>
</tr>
<tr>
<td>1992</td>
<td>106,899,387.50</td>
<td>10.25</td>
</tr>
<tr>
<td>1993</td>
<td>108,526,137.50</td>
<td>10.10</td>
</tr>
<tr>
<td>1994</td>
<td>18,091,000.00</td>
<td>60.56</td>
</tr>
<tr>
<td>1995</td>
<td>2,220,000.00</td>
<td>493.54</td>
</tr>
<tr>
<td>Total</td>
<td>$5,649,046,375.69</td>
<td></td>
</tr>
</tbody>
</table>

Applicable net revenue amount: $1,095,660,864
\[\text{Net sales tax only: } \frac{1,095,660,864}{1.74} \approx 630,000,000\]
\[\text{Net sales tax only: } \frac{1,095,660,864}{1.77} \approx 610,000,000\]
\[\text{Net sales tax only: } \frac{1,095,660,864}{1.81} \approx 550,000,000\]

Basis of preparation:

1. Corporation fiscal year ended June 30.
2. Debt service on a payment basis.
(3) Revenues reported by General Counsel as the net amounts having been collected by the State for the twelve consecutive months ended September 30, 1976, reduced by the State's charges for administration and collection.

- Net sales tax $823,842,687
- Net stock transfer tax excluding surcharge 220,521,805
- Surcharge amount 55,296,372

$1,099,660,864

(4) Net revenues shown in (3) above are further reduced by the Corporation's current estimate of operating expenses for the fiscal year ending June 30, 1977 of $4 million.

(5) Pro forma debt service before implementation of the terms of the Amended and Restated Agreement dated November 26, 1975. The terms of neither Series V nor Series AA were affected by the Agreement.
1976 Series CC and DD Bonds

Copies of the Series CC and Series DD Resolutions, the Bond Purchase Agreement and the final Official Statement were distributed to Board members and representatives. Mr. Thomas described certain of the changes that had been made from earlier drafts of the Official Statement and the Bond Purchase Agreement which had been discussed at previous Board meetings. Mr. Robinson conducted a review of the Series CC and Series DD Resolutions. Mr. Tamagni explained that the issuance of the 1976 Series CC and DD Bonds to refund the 1975 Series V and AA Bonds would result in actual debt service savings to the Corporation over the average life of the bonds, based upon a present value analysis.

Following a discussion of these matters, and upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the 1976 Series CC and DD Bond Resolutions, as presented to the meeting, with such non-substantive changes as counsel may in their discretion make, are hereby adopted; and

FURTHER RESOLVED, that the final Official Statement for the 1976 Series CC Bonds, as presented to the meeting, with such
non-substantive changes as counsel may in their discretion make, is hereby adopted; and

FURTHER RESOLVED, that the Corporation is authorized to distribute the final Official Statement for the 1976 Series CC Bonds; and

FURTHER RESOLVED, that the refunding of the 1975 Series V and AA Bonds by the issuance of the 1976 Series CC and DD Bonds is in fulfillment of the corporate purposes of the Corporation; and

FURTHER RESOLVED, that the Chairman of the Corporation is authorized to execute the Bond Purchase Agreement, as presented to the meeting, with such non-substantive changes as counsel may in their discretion make, and that the Chairman and any other officer are authorized to execute such other documents as may be necessary with respect to the closing of the transactions contemplated by the final Official Statement; and

FURTHER RESOLVED, that the Corporation is authorized to issue and deliver the 1976 Series CC and DD Bonds to the State to refund the 1975 Series V and AA Bonds.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1976 SERIES CC RESOLUTION

Authorizing
$256,250,000
1976 SERIES CC BONDS

Adopted November 5, 1976
1976 SERIES CC RESOLUTION AUTHORIZING $256,250,000
1976 SERIES CC 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. 1976 Series CC 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, as amended and supplemented to the date of adoption hereof, 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 1976 Series CC Resolution Authorizing $256,250,000 1976 Series CC Bonds, as such terms are given in said Section 101 of the General Bond Resolution.

(b) In addition, as used in this 1976 Series CC Resolution Authorizing $256,250,000 1976 Series CC Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"1976 Series CC Bonds" shall mean the Bonds authorized by Article II of this 1976 Series CC Resolution.

"1976 Series CC Resolution" shall mean this 1976 Series CC Resolution Authorizing $256,250,000 1976 Series CC Bonds.

"1976 Series DD Bonds" shall mean the $6,875,000 aggregate principal amount of 1976 Series DD Bonds of the Corporation issued as Refunding Bonds in order to refund, in part, the Refunded Bonds.

"Refunded Bonds" shall mean the 1975 Series V Bonds and 1975 Series AA Bonds of the Corporation referred to in Section 211 hereof and delivered to or for the account of the Trustee on behalf of the Corporation as consideration for the 1976 Series CC Bonds and the 1976 Series DD Bonds.
"Tenderer" shall mean any Holder of Refunded Bonds, including the State of New York.

(c) 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.

(d) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this 1976 Series CC Resolution, refer to the 1976 Series CC Resolution.

Section 103. Authority for the 1976 Series CC Resolution. This 1976 Series CC Resolution is adopted pursuant to the provisions of the Act, as amended, and the General Bond Resolution, as amended (in particular Section 203 thereof), and the Board of Directors of the Corporation hereby determines that the adoption of this 1976 Series CC Resolution and the issuance of the 1976 Series CC Bonds and the 1976 Series DD Bonds in exchange for the Refunded Bonds is in fulfillment of its corporate purposes.

ARTICLE II

Authorization, Terms and Issuance of 1976 Series CC Bonds

Section 201. Authorization of 1976 Series CC Bonds, Principal Amount, Designation and Series. The 1976 Series CC Bonds are hereby authorized to be issued in the aggregate principal amount of $256,250,000 pursuant to and subject to the terms, conditions and limitations established in the General Bond Resolution and this 1976 Series CC Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "1976 Series CC" and each as so designated shall be entitled "1976 Series CC Bond". The 1976 Series CC Bonds may be issued either in coupon form payable to bearer and registrable as to principal only or in fully registered form.

Section 202. Purpose. The 1976 Series CC Bonds are being issued, together with the 1976 Series DD Bonds, to refund the Refunded Bonds.
Section 203. Issue Date. The 1976 Series CC Bonds shall be
dated November 1, 1976, except for certain registered 1976 Series CC
Bonds which shall be dated as provided in Section 301 of the General
Bond Resolution. Registered 1976 Series CC Bonds issued prior to the
first interest payment date thereof shall be dated November 1, 1976.

Section 204. Maturities and Interest Rates. The 1976 Series CC
Bonds shall bear interest from their date at the rate of ten and one-
quarter per centum (10¼%) per annum and shall mature on Feb-
uary 1, 1993.

Section 205. Interest Payments. The 1976 Series CC Bonds
in coupon form shall bear interest from November 1, 1976, payable
semi-annually on February 1 and August 1, in each year, commencing
February 1, 1977, until the Corporation’s obligation with respect to the
payment of the principal sum on said 1976 Series CC Bonds is dis-
charged. Registered 1976 Series CC Bonds shall bear interest from
their date, payable semi-annually on February 1 and August 1 in each
year commencing February 1, 1977, until the Corporation’s obligation
with respect to the payment of the principal sum on said 1976 Series
CC Bonds is discharged.

Section 206. Denominations, Numbers, Letters and Exchange-
ability. The 1976 Series CC Bonds shall be issued in the denomination
of $5,000 in the case of 1976 Series CC Bonds in coupon form payable
to bearer and in the denomination of $5,000 or an integral multiple
thereof, not exceeding the aggregate principal amount of 1976 Series
CC Bonds, in the case of fully registered 1976 Series CC Bonds without
coupons. The 1976 Series CC Bonds in coupon form payable to bearer
in the denomination of $5,000 shall be lettered CC and 1976 Series CC
Bonds in fully registered form without coupons shall be lettered CCR,
in each case followed by the number of the 1976 Series CC Bond. 1976
Series CC Bonds in coupon form payable to bearer so lettered shall be
numbered consecutively from one (1) upwards and 1976 Series CC
Bonds in fully registered form so lettered shall be numbered con-
secutively from one (1) upwards in order of issuance. The 1976 Series
CC Bonds are exchangeable in accordance with the provisions of the
General Bond Resolution.

Section 207. CUSIP Numbers. The Corporation is hereby
authorized, in its discretion, to provide for the assignment of CUSIP
numbers for the 1976 Series CC Bonds and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption.

Section 208. Places of Payment and Paying Agents. The principal of, premium, if any, and interest on, the 1976 Series CC Bonds in coupon form payable to bearer shall be payable at the corporate trust office of the following: Citibank, N.A., in the Borough of Manhattan, City and State of New York, or, at the option of the Holder, Northern Trust Company, in the City of Chicago, State of Illinois, or, Bank of America National Trust and Savings Association, in the City and County of San Francisco, California, each of which is hereby appointed a Paying Agent hereunder. The interest on all registered 1976 Series CC Bonds and the principal of and premium, if any, on all registered 1976 Series CC Bonds and of all 1976 Series CC Bonds issued in coupon form payable to bearer and subsequently registered as to principal, shall be payable at the corporate trust office of the Trustee.

Section 209. Redemption of 1976 Series CC Bonds and Terms. The 1976 Series CC 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 General Bond Resolution. The 1976 Series CC Bonds shall be subject to such redemption beginning on February 1, 1984, and on each February 1 thereafter until maturity on February 1, 1993, as herein provided, upon published notice, all as prescribed in Article IV of the General Bond Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each 1976 Series CC Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the 1976 Series CC Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the General Bond 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 1976 Series CC 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 1976 Series CC Bonds, except that the amount set opposite the year 1993 in said table shall be payable at the stated maturity date of the 1976 Series CC Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$5,055,000</td>
</tr>
<tr>
<td>1985</td>
<td>5,570,000</td>
</tr>
<tr>
<td>1986</td>
<td>6,330,000</td>
</tr>
<tr>
<td>1987</td>
<td>6,965,000</td>
</tr>
<tr>
<td>1988</td>
<td>7,595,000</td>
</tr>
<tr>
<td>1989</td>
<td>17,725,000</td>
</tr>
<tr>
<td>1990</td>
<td>20,260,000</td>
</tr>
<tr>
<td>1991</td>
<td>30,385,000</td>
</tr>
<tr>
<td>1992</td>
<td>70,900,000</td>
</tr>
<tr>
<td>1993</td>
<td>85,455,000</td>
</tr>
</tbody>
</table>

Section 210. Optional Redemption. The 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole on any date, or in part, by lot, on any interest payment date or dates, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued interest to the date of redemption.

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 1982 to July 31, 1983</td>
<td>104%</td>
</tr>
<tr>
<td>August 1, 1983 to January 31, 1984</td>
<td>103½</td>
</tr>
<tr>
<td>February 1, 1984 to July 31, 1984</td>
<td>103</td>
</tr>
<tr>
<td>August 1, 1984 to January 31, 1985</td>
<td>102</td>
</tr>
<tr>
<td>February 1, 1985 to July 31, 1986</td>
<td>102</td>
</tr>
<tr>
<td>August 1, 1986 to January 31, 1988</td>
<td>101½</td>
</tr>
<tr>
<td>February 1, 1988 to July 31, 1989</td>
<td>101</td>
</tr>
<tr>
<td>August 1, 1989 to January 31, 1991</td>
<td>100¹⁄₂</td>
</tr>
<tr>
<td>February 1, 1991 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Section 211. Delivery of 1976 Series CC Bonds. The 1976 Series CC Bonds authorized to be issued herein and the 1976 Series DD Bonds
shall be delivered to the Tenderer, upon the order of the Corporation at such time as the Trustee shall be directed in writing by an Authorized Officer, and upon delivery, as consideration therefor, to or for the account of the Trustee on behalf of the Corporation of the Refunded Bonds as described in a certificate of an Authorized Officer delivered to such Trustee.

SECTION 212. Preliminary Official Statement and Related Matters. The Preliminary Official Statement of the Corporation with respect to the 1976 Series CC Bonds, dated October 29, 1976, the distribution thereof to prospective purchasers and the use thereof by the Underwriters (as defined and identified in the Bond Purchase Agreement dated November 5, 1976 by and among the Underwriters, the Corporation and the State) in connection with the offering by the State of the 1976 Series CC Bonds are hereby ratified, confirmed and approved. The Chairman of the Corporation is hereby authorized to permit the distribution of the final Official Statement dated the date hereof, in substantially the form of said Preliminary Official Statement, with such changes, omissions, insertions and revisions as he shall deem advisable and to sign and deliver such final Official Statement to the State, the Underwriters and the purchasers of the 1976 Series CC Bonds from the State in the name and on behalf of the Corporation. The Chairman is hereby authorized to take all such action, including, without limitation, the execution of said Bond Purchase Agreement and delivery thereof to said Underwriters and the State, in the name of and on behalf of the Corporation, as he shall deem advisable in pursuance of this 1976 Series CC Resolution.

ARTICLE III

TREATMENT OF REFUNDED BONDS

SECTION 301. Disposition of Refunded Bonds. Upon delivery to the Trustee of the Refunded Bonds pursuant to Section 211 of the 1976 Series CC Resolution, all such Refunded Bonds shall be deemed cancelled, and the Trustee shall record the numbers of all Refunded Bonds so delivered and shall make no further payments of principal thereof, or premium, if any, or interest thereon. The Trustee shall thereafter destroy such Refunded Bonds.
ARTICLE IV

FORMS AND EXECUTION OF 1976 SERIES CC BONDS AND COUPONS

SECTION 401. Form of Bonds and Coupons of 1976 Series CC Bonds. 1. Subject to the provisions of the Resolution, the 1976 Series CC Bonds in coupon form and coupons to be attached thereto and the 1976 Series CC Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following form and tenor:

FORM OF COUPON 1976 SERIES CC BOND

No. CC $5,000

Municipal Assistance Corporation
For the City of New York
1976 Series CC 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, 1993, 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 ten and one-quarter per centum (10 1/4%) per annum, payable February 1, 1977 and August 1, 1977, and semi-annually thereafter on February 1 and on August 1, in each year, 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 Citibank, N.A. in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of The Northern Trust Company, in the City of Chicago, State of Illinois, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. 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, 1973, as amended and supplemented, 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.

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, 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 or Notes or Other Obligations, 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 "1976 Series CC Bonds" (herein called the "1976 Series CC Bonds"), issued in the aggregate principal amount of $256,250,000 as Refunding Bonds (as defined in and pursuant to the General Bond Resolution) and the series resolution of the Corporation adopted November 5, 1976, entitled "1976 Series CC Resolution Authorizing $256,250,000 1976 Series CC Bonds" (said resolutions being herein collectively called the "Resolutions"), in exchange for the Refunded Bonds (as defined in the Resolutions). 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 1976 Series CC Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1976 Series CC Bonds with respect thereto and the terms and conditions upon which the 1976 Series CC 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 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; except that no change may be made in the amount or timing of the Sinking Fund Installments hereinafter set forth without the unanimous consent of all holders of all Outstanding 1976 Series CC Bonds; 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 by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof 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 hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The 1976 Series CC Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of the 1976 Series CC Bonds. Coupon 1976 Series CC 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 1976 Series CC Bonds 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 1976 Series CC 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 1976 Series CC Bonds, with appropriate coupons attached, or of 1976 Series CC Bonds without coupons of any other authorized denominations, of the same maturity.

The 1976 Series CC Bonds are not subject to redemption prior to August 1, 1982. The 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole on any date, or in part, by lot as provided by the Resolutions, on any
interest payment date at the following Redemption Prices (as defined in the General Bond Resolution) (expressed as a percentage of the principal amount) plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 1982 to July 31, 1983</td>
<td>104 1/2%</td>
</tr>
<tr>
<td>August 1, 1983 to January 31, 1984</td>
<td>103 1/2%</td>
</tr>
<tr>
<td>February 1, 1984 to July 31, 1984</td>
<td>103</td>
</tr>
<tr>
<td>August 1, 1984 to January 31, 1985</td>
<td>102 1/2%</td>
</tr>
<tr>
<td>February 1, 1985 to July 31, 1986</td>
<td>102</td>
</tr>
<tr>
<td>August 1, 1986 to January 31, 1988</td>
<td>101 1/2%</td>
</tr>
<tr>
<td>February 1, 1988 to July 31, 1989</td>
<td>101</td>
</tr>
<tr>
<td>August 1, 1989 to January 31, 1991</td>
<td>100 1/2%</td>
</tr>
<tr>
<td>February 1, 1991 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Additionally, the 1976 Series CC Bonds 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 a Redemption Price of one hundred per centum (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 1976 Series CC Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$ 5,065,000</td>
</tr>
<tr>
<td>1985</td>
<td>5,570,000</td>
</tr>
<tr>
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<td>6,330,000</td>
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<tr>
<td>1989</td>
<td>17,725,000</td>
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<tr>
<td>1990</td>
<td>20,260,000</td>
</tr>
<tr>
<td>1991</td>
<td>30,385,000</td>
</tr>
<tr>
<td>1992</td>
<td>70,900,000</td>
</tr>
<tr>
<td>1993</td>
<td>85,455,000</td>
</tr>
</tbody>
</table>
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 1976 Series CC Bonds payable from such Sinking Fund Installment and apply any 1976 Series CC Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1976 Series CC 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 1976 Series CC Bonds or portions of the 1976 Series CC 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 1976 Series CC Bonds. Notice of redemption having been given, as aforesaid, the 1976 Series CC Bonds or portions thereof so called for redemption, shall become due and payable at the applicable Redemption Price herein provided, and from and after the date so fixed for redemption, interest on the 1976 Series CC Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable and the coupons for interest appertaining to coupon 1976 Series CC Bonds maturing subsequent to the redemption date shall be void.

The 1976 Series CC 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 1976 Series CC Bonds be payable out of any funds other than those of the Corporation.

This 1976 Series CC 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 1976 Series CC Bond, or of any coupon appurtenant hereto, by accepting this 1976 Series CC Bond or coupon shall be conclusively deemed to have agreed that this 1976 Series CC Bond or coupon is fully negotiable for those purposes.

Neither this 1976 Series CC 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 1976 Series CC 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 1976 Series CC Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1976 Series CC 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 1976 Series CC 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 November, 1976.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Seal]

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

Chairman

Attest:

............... 

Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1976 Series CC 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 1, 19 , (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for) 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 Citibank, N.A., in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of The Northern Trust Company, in the City of Chicago, State of Illinois, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, California, upon presentation and surrender of this coupon, being the interest then due on its 1976 Series CC Bond, dated November 1, 1976, No. CC .

By .........................
Chairman, Municipal Assistance Corporation For the City of New York
[Registration]

(No writing below except by the Trustee as Registrar)

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Registered Holder</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>

[Form of Registered 1976 Series CC Bond]

No. CC          $  

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

1976 Series CC Bond  

The Municipal Assistance Corporation For The City of New York (herein 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  

or registered assigns, upon presentation and surrender of this Bond, the principal sum of ($  )  
on the first day of February, 1993 unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon from the date hereof to the date of maturity or earlier redemption of this Bond, at the rate of ten and one-quarter per centum (10 1/4%) per annum, payable on February 1, 1977 and semiannually thereafter on February 1 and August 1, in each year, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the Borough of Manhattan, City and State of New York, of the United States Trust Company of
New York, New York, N.Y., as Trustee. 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.

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 resolution of the Corporation adopted July 2, 1975, as amended and supplemented entitled "General 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, if re-
quired, 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; pro-
vided, 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 or Other Obligations, 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 avail-
able 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 “1976 Series CC
Bonds” (herein called the “1976 Series CC Bonds”), issued in the
aggregate principal amount of $256,250,000 as Refunding Bonds as
defined in and pursuant to the General Bond Resolution and the series
resolution of the Corporation adopted November 5, 1976, entitled “1976
Series CC Resolution Authorizing $256,250,000 1976 Series CC Bonds”
(said resolutions being herein collectively called the "Resolutions"), in exchange for other Bonds as identified in the Resolutions. 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 1976 Series CC Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1976 Series CC Bonds with respect thereto and the terms and conditions upon which the 1976 Series CC 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 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. Notwithstanding the foregoing sentence, no modification or amendment of the amount or date of any Sinking Fund Installment for any outstanding 1976 Series CC Bond shall be made without the prior written consent of all holders of Outstanding 1976 Series CC 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 1976 Series CC Bond or Bonds or, at the option of the transferee, a coupon 1976 Series CC Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and series, maturity and interest rate as the surrendered 1976 Series CC 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 1976 Series CC 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 (as defined in the General Bond Resolution) hereof and interest due hereon and for all other purposes whatsoever.

The 1976 Series CC Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of the 1976 Series CC Bonds. Coupon 1976 Series CC 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 1976 Series CC Bonds or registered 1976 Series CC 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 1976 Series CC 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 1976 Series CC Bonds, with appropriate coupons attached, or of 1976 Series CC Bonds without coupons of any other authorized denominations.

The 1976 Series CC Bonds shall not be subject to redemption prior to August 1, 1982. The 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole on any date, or in part, by lot, on any interest payment date or dates,
at the following Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 1982 to July 31, 1983</td>
<td>104%</td>
</tr>
<tr>
<td>August 1, 1983 to January 31, 1984</td>
<td>103½</td>
</tr>
<tr>
<td>February 1, 1984 to July 31, 1984</td>
<td>103</td>
</tr>
<tr>
<td>August 1, 1984 to January 31, 1985</td>
<td>102½</td>
</tr>
<tr>
<td>February 1, 1985 to July 31, 1986</td>
<td>102</td>
</tr>
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<td>August 1, 1986 to January 31, 1988</td>
<td>101½</td>
</tr>
<tr>
<td>February 1, 1988 to July 31, 1989</td>
<td>101</td>
</tr>
<tr>
<td>August 1, 1989 to January 31, 1991</td>
<td>100½</td>
</tr>
<tr>
<td>February 1, 1991 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Additionally, the 1976 Series CC Bonds are subject to redemption, in part, by lot as provided in the Resolutions in February 1 in each of the years and in the 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 1976 Series CC Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$5,065,000</td>
</tr>
<tr>
<td>1985</td>
<td>5,570,000</td>
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<tr>
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<td>70,900,000</td>
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<td>1993</td>
<td>84,455,000</td>
</tr>
</tbody>
</table>

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, 1976 Series CC Bonds of the Corporation payable from such Sinking Fund Installment and apply any 1976 Series CC Bonds so purchased as a credit against such Sinking Fund Installment.
In the event that any or all of the 1976 Series CC 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 1976 Series CC Bonds or portions of the 1976 Series CC 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 1976 Series CC Bonds. Notice of redemption having been given, as aforesaid, the 1976 Series CC Bonds or portions thereof so called for redemption, shall become due and payable at the applicable Redemption Price herein provided, and from and after the date so fixed for redemption, interest on the 1976 Series CC Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable and the coupons for interest appertaining to coupon 1976 Series CC Bonds maturing subsequent to the redemption date shall be void.

The 1976 Series CC 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 1976 Series CC Bonds be payable out of any funds other than those of the Corporation.

This 1976 Series CC Bond shall not 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 1976 Series CC 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 1976 Series CC Bond, exist, have happened and have been performed in due time, form
and manner as required by law and that the issue of the 1976 Series CC 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 1976 Series CC 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 first day of ___, 19__.

Municipal Assistance Corporation
For the City of New York

[Seal]

Attest:

By .........................
Chairman

Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1976 Series CC 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 on Registered Bonds]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto ______________________ (Please print or type name and address of transferee) the within 1976 Series CC Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints Attorney
to transfer the within 1976 Series CC 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 1976 Series CC Bond in every particular, without alteration or enlargement or any change whatever.

[ALTERNATIVE FORM OF REGISTERED BOND]

[FACE OF REGISTERED BOND FORM]

CCR- ____________________________

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
1976 SERIES CC BOND

The Municipal Assistance Corporation For The City of New York (herein and on the reverse side hereof 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

or registered assigns, upon presentation and surrender of this Bond, the principal sum of ____________________________ ($ _______ )
on the first day of February, 1993, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon from the Issue Date shown below to the date of maturity or earlier redemption of this Bond, at the rate of __________ per centum (%) per annum, payable February 1, 1977 and August 1, 1977 and semi-annually thereafter on February 1 and on August 1, in each year, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned.
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.

The terms and provisions of this bond are continued on the reverse side hereof and such continued terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "1976 Series CC 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 1976 Series CC Bonds be payable out of any funds other than those of the Corporation.

This 1976 Series CC Bond shall not be entitled to any security, right or benefit under the Resolutions (as defined on the reverse side hereof) 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 1976 Series CC 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 1976 Series CC Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1976 Series CC 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 1976 Series CC 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 November 1, 1976.
CERTIFICATE OF AUTHENTICATION

This Bond is one of the 1976 Series CC Bonds described in the within-mentioned Resolutions.

ISSUE DATE:

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

Authorized Signature Chairman

ATTTEST:

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

Secretary

[REVERSE OF REGISTERED BOND FORM]

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1976 SERIES CC BOND

...% DUE FEBRUARY 1, 1993

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" and herein so referred to, 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 the 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 the resolution of the Corporation adopted July 2, 1975, as amended and supplemented, entitled "General Bond Resolution" and herein so referred to, 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, 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 or Notes or Other Obligations, 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
exemptory 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.

The Bonds may be issued from time to time 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 therein 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 "1976 Series CC Bonds" (herein called the "1976 Series CC Bonds"), issued in the aggregate principal amount of $250,000,000 as Refunding Bonds (as defined in and pursuant to the General Bond Resolution) and the series resolution of the Corporation, adopted November 5, 1976 (said resolutions being herein collectively called the "Resolutions"), in exchange for the Refunding Bonds as defined in the Resolutions. Copies of the Resolutions are on file at the office of the Corporation and 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 General Bond Resolution (said trustee and any successor thereto being herein referred to as 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 1976 Series CC Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1976 Series CC Bonds with respect thereto and the terms and conditions upon which the 1976 Series CC 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 of each series.
so affected 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, except that no change may be made in the amount or timing of the Sinking Fund Installments hereinafter set forth without the unanimous consent of all holders of all Outstanding 1976 Series CC Bonds; 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 1976 Series CC Bond or Bonds or, at the option of the transferee, a 1976 Series CC Bond or Bonds of the denomination of $5,000 each with appropriate coupons attached, of the same aggregate principal amount and interest rate as the surrendered 1976 Series CC Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and Trustee may treat and consider the person in whose name this 1976 Series CC 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 (as defined in the General Bond Resolution) hereof and interest due hereon and for all other purposes whatsoever.

The 1976 Series CC Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of
$5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of the 1976 Series CC Bonds. Coupon 1976 Series CC 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 1976 Series CC Bonds 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 payment of such charges, if any, registered 1976 Series CC 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 1976 Series CC Bonds with appropriate coupons attached, or of 1976 Series CC Bonds without coupons of any other authorized denominations.

The 1976 Series CC Bonds are not subject to redemption prior to August 1, 1982.

The 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982, as a whole on any date, or in part, by lot, on any interest payment date, at the following Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 1982 to July 31, 1983</td>
<td>104 %</td>
</tr>
<tr>
<td>August 1, 1983 to January 31, 1984</td>
<td>103⅓</td>
</tr>
<tr>
<td>February 1, 1984 to July 31, 1984</td>
<td>103</td>
</tr>
<tr>
<td>August 1, 1984 to January 31, 1985</td>
<td>103⅓</td>
</tr>
<tr>
<td>February 1, 1985 to July 31, 1986</td>
<td>102</td>
</tr>
<tr>
<td>August 1, 1986 to January 31, 1988</td>
<td>101⅔</td>
</tr>
<tr>
<td>February 1, 1988 to July 31, 1989</td>
<td>101</td>
</tr>
<tr>
<td>August 1, 1989 to January 31, 1991</td>
<td>100⅔</td>
</tr>
<tr>
<td>February 1, 1991 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Additionally, the 1976 Series CC Bonds are subject to redemption, in part, by lot as provided in the Resolutions, on February 1 in each of
the years and in respective principal amounts set forth below, at the Redemption Price of one hundred per centum (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 in each of the years shown below the principal amount of such 1976 Series CC Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$</td>
</tr>
<tr>
<td>1985</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>$</td>
</tr>
<tr>
<td>1990</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td></td>
</tr>
</tbody>
</table>

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, 1976 Series CC Bonds of the Corporation payable from such Sinking Fund Installment and apply any 1976 Series CC Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1976 Series CC Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least 2 successive weeks in a newspaper customarily published at least once a day for at least 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 30 days nor more than 60 days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than 30 days before the redemption date to the registered owners of any 1976 Series CC Bonds or portions of the 1976 Series CC 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 1976 Series CC Bonds. Notice of redemption having been given, as aforesaid, the 1976 Series CC 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 1976 Series CC Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 1976 Series CC Bonds maturing subsequent to the redemption date shall be void.

ABBREVIATIONS
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT — under Uniform Gifts to Minors Act (State)
MIN ACT — Custodian (Minor)

Additional abbreviations may also be used though not in the above list.

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

Please Print or Type write Name and Address of Transferee

the within 1976 Series CC Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within 1976 Series CC Bond on the books kept for the 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 1976 Series CC Bond in every particular, without alteration or enlargement or any change whatever.

SECTION 402. Limit on Amendments. No modification or amendment to the amount or date of any Sinking Fund Installment for any Outstanding 1976 Series CC Bond shall be made without the prior written consent of all Holders of Outstanding 1976 Series CC Bonds.
SECTION 403. No Recourse on 1976 Series CC Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 1976 Series CC Bonds or for any claim based thereon or on the 1976 Series CC Resolution against any member or officer of the Corporation or any person executing the 1976 Series CC Bonds and neither the Directors of the Corporation nor any other person executing the 1976 Series CC Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 404. Execution of 1976 Series CC Bonds. Pursuant to the provisions of Section 303 of the General Bond Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the 1976 Series CC 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 1976 Series CC Bonds.

ARTICLE V

MISCELLANEOUS

SECTION 501. When Effective. This 1976 Series CC 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

1976 SERIES DD RESOLUTION

Authorizing
$6,875,000
1976 SERIES DD BONDS

Adopted November 5, 1976
1976 SERIES DD RESOLUTION AUTHORIZING $6,875,000
1976 SERIES DD 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. 1976 Series DD 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, as amended and supplemented to the date of adoption hereof, 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 1976 Series DD Resolution Authorizing $6,875,000 1976 Series DD Bonds, as such terms are given in said Section 101 of the General Bond Resolution.

(b) In addition, as used in this 1976 Series DD Resolution Authorizing $6,875,000 1976 Series DD Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"1976 Series CC Bonds" shall mean the $256,250,000 aggregate principal amount of 1976 Series CC Bonds of the Corporation issued as Refunding Bonds in order to refund, in part, the Refunded Bonds.

"1976 Series DD Bonds" shall mean the Bonds authorized by Article II of this 1976 Series DD Resolution.

"1976 Series DD Resolution" shall mean this 1976 Series DD Resolution Authorizing $6,875,000 1976 Series DD Bonds.

"Refunded Bonds" shall mean the 1975 Series V Bonds and 1975 Series AA Bonds of the Corporation referred to in Section 209 hereof and delivered to or for the account of the Trustee on behalf of the Corporation as consideration for the 1976 Series CC Bonds and the 1976 Series DD Bonds.
"Tenderer" shall mean any Holder of Refunded Bonds, including the State of New York.

(c) 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.

(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this 1976 Series DD Resolution, refer to the 1976 Series DD Resolution.

SECTION 103. Authority for the 1976 Series DD Resolution. This 1976 Series DD Resolution is adopted pursuant to the provisions of the Act, as amended, and the General Bond Resolution, as amended (in particular Section 203 thereof), and the Board of Directors of the Corporation hereby determines that the adoption of this 1976 Series DD Resolution and the issuance of the 1976 Series CC Bonds and the 1976 Series DD Bonds in exchange for the Refunded Bonds is in fulfillment of its corporate purposes.

ARTICLE II

Authorization, Terms and Issuance of 1976 Series DD Bonds

SECTION 201. Authorization of 1976 Series DD Bonds, Principal Amount, Designation and Series. The 1976 Series DD Bonds are hereby authorized to be issued in the aggregate principal amount of $6,875,000 pursuant to and subject to the terms, conditions and limitations established in the General Bond Resolution and this 1976 Series DD Resolution. In addition to the title "Bonds," such Series of Bonds shall bear the additional designation of "1976 Series DD" and each as so designated shall be entitled "1976 Series DD Bond." The 1976 Series DD Bonds shall be issued in fully registered form.

SECTION 202. Purpose. The 1976 Series DD Bonds are being issued, together with the 1976 Series CC Bonds, to refund the Refunded Bonds.

SECTION 204. Maturities and Interest Rate. The 1976 Series DD Bonds shall bear interest from their date of delivery (as set forth on the face thereof) at the rate of five per centum (5%) per annum and shall mature on February 1, 1977.

SECTION 205. Interest Payment. The 1976 Series DD Bonds shall bear interest from their date of delivery (as set forth on the face thereof), payable on February 1, 1977.

SECTION 206. Denomination, Number and Letter. The 1976 Series DD Bonds shall be issued as a single Bond in the principal amount of $6,875,000, and such Bond shall be lettered DDD1.

SECTION 207. Places of Payment. The interest on all the 1976 Series DD Bonds and the principal of all the 1976 Series DD Bonds shall be payable at the corporate trust office of the Trustee.

SECTION 208. No Redemption of 1976 Series DD Bonds Prior to Maturity. The 1976 Series CC Bonds shall be not subject to redemption prior to maturity.

SECTION 209. Delivery of 1976 Series DD Bonds. The 1976 Series CC Bonds and the 1976 Series DD Bonds shall be delivered to the Tenderer, upon the order of the Corporation, at such times as the Trustee shall be directed in writing by an Authorized Officer, and upon delivery, as consideration therefor, to or for the account of the Trustee on behalf of the Corporation of the Refunded Bonds as described in a certificate of an Authorized Officer delivered to such Trustee.

SECTION 210. Preliminary Official Statement and Related Matters. The Preliminary Official Statement of the Corporation with respect to the 1976 Series CC Bonds, dated October 29, 1976, the distribution thereof to prospective purchasers and the use thereof by the Underwriters (as defined and identified in the Bond Purchase Agreement dated November 3, 1976 by and among the Underwriters, the Corporation and the State) in connection with the offering by the State of the 1976 Series CC Bonds are hereby ratified, confirmed and approved. The Chairman of the Corporation is hereby authorized to permit the distribution of the final Official Statement dated the date hereof, in substantially the form of said Preliminary Official Statement, with such
changes, omissions, insertions and revisions as he shall deem advisable
and to sign and deliver such final Official Statement to the State.

ARTICLE III
TREATMENT OF REFUNDED BONDS

SECTION 301. Disposition of Refunded Bonds. Upon delivery to
the Trustee of the Refunded Bonds pursuant to Section 209 hereof,
all such Refunded Bonds shall be deemed cancelled, and the Trustee
shall record the numbers of all Refunded Bonds so delivered and shall
make no further payments of principal thereof or premium, if any,
or interest thereon. The Trustee shall thereafter destroy such Ref-
unded Bonds.

ARTICLE IV
FORM AND EXECUTION OF 1976 SERIES DD BONDS

SECTION 401. Form of Bonds of 1976 Series DD Bonds. Subject
to the provisions of the Resolution, the 1976 Series DD Bonds in
registered form, together with the form of assignment therefor, and
the Trustee’s Certificate of Authentication, shall be in substantially
the following form and tenor:

[FORM OF REGISTERED 1976 SERIES DD BOND]

No. DDR1 $6,875,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1976 SERIES DD BOND

The Municipal Assistance Corporation For The City Of New York
(herein sometimes called the "Corporation"), a corporate govern-
mental agency and instrumentality of the State of New York constit-
uting 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
or registered assigns, upon presentation and surrender of this Bond, the principal sum of Six Million Eight Hundred Seventy-Five Thousand Dollars ($6,875,000) on the first day of February, 1977 and to pay to the registered owner hereof interest thereon from the date of delivery hereof as hereinafter set forth to the date of maturity of this Bond, at the rate of five per centum (5%) per annum, payable on February 1, 1977, at the corporate trust office in the Borough of Manhattan, City and State of New York, of the United States Trust Company of New York, New York, N. Y., as Trustee. 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.

This Bond is one of a duly authorized issuance 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 resolution of the Corporation adopted July 2, 1975, as amended and supplemented entitled "General 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, 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 or Notes or Other Obligations, 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 exentory 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 "1976 Series DD Bonds" (herein called the "1976 Series DD Bonds"), issued in the aggregate principal amount of $6,875,000 as Refunding Bonds as defined in and pursuant to the General Bond Resolution and the series resolution of the Corporation adopted November 5, 1976, entitled "1976 Series DD Resolution Authorizing $6,875,000 1976 Series DD Bonds" (said resolutions being herein collectively called the "Resolutions"), in exchange for other Bonds as identified in the Resolutions. 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 1976 Series DD Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1976 Series DD Bonds with respect thereto and the terms and conditions upon which the 1976 Series DD 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 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 1976 Series DD Bond of the same aggregate principal amount and series, maturity and interest rate as the surrendered 1976 Series DD 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 1976 Series DD 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 (as defined in the General Bond Resolution) hereof and interest due hereon and for all other purposes whatsoever.

The 1976 Series DD Bonds are issuable as a single Bond, in fully registered form, in the principal amount of $6,875,000.

The 1976 Series DD Bonds shall not be subject to redemption prior to maturity.

The 1976 Series DD 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 1976 Series DD Bonds be payable out of any funds other than those of the Corporation.

This 1976 Series DD Bond shall not 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 1976 Series DD 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 1976 Series DD Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1976 Series DD 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 1976 Series DD 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 first day of November, 1976.

Date of Delivery: November 1976

Municipal Assistance Corporation for the City of New York

By ........................................
Chairman

............................
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Resolutions and is the only 1976 Series DD Bond 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 type name and address of transferee)

the within 1976 Series DD Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints Attorney
to transfer the within 1976 Series DD 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 1976 Series DD Bond in every particular, without alteration or enlargement or any change whatever.

Section 402. No Recourse on 1976 Series DD Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 1976 Series DD Bonds or for any claim based thereon or on the 1976 Series DD Resolution against any member or officer of the Corporation or any person executing the 1976 Series DD Bonds and neither the Directors of the Corporation nor any other person executing the 1976 Series DD Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

Section 403. Execution of 1976 Series DD Bonds. Pursuant to the provisions of Section 303 of the General Bond Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the 1976 Series DD 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 1976 Series DD Bonds.

ARTICLE V

Miscellaneous

Section 501. When Effective. This 1976 Series DD 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

GENERAL BOND RESOLUTION

Adopted July 2, 1975
Amendments to Sections 203 and 902, adopted by Supplemental Resolution of the Board of Directors on May 18, 1976, became effective as of July 17, 1976. The following text sets forth each of those sections as so amended:

Section 203

(3) Notwithstanding any other provision or restriction contained in this Section 203 or elsewhere in this Resolution, the Corporation by Series Resolution may authorize, cause to be authenticated and deliver Refunding Bonds, being refunding bonds as defined in the Act as amended to the date of delivery of such Refunding Bonds, in exchange for Outstanding Bonds of one or more Series or portion thereof including any maturity or portion of a maturity (the "Refunded Bonds"), with the consent of the Holder or Holders thereof, whether or not the Refunded Bonds are subject to redemption prior to their stated maturity and, if so, without regard to the redemption provisions thereof, including, but not limited to, the time of redemption and redemption premium, if any, provided that (i) the Board determines such refunding to be in fulfillment of one or more of the Corporation's purposes, (ii) the Refunded Bonds are upon the exchange thereof cancelled and no longer Outstanding, and (iii) the Trustee receives the documents required by Section 202.

(4) The Bonds being refunded pursuant to this Section 203 shall not be deemed Outstanding for the purposes of the documents required by Section 202 deliverable pursuant to this Section 203.

Section 902

Extension of Payment of Bonds and Coupons. Except as hereinafter permitted, the Corporation 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 unless (i) the Board determines such extension to be in fulfillment of one or more of the Corporation's purposes, (ii) the Holder of such Bonds, coupon or claim for interest consents thereto, (iii) the Trustee receives the documents that would be required by Section 202 (excluding a Series Resolution if not applicable) in the event of an issuance of Bonds, assuming for such purpose that for all computations required for the issuance of a Series of Bonds under Section 202(3) of this Resolution, all Bonds, coupons and claims for interest to be so extended or otherwise modified, at a particular time, as extended or modified constitute a Series of Bonds to be authenticated and delivered and that the Bonds, coupons and claims for interest as they existed prior to such extension or modification are not to be deemed Outstanding for the purposes of documents required to be delivered by Section 202, and (iv) the Corporation publishes within 90 days after the Board shall have taken the action referred to in (i) hereof in an Authorized Newspaper a notice of such extension or proposed extension. 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, except as permitted in the foregoing sentence, 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 interest. Nothing herein shall be deemed to limit the right of the Corporation 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.
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 lieu 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 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 hereof adopted by the Corporation in accordance with Article X.

"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 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 herefore 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 mater-
rially adversely affect the ability of the Corporation to pay the prin-
cipal 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. Re-
funding 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 Re-
funding 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 pay-
ment at the applicable Redemption Price of the Bonds to be re-
funded, 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 pro-
visions 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 use 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 Corporation, 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 required 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 intaglio 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 installments 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 Corpora-
tion 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 405 provided, the Trustee, if it holds the monies to be ap-
plied to the payment of the Redemption Price, or otherwise the Cor-
poration, 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 Direc-
tion. Whenever by the terms of this Resolution the Trustee is required
to redeem Bonds other than at the election or direction of the Corpora-
tion, 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 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 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 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, however, 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 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 hereof 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 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 direc-
tion 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 Requireme; 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 require-
ments 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 other-
wise 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 Operat-
ing 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 pay-
able 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 prin-
cipal and accrued interest due on any obligation issued by the City to
the Corporation and maturing within the same Fiscal Year, the Chair-
man 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 Cor-
poration 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 Corpora-
tion for payment of principal of or interest on the Bonds or Notes, or
interest on Other Obligations, any amounts due to be received as pay-
ment 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
securings 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-
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.

(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 moneys 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 moneys, 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 moneys 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 association 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 banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

810. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, 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 confirming 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 conditions 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 908) 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 apper-
taining, 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 Corpor-
ration 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 all 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%) of 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. Notwithstanding any other provisions of this Article X, or Article XI, the Corporation may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution 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 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 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, provided 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 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 (c), (d), (e), (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 discrimination 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 application 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 applying such monies, it shall fix the date (which shall be an interest payment 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 appropriate 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 discontinued 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 acknowledgements. 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 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 this Section 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 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 publications, 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 possession and shall be subject at all reasonable times to the inspection of the Corporation, the Trustee or any Paying Agent and after written request 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 thereof; 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 Corporation, 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, stipulations, 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.
CONSENT OF THE STATE OF NEW YORK TO
REFUNDING, WAIVER OF PUBLICATION
AND RECEIPT FOR BONDS

The undersigned, acting on behalf of the State of New York, do hereby agree and consent as follows:

1. The State of New York, as sole holder of an aggregate principal amount of $250,000,000 of the 1975 Series V and 1975 Series AA Bonds (the "Refunded Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), hereby consents to the refunding of such Refunded Bonds by the exchange of the Refunded Bonds for the $256,250,000 aggregate principal amount of 1976 Series CC Bonds of the Corporation and the $6,875,000 aggregate principal amount of 1976 Series DD Bonds of the Corporation (the "New Bonds").


3. The State of New York, as the sole holder of the Refunded Bonds, hereby waives any notice by publication, to the extent required by the General Bond Resolution of the Corporation adopted July 2, 1975, as amended to the date hereof (the "Resolution") of such refunding.

4. The receipt of the $263,125,000 aggregate principal amount of New Bonds and the delivery to the United States Trust Company of New York, as Trustee under the Resolution, of the $250,000,000 aggregate principal amount of Refunded Bonds are hereby acknowledged.
5. The receipt of the net proceeds of sale of New Bonds in the amount of $249,740,190.97 (which amount (i) includes the amount of $1,021,440.97, which represents accrued interest on the New Bonds from November 1, 1976 through November 15, 1976, and (ii) excludes the amount of $1,281,250.00, which represents the amount of the good faith deposit delivered to the State by the Underwriters on November 5, 1976 pursuant to the Bond Purchase Agreement among the State, the Corporation and the Underwriters and which amount has been retained by the State) is hereby acknowledged, and the United States Trust Company of New York, as Trustee, is hereby authorized and requested to deliver the New Bonds to or upon the order of Salomon Brothers, as a representative of the Underwriters.

STATE OF NEW YORK

By ___________________________
Comptroller of the State

By ___________________________
Director of the Budget of the State
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 First General Bond
Resolution (the "Resolution") adopted July 16, 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
September 30, 1976 of the Sales Tax
(p. 4) after deduction of cost of
administering, collecting and
distributing such tax was
     $823,842,687

2. The most recent collections for the 12
consecutive calendar months ended
September 30, 1976 of the Stock Transfer
Tax (p. 5) after deduction of cost of
administering, collecting and
distributing such tax was
     $275,818,177

3. The most recent collections for the
12 consecutive calendar months ended
September 30, 1976 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 Assistance Tax Fund
described in section 92-d of the State
Finance Law established for the
Corporation was

     $0

Total of $1,099,660,864
C. The total amount of $1,099,660,864 for the twelve (12) consecutive calendar months ended September 30, 1976, as set forth in Paragraph B above (taking into account, among other factors, those factors set forth in Paragraph E below), is less than the revenues expected by me, taking into account the statement set forth in Paragraph D below, for the next succeeding twelve (12) consecutive months from the Sales Tax and Stock Transfer Tax.

D. While the undersigned believes that it is not presently possible to predict the effect of a future material adverse change in the economic and/or financial conditions of the State of New York and/or the City of New York upon the Sales Tax and the Stock Transfer Tax revenues, the undersigned, as of this date, has no reason to expect that the total revenues for the next succeeding twelve (12) consecutive calendar months from the Sales Tax and Stock Transfer Tax will be less than the amount of $1,099,660,864.

E. With respect to Sales Tax Collections for the twelve (12) consecutive calendar months ended September 30, 1976, several factors occasioning a change in the pattern of revenue flow from and distribution of Sales Tax during the period should be noted. Such factors include the requirement of monthly filing by certain large vendors, an authorized method of monthly payments on a historical basis and distribution of Sales Tax on such basis.

Commencing March 1976, in addition to regular quarterly reporting, a monthly Sales Tax report and remittance is now required from certain large vendors, i.e. all vendors with taxable receipts of $300,000 or more in any quarter of the preceding four quarters. In making and filing such monthly report, such vendors may estimate Sales Tax liability for certain months based upon historical experience rather than upon actual Sales Tax liability for such months. Additionally, as of March 1976, such vendors are now required to make and file returns of estimated tax for the calendar month of March with or as part of the quarterly return due in such month.

Moreover, commencing March 1976, Sales Tax distribution from remittances for certain months by such large vendors to the Special Account of the Corporation is made upon an historical rather than upon an actual basis.
A consequence of the foregoing factors will be that, in order to reflect actual experience, adjustment to subsequent distributions to the Special Account will be required to be made from time to time during the twelve (12) consecutive calendar month period commencing October 1, 1976. This does not purport to be a full and complete statement of existing law and its effect and reference is made to Chapter 89 of the Laws of 1976.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 1976.

[Signature]

Commissioner of Taxation and Finance

TO: United States Trust Company of New York as Trustee under the Resolution (as defined above).
November 15, 1976

Salomon Brothers
Morgan Guaranty Trust Company
of New York
Merrill Lynch, Pierce, Fenner
& Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National
Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

As Representatives of the Underwriters

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

Reference is made to our opinion to you of even date
herein with respect to the 1976 Series CC Bonds of Municipal
Assistance Corporation For The City of New York. We hereby con-
firm to you that, subject to the limitations with respect to our
engagement described in such opinion, subsequent to the date of
the final Official Statement referred to in such opinion, nothing
has come to our attention which has caused us to believe that such Official Statement, as of this date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Paul, Weiss, Rifkind, Wharton & Garrison

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 15, 1976

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

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 November 5, 1976 (the “Agreement”), by and among the Corporation, the State of New York (the “State”) and each of you as purchasers, and the sale by the State to you thereunder of $256,250,000 principal amount of the Corporation’s 1976 Series CC 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, each as further amended, (the “Act”), the final Official Statement of the Corporation, dated November 5, 1976, with respect to the Bonds, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1976 Series CC Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and on November 5, 1976, 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 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 the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation 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.

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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds, 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

5. To the best of our knowledge, no independent investigation having been made, the Bonds are free of any “adverse claim” within the meaning of Article 8 of the Uniform Commercial Code.

6. 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, 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, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

7. 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 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.

8. The issuance to the State and sale by the State 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 "municipal securities" as such term is defined in the Securities Exchange Act of 1934, as amended.

9. In the course of the preparation by the Corporation of the final Official Statement, we participated in numerous conferences and conversations with certain of the Corporation’s officials and also consulted on numerous occasions with representatives of certain of you. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records or proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the final Official Statement. Accordingly, except with respect to the statements and summaries referred to in paragraph 10 hereof, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the final Official Statement; it being understood that you are relying on the preparation of the final Official Statement by the Corporation, and certifications of various officials as to the accuracy, completeness and fairness of the statements contained therein. Further we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the final Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the final Official Statement or in our conferences or conversations referred to above which has caused us to believe that the final Official Statement, as of the date thereof, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

10. The statements set forth in the final Official Statement under the headings “Provisions For Payment of the Bonds—Moratorium and Federal Bankruptcy Legislation” (except for the first paragraph set forth under such heading), “Certain Developments Affecting the City—Federal Bankruptcy and State Stay Legislation”, “Certain Developments Affecting the City—Moratorium Legislation”, “Litigation”, “Various Control Programs” and “Suggested Restructuring of City and Corporation Debt” 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, 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,

Paul, Weiss, Rifkind, Wharton & Garrison
November 15, 1976

United States Trust Company of New York
130 John Street
New York, New York

Gentlemen:

We have delivered to Salomon Brothers, Morgan Guaranty Trust Company of New York and certain other representatives of the Underwriters an opinion dated the date hereof, with respect to the issuance of the 1976 Series CC Bonds of the Municipal Assistance Corporation For The City of New York, a copy of which is annexed hereto. You are entitled to rely on such opinion as if the same were addressed to you. You are further entitled to rely on such opinion with respect to the 1976 Series DD Bonds as if such opinion related to the 1976 Series DD Bonds.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 15, 1976

To the State of New York:

We have delivered to Salomon Brothers, Morgan Guaranty Trust Company of New York and certain other representatives of the Underwriters an opinion dated the date hereof, with respect to the issuance of the 1976 Series CC Bonds of the Municipal Assistance Corporation For The City of New York, a copy of which is annexed hereto. You are entitled to rely on such opinion as if the same were addressed to you. You are further entitled to rely on such opinion with respect to the 1976 Series DD Bonds as if such opinion related to the 1976 Series DD Bonds.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 15, 1976

Municipal Assistance Corporation
For The City of New York
Two World Trade Center
New York, New York 10047

Dear Sirs:

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"), has requested that we furnish it our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated November 5, 1976 (the "Agreement"), by and among the Corporation, the State of New York (the "State") and certain Underwriters (the "Underwriters"), the issuance and delivery to the State of $256,250,000 principal amount of the Corporation's 1976 Series CC Bonds, and of $6,875,000 principal amount of the Corporation's 1976 Series DD Bonds, (collectively, the "Bonds") and the sale by the State to the Underwriters thereof of such 1976 Series CC 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
Municipal Assistance Corporation
For The City of New York

November 15, 1976

Act, being Titles I, II and III or Article 10 of the Public Authorities Law, each as further amended (the "Act"), the final Official Statement of the Corporation, dated November 5, 1976, with respect to the Bonds, as amended or supplemented to the date hereof (the "Final Official Statement"), the By-laws of the Corporation, the Agreement and the exhibits attached thereto and records of its corporate proceedings, including the General Bond Resolution, adopted by the Board of Directors of the Corporation on July 2, 1975, and the 1976 Series CC Resolution and the 1976 Series DD Resolution, each adopted by the Board of Directors of the Corporation on November 5, 1976 (collectively, the "Resolutions"), 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 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 the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation 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.

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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds, 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.
5. To the best of our knowledge, no independent investigation having been made, the Bonds are free of any "adverse claim" within the meaning of Article 8 of the Uniform Commercial Code.

6. 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, 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, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

7. 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 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 agree-
Municipal Assistance Corporation  
For The City of New York  
November 15, 1976

ment 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.

8. The issuance to the State of the Bonds and sale by the State to the Underwriters of the Corporation's 1976 Series CC Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, are 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 "municipal securities" as such term is defined in the Securities Exchange Act of 1934, as amended.

9. During the preparation of the final Official Statement, we participated in numerous conferences and conversations with officials of the Corporation and have relied upon certain information developed by them, particularly with regard to statements set forth in the final Official Statement under the headings "Certain Developments Affecting the State" and "Certain Developments Affecting the City", without having undertaken an independent examination or verification of such information. Further, we are not in a position to provide, and we hereby expressly disclaim, any opinion as to the adequacy
Municipal Assistance Corporation
For The City of New York -6- November 15, 1976

or accuracy of the financial statements and other financial
and statistical data contained in the final Official Statement.
Subject to the foregoing limitations, 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 State-
ment and the statements contained therein not misleading.

10. The statements set forth in the final Official
Statement under the headings "Provisions For Payment of the
Bonds -- Moratorium and Federal Bankruptcy Legislation"
(except for the first paragraph set forth under such heading),
"Certain Developments Affecting the City -- Federal Bankruptcy
and State Stay Legislation", "Certain Developments Affecting
the City -- Moratorium Legislation", "Litigation", "Various
Control Programs" and "Suggested Restructuring of City and
Corporation Debt" 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, of even date herewith addressed to
the Corporation and delivered to the Underwriters in accordance
Municipal Assistance Corporation
For The City of New York
November 15, 1976

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 the Corporation and we are justified in relying thereon.

Very truly yours,

Paul Weiss, Rifkind, Wharton & Garrison

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
Salomon Brothers  
Morgan Guaranty Trust Company of New York  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Kidder, Peabody & Co. Incorporated  
The Chase Manhattan Bank (National Association)  
Citibank, N.A.  
Bache Halsey Stuart Inc.  
Bankers Trust Company  
Chemical Bank  
The First Boston Corporation  
Goldman, Sachs & Co.  
Manufacturers Hanover Trust Company  
Smith Barney, Harris Upham & Co. Incorporated  
Bear, Stearns & Co.  

As Representatives of the Underwriters  
c/o Salomon Brothers  
One New York Plaza  
New York, New York 10004

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

November 15, 1976
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 November 5, 1976 (the “Agreement”), by and among the Corporation, the State of New York (the “State”) and each of you as purchasers, and the sale by the State to you thereunder of $256,250,000 principal amount of the Corporation's 1976 Series CC 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, each as further amended, (the “Act”), the final Official Statement of the Corporation, dated November 5, 1976, with respect to the Bonds, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1976 Series CC Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and on November 5, 1976, 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 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 the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation 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.

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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds, 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

5. To the best of our knowledge, no independent investigation having been made, the Bonds are free of any “adverse claim” within the meaning of Article 8 of the Uniform Commercial Code.

6. 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, 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, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

7. 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 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.

8. The issuance to the State and sale by the State 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 "municipal securities" as such term is defined in the Securities Exchange Act of 1934, as amended.

9. In the course of the preparation by the Corporation of the final Official Statement, we participated in numerous conferences and conversations with certain of the Corporation's officials and also consulted on numerous occasions with representatives of certain of you. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records or proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the final Official Statement. Accordingly, except with respect to the statements and summaries referred to in paragraph 10 hereof, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the final Official Statement; it being understood that you are relying on the preparation of the final Official Statement by the Corporation, and certifications of various officials as to the accuracy, completeness and fairness of the statements contained therein. Further we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the final Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the final Official Statement or in our conferences or conversations referred to above which has caused us to believe that the final Official Statement, as of the date thereof, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

10. The statements set forth in the final Official Statement under the headings "Provisions For Payment of the Bonds—Moratorium and Federal Bankruptcy Legislation" (except for the first paragraph set forth under such heading), "Certain Developments Affecting the City—Federal Bankruptcy and State Stay Legislation", "Certain Developments Affecting the City—Moratorium Legislation", "Litigation", "Various Control Programs" and "Suggested Restructuring of City and Corporation Debt" 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, 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,
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
New York, New York

November 15, 1976

DEAR SIRS:

We have examined a record of proceedings relating to the issuance of $256,250,000 aggregate principal amount of 1976 Series CC Bonds (the "1976 Series CC 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 to the date hereof (the "Act").

The 1976 Series CC Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation, as amended and supplemented to the date hereof, (the "General Bond Resolution") and the 1976 Series CC Resolution (the "Series Resolution"), adopted July 2, 1975 and November 5, 1976, respectively. Said resolutions are herein collectively called the "Resolutions".

The 1976 Series CC 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 1976 Series CC Bonds are being issued as Refunding Bonds as defined in the General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1976 Series CC Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1976 Series CC 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 1976 Series CC Bonds are dated November 1, 1976 except as otherwise provided in the Resolutions with respect to fully registered 1976 Series CC Bonds and will bear interest payable February 1, 1977 and semi-annually thereafter on August 1 and February 1 in each year at the rate of ten and one quarter per centum (10 1/4%) per annum and shall mature on February 1, 1993.

The 1976 Series CC Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple of $5,000. Coupon and fully registered 1976 Series CC Bonds are interchangeable as provided in the Resolutions. Coupon 1976 Series CC Bonds are lettered CC, and fully registered 1976 Series CC Bonds are lettered CCR. Coupon 1976 Series CC Bonds are numbered consecutively from one upward and fully registered 1976 Series CC Bonds are numbered consecutively from one upward in order of issuance.
The 1976 Series CC Bonds are subject to redemption, in part, as provided in the Resolutions, by operation of the Debt Service Fund through application of 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 1976 Series CC Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole or in part and at the redemption prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168 and 169 of the Laws of 1975, as amended to the date hereof, 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”) provide, 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 1976 Series CC 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 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 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 1976 Series CC Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1976 Series CC 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, monies, securities and funds held or set aside under the Resolutions, 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, monies, securities and funds in the Debt Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, 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 1976 Series CC 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 1976 Series CC 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 I 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, sinking fund installments, if any, 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 1976 Series CC 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 1976 Series CC 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 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. We are further of the opinion that, in any suit, action or other proceeding brought
by a creditor of The City of New York (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) asserting a right to any such Taxes, such Stock Transfer Tax Fund or Special Account superior or equal to the rights of holders of bonds issued under the General Bond Resolution, such creditor will not prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55 of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Municipal Assistance Tax Fund, including the Special Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account.

10. Under existing statutes and court decisions, interest on the 1976 Series CC 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.

11. 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 1976 Series CC Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1976 Series CC Bonds, and the execution and delivery of the 1976 Series CC Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

13. Your attention should be called to a suit entitled Flushing National Bank, on behalf of itself and all other holders of notes of The City of New York maturing on or before June 30, 1976, plaintiff, against The City of New York; State of New York; and Harrison J. Goldin, Comptroller of the City of New York, defendants, filed on November 17, 1975 in the Supreme Court of the State of New York, County of New York, and presently on appeal to the New York State Court of Appeals, wherein the plaintiff demands, among other things, judgment declaring and adjudicating that the New York State Emergency Moratorium Act of the City of New York, enacted by the Legislature and signed by the Governor of the State on November 15, 1975, is unconstitutional, alleging, among other things, violations of the New York State Constitution and United States Constitution.

Said Moratorium Act, among other things, and subject to two conditions, provides that during the moratorium period therein defined, and notwithstanding any inconsistent provisions of any law, general, special or local or of any agreement or short-term obligation of the City that although the payment of such short-term obligation may be due by the terms thereof or the terms of any general or special or local law or agreement, no action or special proceeding shall be commenced or continued in any court in any jurisdiction (a) upon any such short-term obligation, or the indebtedness or liability evidenced thereby, or (b) seeking the levy of taxes or application of any funds, property, receivables or revenues of the City on account of any such short-term obligation or the indebtedness evidenced thereby.

In the event that the constitutionality of said Moratorium Act is sustained by a court of final jurisdiction, such judicial determination could support the constitutionality of similar legislative enactments which may adversely affect certain terms and conditions of the Bonds and the Resolutions, including the payment of principal and interest thereon, and the enforceability thereof.

We have examined the executed 1976 Series CC Bond numbered CC-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Hartman, Delefs & Wood]
United States Trust Company
of New York, as Trustee
130 John Street
New York, New York

The several Underwriters named
in Schedule I of the Bond
Purchase Agreement dated
November 5, 1976 by and among
certain representatives of such
Underwriters, the State of
New York and the Municipal
Assistance Corporation For The
City of New York

The State of New York
Albany, New York

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation
For The City of New York (the "Corporation") and have this day de-
livered to such Corporation opinions dated the date hereof with re-
spect to the issuance of the 1976 Series CC Bonds and the 1976 Series
DD Bonds of the Corporation, copies of which are annexed hereto.
You are entitled to rely on said opinions as if the same were ad-
dressed to you.

Very truly yours,

[Signature]
November 15, 1976

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 $6,875,000 aggregate principal amount of 1976 Series DD Bonds (the "1976 Series DD 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 to the date hereof (the "Act").

The 1976 Series DD Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation, as amended and supplemented to the date hereof (the "General Bond Resolution"), and the 1976 Series DD Resolution (the "Series Resolution"), adopted July 2, 1975 and November 5, 1976, respectively. Said resolutions are herein collectively called the "Resolutions".

The 1976 Series DD 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 1976 Series DD Bonds are being issued as Refunding Bonds as defined in the General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1976 Series DD Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1976 Series DD 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 1976 Series DD Bonds are dated November 1, 1976 except as otherwise provided in the Resolutions with respect to fully registered 1976 Series DD Bonds and will bear interest from the date hereof payable February 1, 1977 at the rate of five per centum (5%) per annum and shall mature on February 1, 1977.

The 1976 Series DD Bonds are issued as a single bond in fully registered form without coupons in the denomination of $6,875,000. Such 1976 Series DD Bond shall be lettered and numbered DDR-1.

The 1976 Series DD Bonds are not subject to redemption prior to maturity.

Chapters 168 and 169 of the Laws of 1975, as amended to the date hereof, 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") provide, 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 of New York ("The City") to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to section 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 1976 Series DD 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 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 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 1976 Series DD Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1976 Series DD 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, monies, securities and funds held or set aside under the Resolutions, 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, monies, securities and funds in the Debt Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, 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 1976 Series DD 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 1976 Series DD 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 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, sinking fund installments, if any, 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 1976 Series DD 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 1976 Series DD 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 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. We are further of the opinion that, in any suit, action or other proceeding brought by a creditor of The City of New York (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) asserting a right to any such Taxes, such Stock Transfer Tax Fund or Special Account superior or equal to the rights of holders of bonds issued under the General Bond Resolution, such creditor will not prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55 of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Municipal Assistance Tax Fund, including the Special Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the
General Fund of the State and hence such collection would likewise
not be authorized or mandated to be set apart or applied by the
State Comptroller either for the payment of the State obligations
or for deposit into such note repayment account.

10. Under existing statutes and court decisions, interest
on the 1976 Series DD 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.

11. No registration with, consent of, or approval by
any governmental agency or commission is necessary for the execu-
tion and delivery and the issuance of the 1976 Series DD Bonds.

12. The adoption and performance of, and compliance
with, all of the terms and conditions of the Resolutions and
the 1976 Series DD Bonds, and the execution and delivery of the
1976 Series DD Bonds, will not result in a violation of or be
in conflict with any term or provision of any existing law.

13. Your attention should be called to a suit enti-
titled Flushing National Bank, on behalf of itself and all other
holders of notes of The City of New York maturing on or before
June 30, 1976, plaintiff, against The City of New York; State
of New York; and Harrison J. Goldin, Comptroller of the City of
New York, defendants, filed on November 17, 1975 in the Supreme
Court of the State of New York, County of New York, and
presently on appeal to the New York State Court of Appeals,
wherein the plaintiff demands, among other things, judgment
declaring and adjudicating that the New York State Emergency
Moratorium Act of the City of New York, enacted by the Legis-
lature and signed by the Governor of the State on November 15,
1975, is unconstitutional, alleging, among other things,
vioations of the New York State Constitution and United States
Constitution.

Said Moratorium Act, among other things, and subject to
two conditions, provides that during the moratorium period therein
defined, and notwithstanding any inconsistent provisions of any
law, general, special or local or of any agreement or short-term
obligation of the City that although the payment of such short-
term obligation may be due by the terms thereof or the terms of
any general or special or local law or agreement, no action or
special proceeding shall be commenced or continued in any court
in any jurisdiction (a) upon any such short-term obligation, or
the indebtedness or liability evidenced thereby, or (b) seeking
the levy of taxes or application of any funds, property, re-
ceivables or revenues of the City on account of any such short-
term obligation or the indebtedness evidenced thereby.
In the event that the constitutionality of said Moratorium Act is sustained by a court of final jurisdiction, such judicial determination could support the constitutionality of similar legislative enactments which may adversely affect certain terms and conditions of the Bonds and the Resolutions, including the payment of principal and interest thereon, and the enforceability thereof.

We have examined the executed 1976 Series DD Bond numbered DDR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

Hawkin, Delafeld & Wood
ARBITRAGE CERTIFICATE

I, EUGENE KEILIN, being the Executive Director 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 1976 Series CC and DD Bonds of the Issuer as more fully described in the Series 1976 CC and DD Bond Resolutions, in the aggregate principal amount of $263,125,000 (hereinafter collectively called the "Bonds"), dated as of November 1, 1976 (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, as amended by the proposed regulations published in the Federal Register on December 3, 1975 and October 29, 1976, 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 (b) that I am one of the officers of the Issuer charged by the General Bond Resolution, adopted July 2, 1975, as amended and supplemented, and the 1976 Series CC and DD Bond Resolutions, adopted November 5, 1976, of the Issuer with responsibility for issuing the Bonds and as such I am such an official as is referred to in Section 1.103-13(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 all of the Bonds will be exchanged for an aggregate principal amount of $250,000,000 plus accrued interest of obligations of the Issuer (hereinafter called "Old Bonds"), all of which obligations are obligations described in Section 103(a)(1) of the Internal Revenue Code of 1954, as amended.

(1) None of the Old Bonds were arbitrage bonds within the meaning of Section 103(d) of such Code.

(2) There are no transferred proceeds since all of the proceeds of the Old Bonds were 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 the amounts as the Mayor of the City certified to the Issuer as the amounts required by the City to enable it to pay either the principal of and interest on, at maturity, short-term obligations of the City or certain operating expenses of the City.
(3) 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 (2) above, or to pay principal of or interest on the Bonds.

(4) The Bonds are being issued to realize a net interest savings on the Old Bonds of $17,189,000 with a present value of $7,095,449.72.

(5) The price paid, through exchange of the Bonds for the Old Bonds, was reasonable under customary standards in the market.

On the basis of the foregoing, it is not expected that 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 15th day of November, 1976, being the date of delivery of the bonds referred to herein.

[Signature]

Eugène Keilin
November 15, 1976

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

Dear Sirs:

We have reviewed the accompanying arbitrage certificate of Eugene Keilin, Executive Director 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 (hereinafter called the "Corporation"), relating to the reasonable expectation as of the date of issuance of the 1976 Series CC Bonds and the 1976 Series DD Bonds of the Corporation, dated November 1, 1976 (hereinafter called the "Bonds"), that 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) 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, as amended, 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,

Hawkins, Delafield & Wood
ORDER AS TO DELIVERY AND AUTHENTICATION OF BONDS

November 15, 1976

United States Trust Company
of New York, as Trustee
130 John Street
New York, New York 10038

Gentlemen:

We have heretofore delivered to you, duly executed, $256,250,000 aggregate principal amount of 1976 Series CC Bonds, in definitive form and $6,875,000 aggregate principal amount of 1976 Series DD Bonds, in temporary form (the "Bonds"), of the Municipal Assistance Corporation For The City of New York (the "Corporation") authorized pursuant to the General Bond Resolution Adopted July 2, 1975, as amended and supplemented (herein called the "General Resolution"), and the 1976 Series CC Resolution and 1976 Series DD Resolution of the Corporation each adopted November 5, 1976, and being issued today as Refunding Bonds (as that term is defined in the General Resolution).

You are hereby requested, authorized and ordered to authenticate the Bonds. When so authenticated, and,

(i) upon receipt by you of the documents and opinions listed in the Table of Contents for today's Closing of the refunding and sale of the Bonds, which together with this Order constitute all the conditions precedent to the delivery of the Bonds pursuant to the General Resolution and the above-mentioned Series Resolutions, and

(ii) upon receipt by you, upon surrender by the Tenderer (as that term is defined in the Series Resolutions) thereof, of $250,000,000 aggregate principal amount of 1975 Series V and AA bonds of the Corporation,

you are hereby requested, authorized and ordered to deliver the Bonds to or on the order of the Tenderer, State of New York.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By

Eugene Keilin
Executive Director
TRUSTEE'S ACCEPTANCE AND CERTIFICATE

United States Trust Company of New York, as 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 adopted July 2, 1975, as amended and supplemented (the "General Bond Resolution"), the 1976 Series CC Resolution adopted November 5, 1976, and the 1976 Series DD Resolution adopted November 5, 1976, of the Corporation (collectively, the "Resolutions"), hereby accepts the duties and obligations of Trustee under the Resolutions and HEREBY CERTIFIES that:

1. The Trustee is duly empowered by law to do and to perform all acts and things required of it by the Resolutions.

2. Pursuant to the provisions of the Resolutions, the Trustee has authenticated and delivered on behalf of, and pursuant to the order of, the Corporation, $256,250,000 aggregate principal amount of 1976 Series CC Bonds of the Corporation and $6,875,000 aggregate principal amount of 1976 Series DD Bonds of the Corporation.
(collectively, the "Bonds") being issued today as Refunding Bonds (as defined in the General Bond Resolution).

3. Each person who authenticated the Bonds was duly elected or appointed, qualified and acting as an officer of United States Trust Company of New York and empowered to perform such act, and the attached copy of an excerpt of the By-Laws of United States Trust Company of New York conferring such authority is a true and correct copy of the original thereof on file in the principal office of United States Trust Company of New York, and such document as of the date hereof is in full force and effect in accordance with its tenor.

4. The Trustee has this day received from the Corporation copies of the Resolutions, certified to by an Authorized Officer (as defined in the General Bond Resolution) of the Corporation, as required by Sections 202.2(3) and 203(3) 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 on November 15, 1976.

UNITED STATES TRUST COMPANY
OF NEW YORK

By
Malcolm J. Hood, Vice President

(SEAL)

Attest:

Assistant Secretary
Excerpt of the BY-LAWS
of
UNITED STATES TRUST COMPANY OF NEW YORK
Dated September 2, 1976

ARTICLE V

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, depositary 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 also from time to time designate clerks who may, for and under the supervision of an officer of the Company, and subject in each case to such conditions or limitations as 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.
November 15, 1976

Municipal Assistance Corporation  
For The City of New York  
Suite 4540  
Two World Trade Center  
New York, New York 10047

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, as amended and supplemented (the General Bond Resolution), and as to its due authentication and delivery of the Corporation's 1976 Series CC Bonds issued today in the aggregate principal amount of $256,250,000 and of the Corporation's 1976 Series DD Bonds issued today in the aggregate principal amount of $6,875,000 (collectively, the Bonds) pursuant to, respectively, the 1976 Series CC Resolution and the 1976 Series DD Resolution, both adopted by the Corporation on November 5, 1976, and the General Bond Resolution (collectively, the Resolutions), such Bonds being issued today as Refunding Bonds (as that term is defined in the General Bond Resolution).

United States Trust Company of New York also serves as Trustee pursuant to its appointment by the Corporation in the Second General Bond Resolution adopted by the Corporation on November 25, 1975.

We have examined the Resolutions and such other documents as we have deemed necessary in order to render this opinion.
Municipal Assistance Corporation
For The City of New York

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.

We have examined the certificate dated today of the Trustee as to the due authentication and delivery of the Bonds and, relying upon such 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,

Carter, Ledyard & Milburn

RRG:hh
November 15, 1976

To Those Persons Listed on Schedule I Attached Hereto

Gentlemen:

We have delivered to the Municipal Assistance Corporation for The City of New York (the Corporation) an opinion dated the date hereof with respect to the authentication by the Trustee of the 1976 Series CC Bonds and the 1976 Series DD Bonds of the Corporation, a copy of which opinion is being furnished to you. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

Carter, Ledyard & Milburn

RRG:tjg
SCHEDULE I

Salomon Brothers

Morgan Guaranty Trust Company of New York

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Kidder, Peabody & Co. Incorporated

The Chase Manhattan Bank (National Association)

Citibank, N.A.

Bache Halsey Stuart Inc.

Bankers Trust Company

Chemical Bank

The First Boston Corporation

Goldman, Sachs & Co.

Manufacturers Hanover Trust Company

Smith Barney, Harris Upham & Co. Incorporated

Bear, Stearns & Co.
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 adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on July 2, 1975, as amended and supplemented, and the 1976 Series CC Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 5, 1976. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

BANK OF AMERICA, N.T. & S.A.

By John C. Steele, Vice Pres

Attest:

[Signature]

Operations Officer

Dated: November 15, 1976
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 adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on July 2, 1975, as amended and supplemented, and the 1976 Series CC Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 5, 1976. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

THE NORTHERN TRUST COMPANY

ATTEST: By: [Signature]

[Signature]

Dated: November 15, 1976
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 adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on July 2, 1975, as amended and supplemented, and the 1976 Series CC Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 5, 1976. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

CITIBANK, N. A.

By:__________________________

ATTEST:

By:__________________________

Dated: November 15, 1976
RECEIPT FOR BONDS

The undersigned, as Trustee (the "Trustee"), under the General Bond Resolution adopted July 2, 1975, as amended and supplemented (the "General Bond Resolution"), of the Municipal Assistance Corporation For The City of New York (the "Corporation"), and in connection with the issuance and delivery today by the Corporation of $256,250,000 aggregate principal amount of its 1976 Series CC Bonds and $6,875,000 aggregate principal amount of its 1976 Series DD Bonds (the "Refunding Bonds"), hereby acknowledges receipt on behalf of the Corporation from the State of New York, of $100,000,000 aggregate principal amount of 1975 Series V Bonds of the Corporation and $150,000,000 aggregate principal amount of 1975 Series AA Bonds of the Corporation, to be exchanged for the Refunding Bonds.

IN WITNESS WHEREOF, this receipt has been executed on November 15, 1976.

UNITED STATES TRUST COMPANY
OF NEW YORK

By
Malcolm J. Hood, Vice President
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
1976 SERIES CC BOND

This Bond is transferable by delivery except as otherwise authorized by the mortgage and local laws of the State of New York, the City of New York, and the Municipal Assistance Corporation. Any transfer to a person other than a beneficial owner must be recorded against the book entry for this Bond in the records of the Corporation. The holder and beneficial owner of this Bond agree that the Corporation has no liability to the transferor or transferee for any delay or loss in effecting any such transfer, and the Corporation is hereby released and exonerated from any and all liability as to the validity or effect of the transfer except as it may arise from fraud, forgery, or other similar wrongs. This Bond may be exchanged for another Bond of like denomination and having all the same terms and conditions of this Bond on presentation for exchange to the Corporation, or its successors or assigns, at its office or the office of its successor or assigns in the City of New York, together with evidence satisfactory to the Corporation in its discretion of the right of the holder to receive such exchange Bond. If this Bond shall fail to mature or to be paid or redeemed on date due, this Bond shall be subject to acceleration and all interest and principal shall become due and payable immediately.

This Bond is transferable by delivery except as otherwise authorized by the mortgage and local laws of the State of New York, the City of New York, and the Municipal Assistance Corporation. Any transfer to a person other than a beneficial owner must be recorded against the book entry for this Bond in the records of the Corporation. The holder and beneficial owner of this Bond agree that the Corporation has no liability to the transferor or transferee for any delay or loss in effecting any such transfer, and the Corporation is hereby released and exonerated from any and all liability as to the validity or effect of the transfer except as it may arise from fraud, forgery, or other similar wrongs. This Bond may be exchanged for another Bond of like denomination and having all the same terms and conditions of this Bond on presentation for exchange to the Corporation, or its successors or assigns, at its office or the office of its successor or assigns in the City of New York, together with evidence satisfactory to the Corporation in its discretion of the right of the holder to receive such exchange Bond. If this Bond shall fail to mature or to be paid or redeemed on date due, this Bond shall be subject to acceleration and all interest and principal shall become due and payable immediately.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
1976 SERIES CC BONDS

BOND PURCHASE AGREEMENT

November 5, 1976

SALOMON BROTHERS
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
KIDDER, PEABODY & CO., INCORPORATED
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
CITIBANK, N.A.
BACHE HALSEY STUART INC.
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAM & CO., INCORPORATED
BEAR, STEARNS & CO.
As Representatives of the Underwriters

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

Subject to the terms and conditions herein, the undersigned Municipal Assistance Corporation For The City of New York (the "Corporation") and the State of New York (the "State") hereby confirm their respective agreements with you and the other Underwriters named in Schedule I hereto (the "Underwriters"), for whom you are acting as Representatives, with respect to the issuance by the Corporation to the State, the purchase by the Underwriters, jointly and severally, from the State, and the sale by the Underwriters of $256,250,000 aggregate principal amount of the Corporation's 1976 Series CC Bonds, maturing February 1, 1993 (the "Bonds"), which the Underwriters herein agree to purchase and which are to be issued pursuant to the General Bond Resolution and the 1976 Series CC Resolution, adopted by the board of directors of the Corporation on July 2, 1975 and November 5, 1976, respectively (collectively, the "Resolution").

Attached hereto is a copy of the final Official Statement of the Corporation including the cover page and exhibits thereto, dated November 5, 1976 relating to the Bonds (the "final Official Statement").

SECTION 1. Representations and Agreements of the Corporation.

The Corporation hereby represents to and agrees with each of the Underwriters and the State 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 provi-
sions 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, each as further amended (the "Act"); it is a purpose of the Corporation 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 has been validly adopted and is in full force and effect.

(b) A specimen Bond, a copy of this Agreement executed by the Corporation and a copy of the resolution certified by an appropriate officer of the Corporation 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 at the time of acceptance hereof by the Representatives in all material respects. 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.

(d) When delivered to the State in exchange for the 1975 Series V Bonds and 1975 Series AA Bonds of the Corporation held by the State as contemplated by the final Official Statement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered to the State and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Resolution, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds, and, at such time, the 1975 Series V Bonds and 1975 Series AA Bonds of the Corporation will have been cancelled by the Corporation and will no longer be outstanding.

(e) The Corporation agrees to cooperate with the Underwriters to register or 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 other than in connection with such qualification or registration).

(f) 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 best of the knowledge of the Corporation threatened) against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the transactions contemplated by this Agreement, 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 connection with the consummation of the transactions contemplated hereby.

(g) 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, or administrative regulation, decree, or order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

(h) 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.

(i) 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, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

(j) Except for liens created by the bonds and notes heretofore issued by the Corporation and by the Resolution and by the Corporation's Second General Bond Resolution, 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 such bonds and notes and by the Resolution and by the Corporation's Second General Bond Resolution.

(k) 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.

(l) 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 for the valid execution, delivery or performance by the Corporation of this Agreement, the Resolution or the Bonds, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made.

(m) The financial statements of the Corporation contained in the final Official Statement fairly present the financial position and results of operations of the Corporation as of the date and for the period therein set forth, and, to the best of the Corporation's knowledge were prepared in accordance with generally accepted accounting principles.

(n) If during the period commencing on the date hereof and ending at the Closing Time any event affecting the transactions contemplated by this Agreement shall occur which makes untrue or misleading any statement of a material fact set forth in the final Official Statement and if in the opinion of the Corporation and the Representatives such event requires a supplement or amendment to the final Official Statement, the Corporation at its expense will supplement or amend the final Official Statement in a form and in a manner approved by the Representatives and counsel for the Underwriters.

**Section 2. Representations and Agreements of the State.**

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

(a) The State will have immediately prior to the Closing Time good and marketable title to the Bonds, free and clear of all liens, encumbrances, equities or claims, subject to no defenses of any kind whatsoever; and upon delivery of such Bonds and payment therefor pursuant hereto, good and marketable title to the Bonds, free and clear of all liens, encumbrances, equities or claims, subject to no defenses of any kind whatsoever, will pass to the Underwriters.

(b) The State has full legal right, power and authority to enter into this Agreement and to sell and deliver the Bonds to the Underwriters as provided herein and this Agreement constitutes a legal, valid and binding agreement of the State, enforceable in accordance with its terms.

(c) 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 for the valid execution, delivery or performance by the State of this Agreement or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made.

(d) The execution, delivery and performance of this Agreement, under the circumstances contemplated hereby and by the final Official Statement, and compliance with the provisions hereof, will not conflict with or constitute on the part of the State a breach of, or a default under, any existing law (including without limitation the Constitution of the State), or administrative regulation, decree or order, or any agreement, indenture, mortgage, lease or other instrument to which the State is subject or by which it is bound.

(e) Any certificate signed by any official of the State and delivered to the Underwriters shall be deemed a representation by the State to each of the Underwriters as to the truth of the statements therein made.

(f) Except as set forth in the final Official Statement, there is no action, suit, proceeding or investigation at law or equity before or by any court or public board or body pending (or to the best of the knowledge of the State threatened) against the State or (to the best of the knowledge of the State, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the transactions contemplated by this Agreement.

(g) The State has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any outstanding bonds of the Corporation to facilitate the sale or resale of the Bonds.

(h) The information concerning the State in the final Official Statement, under the caption "Certain Developments Affecting the State" is true at the time of acceptance hereof by the Representatives in all material respects. To the best of the knowledge of the State, the final Official Statement 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 statements and information therein contained, not misleading.

SECTION 3. 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 State agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the State, the Bonds for an aggregate purchase price of $250,000,000, plus accrued interest from November 1, 1976 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 bear the interest rate and be subject to redemption 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 State, at the Closing Time, at the offices of Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, New York 10005. The Closing Time shall be 8:30 A.M., New York time, on November 15, 1976, or such other time and place as may be provided in accordance with the provisions of Section 10 hereof or as may otherwise be agreed to by the Representatives, the Corporation and the State. The Bonds shall be delivered in definitive form, as coupon Bonds in the denominations of $5,000 each registrable as to principal only, or Bonds registered as to principal and interest in the denominations of $5,000 each or any integral multiple of $5,000, and shall be available for examination and packaging by the Underwriters not less than 24 hours prior to the Closing Time.

SECTION 4. Conditions of the Underwriters' Obligations.

The Underwriters' obligations hereunder shall be subject to the performance by the Corporation and the State of their respective 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 and the State 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 to the Corporation, in the form attached hereto as Exhibit A, (b) Hawkins, Delafield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B and C, and (c) the Attorney General of the State of New York, in the form attached hereto as Exhibit D, 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 “municipal securities” under 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 (as the same has been theretofore supplemented or amended as of the Closing Time) 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 light of the circumstances under which they were made not misleading; and 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 (with regard to the final Official Statement, such certification shall be based on the final Official Statement, as the same has been theretofore supplemented or amended 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 description thereof in the final Official Statement.

(4) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of the Comptroller of the State, dated the Closing Time, to the effect that (i) each of the representations of the State set forth in Section 2 hereof is true, accurate and complete in all material respects as though made with respect to and as of the Closing Time (with regard to the final Official Statement, such certification shall be based on the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time); (ii) each of the agreements of the State set forth in Section 2 hereof to be complied with at or prior to the Closing Time has been complied with as of such time; and (iii) the Bonds conform in all material respects to the description thereof in the final Official Statement.

(5) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of the Director of the Budget of the State to the effect that the information set forth in the final Official Statement, as the same has been theretofore supplemented or amended
as of the Closing Time, under the caption "Certain Developments Affecting the State" concerning the Financial Plan of the State, estimates of revenues and expenditures by the State and the Authority Build-Out Plan is true, accurate and complete in all material respects.

(6) A certificate of the Commissioner of Taxation and Finance of the State in the form attached hereto as Exhibit E, with such changes, if any, as the Representatives shall approve.

(7) Certificates, reasonably satisfactory in form to you, as Representatives of the Underwriters of (i) the Mayor and the Comptroller of the City, or an appropriate deputy, to the effect that information contained in official reports, statements or other documents made public by each of them, respectively and referred to in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption "Certain Developments Affecting the City" is true and (ii) the State Special Deputy Comptroller for the City to the effect that any statements contained in such section with respect to reports issued by him are true.

(8) 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 and the State herein contained and of the final Official Statement (as the same has been theretofore amended or supplemented), and the due performance and satisfaction by the Corporation and the State at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them in connection with the transactions contemplated hereby or by the final Official Statement (as the same has been theretofore amended or supplemented).

(b) The market price 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 such revenue 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 issuance, offering 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 which are member banks of the Federal Reserve System shall be authorized under applicable law to underwrite the Bonds. Underwriters which are subject to regulation by the State Department of Banking shall be authorized under applicable law to underwrite the Bonds.

(f) At the Closing Time, Price Waterhouse & Co. shall have furnished to the Representatives a letter or letters, dated the Closing Time in form attached hereto as Exhibit E, with such changes, if any, as White & Case, counsel for the Underwriters, shall approve.

(g) There shall not have been a default upon the general obligations of the State or any instrumentality, agency or political subdivision thereof.

(h) There shall not have occurred any event of the type referred to in Section 1 (n) hereof which in the reasonable judgment of the Representatives requires an amendment, modification or supplement to the final Official Statement.

(i) There shall have been no decision by the New York State Court of Appeals in Flushing National Bank v. Municipal Assistance Corporation For The City of New York (Sup. Ct. N. Y. County, 2024—1975) other than a decision which (i) affirms in all material respects the decision of the Appellate Division in such case, (ii) in the judgment of the Representatives does not make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the final Official Statement and (iii) does not result in a material adverse change in the market price of bonds of the Corporation.

SECTION 5. Conditions of the State's and the Corporation's Obligations.

The State's and the Corporation's obligations hereunder, other than pursuant to Sections 6, 8 and 11 hereof, are subject to:

(a) the performance by the Underwriters of their obligations hereunder;

(b) the satisfaction of the conditions set forth above in (a)(6), (a)(7), (c), (e), (g) and (h) of Section 4 hereof; and

(c) the receipt by the Underwriters at the Closing Time of the opinions described in Sections 4(a)(1) and 4(a)(2) hereof.

SECTION 6. Deposit.

The State hereby acknowledges receipt of a certified or bank cashier's check payable to the order of the State in New York Clearing House funds in the amount equal to ½ of 1% of the aggregate principal amount of the Bonds. In the event of the failure of the State to deliver the Bonds at the Closing Time or if the Corporation or the State 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 State 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. Otherwise, such good faith deposit shall be applied by the State to the aggregate purchase price for the Bonds set forth in Section 3 hereof, or shall be returned to the Representatives, as the Representatives and the State may mutually agree.
SECTION 7. Representations and Agreements to Survive Delivery.

All representations and agreements of the Corporation and the State 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 8. 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, 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 8, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel, the printing of the Agreement Among Underwriters and any advertising and mailing connected with any offering of the Bonds by them; provided, however, that the Corporation shall have no obligation under this Section 8 if the Corporation is not obligated under this Agreement pursuant to Section 5(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.


The Corporation and the State hereby confirm the authority, and authorize the Underwriters, to use and make available to prospective and ultimate purchasers of the Bonds the preliminary Official Statement dated October 29, 1976, and authorize 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 10. 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 State 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 State 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 State 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 State 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 10 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 State 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 11. Indemnification.

To the extent it may legally do so, the Corporation agrees to indemnify and hold harmless the State and 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 state-
ments 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; provided, however, that nothing herein shall be deemed to require the Corporation to indemnify and hold harmless the State with respect to any information set forth in the final Official Statement under the heading, “Certain Factors Affecting the State” and any other information contained in the final Official Statement provided by the State to the Corporation. In case any claim shall be made or action brought against the State, 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, the State or 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 State or the Representatives of the Underwriters (who shall not, except with the consent of the State or the Representatives of the Underwriters, be counsel of the Corporation), as the case may be, and the payment of all expenses. The State and 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 the State or such Underwriter or such controlling person unless the employment, and payment by the Corporation, of such counsel has been specifically authorized by the Corporation or unless in the opinion of counsel for the Underwriters or the State Attorney General, as the case may be, the Underwriters or the State, as the case may be, have a defense or defenses not available to the Corporation.

SECTION 12. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters, the State 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 State and 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 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.


All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at Two World Trade Center, New York, New York 10047, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022; if sent to the State, shall be mailed, delivered or telegraphed and confirmed to it at Department of Audit and Control, Alfred E. Smith Building, Swan Street, Albany, New York 12236, Attention: Comptroller; 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.


In all dealings under this Agreement the Corporation and the State shall be entitled to act and rely upon any statement, request, notice or agreement made or entered into by you jointly, or by Salomon Brothers on behalf of you as the Representatives, as having been duly made or entered into on behalf of each of the Underwriters.
SECTION 15. Applicable Law.

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

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

Yours very truly,

Municipal Assistance Corporation for the City of New York

[seal]

Attest:

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

STATE OF NEW YORK

By ........................................
Accepted and confirmed as of the date first above written:

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

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

By Salomon Brothers

By ..............................................
SCHEDULE I

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

UNDERWRITERS

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith, Incorporated
Kidder, Peabody & Co., Incorporated
The Chase Manhattan Bank, N.A.
Clitibank, N.A.
Bache Halsey Stuart, Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.
Bank of America N.T. & S.A.
A. G. Becker & Co., Municipal Securities Incorporated
Blyth Eastman Dillon & Co. Incorporated
Dillon Read & Co., Inc.
Drexel Burnham & Co. Incorporated
First Pennco 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
Adams, McEntee & Co.
Allen & Company, Incorporated
Altgelt & Company, Incorporated
American Securities Corporation
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Alex. Brown & Sons
Ehrlich-Bober & Co., Inc.
European-American Bank & Trust Co.
Fahnestock & Co.
Faulkner, Dawkins & Sullivan, Inc.
Geo. B. Gibbons & Company Incorporated
Girard Bank
Lebenthal & Co. Inc.
Matthews & Wright, Inc.
Moseley Hallgarten & Estabrook, Inc.
McDonald & Company
National Bank of North America
Wm. E. Pollock & Co., Inc.
R. W. Pressprich & Co., Incorporated
Rand & Co., Inc.
Shields Model Roland Incorporated
Herbert J. Sims & Co., Inc.
SoGen-Swiss International Corporation
Southeast First National Bank of Miami
Stephens Inc.
Thomson & McKinnon Auchincloss Kohlmeyer, Inc.
Wauterlek & Brown, Inc.
Adams, Harkness & Hill, Inc.
Baker, Watts & Co.
Banco Credito
Banco Popular de Puerto Rico
Beville, Bresler & Schulman, Incorporated
Blunt Ellis & Simmons, Incorporated
Boland, Saffin, Gordon & Sautter
Butcher & Singer Inc.
Colin, Hochstein Co.
Langdon P. Cook & Co., Incorporated
Craige Incorporated
UNDERWRITERS—(Continued)

Douglas & Co. Municipals, Inc.
A. G. Edwards & Sons Inc.
First of Michigan Corporation
Chester Harris & Co., Inc.
William R. Hough & Co.
Howard, Weil, Labovisse, Friedrichs Incorporated
Moore & Schley, Cameron & Co.
National City Bank of Cleveland
O'Neil & Feldman Inc.
Park, Ryan, Inc.
Piper, Jaffray & Hopwood, Inc.
Prescott, Ball & Turben
Rauscher Pierce Securities Corporation
Reinholt & Gardner
The Robinson-Humphrey Company, Inc.
Sterling, Grace Municipal Securities Corporation
Spencer Trask & Co., Incorporated
Underwood, Neuhaus & Co., Incorporated
Wheat First Securities Inc.
Advest Co.
Baird, Patrick & Co., Inc.
George K. Baum & Company Incorporated
Carlton D. Beh Co.
Birmingham Trust National Bank
Carolyn & Co., Inc.
The Cherokee Securities Company
Citizens Trust Company
Connors & Co., Inc.
Coogan, Gilbert & Co.
Cowen & Co.
Cutter Bennett Securities Corp.
Shelby Cullom Davis & Co.
DeHaven & Townsend, Crouter & Bodine, Incorporated
Dern & Co., Incorporated
W. Dobbs & Co., Inc.
Dofi & Co. Inc.
Dolphin & Bradbury
A. Webster Dougherty & Co., Incorporated
Elkins, Stroud, Supplee & Co.
Ergood & Co.
Ferris & Company, Incorporated
Fidelity Union Trust Company
Fulton, Reid & Staples, Inc.

Gibraltar, Inc.
Gibraltar Securities Co.
Glickenhauss & Co.
Grunthal & Co.
Halpast, Oberst & Company
Hamilton/Cooke & Co.
J. B. Hanauer & Co.
Hanauer, Stern & Co.
Heinemann, Franklin, Inc.
Herzfeld & Stern
Horner, Barksdale & Co.
Howe, Barnes & Johnson, Inc.
Hutchinson, Shockey, Erley & Co.
The Illinois Company Incorporated
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Jesup & Lamont Municipal Securities Inc.
Johnston, Lemon & Co. Incorporated
Josephthal & Co.
Kormendi, Byrd Brothers, Inc.
Laidlaw-Coggleshall, Inc.
The Leedy Corporation
Marcus, Stowell & Beye, Inc.
Marshall and Meyer, Inc.
A. E. Masten & Co. Incorporated
C. S. McKee & Company, Incorporated
McLinney & Company
E. F. Miller Municipals, Inc.
Morgan, Olmstead, Kennedy & Gardner, Incorporated
Murch & Co. Inc.
Northrup Municipals Corporation
J. A. Overton & Co.
A. E. Pearson, Inc.
Charles G. Peeler & Co., Inc.
D. A. Pincus & Co.
Poole & Co.
Quinn & Co. Inc.
Samuel A. Ramirez & Co., Inc.
Raymond James & Associates, Inc.
Rodman Renshaw, Inc.
Riviere & Berens Securities Corporation
Roose, Wade & Company
Schafer, Necker & Company
Scharff & Jones, Inc.
Donald Sheldon & Co. Inc.
Simmons First National Bank
Stern, Brenner & Co.
Stern, Lauer & Co.
Stix & Co., Inc.
Swink & Company, Inc.
Thomas & Company Inc.
Tollner & Bean, Inc.

Tripp & Co., Inc.
UMIC, Inc.
Valeriano Securities Co. Inc.
R. D. White & Company
Zahner & Company
A. W. Zucker & Co.
Zuckerman, Smith & Co. Inc.
EXHIBIT A

to
Bond Purchase Agreement

November 1976

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

1
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 November 5, 1976 (the "Agreement"), by and among the Corporation, the State of New York (the "State") and each of you as purchasers, and the sale by the State to you thereunder of $256,250,000 principal amount of the Corporation's 1976 Series CC 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, each as further amended, (the "Act"), the final Official Statement of the Corporation, dated November 5, 1976, with respect to the Bonds, as amended or supplemented to the date hereof (the "final Official Statement"), the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1976 Series CC Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and on November 5, 1976, 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 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 the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation 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.

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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds, 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 except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

5. To the best of our knowledge, no independent investigation having been made, the Bonds are free of any "adverse claim" within the meaning of Article 8 of the Uniform Commercial Code.

6. 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, 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, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

7. 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 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.

8. The issuance to the State and sale by the State to you of the Bonds, pursuant to and as con-
templated by the Agreement and the final Official Statement, is exempt from registration under the
Securities Act of 1933, as amended, pursuant to Section 5(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 “municipal
securities” as such term is defined in the Securities Exchange Act of 1934, as amended.

9. In the course of the preparation by the Corporation of the final Official Statement, we
participated in numerous conferences and conversations with certain of the Corporation’s officials
and also consulted on numerous occasions with representatives of certain of you. In this connection,
with your concurrence, we did not undertake any independent examination or review of, or otherwise
attempt to make any independent verification of, (i) any records or proceedings of, or any factual
matters relating to or otherwise involving, the Corporation, the State or any authority, agency or
political subdivision thereof or therein, or (ii) any other factual matters contained in the final
Official Statement. Accordingly, except with respect to the statements and summaries referred to
in paragraph 10 hereof, we do not assume any responsibility for the accuracy, completeness or
fairness of the statements contained in the final Official Statement; it being understood that you
are relying on the preparation of the final Official Statement by the Corporation, and certifications
of various officials as to the accuracy, completeness and fairness of the statements contained therein.
Further we are not in a position to provide, and we hereby expressly disclaim, any commentary
or assurances as to the adequacy or accuracy of the financial statements and other financial and
statistical data contained in the final Official Statement. Subject to the foregoing limitations with
respect to our engagement, no information was disclosed to us in connection with the preparation
of the final Official Statement or in our conferences or conversations referred to above which has
carried us to believe that the final Official Statement, as of the date thereof, contains any untrue
statement of a material fact or omits to state a material fact necessary to make the statements therein,
in light of the circumstances under which they were made, not misleading.

10. The statements set forth in the final Official Statement under the headings “Provisions For
Payment of the Bonds—Moratorium and Federal Bankruptcy Legislation” (except for the first
paragraph set forth under such heading), “Certain Developments Affecting the City—Federal
Bankruptcy and State Stay Legislation”, “Certain Developments Affecting the City—Moratorium
Legislation”, “Litigation”, “Various Control Programs” and “Suggested Restructuring of City and
Corporation Debt” 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, 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]
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 $256,250,000 aggregate principal amount of 1976 Series CC Bonds (the "1976 Series CC 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 to the date hereof (the "Act").

The 1976 Series CC Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation, as amended and supplemented to the date hereof, (the "General Bond Resolution") and the 1976 Series CC Resolution (the "Series Resolution"), adopted July 2, 1975 and November 5, 1976, respectively. Said resolutions are herein collectively called the "Resolutions".

The 1976 Series CC 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 1976 Series CC Bonds are being issued as Refunding Bonds as defined in the General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1976 Series CC Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1976 Series CC 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 1976 Series CC Bonds are dated November 1, 1976 except as otherwise provided in the Resolutions with respect to fully registered 1976 Series CC Bonds and will bear interest payable February 1, 1977 and semi-annually thereafter on August 1 and February 1 in each year at the rate of ten and one quarter per centum (10 1/4%) per annum and shall mature on February 1, 1993.

The 1976 Series CC Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple of $5,000. Coupon and fully registered 1976 Series CC Bonds are interchangeable as provided in the Resolutions. Coupon 1976 Series CC Bonds are lettered CC, and fully registered 1976 Series CC Bonds are lettered CCR, in each case followed by the last two digits of the year in which each of such 1976 Series CC Bonds matures and its number. Coupon 1976 Series CC Bonds are numbered consecutively from one upward for each year of maturity and fully registered 1976 Series CC Bonds are numbered consecutively from one upward in order of issuance for each year of maturity.
The 1976 Series CC Bonds are subject to redemption, in part, as provided in the Resolutions, by operation of the Debt Service Fund through application of 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 1976 Series CC Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1976 Series CC Bonds are subject to redemption at the option of the Corporation on and after August 1, 1982 as a whole or in part and at the redemption prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168 and 169 of the Laws of 1975, as amended to the date hereof, 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”) provide, 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 1976 Series CC 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 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 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 1976 Series CC Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1976 Series CC 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, monies, securities and funds held or set aside under the Resolutions, 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, monies, securities and funds in the Debt Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, 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 1976 Series CC 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 1976 Series CC 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, sinking fund installments, if any, 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 1976 Series CC 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 1976 Series CC 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 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. We are further of the opinion that, in any suit, action or other proceeding brought:
by a creditor of The City of New York (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) asserting a right to any such Taxes, such Stock Transfer Tax Fund or Special Account superior or equal to the rights of holders of bonds issued under the General Bond Resolution, such creditor will not prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55 of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Municipal Assistance Tax Fund, including the Special Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account.

10. Under existing statutes and court decisions, interest on the 1976 Series CC 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.

11. 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 1976 Series CC Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1976 Series CC Bonds, and the execution and delivery of the 1976 Series CC Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

13. Your attention should be called to a suit entitled Flushing National Bank, on behalf of itself and all other holders of notes of The City of New York maturing on or before June 30, 1976, plaintiff, against The City of New York; State of New York; and Harrison J. Goldin, Comptroller of the City of New York, defendants, filed on November 17, 1975 in the Supreme Court of the State of New York, County of New York, and presently on appeal to the New York State Court of Appeals, wherein the plaintiff demands, among other things, judgment declaring and adjudicating that the New York State Emergency Moratorium Act of the City of New York, enacted by the Legislature and signed by the Governor of the State on November 15, 1975, is unconstitutional, alleging, among other things, violations of the New York State Constitution and United States Constitution.

Said Moratorium Act, among other things, and subject to two conditions, provides that during the moratorium period therein defined, and notwithstanding any inconsistent provisions of any law, general, special or local or of any agreement or short-term obligation of the City that although the payment of such short-term obligation may be due by the terms thereof or the terms of any general or special or local law or agreement, no action or special proceeding shall be commenced or continued in any court in any jurisdiction (a) upon any such short-term obligation, or the indebtedness or liability evidenced thereby, or (b) seeking the levy of taxes or application of any funds, property, receivables or revenues of the City on account of any such short-term obligation or the indebtedness evidenced thereby.

In the event that the constitutionality of said Moratorium Act is sustained by a court of final jurisdiction, such judicial determination could support the constitutionality of similar legislative enactments which may adversely affect certain terms and conditions of the Bonds and the Resolutions, including the payment of principal and interest thereon, and the enforceability thereof.

We have examined the executed 1976 Series CC Bond numbered CC and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

4
EXHIBIT C

to

Bond Purchase Agreement

November , 1976

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

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

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated November , 1976 with
the Municipal Assistance Corporation For The
City of New York.

c/o Salomon Brothers
One New York Plaza
New York, New York

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 1976 Series CC Bonds (the "Bonds"), dated November 1,
1976 and authorized by the General Bond Resolution, adopted by the Corporation on July 2, 1975,
and the 1976 Series CC Bond Resolution, adopted November 5, 1976. The Opinion is being rendered in
connection with the delivery of the Bonds to Salomon Brothers on behalf of the Underwriters named in
Schedule I to the Bond Purchase Agreement for the Bonds (the "Bond Purchase Agreement") by and
among you, as representatives of said Underwriters, the Corporation and the State of New York (the
"State").

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by
the Corporation and the State in connection with the authorization, sale and issuance of the Bonds,
including a record of proceedings of the Corporation and the State 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 November 5, 1976 (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 Sales and Compensating Use Taxes in New York City", "State Collections of Stock Transfer Tax" and "Debt Service Payment Requirements and Estimated Coverage Ratios"), BONDS BEING OFFERED, SUMMARY OF CERTAIN PROVISIONS OF THE FIRST 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 in the Official Statement, 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 to the State or sale by the State 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. 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 materials set forth in the Official Statement. 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 discussion, inquiries and conferences, referred to above, nothing has come to our attention which would lead us to 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 pursuant to and as contemplated by the Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Bonds by you would be similarly exempt from registration under the Securities Act of 1933, as amended, to the date hereof, 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 "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.
We are further of the opinion that the 1976 Series CC 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.

Very truly yours,
PROPOSED OPINION

STATE OF NEW YORK
DEPARTMENT OF LAW
ALBANY 12224

November, 1976

Mr. Felix G. Rohatyn
Chairman
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Mr. Rohatyn:

This is to acknowledge receipt of your letter of , 1976, 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 and issuance of the 10 1/4% Series CC Bonds Due February 1, 1993 in the principal amount of $ (herein called “the 1976 Series CC Bonds”) by the Corporation to the State and the Sale of the Bonds to the Underwriters named in Schedule I (herein called the “Underwriters”) to the Bond Purchase Agreement, dated November, 1976 among the representatives of the Underwriters, the Corporation and the State (herein called the “Bond Purchase Agreement”).

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”), as amended by Chapters 868, 874 and 875 of the Laws of 1975.

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 the General Bond Resolution, dated July 2, 1975 and the 1976 Series CC Resolution, dated November, 1976 (herein collectively called the “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), were 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 were 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. By Chapters 868 of the Laws of 1975 (A.1 and S.1, Extraordinary Session), the above referenced acts were amended. The amendments passed both Houses of the Legislature, on a Message of Necessity from the Governor on September 8, 1975. The passage of this act conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore that the Amendments have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution of the Laws of the State of New York and are in full force and effect. By chapters, 874 and 875 of the Laws of 1975 (A. 5 and A. 15, Extraordinary Session), the above referenced Acts were further amended. The amendments passed both Houses of the Legislature on a Message of Necessity from the Governor on November 14, 1975. The passage of these Acts conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendments 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. I further conclude that of such Acts violate, or conflict, with any terms or provisions of applicable law, including the State Constitution, or applicable regulation, except that it should be noted that certain litigation, described in the Official Statement, questions the validity of certain provisions of the Acts, as amended, in which litigation I believe valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation.

2. The execution, delivery and performance by the Corporation of, and compliance with the Resolutions and the 1976 Series CC 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, except as may be limited by validly enacted moratorium or bankruptcy legislation.

3. The Corporation has the right and power under the Acts to adopt the Resolutions, and the 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 the 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.

4. The 1976 Series CC 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 1976 Series CC 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. The 1975 Series V Bonds and 1975 Series AA Bonds of the Corporation have been cancelled by the Corporation and will no longer be outstanding.
5. Pursuant to the Acts, 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.

6. Pursuant to the Acts, 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.

7. The 1976 Series CC 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 1976 Series CC Bonds be payable out of any funds other than those of the Corporation.

8. The State has the lawful authority:

(a) to execute, deliver and perform the Bond Purchase Agreement;

(b) 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; except it should be noted that these provisions of law are the subject of litigation in which it is my opinion that valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation;

(c) 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;

(d) 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; and

(e) 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 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.

9. The State Comptroller is authorized by the State Finance Law, to execute, deliver and otherwise to perform the obligations under the Bond Purchase Agreement and to sell and deliver the Bonds to the Underwriters, without the necessity for any authorization, consent, or approval of, or filing or registration with any agency. The Bond Purchase Agreement constitutes the legal, valid and binding agreement of
the State enforceable in accordance with its terms. The State has conveyed to the Underwriters all of its right, title and interest in and to the Bonds, free and clear of any adverse claim within the meaning of Article 8 of the Uniform Commercial Code.

10. Under existing statutes and court decisions, interest on the 1976 Series CC 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.

11. The execution, delivery and performance of the Bond Purchase Agreement, under the circumstances contemplated thereby and compliance with the provisions thereof, will not conflict with or constitute on the part of the State a breach of, or a default under, any existing law (including without limitation the Constitution of the State), or an order of any court in an action to which the State or any of its officers is a party.

12. The Legislature appropriated the Municipal Assistance Sales and Compensating and Use Tax and the amount transferred from the Stock Transfer Tax Fund to the Corporation for the fiscal year ending March 31, 1977, in the maximum amount of One Billion One Hundred Million Dollars ($1,100,000,000) by chapter 50 of the Laws of 1976. The Appropriation Act, “An Act making appropriations for the support of government—State Purposes Object” (S7281-A, A9251-A) was introduced in both the Senate and Assembly on January 20, 1976, was passed in the Senate under a Message of Necessity from the Governor on March 16 and in the Assembly under a Message of Necessity from the Governor on March 17, 1976. On March 18, 1976 the bill was transmitted to the Governor and to the Secretary of State and became law on March 30, 1976, except as to items vetoed by the Governor which do not include the appropriation to the Corporation. The passage of this Act conforms to the provision of Article III, § 14 and Article VII, § 4 of the Constitution of the State of New York. I conclude, therefore, that the appropriation has been validly enacted and has become law and is in full force and effect, except that it should be noted that litigation, described in the Official Statement, questions the authority of the Legislature to so utilize the tax revenues involved in the appropriation, in which litigation I believe valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation.

I have not verified and am not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any statements contained in the Official Statement, except as hereinafter set forth. My office has reviewed the Official Statement only with respect to the accuracy of the summaries of the language and effects of constitutional and statutory provisions and with respect to the status and nature of certain pending litigation to which either the State or State Officers are parties, and, in my opinion, those summaries are true and accurate. In the course of the review above described, the entire Official Statement has been read and no facts have come to my personal attention or to that of the members of my staff assigned to review the Official Statement (Jean M. Coon and Shirley A. Siegel), which would lead me to believe that the statements and information contained in the Official Statement as they describe such constitutional and statutory provisions and litigation or other sections of the Official Statement (except for financial information, budgetary projections and assumptions, estimates or statistical data contained in the Official Statement, as to which no opinion is expressed), as of the date of closing, are untrue in any material respect or omit to state any material fact necessary in order to make such statements and information, in the light of the circumstances under which they were made, not misleading.

This opinion constitutes my full and only opinion as to the Official Statement, dated November 1976, and the Bond Purchase Agreement, dated November 1976, relative to the Series CC Bonds.

Very truly yours,

LOUIS J. LEFKOWITZ
Attorney General
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 final Official Statement dated November 5, 1976, as the same has been heretofore supplemented or amended as of the date hereof (the “Official Statement”) of the Municipal Assistance Corporation For The City of New York under the sections captioned “Provisions For Payment of the Bonds—Sales Tax” and “Provisions For Payment of the Bonds—Stock Transfer Tax.”

2. The information contained in such sections of the Official Statement (except for (i) information concerning demographic and economic trends or factors and (ii) the statement concerning the comparison of the increase in sales and compensating use tax and Sales Tax collections to the rate of inflation, with respect to each of which I express no conclusion) is true in all material respects 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 Sales and Compensating Use Taxes in New York City” and “State Collections of Stock Transfer Tax” are accurate in all material respects and there are no material omissions.

IN WITNESS WHEREOF, I have hereunto set my hand this day of November, 1976.

...........................................
Commissioner of Taxation and
Finance of the State of New York
EXHIBIT F

to

Bond Purchase
Agreement

November , 1976

To the Board of Directors of
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

and

The Representatives of the Underwriters referred to
in the Official Statement described herein

Dear Sirs:

We have examined the financial statements (such financial statements and all notes and exhibits thereto being referred to herein as the “Financial Statements”) of Municipal Assistance Corporation For The City of New York (the “Corporation”) as of June 30, 1976, and for the period then ended, included in the final Official Statement of the Corporation dated November 5, 1976 (the “Official Statement”). In connection with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the Financial Statements and expressed our opinion thereon dated August 11, 1976. Our examination of the Financial Statements comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on the Financial Statements taken as a whole. We have performed no other audit tests or procedures for the purpose of expressing an opinion on any account balances, amounts or summaries of any other financial information of the Corporation, whether included in the Official Statement or not, since the expression of our opinion on the Financial Statements.

2. For purposes of this letter we have performed the following procedures:

   A. We have read the Official Statement and the minutes of the meetings of the Board of Directors and the Finance Committee of the Board of Directors of the Corporation for the period commencing July 1, 1976 and ending on the date hereof, as set forth in the minute books or made available to us in draft form at the offices of the General Counsel at November , 1976. Officials of the Corporation or General Counsel have advised us that such minutes represent minutes of all such meetings for such period.

   B. We have made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether any matters other than those disclosed in the Financial Statements or the Official Statement had come to their attention which would materially affect the Financial Statements or which, although not affecting the Financial Statements or such disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation.

Based upon such procedures, nothing has come to our attention which would materially affect the Financial Statements or which, although not affecting the Financial Statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation.

3. In addition to the examination of the Financial Statements and the limited procedures described above, we have, for the purposes of this letter, and at your request, read and performed the following procedures with respect to the table (the “Table”) entitled “Debt Service Payment Requirements and Estimated Coverage Ratios” which appears on page 16 of the Official Statement:
A. Because debt service on a “Bond Year” basis (ending February 1) and on a fiscal year basis (ending June 30) are the same, we compared the existing debt service payments in column 1 of the Table to the amounts appearing in the column entitled “First General Bond Resolution” in Exhibit 3 to the Financial Statements on page F-12 of the Official Statement and found them, as rounded, to be in agreement.

B. We checked the arithmetic accuracy of the coverage ratios appearing in column 2 of the Table by dividing a net revenue amount reported to us by General Counsel by the corresponding debt service amount in each year and found them to be correct. The net revenue amount was stated to represent the following:

Sales Tax collections (after deducting expenses of administration) by the State for the twelve months ended September 30, 1976 $ 823,843,000

Stock Transfer Tax collections excluding the surcharge (after deducting expenses of administration) by the State for the twelve months ended September 30, 1976 220,522,000

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1,044,365,000

Less: The Corporation’s current estimate of operating expenses for the current fiscal year ending June 30, 1977 (4,000,000)

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$1,040,365,000

C. With respect to the data set forth in columns 3 through 5 of the Table, we reviewed an unaudited calculation sheet which showed (i) the removal of the annual amounts of combined debt service amounts for Series V and AA Bonds from the total annual amounts of debt service shown in column 1 and (ii) the addition of the pro forma debt service on the 1976 Series CC Bonds assuming, for the purposes of such calculations, the maturity and redemption provisions set forth in the cover page of the Official Statement and the rate of interest set forth in the unnumbered footnote to the Table. Such removal and addition appear to be correctly applied to the debt service amounts. Further, the addition of the debt service amounts for the Bonds to be issued in consideration of interest earned on the V and AA Bonds for the period August 1 to November 1, and whose terms were described to us by representatives of the Corporation, were also correctly applied.

D. With respect to the coverage ratios set forth in columns 6 and 7 of the Table for the years presented therein, we checked the arithmetical accuracy of such ratios using the method described in subparagraph B above employing the net revenue amounts supplied to us for that purpose by General Counsel and found such ratios to be arithmetically correct.

4. The procedures referred to above in paragraphs 2 and 3 do not constitute an examination made in accordance with generally accepted auditing standards. Also, such procedures would not necessarily reveal matters of significance with respect to the comments in such paragraphs. Accordingly, we make no representations as to questions of legal interpretation or as to the sufficiency of such procedures for your purposes. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representation as to whether additional information may be required to be set forth in the Official Statement to render such data not misleading.

5. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the underwriters in conducting and documenting their review of the affairs of the Corporation in connection with the mailing of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document.

Very truly yours,
November 15, 1976

SAI)OMON BROTHERS
MORGAN GUARANITY TRUST COMPANY OF NEW YORK
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
KIDDER, PEABODY & CO. INCORPORATED
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
CITIBANK, N.A.
BACHE HALSEY STUART INC.
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPFHAM & CO. INCORPORATED
BEAR, STEARNS & CO.

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated November 5, 1976 by and
among such representatives, the State of New
York and the Municipal Assistance Corpora-
tion For The City of New York.

c/o Salomon Brothers
One New York Plaza
New York, New York

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 1976 Series CC Bonds (the "Bonds"), dated November 1,
1976 and authorized by the General Bond Resolution, adopted by the Corporation on July 2, 1975,
and the 1976 Series CC Bond Resolution, adopted November 5, 1976. The Opinion is being rendered in
connection with the delivery of the Bonds to Salomon Brothers on behalf of the Underwriters named in
Schedule I to the Bond Purchase Agreement for the Bonds (the "Bond Purchase Agreement") by and
among you, as representatives of said Underwriters, the Corporation and the State of New York (the
"State").

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by
the Corporation and the State in connection with the authorization, sale and issuance of the Bonds,
including a record of proceedings of the Corporation and the State 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 November 5, 1976 (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 Sales and Compensating Use Taxes in New York City", "State Collections of Stock Transfer Tax" and "Debt Service Payment Requirements and Estimated Coverage Ratios"), BONDS BEING OFFERED, SUMMARY OF CERTAIN PROVISIONS OF THE FIRST 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 in the Official Statement, 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 with respect to the issuance to the State or sale by the State 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. 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 materials set forth in the Official Statement. 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 discussion, inquiries and conferences, referred to above, nothing has come to our attention which would lead us to 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 pursuant to and as contemplated by the Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Bonds by you would be similarly exempt from registration under the Securities Act of 1933, as amended, to the date hereof, 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 “municipal securities” within the meaning of the Securities Exchange Act of 1934, as amended.
We are further of the opinion that the 1976 Series CC 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.

Very truly yours,

[Signature]

Hawes, Delphine & Word
November 15, 1976

Mr. Felix G. Rohatyn
Chairman
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Mr. Rohatyn:

This is to acknowledge receipt of your letter of November 12, 1976, 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 and issuance of the 10 1/4% Series CC Bonds due February 1, 1993 in the principal amount of $256,250,000 (herein called "the 1976 Series CC Bonds") by the Corporation to the State of New York (herein called the "State") and the sale of the 1976 Series CC Bonds to the Underwriters named in Schedule I (herein called the "Underwriters") to the Bond Purchase Agreement, dated November 5, 1976 among the representatives of the Underwriters, the Corporation and the State (herein called the "Bond Purchase Agreement").

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, as amended by chapters 868, 874 and 875 of the Laws 1975 (herein referred to as the "Acts").

I have examined the Constitution and statutes of the State, including the statutes creating the Corporation, together with a record of proceedings relating to the issuance of the 1976 Series CC Bonds, including, as hereinafter set forth, the Official Statement of the Corporation, dated November 5, 1976 (herein called the "Official Statement"), certified copies of the General Bond Resolution, dated July 2, 1975, as amended (herein called the "General Bond Resolution"),
and the 1976 Series CC Resolution, dated November 5, 1976 (together
with the General Bond Resolution, herein called the "Resolutions"),
and made such other examinations of law and fact 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 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), were 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 were 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. I conclude, therefore, that those
acts have been validly enacted and have become law upon the
Governor's approval in accordance with the Constitution and
laws of the State and are in full force and effect. By chapter
868 of the Laws of 1975 (A. 1 and S. 1, Extraordinary Session),
the above referenced acts were amended. The amendments passed
both Houses of the Legislature, on a Message of Necessity from
the Governor and were transmitted to the Governor on September 8,
1975, and approved by the Governor on September 9, 1975. The
passage of this act conforms to the provisions of Article III,
§ 14 of the Constitution of the State and I conclude, therefore,
that the amendments have been validly enacted and have become
law upon the Governor's approval in accordance with the
Constitution and laws of the State and are in full force and
effect. By chapters 874 and 875 of the Laws of 1975 (A. 5 and
A. 15, Extraordinary Session), the above-referenced acts were
further amended. The amendments passed both Houses of the
Legislature on a Message of Necessity from the Governor, were transmitted to and approved by the Governor on November 14, 1975. The passage of these acts conforms to the provisions of Article III, § 14 of the Constitution of the State and I conclude, therefore, that the amendments have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State and are in full force and effect. I further conclude that none of such acts violates or conflicts with any terms or provisions of applicable law, including the Constitution of the State or applicable regulation, except that it should be noted that certain litigation, described in the Official Statement, questions the validity of certain provisions of the Acts, in which litigation it is my opinion that valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation.

2. The execution and delivery of the 1976 Series CC Bonds, and the execution and performance by the Corporation of, and compliance with, the Resolutions, if performed as provided in the Resolutions and in the 1976 Series CC 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, or any regulation of the State, except as may be limited by validly enacted moratorium or bankruptcy legislation.

3. The Corporation has the right and power under the Acts to adopt the Resolutions, and, as certified to me by the Corporation, the Resolutions have been duly and lawfully adopted, 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 the 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 the Resolutions; and 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.
4. As certified to me by the Corporation, the 1976 Series CC 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 1976 Series CC Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions and enforceable in accordance with their terms, and the terms of the Resolutions, and are entitled, together with other 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.

5. The General Bond Resolution, pursuant to the Acts, provides 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 the 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.

6. The General Bond Resolution, pursuant to the Acts, provides that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City of New York (herein called 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 amounts 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.
7. The 1976 Series CC 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 1976 Series CC Bonds be payable out of any funds other than those of the Corporation.

8. The State has the lawful authority:

(a) to execute, deliver and perform the Bond Purchase Agreement;

(b) 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; except it should be noted that these provisions of law are the subject of litigation, described in the Official Statement and referred to in paragraph 1 of this opinion, in which it is my opinion valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation;

(c) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax (each as defined in the General Bond Resolution), but the State is not bound or obligated to continue the imposition of said taxes;

(d) 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;

(e) 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 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.

9. The State Comptroller is authorized by the State Finance Law to execute, deliver and otherwise to perform the obligations under the Bond Purchase Agreement and to sell and deliver the 1976 Series CC Bonds to the Underwriters,
without the necessity under State law, the Securities Act of 1933, or the Securities Exchange Act of 1934 for any authorization, consent or approval of, or filing or registration with any agency. The Bond Purchase Agreement constitutes the legal, valid and binding agreement of the State enforceable in accordance with its terms. As certified to me by the State Comptroller, the State has conveyed to the Underwriters all of its right, title and interest in and to the 1976 Series CC Bonds, free and clear of any adverse claim within the meaning of Article 8 of the Uniform Commercial Code.

10. Under existing statutes and court decisions, interest on the 1976 Series CC 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.

11. The execution, delivery and performance of the Bond Purchase Agreement, under the circumstances, contemplated thereby and compliance with the provisions thereof, will not conflict with or constitute on the part of the State a breach of, or a default under, any existing law (including without limitation the Constitution of the State), or any order of Court in any action to which the State or any of its officers is a party.

12. The Legislature appropriated the Sales Tax and the amount transferred from the Stock Transfer Tax to the Corporation for the fiscal year ending March 31, 1977, in the maximum amount of $1,100,000,000 by Chapter 50 of the Laws of 1976. The appropriation act, entitled "An Act making appropriations for the support of government - State Purposes Budget" (S. 7281-A, A. 9251-A) was introduced in both the Senate and the Assembly on January 20, 1976, was passed in the Senate under a Message of Necessity from the Governor on March 16 and in the Assembly under a Message of Necessity from the Governor on March 17, 1976. On March 18, 1976, the bill was transmitted to the Governor and to the Secretary of State and became law on March 30, 1976, except as to items vetoed by the Governor which do not include the appropriation to the Corporation. The passage of this Act conforms to the provisions of Article III, § 14 and Article VII, § 4 of the Constitution of the State. I conclude, therefore, that the appropriation has been validly enacted and has become law and is in full force and effect, except that it should be noted that certain litigation, described in the Official Statement and referred to in paragraph 1 of this opinion questions the authority of the Legislature to so utilize.
the tax revenues involved in the appropriation, in which litigation it is my opinion that valid defenses have been interposed and in which the lower court has granted judgment to the defendants, including the Corporation.

I have not verified and am not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any statements contained in the Official Statement, except as hereinafter set forth. My office has reviewed the Official Statement only with respect to the accuracy of the summaries of the language and effect of constitutional and statutory provisions and with respect to the status and nature of certain pending litigation to which either the State or State officers are parties, and, in my opinion, those summaries are true and accurate. My office has also reviewed those sections of the Official Statement entitled "Provisions for Payment of the Bonds", "Litigation", "Certain Developments Affecting the State", "Various Control Programs", "Agreement of the State of New York", and "Legal Investment", and no facts have come to my personal attention or to that of the members of my staff assigned to review the Official Statement (Jean M. Coon and Shirley A. Siegel), which would lead me to believe that the statements and information contained in those sections of the Official Statement entitled "Provisions for Payment of the Bonds", "Litigation", "Certain Developments Affecting the State", "Various Control Programs", "Agreement of the State of New York", and "Legal Investment" (except for financial information, budgetary projections and assumptions, estimates or statistical data contained in the Official Statement, as to which no opinion is expressed), as of the date of closing, are untrue in any material respect or omit to state any material fact necessary in order to make such statements and information, in the light of the circumstances under which they were made, not misleading.

This opinion constitutes my full and only opinion as to the Official Statement, dated November 5, 1976, and the Bond Purchase Agreement, dated November 5, 1976, relative to the 1976 Series CC Bonds.

Very truly yours,

Louis J. Lepkowitz
Attorney General
November 15, 1976

SALOMON BROTHERS
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCIORPORATED
KIDDER, PEABODY & CO. INCORPORATED
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
CHITIBANK, N.A.
BACHE HALSEY STUART INC.
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
BEAR, STEARNS & CO.
As Representatives of the Underwriters

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated November 5, 1976 (the “Bond Purchase Agreement”) among the Underwriters, Municipal Assistance Corporation For The City of New York (the “Corporation”) and the State of New York (the “State”), under which you and such other Underwriters jointly and severally agree to purchase from the State $256,250,000 aggregate principal amount of 1976 Series CC Bonds of the Corporation (the “Bonds”) issued pursuant to the General Bond Resolution and the 1976 Series CC Resolution adopted by the Board of Directors of the Corporation on July 2, 1975 and November 5, 1976, 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 November 5, 1976 (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 documents, 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
CERTIFICATE OF THE CHAIRMAN OF THE CORPORATION

I, FELIX G. ROHATYN, Chairman of the Municipal Assistance Corporation for the City of New York (the "Corporation"), HEREBY CERTIFY, as required pursuant to Section 4(a)(3) of the Bond Purchase Agreement (the "Agreement"), dated November 5, 1976, among the Corporation, the State of New York and the Underwriters defined therein, as follows:

1. 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;

4. With regard to any representations, agreements or descriptions with respect to the final Official Statement, this certificate is based on the final Official Statement as the same may have been heretofore supplemented or amended as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 1976.

Felix G. Rohatyn
Chairman of the Corporation
CERTIFICATE OF THE COMPTROLLER OF THE STATE

I, ARTHUR LEVITT, Comptroller of the State of New York (the "State"), do HEREBY CERTIFY, pursuant to Section 4(a)(4) of the Bond Purchase Agreement (the "Agreement"), dated November 5, 1976, among the Municipal Assistance Corporation for The City of New York (the "Corporation"), the State and the Underwriters defined therein, as follows:

1. Each of the representations of the State set forth in Section 2 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 State set forth in Section 2 of the Agreement has, as of this date, been complied with;

3. The 1976 Series CC Bonds of the Corporation conform in all material respects to the description thereof in the final Official Statement, dated November 5, 1976, of the Corporation; and

4. With regard to any representations, agreements or descriptions with respect to the final Official Statement, this certificate is based on the final Official Statement as the same may have been heretofore supplemented or amended as of the date hereof.
In addition, I HEREBY CERTIFY that to the best of my knowledge, no independent investigation having been made by me, that between November 5, 1976 and the date hereof, there has not been a default upon the general obligations of the State or any instrumentality, agency or political subdivision thereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 1976.

[Signature]
Arthur Levitt
Comptroller 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 (the "State"), do HEREBY CERTIFY, pursuant to Section 4(a)(5) of the Bond Purchase Agreement (the "Agreement"), dated November 5, 1976, among the Municipal Assistance Corporation For The City of New York (the "Corporation"), the State and the Underwriters defined therein, as follows:

1. I have reviewed the information contained in the final Official Statement dated November 5, 1976, as the same has been heretofore supplemented or amended as of the date hereof (the "Official Statement"), of the Municipal Assistance Corporation For The City of New York under the section captioned "Certain Developments Affecting the State."

2. The information contained in such section concerning the Financial Plan of the State, estimates of revenues and expenditures by the State and the Authority Build-Out Plan is true, accurate and complete in all material respects.

IN WITNESS WHEREOF, I have hereunto set my hand this fifteenth day of November, 1976.

[Signature]
Director of the Budget
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:

1. I have reviewed the information contained in the final Official Statement dated November 5, 1976, as the same has been heretofore supplemented or amended as of the date hereof (the “Official Statement”) of the Municipal Assistance Corporation For The City of New York under the sections captioned “Provisions For Payment of the Bonds—Sales Tax” and “Provisions For Payment of the Bonds—Stock Transfer Tax.”

2. The information contained in such sections of the Official Statement (except for (i) information concerning demographic and economic trends or factors and (ii) the statement concerning the comparison of the increase in sales and compensating use tax and Sales Tax collections to the rate of inflation, with respect to each of which I express no conclusion) is true in all material respects 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 Sales and Compensating Use Taxes in New York City” and “State Collections of Stock Transfer Tax” are accurate in all material respects and there are no material omissions.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 1976.

\[Signature\]
Commissioner of Taxation and Finance of the State of New York
CERTIFICATE OF THE DEPUTY MAYOR FOR
FINANCE OF THE CITY OF NEW YORK

I, JOHN C. BURTON, Deputy Mayor for Finance of The City of New York, do HEREBY CERTIFY as follows:

1. I have reviewed the information contained in the final Official Statement dated November 5, 1976, as the same may have been heretofore supplemented or amended, of the Municipal Assistance Corporation For The City of New York under the section captioned "Certain Developments Affecting the City." Certain of such information, which is referred to in the paragraphs numbered 2 through 5 of this certificate, represents certain information contained in official reports, statements or other documents made public by the Office of the Mayor of The City of New York (the "City"). Reference should be made to such official reports, statements or other documents for a more complete examination of such information.

2. The information set forth in such section to the effect that the Financial Plan (as defined in the Official Statement) of the City assumes a deficit of $636 million for the 1976-1977 fiscal year and a surplus of $12 million for the 1977-78 fiscal year is true and accurate. The information set forth in such section to the effect that the $968 million deficit for the 1975-76 fiscal year, as reported by the City Comptroller and as is qualified by the Statement contained in the certification dated November 15, 1976 of the First Deputy Comptroller is $33 million less than the deficit projected in the Financial Plan represents, to the best of my knowledge, subject to the qualification contained in the following paragraph, a fair presentation in all material respects of the deficit.
In the certification of the First Deputy Comptroller dated November 15, 1976, it is stated that

"In such section under the sub-heading 'City Financial Plan' there is information set forth to the effect that the City had an actual deficit of $963 million for the 1975-76 fiscal year. This figure represents the best estimate of the deficit for such fiscal year within the current capability of the City's accounting system and may be subject to material revision as noted in the 'Notes to Financial Statements' as shown in the Annual Report of the Comptroller of The City of New York for fiscal year 1975-76. In addition, this figure does not reflect the additional pension accruals which were estimated by the City Actuary to be $200 million for such fiscal year. Thus, pursuant to generally accepted accounting principles, the total deficit for such fiscal year would be $1,163 million."

3. The information set forth in such section under the sub-heading "Certain Assumptions" describing the assumptions upon which the Financial Plan is based is true and accurate.

4. The information set forth in such section under the sub-heading "Actions Taken To Date" describing certain expenditure reductions and revenue increases currently being implemented and required to be implemented in the future, the memoranda of interim understanding entered into by the City and certain labor unions, matters related to the costs of courts, correction and probation functions, the increases in fares for public transportation, the imposition of tuition at the City University of New York, the enactment and repeal of certain State tax legislation, the changes in personnel in the positions of Deputy Mayors and the Budget Director and certain steps that have been taken to improve the City's financial reporting is true and accurate.
5. During the fiscal year 1975-76 the City had no financial system to compare, with complete accuracy, actual savings to budgeted savings for individual cost reduction programs or to estimate all possible cost increases caused by reduction programs. However, subject to the uncertainties resulting from such financial information and control systems, the statement in such section under the sub-heading "Actions Taken to Date" to the effect that the City achieved the expenditure reductions and revenue increases included in its Financial Plan for the 1975-76 fiscal year is a fair representation.

6. The information set forth in such section under the sub-heading "Cash Sources" to the effect that it is unlikely that the City will realize the full amount in the 1975-77 fiscal year projected from the sale of certain Mitchell-Lama mortgages referred to therein fairly describes the City's current expectations in this regard.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November 1976.

[Signature]

Dwight Mayor For Finance of the City of New York
CERTIFICATE OF THE FIRST DEPUTY COMPTROLLER
OF THE CITY OF NEW YORK

I, MARTIN IVES, First Deputy Comptroller of The City of New York, do HEREBY CERTIFY as follows:

1. I have reviewed the information contained in the final Official Statement dated November 5, 1976, as the same may have been heretofore supplemented or amended, of the Municipal Assistance Corporation For The City of New York (the "Corporation") under the section captioned "Certain Developments Affecting the City." Certain of such information, which is referred to in the paragraphs numbered 2 through 7 of this certificate, represents certain information contained in official reports, statements or other documents made public by the Office of the Comptroller of the City of New York (the "City"). Reference should be made to such official reports, statements or other documents for a more complete explanation of such information.

2. The information set forth in such section to the effect that the City has an accumulated deficit which has been financed by a variety of sources, including bonds of the Corporation, and that a portion of such accumulated deficit is represented by notes of the City subject to the Moratorium Act is true and accurate. In addition, a portion of the capital deficit of the City has been financed by the issuance of bonds of the City.

3. In such section under the sub-heading "City Financial Plan" there is information set forth to the effect that the City
had an actual deficit of $968 million for the 1975-76 fiscal year. This figure represents the best estimate of the deficit for such fiscal year within the current capability of the City's accounting system and may be subject to material revision as noted in the "Notes to Financial Statements" as shown in the Annual Report of the Comptroller of The City of New York for fiscal year 1975-76. In addition, this figure does not reflect the additional pension accruals which were estimated by the City Actuary to be $200 million for such fiscal year. Thus, pursuant to generally accepted accounting principles, the total deficit for such fiscal year would be $1,168 million.

4. The information set forth in such section under the sub-heading "Actions Taken To Date" to the effect that there has been a reduction of 41,360 in the number of City employees from June 30, 1975 to July 31, 1976 is true and accurate.

5. The information set forth in such section under the sub-heading "Actions Taken to Date" to the effect that three new Deputy Comptrollers, one of whom was formerly employed in another level of government, have been appointed since October 20, 1975 is true and accurate. In addition, a Special Deputy Comptroller has been appointed whose special duties are the implementation of a new budgetary accounting system for the City.
6. The information set forth in such section under the sub-heading "Actions Taken to Date" with respect to the certain steps specified therein to improve the City's financial reporting since October 20, 1975 is true and accurate.

7. The information set forth in such section under the sub-heading "Cash Sources" with respect to cash flow projections from cash sources including certain pension funds, the Federal Government pursuant to a Credit Agreement among the City, the State, the Control Board and the Federal government, an advance by the State and the sale of certain Mitchell-Lama mortgages and with respect to projected closing cash balances for the 1976-77 and 1977-78 fiscal years is true and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November, 1976.

[Signature]

First Deputy Comptroller
of The City of New York
The Bond Purchase Agreement (the "Agreement") dated November 5, 1976 among the Municipal Assistance Corporation For The City of New York (the "Corporation"), the State of New York and the Underwriters defined therein relating to the 1976 Series CC Bonds of the Corporation requires, as a condition of the obligations of the parties to the Agreement, a certificate of the Special Deputy Comptroller for The City of New York to the effect that certain information in the final Official Statement of the Corporation dated November 5, 1976 pertaining to reports issued by him is true.

I have reviewed in the final Official Statement dated November 5, 1976, under the caption "Certain Developments Affecting the City," the following points of information pertaining to two among the reports I have issued:

"On October 5, 1976, the State Special Deputy Comptroller for the City issued a report which projects a deficit for the Health and Hospitals Corporation of $45.6 million for the 1976-77 fiscal year and a deficit ranging from $69.6 million to $96.1 million for the 1977-78 fiscal year."

"The State Special Deputy Comptroller issued a report on September 17, 1976 finding that, after review of the budget projections for the two largest categories of public assistance - Aid to Dependent Children and Home Relief - the City's grant and caseload projections in the aggregate for such categories are reasonable but that there is sufficient uncertainty in such projections to mandate close monthly monitoring."

I hereby certify that both quoted statements are true. This certification is limited to the reports issued on October 5, 1976 and September 17, 1976, and has no bearing on facts related to the subject matter of those reports that may have unfolded subsequently.

[Signature]
Special Deputy Comptroller for The City of New York

Dated: November 15, 1976
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
The Representatives of the Underwriters referred to in the Official Statement described herein

Dear Sirs:

We have examined the financial statements (such financial statements and all notes and exhibits thereto being referred to herein as the "Financial Statements") of Municipal Assistance Corporation For The City of New York (the "Corporation") as of June 30, 1976, and for the period then ended, included in the final Official Statement of the Corporation dated November 5, 1976 (the "Official Statement"). In connection with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the Financial Statements and expressed our opinion thereon dated August 11, 1976. Our examination of the Financial Statements comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on the Financial Statements taken as a whole. We have performed no other audit tests or procedures for the purpose of expressing an opinion on any account balances, amounts or summaries of any other financial information of the Corporation, whether included in the Official Statement or not, since the expression of our opinion on the Financial Statements.

2. For purposes of this letter we have performed the following procedures:

   A. We have read the Official Statement and the minutes of the meetings of the Board of Directors and the Finance Committee of the Board of Directors of the Corporation for the period commencing July 1, 1976 and ending on the date hereof, as set forth in the minute books or made available to us in draft form.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
The Representatives of the Underwriters referred to in the Official
Statement described herein

Officials of the Corporation or General Counsel have advised us that such minutes represent minutes of all such meetings for such period.

B. We have made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether any matters other than those disclosed in the Financial Statements or the Official Statement had come to their attention which would materially affect the Financial Statements or which, although not affecting the Financial Statements or such disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation.

Based upon such procedures, nothing has come to our attention other than those matters disclosed in the Financial Statements or Official Statement which would materially affect the Financial Statements or which, although not affecting the Financial Statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation.

3. In addition to the examination of the Financial Statements and the limited procedures described above, we have, for the purposes of this letter, and at your request, read and performed the following procedures with respect to the table (the "Table") entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" which appears on page 16 of the Official Statement:

A. Because debt service on a "Bond Year" basis (ending February 1) and on a fiscal year basis (ending June 30) are the same, we compared the existing debt service payments in column 1 of the Table to the amounts appearing in the column entitled "First General Bond Resolution" in Exhibit 3 to the Financial Statements on page F-12 of the Official Statement and found them, as rounded, to be in agreement.

B. We checked the arithmetic accuracy of the coverage ratios appearing in column 2 of the Table by dividing a net revenue amount reported to us by General Counsel by the corresponding debt service amount in each year.
and found them to be correct. The net revenue amount was stated to represent the following:

Sales Tax collections (after deducting expenses of administration) by the State for the twelve months ended September 30, 1976  $ 823,843,000

Stock Transfer Tax collections excluding the surcharge (after deducting expenses of administration) by the State for the twelve months ended September 30, 1976  220,522,000

Less - The Corporation's current estimate of operating expenses for the current fiscal year ending June 30, 1977  1,044,365,000

$1,040,365,000

C. With respect to the data set forth in columns 3 through 5 of the Table, we reviewed an unaudited calculation sheet which showed (i) the removal of the annual amounts of combined debt service amounts for Series V and AA Bonds from the total annual amounts of debt service shown in column 1 and (ii) the addition of the pro forma debt service on the 1976 Series CC Bonds. Such removal and addition appear to be correctly applied to the debt service amounts. Further, the addition of the debt service amounts for the Bonds to be issued in consideration of interest earned on the V and AA Bonds for the period August 1 to November 1, and whose terms were described to us by representatives of the Corporation, were also correctly applied.

D. With respect to the coverage ratios set forth in columns 6 and 7 of the Table for the years presented therein, we checked the arithmetical accuracy of such
ratios using the method described in subparagraph B above, employing the net revenue amounts supplied to us for that purpose by General Counsel, and found such ratios to be arithmetically correct.

4. The procedures referred to above in paragraphs 2 and 3 do not constitute an examination made in accordance with generally accepted auditing standards. Also, such procedures would not necessarily reveal matters of significance with respect to the comments in such paragraphs. Accordingly, we make no representations as to questions of legal interpretation or as to the sufficiency of such procedures for your purposes. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representation as to whether additional information may be required to be set forth in the Official Statement to render such data not misleading.

5. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the underwriters in conducting and documenting their review of the affairs of the Corporation in connection with the mailing of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document.

Yours very truly,

[Signature]

Price Waterhouse & Co.
CONSENT OF THE STATE OF NEW YORK TO
REFUNDING, WAIVER OF PUBLICATION
AND RECEIPT FOR BONDS

The undersigned, acting on behalf of the State of New York, do hereby agree and consent as follows:

1. The State of New York, as sole holder of an aggregate principal amount of $250,000,000 of the 1975 Series V and 1975 Series AA Bonds (the "Refunded Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), hereby consents to the refunding of such Refunded Bonds by the exchange of the Refunded Bonds for the $256,250,000 aggregate principal amount of 1976 Series CC Bonds of the Corporation and the $6,875,000 aggregate principal amount of 1976 Series DD Bonds of the Corporation (the "New Bonds").


3. The State of New York, as the sole holder of the Refunded Bonds, hereby waives any notice by publication, to the extent required by the General Bond Resolution of the Corporation adopted July 2, 1975, as amended to the date hereof (the "Resolution") of such refunding.

4. The receipt of the $263,125,000 aggregate principal amount of New Bonds and the delivery to the United States Trust Company of New York, as Trustee under the Resolution, of the $250,000,000 aggregate principal amount of Refunded Bonds are hereby acknowledged.
5. The receipt of the net proceeds of sale of New Bonds in the amount of $249,740,190.97 (which amount (i) includes the amount of $1,021,440.97, which represents accrued interest on the New Bonds from November 1, 1976 through November 15, 1976, and (ii) excludes the amount of $1,281,250.00, which represents the amount of the good faith deposit delivered to the State by the Underwriters on November 5, 1976 pursuant to the Bond Purchase Agreement among the State, the Corporation and the Underwriters and which amount has been retained by the State) is hereby acknowledged, and the United States Trust Company of New York, as Trustee, is hereby authorized and requested to deliver the New Bonds to or upon the order of Salomon Brothers, as a representative of the Underwriters.

STATE OF NEW YORK

By [Signature]
Comptroller of the State

By [Signature]
Director of the Budget of the State
RECEIPT FOR BONDS AND DOCUMENTS
REQUIRED BY PURCHASE AGREEMENT

On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated November 5, 1976 (the "Agreement"), with the Municipal Assistance Corporation For The City of New York (the "Corporation") and the State of New York (the "State"), acknowledges receipt from the United States Trust Company of New York, as Trustee under the General Bond Resolution referred to below, upon the order of the State, of the 1976 Series CC Bonds (the "Bonds") of the Corporation, in definitive form, in the principal amount of $256,250,000 issued pursuant to the General Bond Resolution and the 1976 Series CC Resolution of the Corporation, adopted on July 2, 1975 and November 5, 1976, respectively.

We hereby further acknowledge that the good faith check in the amount of $1,281,250.00 delivered to the State on November 5, 1976 shall be applied by the State to the aggregate purchase price for the 1976 Series CC Bonds 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 15th day of November, 1976.

SALOMON BROTHERS
As Representative of the Underwriter

By: [Signature]
$110,000,000
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
1976 SERIES CC BONDS

BLUE SKY MEMORANDUM

October 29, 1976

SALOMON BROTHERS
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
KIDDER, PEABODY & CO. INCORPORATED
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
CITIBANK, N. A.
BACHE Halsey Stuart Inc.
BANKERS TRUST COMPANY
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
BARD, STEARNS & CO.
As Representatives of the Underwriters
C/O SALOMON BROTHERS
ONE NEW YORK PLAZA
NEW YORK, NEW YORK 10004

Dear Sirs:

In connection with the proposed offering by the State of New York of $110,000,000 aggregate principal amount of the 1976 Series CC 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 October 29, 1976. 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
PRELIMINARY BLUE SKY SURVEY

$110,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1976 SERIES CC 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:

Alabama Kentucky Ohio(3)(6)
Alaska Louisiana(3) Oklahoma
Arizona(1) Maine(3) Oregon
Arkansas Maryland Pennsylvania
California Massachusetts Puerto Rico
Colorado Michigan Rhode Island(3)
Connecticut(3) Minnesota South Carolina
Delaware Mississippi(3)(6) South Dakota(3)
District of Columbia Missouri Tennessee
Florida(2) Montana Texas(3)
Georgia Nebraska Utah
Hawaii(3) Nevada(7) Vermont(3)
Idaho New Jersey Virginia
Illinois(4) New Mexico Washington
Indiana New York West Virginia
Iowa(5) North Carolina Wisconsin
Kansas North Dakota(3) Wyoming

(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 brokers or dealers in this state.

(4) Banks not organized under the laws of Illinois or the United States must register as dealers in this state.

(5) A bank must register as a broker-dealer in Iowa if it is engaged in the business of selling interests in a separate account that are securities.

(6) Application for confirmation of exemption is being filed. Before making any offers or sales, dealers should communicate with Salomon Brothers for information as to final approval.

(7) 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.
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 Salomon Brothers 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.

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(1) Provided offeror or seller is a bank, savings institution or trust company; or 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.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association, 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 1938 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to broker-dealers or exempt institutions.

(3) Provided offeror or seller is a registered dealer or broker in Connecticut, or sells through a registered dealer or broker, 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 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 an institutional investor, including an insurance company or bank, except where the insurance company or bank is engaged in the business of selling interests in a separate account that are securities; or is registered as a broker-dealer in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with exempt institutions.

(6) Provided offeree or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.

(7) 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.

(8) Provided offeror or seller is a registered dealer in New Hampshire; and provided that the Bonds are approved for sale by the Insurance Commissioner or become legal investments for New Hampshire savings banks. See Part I-B.

(9) Provided offeror or seller is a bank, savings institution or trust company, or a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.
### 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.

<table>
<thead>
<tr>
<th>State</th>
<th>Institutions</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>Any bank, savings institution, credit union, 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.</td>
</tr>
<tr>
<td>Alaska(1)</td>
<td>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.</td>
</tr>
<tr>
<td>Arizona</td>
<td>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.</td>
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<tr>
<td>Arkansas(1)</td>
<td>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.</td>
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<tr>
<td>California(2)</td>
<td>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.</td>
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<tr>
<td>Colorado(1)</td>
<td>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.</td>
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<td>Connecticut(3)</td>
<td>Anyone.</td>
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<td>Delaware(1)</td>
<td>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.</td>
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<td>District of Columbia(1)</td>
<td>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.</td>
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<td>Florida</td>
<td>Any bank, savings institution, trust company, insurance company, corporation or pension plan.</td>
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<td>Georgia</td>
<td>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.</td>
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<td>Hawaii(4)</td>
<td>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.</td>
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<td>State</td>
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<td>or profit-sharing trust, or other financial institution or institutional</td>
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<td>Illinois</td>
<td>Any corporation, bank, savings institution, trust company, insurance</td>
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<td>company, building or loan association, pension fund or pension trust, em-</td>
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<td>ployees' profit-sharing trust association engaged as a substantial part</td>
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<td>of its business or operations in purchasing or holding securities, or a</td>
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<td>trust in respect of which a bank or trust company is trustee or co-</td>
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<td>Indiana(1)</td>
<td>Any bank, savings institution, trust company, insurance company, invest-</td>
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<td>ment company as defined in the Investment Company Act of 1940, pension</td>
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<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
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<td>Iowa(S)</td>
<td>Any bank, savings institution, trust company, insurance company, invest-</td>
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<td>Louisiana</td>
<td>Any bank, savings institution, trust company, insurance company, or corpo-</td>
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<td>Maine(3)</td>
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<td>Mississippi</td>
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<td>or instrumentality of the United States or of a state, or any person a</td>
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<tr>
<td></td>
<td>principal part of whose business consists of buying securities.</td>
</tr>
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</table>
Missouri

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.

Montana

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.

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

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 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 as trustee.

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 himself 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

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

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

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.

Oregon

Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer.
Pennsylvania

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, the Federal Government, State or any agency or political subdivision thereof or any other person designated by regulation of the Pennsylvania Securities Commission.

Puerto Rico

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 as trustee.

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 institution for its own account and investment.

South Carolina

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.

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

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 any 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

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.

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 some 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

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.
Wisconsin(1)  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 as trustee.

1. Provided offeror or seller is a bank, savings institution or trust company, or 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.

2. Provided offeror or seller is a bank, trust company, or savings and loan association, 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 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 with exempt institutions.

5. Provided offeror or seller is an institutional investor, including an insurance company or bank (except where the insurance company or bank is engaging in the business of selling interests in a separate account that are securities), or is registered as a broker-dealer in this jurisdiction, or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with exempt institutions.

6. 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.

7. Provided offeror or seller is a bank, savings institution or trust company; or a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.
$256,250,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1976 SERIES CC BONDS

SUPPLEMENTAL BLUE SKY MEMORANDUM

November 5, 1976

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank
(Citibank, N. A.)
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

This Memorandum supplements and completes our Blue Sky Memorandum dated October 29, 1976, with reference to the offering of $256,250,000 (increased from $110,000,000) aggregate principal amount of the 1976 Series CC Bonds (the "Bonds") of the Municipal Assistance Corporation for the City of New York.

We wish to advise you that application has been made and the Bonds have been qualified for sale in New Hampshire by registered dealers.

For information as to the Blue Sky status of the Bonds in the various jurisdictions, reference is made to our Blue Sky Memorandum of October 29, 1976.

Very truly yours,

White & Case
November 15, 1976

Paul, Weiss, Rifkind, Wharton & Garrison
345 Park Avenue
New York, New York 10022

Dear Sirs:

In a letter dated August 13, 1976, you, as our counsel, confirmed certain information to our independent accountants, Price Waterhouse & Co. Please advise Price Waterhouse & Co. (Attention: Mr. Jay Hartig) whether, to your knowledge, the statements made in that letter continue to be correct. Please advise them also of any information which you may have obtained subsequent to August 13, 1976 in your capacity as counsel to the Corporation and which is not included in the letter of August 13, 1976 regarding (a) any material pending or threatened litigation involving the Corporation, (b) any material tax or other claims pending or threatened against the Corporation and (c) any other material contingent liabilities of the Corporation.

Very truly yours,

Municipal Assistance Corporation
For The City of New York

By

Eugene Keilin, Executive Director
November 15, 1976

Price Waterhouse & Co.
60 Broad Street
New York, New York 10004

Attention: J. P. Hartig

Dear Sirs:

At the request of the Municipal Assistance Corporation For The City of New York (the "Corporation"), dated November 15, 1976, we advise you in connection with certain procedures you have undertaken which are described in your letter to be dated November 15, 1976 to the Board of Directors of the Corporation, a draft of which is attached hereto.

Referring to the Corporation's request that we furnish to you information which we may have obtained in our capacity as legal counsel for the Corporation and which is not included in our letter to you dated August 13, 1976, with respect to threatened or pending litigation involving it, tax or other claims threatened or pending against it, and any other contingent liabilities of it, please be advised that our response is limited as follows:

FIRST: We are using the following definition of "contingent liabilities": (i) threatened or pending litigation,
assessments or threatened assessments of additional taxes, or other threatened or asserted claims, such as renegotiation refunds or alleged noncompliance with government statutes or regulations, that in each case are understood by us to be claims that are not admitted liabilities and are being or would be contested, and (ii) contractually assumed obligations, such as guarantees of indebtedness of others. "Threatened litigant" or "threatened claims" are defined to involve those instances where (a) a potential claimant has manifested to management or counsel an awareness of and present intention to assert a possible claim, or (b) even though no claimant has manifested such an awareness and intention to management or counsel, the event or set of circumstances upon which a claim would be premised involves a catastrophe, accident or other similar physical occurrence so open and notorious (or public disclosure has been made acknowledging the existence of possible claims arising out of an event or set of circumstances which would focus such attention thereon) that in each case past experience would dictate, in our judgment, that one or more claims are reasonably likely to be asserted.

SECOND: We are not commenting upon other contingencies, including without limitation (i) the possibility of losses from wars, strikes, catastrophes not ordinarily insured against or otherwise provided for, currency revaluations or a business recession, (ii) the possibility of tax assessments
resulting from challenge in the future of items in tax returns for open years, and (iii) except for those matters covered by clause (b) of the second sentence of paragraph FIRST above, the possibility of assertion in the future of claims by governmental agencies or private parties.

THIRD: Although as indicated above the definition of "contingent liabilities" includes contractually assumed obligations, unless requested to comment upon a specified contractually assumed obligation or liability, we are not commenting upon contingent liabilities of such type, because we understand that you can satisfy yourself with respect thereto through other audit procedures.

FOURTH: Our response is directed only to matters which have been given substantive attention by us in the form of legal consultation and which we have recognized as material contingent liabilities falling within the definition set out above. In the preparation of this response, our procedures have been limited to an endeavor to determine from lawyers presently in our firm who have performed services for the Corporation whether such services involved substantive attention in the form of legal consultation concerning any material contingent liabilities of the type described above. Accordingly, it is to be noted that we have made no independent review of any of the Corporation's transactions or contractual arrangements for purposes of this response.
Subject to the foregoing definitions and limitations, we wish to advise you as follows:

1. **Pending or Threatened Litigation.** We have not given substantive attention to, or represented the Corporation in connection with, any material pending or threatened litigation which is not referred to in our letter to you dated August 13, 1976 except as set forth in the Corporation's Official Statement (pp. 24-27), dated November 5, 1976 (the "Official Statement"), copies of the relevant pages of which are annexed hereto.

2. **Assessments or Threatened Assessments of Additional Taxes.** We have not given substantive attention to, or represented the Corporation in connection with, any material assessments, or threatened material assessments, of additional taxes.

3. **Material Contingent Liabilities.** We have not given substantive attention to, or represented the Corporation in connection with, any material contingent liabilities as hereinabove defined.

4. Please be advised that the statements made by us in our letter to you, dated August 13, 1976, are correct as of November 15, 1976, except as such statements may be modified by information set forth in the Official Statement.

5. As of June 30, 1976, the Corporation was indebted to us for professional services rendered and related
disbursements incurred through that date in the amount of $96,303.96. The Corporation has subsequently paid us that amount in full.

The information set forth herein is as of the date of this letter, except as otherwise noted, and we assume no obligation to advise you of changes which may hereafter be brought to our attention.

This letter is solely for the information of, and assistance to, you in connection with your audits of, and reports with respect to, the financial condition of the Corporation and is not to be quoted or otherwise referred to in any financial statements of the Corporation or any related document, nor is it to be filed with or furnished to any governmental agency or other person, without the prior written consent of this firm.

Very truly yours,

[Signature]

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 15, 1976

Price Waterhouse & Co.
60 Broad Street
New York, New York 10004

Dear Sirs:

In a letter to you dated August 13, 1976, the Municipal Assistance Corporation For The City of New York (the "Corporation") confirmed to you certain information and opinions with respect to the financial statements of the Corporation for the year ended June 30, 1976 (the "Financial Statements"), which Financial Statements are included in the Official Statement of the Corporation dated November 5, 1976 (the "Official Statement").

We hereby confirm that, to the best of our knowledge and belief, the statements made in such letter are correct as of the date hereof, except as such statements may be modified by information set forth in the Official Statement. We hereby further confirm that no matters, other than those disclosed in the Financial Statements or the Official Statement, have come to our attention which would materially affect the Financial Statements of which, although not
affecting the Financial Statements or such disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation.

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By
Felix Rohatyn, Chairman

By
Eugene Keilin, Executive Director
November 15, 1976

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.
As Representatives of the Underwriters

Dear Sirs:

In connection with the issuance and delivery of the $256,250,000 1976 Series CC Bonds (the "Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation") on the date hereof, the Corporation hereby confirms its execution and delivery of the Bonds, in coupon form in the denomination of $5,000 each, to United States Trust Company of New York, as Trustee (the "Trustee"), with coupon No. 1 attached thereto corrected to reflect the amount of $128.13, representing interest due and payable on February 1, 1977 and hereby requests that the Trustee confirm its authentication of the Bonds pursuant to the order of the Corporation dated the date hereof and delivered to the Trustee. The Corporation has instructed the Paying Agents for the Bonds, Citibank, N.A., New York, New York, The Northern Trust Company, Chicago, Illinois, and Bank of America, N.T. & S.A., San Francisco, California, to pay the interest in such amount when due.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By
Eugene Keilin, Executive Director

United States Trust Company of New York, as Trustee, hereby confirms its due authentication of the 1976 Series CC Bonds of the Corporation.

UNITED STATES TRUST COMPANY OF NEW YORK

By
Assistant Vice President
Receipt of a copy of this letter and agreement to pay coupon No. 1 in accordance with such instructions is hereby acknowledged by the undersigned and a copy hereof will be delivered to The Northern Trust Company and Bank of America, N.T. & S.A.

CITIBANK, N.A.

By

Authorized Officer
November 15, 1976

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

As Representatives of the Underwriters

Dear Sirs:

In connection with the issuance and delivery of the $256,250,000 1976 Series CC Bonds (the "Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation") on the date hereof, the Corporation hereby confirms its execution and delivery of the Bonds, in coupon form in the denomination of $5,000 each, to United States Trust Company of New York, as Trustee (the "Trustee"), with coupon No. 1 attached thereto corrected to reflect the amount of $128.13, representing interest due and payable on February 1, 1977 and hereby requests that the Trustee confirm its authentication of the Bonds pursuant to the order of the Corporation dated the date hereof and delivered to the Trustee. The Corporation has instructed the Paying Agents for the Bonds, Citibank, N.A., New York, New York, The Northern Trust Company, Chicago, Illinois, and Bank of America, N.T. & S.A., San Francisco, California, to pay the interest in such amount when due.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By
Eugene Keilin, Executive Director

United States Trust Company of New York, as Trustee, hereby confirms its due authentication of the 1976 Series CC Bonds of the Corporation.

UNITED STATES TRUST COMPANY OF NEW YORK

By
Assistant Vice President
Receipt of a copy of this letter and agreement to pay coupon No. 1 in accordance with such instructions is hereby acknowledged by the undersigned.

THE NORTHERN TRUST COMPANY

By [Signature]

[Signature]
November 15, 1976

Salomon Brothers
Morgan Guaranty Trust Company of New York
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Kidder, Peabody & Co. Incorporated
The Chase Manhattan Bank (National Association)
Citibank, N.A.
Bache Halsey Stuart Inc.
Bankers Trust Company
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
 Manufacturers Hanover Trust Company
 Smith Barney, Harris Upham & Co. Incorporated
Bear, Stearns & Co.

As Representatives of the Underwriters

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MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By
Eugene Keilin, Executive Director

United States Trust Company of New York, as Trustee, hereby confirms its due authentication of the 1976 Series CC Bonds of the Corporation.

UNITED STATES TRUST COMPANY OF NEW YORK

By
Assistant Vice President
Receipt of a copy of this letter and agreement to pay coupon No. 1 in accordance with such instructions is hereby acknowledged by the undersigned.

BANK OF AMERICA, N.T. & S.A.

By

[Signature]
RECEIPT AND AGREEMENT

American Bank Note Company (the "Company") hereby acknowledges receipt of the following 1976 Series CC Bonds (the "Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation") from United States Trust Company of New York, as Trustee for such Bonds (the "Trustee"):

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description and Numbers (inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>51,250</td>
<td>$5000 denom. 10½% 1976 Series CC Bonds dated November 1, 1976 due February 1, 1993 with 33 coupons attached wing form Nos. CC-1 to CC-51,250 with the certificate of authentication thereon completed by the Trustee</td>
</tr>
<tr>
<td>1,000</td>
<td>$5000 denom. 10½% 1976 Series CC Bonds dated November 1, 1976 due February 1, 1993 with 33 coupons attached wing form Nos. CC-51,251 to CC-52,250 with the certificate of authentication thereon not completed by the Trustee</td>
</tr>
</tbody>
</table>

The Company has received the Bonds for the purpose of correcting coupon No. 1 by blocking out the incorrect amount of $183.13 contained thereon at the time of the delivery of the Bonds to The Signature Company, 130 Cedar Street, New York, New York, and by printing the correct amount of $128.13 below such blocked out amount of $183.13.
Following completion of the printing process, the Company hereby agrees to deliver all of the Bonds to the Trustee on behalf of the Corporation, at the premises of the Company at 70 Broad Street, New York, New York.

The Company further agrees to make every reasonable effort to obtain special insurance, solely at the Company's expense, to save harmless the Corporation and the Trustee in the event of loss of the Bonds due to any cause, including force majeure, while the Bonds are in the possession of the Company.

Dated: November 14, 1976

American Bank Note Company

By [Signature]

[Date: 12/11/76]
CLOSING MEMORANDUM

At a Closing held on November 15, 1976 at the offices of Morgan Guaranty Trust Company of New York, 15 Broad Street, 28th Floor, New York, New York, the following transactions took place:

(a) The Municipal Assistance Corporation For The City of New York (the "Corporation") issued $256,250,000 aggregate principal amount of its 1976 Series CC Bonds (the "Series CC Bonds") and $6,875,000 aggregate principal amount of its 1976 Series DD Bonds (the "Series DD Bonds") to the State of New York (the "State") in exchange for $100,000,000 aggregate principal amount of the Corporation's 1975 Series V Bonds (the "Series V Bonds") and $150,000,000 aggregate principal amount of the Corporation's 1975 Series AA Bonds (the "Series AA Bonds") held by the State.

(b) The State delivered the Series CC Bonds to representatives of the Underwriters (the "Underwriters"), and the Underwriters delivered to the State a check in immediately available funds aggregating $249,740.190.97 in full payment of the Series CC Bonds delivered to the Underwriters.
I. Persons Present at the Closing.

The persons present at the Closing are set forth on Exhibit A to this Closing Memorandum.

II. Action Taken Prior to the Closing.

1. The Board of Directors of the Corporation adopted the General Bond Resolution and the Series Resolutions on July 2, 1975 and November 5, 1976, respectively, and 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 transfer contemplated by such Resolutions.

2. On November 5, 1976, the Bond Purchase Agreement was executed and delivered and the Underwriters delivered a good faith check to the State in the amount of $1,281,250.00 which the State retained and applied against the purchase price for the Series CC Bonds.

III. Actions Taken at the Preclosing.

On November 12, 1976, at 10:00 A.M., a preclosing was held at the offices of Hawkins, Delafield & Wood, 67 Wall Street, New York, New York, at which, to the extent possible, documents to be delivered at the Closing were reviewed, signed and packaged by all interested parties.
IV. The Closing.

The closing was held at the offices of Morgan Guaranty Trust Company of New York on November 15, 1976.

The following documents were delivered and the following actions taken at the Closing between the Corporation and the State:

BASIC DOCUMENTS, APPROVALS AND OPINIONS


2. Copy of the Preliminary Official Statement of the Corporation relating to the Series CC Bonds.

3. General certificate of the Corporation as to members, officers, terms of office and other details of the Corporation including by-laws, minutes, certain resolutions, specimen bonds, litigation, signatures and certificates required by Section 202 of the First General Bond Resolution as incorporated by Section 203(3) of the First General Bond Resolution (the "Resolution").

4. Extracts of the Minutes of Board of Directors Meeting held November 5, 1976, showing:

   (i) adoption of the Series CC and Series DD Resolutions;

   (ii) authorization of the issuance and delivery of the Series CC and Series DD Bonds.

5. Copy of the First General Bond Resolution, as amended and supplemented, and copy of the Series CC and Series DD Resolutions.

6. Copy of the consent of the Holder of the Series V Bonds and the Series AA Bonds being refunded, waiver of notice by publication executed by State Comptroller and receipt for the Series CC Bonds and the Series DD Bonds executed by the State.

7. The Certificate of the Commissioner of Taxation and Finance of the State required pursuant to the Resolution.
8. The opinion of General Counsel required pursuant to the Resolution, together with reliance opinion to the Trustee and to the State.

9. The approving opinion of Bond Counsel required pursuant to the Resolution together with reliance opinion to the Trustee.

10. Arbitrage Certificate of the Corporation.

11. Opinion of Bond Counsel as to Arbitrage.

12. Written order of the Corporation as to the delivery and authentication of the Series CC and Series DD Bonds.

TRUSTEE AND PAYING AGENT DOCUMENTS

13. Trustee's certificate with attached copy of an excerpt of the By-laws showing authority for officers to authenticate the Series CC and Series DD Bonds.

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


17. Receipt and Agreement, dated November 14, 1976, by American Bank Note Company relating to the Series CC Bonds and to $5,000,000 aggregate principal amount of unauthenticated 1976 Series CC Bonds.


19. The Certificate of the Trustee stating that Trustee has cancelled the Series V Bonds and the Series AA Bonds.
The following documents were delivered and the following actions taken at the Closing between the State and the Underwriters:

BASIC DOCUMENTS AND APPROVALS

1. Copy of the final Official Statement of the Municipal Assistance Corporation (the "Corporation") relating to the Series CC Bonds.

2. Specimen of Series CC Bonds.

3. Copy of the Preliminary Official Statement of the Corporation relating to the Series CC Bonds.

4. Copy of the Bond Purchase Agreement dated November 5, 1976 (the "Bond Purchase Agreement"), executed by the Corporation, the State of New York (the "State") and Salomon Brothers as representatives of the Underwriters (the "Underwriters").

5. Extracts of the Minutes of Board of Directors Meeting of the Corporation held November 5, 1976, showing:

(i) authorization to execute Bond Purchase Agreement; and

(ii) approval of final Official Statement and authorization of distribution of final Official Statement.

OPINIONS

6. The opinion, dated the date of the Closing, of Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.
7. The opinions, dated the date of the Closing, of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.

8. A letter, dated November 12, 1976, from the Corporation to the Attorney General of the State, requesting the Attorney General's opinion, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.

9. The opinion, dated the date of the Closing, of the Attorney General of the State, required pursuant to Section 4(a)(1) of the Bond Purchase Agreement.

10. The opinion, dated the date of the Closing, of Messrs. White & Case, Counsel to the Underwriters, required pursuant to Section 4(a)(2) of the Bond Purchase Agreement.

CERTIFICATES

11. A Certificate, dated the date of the Closing, of an officer of the Corporation, required pursuant to Section 4(a)(3) of the Bond Purchase Agreement.

12. A Certificate, dated the date of the Closing, of the Comptroller of the State, required pursuant to Section 4(a)(4) of the Bond Purchase Agreement.

13. A Certificate, dated the date of the Closing, of the Director of the Budget of the State, required pursuant to Section 4(a)(5) of the Bond Purchase Agreement.

14. A Certificate of the Commissioner of Taxation and Finance of the State required pursuant to Section 4(a)(6) of the Bond Purchase Agreement.

15. A Certificate of the Deputy Mayor for Finance of the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.

16. A Certificate of the First Deputy Comptroller of the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.

17. A Certificate of the State Special Deputy Comptroller for the City required pursuant to Section 4(a)(7) of the Bond Purchase Agreement.
18. A letter, dated the date of the Closing, from the Corporation to Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, requesting a letter from General Counsel to Price Waterhouse & Co.

19. A letter, dated the date of the Closing, furnished by Price Waterhouse & Co. required pursuant to Section 4(f) of the Bond Purchase Agreement.


21. A letter, dated the date of the Closing, from the Corporation to Price Waterhouse & Co., confirming certain information respecting the financial statements of the Corporation.

MISCELLANEOUS

22. Copy of the consent of the Holder of the Series V Bonds and the Series AA Bonds being refunded, waiver of notice by publication executed by Comptroller of the State and receipt for the net proceeds of the sale of the Series CC Bonds in the amount of $249,740,190.97.

23. Receipt for Bonds and Documents signed by the Underwriters.

Closing: 1976 Series CC and Series DD Bonds (11/15/76)

Allen Thomas  
Frederick Cummings  
Phillip McKinney  
Edward Kerson  
Stephen Weinstein  
Donald Robinson  
Gerard Fernandez  
John Keohane  
Anthony Hom  
Robert Grew  
Sally Farrell  
Edwin Hetherington  
Malcolm Hood  
Pat V. Santivosci  
Theodore Holmes  
John Dalton  
Don Almeida  
J. Epley  
Sandra Schechter  
John Kearns  
Eugene Horowitz  
Richard Cooper  

Paul Weiss  
Paul Weiss  
Paul Weiss  
Paul Weiss  
MAC  
Hawkins  
Hawkins  
Hawkins  
Hawkins  
CL&M  
CL&M  
CL&M  
U.S. Trust  
U.S. Trust  
State  
State  
Price Waterhouse  
W&C  
W&C  
W&C  
Salomon  
Salomon