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 Bond Service Fund, provided, however, that nothing contained in the Resolution shall prevent the Corporation from issuing (i) 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, (ii) obligations issued in accordance with Article II of the First General Bond Resolution and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Section 304 and Sections 306 through 310 or Section 406 or Section 1106 of the First General Bond Resolution.

Resolution, Section 907

General

Subject to the rights of holders of obligations issued pursuant to the First General Bond Resolution, the Corporation shall not modify or amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing therein shall prevent the Corporation from amending or supplementing the First General Bond Resolution to provide for the issuance of Bonds, Notes or other Obligations (as such terms are defined in the First General Bond Resolution) as provided in the First General Bond Resolution. No such Bonds, Notes or other Obligations shall be issued in accordance with Article II of the First General Bond Resolution if such issuance would cause the amounts stated in paragraphs (1) and (2) of subsection 3 of Section 202 after making the deductions provided in subparagraphs 3(a) and 3(c) to be less than 1.2 times such aggregate amount set forth in paragraph 3(b) of subsection 3 of Section 202 for each Fiscal Year set forth pursuant to said paragraph 3(b) if such certifications required to be made pursuant to such subsection 3 had been made at the time of the issuance of such Bonds, Notes or other Obligations.

The Corporation covenants and agrees with all who may be holders of the Bonds that it shall not issue and the Corporation represents hereby that there are presently not outstanding any Bonds, Notes or Other Obligations (as such terms are defined in the First General Bond Resolution), or any bonds, notes or other obligations pursuant to any resolution, including the Outstanding Note Resolutions, of the Corporation, the holders of which would have a right to payment from the State Aid Fund prior or equal to the right of the holders of the Bonds to payment from such Fund.

Resolution, Section 909

Additional Obligations

The Corporation reserves the right to issue bonds, notes or any 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 Per Capita Aid, the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act. Except as provided in Section 909, the foregoing shall not limit any right which the Corporation has on the date of the Resolution under the First General Bond Resolution.

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 thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036-a 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 Bond 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 Bond Service Fund the amount or amounts received by the Corporation for deposit in such Fund; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 2 and 3 of Section 3036-a of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund the amount or amounts received by the Corporation for deposit in such Fund; or

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

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by Section 1107 of Article 28 of the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on July 2, 1975; or

(g) the State shall fail to maintain the existence of either the special account in the Municipal Assistance Tax Fund or the Stock Transfer Tax Fund; or

(h) the State shall for any reason fail or refuse to apportion and pay Per Capita Aid or shall fail to maintain the State Aid Fund and the Special Aid Account therein or shall reduce the amount of Per Capita Aid payable during the current Fiscal Year to an amount less than the maximum amount of principal of and interest on the Outstanding Bonds maturing or otherwise coming due in the current or any future Fiscal Year.

(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), (g) or (h) 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 of 30 days notice to the Governor, the Corporation and the Attorney General of the State) to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of the Resolution or a Series Resolution or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any 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 have become or have been declared due and payable,

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

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

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

(Resolution, Section 1204)

Series Resolutions and Supplemental Resolutions

A Series Resolution or Supplemental Resolution of the Corporation may be adopted at any time or from time to time, for any one or more of the following purposes: to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions 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 modification 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 Resolutions 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 deduction 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 Bond 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, deposit moneys 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 investment arrangements, including, but not limited to, repurchase agreements covering obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, 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 or securities dealers approved by an authorized officer; provided, that each such interest-bearing time deposit or other similar investment 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 investment arrangement shall be continuously and fully secured by obligations of issuers enumerated as authorized for investments pursuant to the provision of paragraph (1) above, of a market value equal at all times to the amount of the deposit or of the other similar investment arrangement.

3. Obligations purchased as an investment of moneys 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 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 of 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)

PART 16—TRUSTEE

United States Trust Company of New York (the "Trust Company") is the Trustee under the Second 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 First and Second General Bond 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 Second 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 "PART 15—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND 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.

71
As of the date hereof, the Trust Company, which is a Commercial Bank and a party to the Financing Agreement, owns $ of First Resolution Bonds and $ of Second Resolution Bonds for its own account, including 1978 Private Series Bonds purchased in November 1978 pursuant to the Financing Agreement. The Trust Company also acts as Trustee under the First General Bond Resolution and has performed, and may in the future perform, certain banking services for the Corporation.

PART 17—LEGAL INVESTMENT

The Second Resolution 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 Second Resolution 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.

PART 18—TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 1978 Series 10 Bonds is exempt from Federal income taxes, and shall at all times be free from State and City income taxes.

PART 19—LEGAL OPINIONS

All legal matters incident to the authorization, issuance, sale and delivery of the 1978 Series 10 Bonds are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. Certain legal matters, including the accuracy and completeness of this Official Statement, will be passed upon for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. The approving opinion of Bond Counsel will be in substantially 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.

PART 20—UNDERWRITING

The underwriters have jointly and severally agreed, subject to certain conditions, to purchase the 1978 Series 10 Bonds from the Corporation at a discount equal to % from the initial public offering price. The underwriters may offer to sell such 1978 Series 10 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.

Commercial Banks, some of which are also underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the 1978 Series 10 Bonds are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others. However, such banks and the Pension Funds have agreed not to sell, offer to sell, or otherwise dispose of any of the Private Series Bonds to be received by them pursuant to the Financing Agreement for a period of days after delivery of the 1978 Private Series Bonds, without the consent of the Corporation and the underwriters.
The audited financial statements of the Corporation as at June 30, 1978 and the accompanying report thereon by Price Waterhouse & Co., the Corporation's independent accountants, and unaudited financial statements of the Corporation for the quarter ended September 30, 1978 are annexed hereto. The accompanying statements for the quarter ended September 30, 1978 do not give effect to the receipt of $68.9 million and $51.0 million of sales tax allocations certified to and paid to the Corporation by the State from the Municipal Assistance Tax Fund on October 12, 1978 for the purposes provided in the First and Second General Bond Resolutions, respectively.

* * *

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 Federal Guarantee Act, the Pension Legislation, the Emergency Act, the 1978 Amendments, the Tax Law, the Finance Law, the Agreements, the First and Second General Bond Resolutions, and Series Resolutions promulgated thereunder, are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such Acts, Laws, Agreements and Resolutions for full and complete statements of such provisions. Copies of such Acts, Laws, Agreements and 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

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 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, 1978 and the Debt Service Fund, Capital Reserve Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles consistently applied. 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.

153 East 53rd Street
New York, N. Y. 10022
July 24, 1978

Price Waterhouse & Co.

F-1
# Municipal Assistance Corporation for the City of New York

## Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Debt Service</td>
<td>Operating Fund</td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds</td>
<td>$3,132,388,000</td>
<td>$3,132,388,000</td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>1,973,970,000</td>
<td>1,973,970,000</td>
</tr>
<tr>
<td><strong>TOTAL BONDS PAYABLE</strong></td>
<td>5,106,358,000</td>
<td>5,106,358,000</td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>108,345,682</td>
<td>82,651,811</td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>$200,910</td>
</tr>
<tr>
<td>Advances under First Instance Appropriation</td>
<td></td>
<td>713,426</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td>1,134,841</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>5,214,703,682</td>
<td>2,049,177</td>
</tr>
</tbody>
</table>

## ASSETS:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>16,240</td>
<td>17,304</td>
<td>12,402</td>
<td>14,017</td>
</tr>
<tr>
<td>Investments in marketable securities, at cost which approximates market value</td>
<td>195,657,472</td>
<td>80,400,139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td>2,090,711</td>
<td>959,126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund assets</td>
<td>387,200,557</td>
<td>394,225,268</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unexpended portion of allocated funds held by New York State</td>
<td></td>
<td>2,980,616</td>
<td>6,780,026</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>584,964,980</td>
<td>2,997,920</td>
<td>475,596,935</td>
<td>6,794,043</td>
</tr>
<tr>
<td>Net funding requirements</td>
<td>$4,629,738,702</td>
<td>($948,743)</td>
<td>$4,713,412,876</td>
<td>($4,182,207)</td>
</tr>
</tbody>
</table>

F-2
**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**DEBT SERVICE AND CAPITAL RESERVE FUND**

**STATEMENT OF TRANSACTIONS**

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30, 1978</th>
<th>For the three months ended September 30, 1978 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt Service Fund</strong></td>
<td><strong>Capital Reserve Fund</strong></td>
</tr>
<tr>
<td><strong>Debt Service Fund</strong></td>
<td><strong>Capital Reserve Fund</strong></td>
</tr>
<tr>
<td>Principal amount of bonds and promissory notes issued</td>
<td>$3,154,458,000</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
</tr>
<tr>
<td>The City of New York notes received in exchange for Second General Resolution Bonds</td>
<td>819,230,000</td>
</tr>
<tr>
<td>First General Resolution Bonds refunded</td>
<td>1,549,583,000</td>
</tr>
<tr>
<td>Deposit for defeasance</td>
<td>243,381,175</td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>10,673,825</td>
</tr>
<tr>
<td><strong>Net proceeds from issuance of bonds and notes</strong></td>
<td>531,590,000</td>
</tr>
<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>(196,100,000) $196,100,000</td>
</tr>
<tr>
<td>Sales tax allocations received from the State of New York</td>
<td>328,800,000</td>
</tr>
<tr>
<td>Per capita aid received from the State of New York</td>
<td>337,000,000</td>
</tr>
<tr>
<td>Interest adjustment pursuant to Restructuring Agreement</td>
<td>1,966,228</td>
</tr>
<tr>
<td><strong>Accrued interest received on issuance of bonds</strong></td>
<td>1,034,132</td>
</tr>
<tr>
<td>Income from investments</td>
<td>9,663,394 23,256,454 $2,073,965 $7,024,711</td>
</tr>
<tr>
<td>Interest received on obligations of The City of New York</td>
<td>76,181,656 11,220,000</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td>1,090,135,410 219,356,454 13,293,965 7,024,711</td>
</tr>
</tbody>
</table>

| **Expenditures:**                      |                                                         |
| Disbursements to The City of New York  | 380,641,989   |
| **Debt Service:**                     |                                                         |
| Principal repayment on First General Resolution Bonds | 55,465,000 |
| Interest on First General Resolution Bonds | 248,395,896 64,023,116 |
| Principal repayment on Second General Resolution Bonds | 33,745,000 |
| Interest on Second General Resolution Bonds | 149,838,162 39,969,734 |
| Principal repayment on promissory notes | 335,490,000 |
| Interest on promissory notes           | 1,147,100    |
| **Total debt service**                 | 824,081,158 103,992,850 |
| **Total expenditures**                 | 1,204,723,147 103,992,850 |

| **Excess (deficiency) of receipts over expenditures:** |                                                         |
| For the period                                  | (114,587,737) 219,356,454 (90,698,885) 7,024,711 |
| Transfer from Operating Fund                    | 1,500,000      |
| At beginning of period                          | 202,506,478    167,844,103 89,418,741 387,200,557 |
| At end of period                                | 89,418,741 387,200,557 (1,280,144) 394,225,268 |
| Principal amount of bonds payable               | 5,106,358,000 5,106,358,000 |
| **Balance**                                     | (5,016,939,239) 387,200,557 (5,107,638,144) 394,225,268 |
| **Net funding requirement**                     | $4,629,738,702 $4,713,412,876 |

F-3
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
### OPERATING FUND
### STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1978</th>
<th>For the three months ended September 30, 1978 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$4,232,386</td>
<td>$4,406,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>774,127</td>
<td>4,046</td>
</tr>
<tr>
<td>Legal services</td>
<td>934,211</td>
<td>248,431</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>640,744</td>
<td>92,020</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,349,082</td>
<td>344,497</td>
</tr>
<tr>
<td>Oversight functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>(1,094,615)</td>
<td>342,635</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>532,815</td>
<td>233,311</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(561,800)</td>
<td>575,946</td>
</tr>
<tr>
<td>General and administration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>275,858</td>
<td>82,114</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>140,603</td>
<td>54,847</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>58,217</td>
<td>25,000</td>
</tr>
<tr>
<td>Office rental</td>
<td>54,338</td>
<td>19,295</td>
</tr>
<tr>
<td>General office expenses</td>
<td>32,493</td>
<td>8,558</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>6,727</td>
<td>2,607</td>
</tr>
<tr>
<td>Communications</td>
<td>14,270</td>
<td>2,983</td>
</tr>
<tr>
<td>Data processing services</td>
<td>52,653</td>
<td>27,633</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>46,840</td>
<td>29,556</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>681,999</td>
<td>252,593</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>2,469,281</td>
<td>1,173,036</td>
</tr>
<tr>
<td>Excess of receipts over expenditures for the period</td>
<td>1,763,105</td>
<td>3,233,464</td>
</tr>
<tr>
<td>Transfer to Debt Service Fund</td>
<td>(1,500,000)</td>
<td></td>
</tr>
<tr>
<td>Excess of receipts over expenditures at beginning of period</td>
<td>685,638</td>
<td>948,743</td>
</tr>
<tr>
<td>Excess of receipts over expenditures at end of period</td>
<td>$948,743</td>
<td>$4,182,207</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS
(All data relating to September 30, 1978 and the period then ended are unaudited)

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 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. Pursuant to said act, as amended (the “Act”) to carry out such purposes, the Corporation, among other things, issues and sells bonds and notes and pays or loans funds received from such sales to the City and exchanges the Corporation’s obligations for those of the City, each under conditions specified in the Act. Also pursuant to the Act, the Corporation provides for certain oversight of the City’s financial activities.

Note 2—Summary of Significant Accounting Policies:

The Debt Service Fund follows the modified accrual basis of accounting. Receipts from tax allocations are recorded as received and disbursements to the City are recorded as made. Interest income on investments and interest expense on the Corporation’s debt are recorded on the accrual basis. The Corporation’s debt is recorded at the principal amount of the obligations outstanding. Original issue discounts are charged to the Debt Service Fund and become part of net funding requirements. Amounts required for the payment of debt service due on July 1 and January 1 are accounted for as if paid on the immediately preceding June 30 and December 31, respectively, by which dates such amounts are segregated for that purpose by the Trustee under the bond resolutions. The net funding requirements of the Corporation reported in the Statement of Financial Position do not include future interest requirements.

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 the State. Expenses of debt issuance and service are charged to the Operating Fund as incurred.

The Statement of Financial Position gives no recognition to obligations of the City held by the Corporation as described in Note 6. Interest on such obligations is credited if and when received.

Note 3—Bonds of the Corporation: Funding, Payment and Authorization:

Funding methods:

The Corporation funds its debt service requirements and operating expenses by receipt of allocations from the State’s collection of sales tax (imposed by the State within the City at the rates formerly imposed by the City), the stock transfer tax and certain per capita aid, subject in each case to appropriation by the State Legislature. Net collections of taxes and per capita aid not required by the Corporation are available to the City.

All the outstanding bonds are general obligations of the Corporation. The Corporation has no taxing power. The bonds are entitled to liens, created by pledges under the respective resolutions, on moneys paid into the Debt Service and Capital Reserve Funds, from the special accounts created in the Municipal Assistance Tax and State Aid Funds.

Debt service for obligations issued under the First General Bond Resolution is payable from funds paid into the Debt Service Fund from the special account in the State’s Municipal Assistance Tax Fund, which is funded from revenues collected, less the State’s charges for collection and administration, from the sales tax and, if necessary, the stock transfer tax. The net revenues from sales and stock transfer taxes which were collected by the State during the twelve months ended June 30, 1978 and September 30, 1978 amounted to $1,275 million and $1,329 million, respectively. Payments made to the Corporation from the Municipal Assistance Tax Fund are to be made quarterly and at such other times as the Corporation requests.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
(All data relating to September 30, 1978 and the period then ended are unaudited)

Note 3—Bonds of the Corporation: Funding, Payment and Authorization (Continued):

Debt service for obligations issued under the Second General Bond Resolution is payable from two sources: funds paid annually into the Debt Service Fund from the special account in the Municipal Assistance State Aid Fund, which is funded from per capita state aid otherwise payable by the State to the City, and, after satisfying the debt service requirements for obligations issued under the First General Bond Resolution as described above, funds paid quarterly from the Municipal Assistance Tax Fund. Per capita aid is subject to prior claims asserted by certain other State or City entities; however, no such claims have been asserted since the inception of the Corporation. Total per capita aid paid into the Municipal Assistance State Aid Fund on June 25, 1978 amounted to $434 million.

The Corporation certified to and was paid on October 12, 1978, $68.9 million and $51.0 million of sales tax revenues from the Municipal Assistance Tax Fund for First and Second General Bond Resolution purposes, respectively.

Payment dates:

Principal payments at maturity or mandatory sinking fund calls are made February 1 and interest is paid semiannually on February 1 and August 1 for bonds outstanding under the First General Bond Resolution. Principal payments at maturity or mandatory sinking fund calls are made July 1 and interest is paid semiannually on July 1 and January 1 for bonds outstanding under the Second General Bond Resolution.

Debt authorization:

The Corporation is authorized by the Act to issue obligations in an aggregate principal amount of $8,800 million, exclusive of obligations issued to refund outstanding obligations of the Corporation and notes issued to enable the City to fulfill its seasonal borrowing requirements. Pursuant to the Act new obligations of the Corporation may mature up to 30 years from the date of original issue but in no event later than July 1, 2008 and no new obligation may be issued after June 30, 1982, except to renew or refund outstanding obligations. Pursuant to various resolutions of the Corporation no obligations may be issued if their issuance would cause certain debt service limitations and debt service coverage ratios to be exceeded.

The Corporation is participating in discussions to implement a debt issuance plan required in connection with the Four-Year Financial Plan developed for The City of New York. It is currently contemplated that in furtherance of the debt issuance plan the Corporation will issue in excess of $2 billion of its bonds and notes during the next four years commencing during the quarter ending December 31, 1978, all in accordance with the above stated limitations.

Note 4—Capital Reserve Fund:

The Act provides for the establishment of a Capital Reserve Fund to provide security for payment of interest on and principal of the Corporation's bonds. The amount required to be on deposit in the Capital Reserve Fund for any calendar year is a fixed percentage of principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during a specified calendar year. For 1978, 1979 and 1980 the percentages are 50%, 75% and 100% of such year's requirements, respectively. Following 1980, the percentage is 100% of the succeeding year's requirements.

Investments in the Capital Reserve Fund are recorded at amortized cost, which exceeded market value by approximately $29 million at June 30, 1978 and September 30, 1978. The Capital Reserve Fund balance at June 30, 1978 of $387,200,557 comprised $175,040,917 relating to First General Resolution Bonds and $212,159,640 relating to Second General Resolution Bonds. The Capital Reserve
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
(All data relating to September 30, 1978 and the period then ended are unaudited)

Note 4—Capital Reserve Fund (Continued):

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 18,585</td>
<td>$ 696</td>
</tr>
<tr>
<td>U.S. Treasury Bonds and Notes maturing through May 1990</td>
<td>196,874,798</td>
<td>196,730,180</td>
</tr>
<tr>
<td>Other permitted investments maturing through November 1993</td>
<td>182,839,046</td>
<td>187,798,230</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>7,468,128</td>
<td>9,696,162</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>$387,200,557</strong></td>
<td><strong>$394,225,268</strong></td>
</tr>
</tbody>
</table>

Note 5—Investments in Marketable Securities:
Debt service funds paid to the Corporation in advance of disbursement to bondholders are temporarily invested for the Corporation by the Trustee under the bond resolutions, and the income therefrom is credited to the Debt Service Fund. Proceeds of debt issues may also be temporarily invested for the Corporation by the Trustee.

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 comprised the following at:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Bills maturing through July 1978</td>
<td>$ 2,301,358</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Notes maturing through January 1979</td>
<td>73,038,114</td>
<td>$ 28,917,111</td>
</tr>
<tr>
<td>Other permitted investments maturing through January 1979</td>
<td></td>
<td>42,729,028</td>
</tr>
<tr>
<td>Repurchase Agreements maturing through July 1978</td>
<td>120,318,000</td>
<td></td>
</tr>
<tr>
<td>October 1978</td>
<td></td>
<td>8,754,000</td>
</tr>
<tr>
<td><strong>Total Debt Service Fund investments</strong></td>
<td><strong>$195,657,472</strong></td>
<td><strong>$ 80,400,139</strong></td>
</tr>
</tbody>
</table>

Note 6—New York City Notes Held By the Corporation:
As a result of certain exchanges and payments to the City, at June 30, and September 30, 1978, the Corporation held $4,236 million of notes of the City. It is the Corporation's present intention that City notes held will not be presented for payment of principal or interest, except that bond anticipation notes held by the Corporation will be presented for payment of interest and that certain bond anticipation notes may be exchanged for newly issued bond anticipation notes or bonds of The City of New York. During the quarters ended June 30, and September 30, 1978 the Corporation received approximately $76.2 million and $11.2 million, respectively, from the City as payment of interest due on bond anticipation notes held by the Corporation. Any amounts received as payment on City notes have the effect of reducing the amounts to be funded from the Corporation's other sources. The Corporation, in making its certification for funds, is required to exclude from consideration any amounts its expects to receive as payment on City notes until such amounts are received. Accordingly, the City notes held have not been included in the accompanying Statement of Financial Position.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
(All data relating to September 30, 1978 and the period then ended are unaudited)

Note 7—Operating Fund:

The Operating Fund provides for the expenses of carrying out the Corporation's duties and functions, as authorized by the Act. The Operating Fund is funded from the special account in the Municipal Assistance Tax Fund. The amount certified to for Operating Fund purposes for the 1978 fiscal year of the Corporation was $7 million.

For the fiscal year ended June 30, and the quarter ended September 30, 1978, $4,232,386 and $4,406,500, respectively, of funds from the State had been allocated to the Corporation for Operating Fund purposes. At September 30, 1978, $4,271,539 of funds allocated in fiscal year 1979 and $2,191,092 allocated in previous fiscal years had not been expended and were held for the Corporation's account by the State.

In addition, the Corporation may request and utilize repayable First Instance Appropriations from the State. The amount of these appropriations remaining to be repaid to the State from operating expense apportionments was $713,246 at June 30, 1978 and $735,538 at September 30, 1978.

Expenditures are processed for payment by the State Department of Audit and Control. The accompanying financial statements do not include any expenses for the Corporation's Financial Advisor which is serving without compensation.

Pursuant to an agreement among the Corporation, the City, the New York State Office of the Special Deputy Comptroller for The City of New York (the "OSDC") and the State Comptroller, the Corporation has no liability for expenses related to the OSDC services for the period June 10, 1975 to December 31, 1977. Accordingly, a reduction in the applicable expense and estimated liability accounts of $2,429,613 has been recognized during the 1978 fiscal year representing expenses accrued for the OSDC services which will not be payable.

On January 31, 1978, the Corporation made a permanent transfer of $1,500,000 from the Operating Fund to the Debt Service Fund.

Note 8—Litigation:

Various actions previously commenced against the Corporation and others challenging the constitutionality, under the State and Federal Constitutions, of the statutes providing for the appropriation of the sales and stock transfer taxes to the Corporation have all been dismissed on the merits. The Corporation has prevailed in all appeals of such actions sought by plaintiffs and no further appeals are available to plaintiffs in any of these actions.

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 OSDC and the Emergency Financial Control Board. To avoid duplication of efforts, the Corporation has contracted for the OSDC to provide certain services for the oversight of the City's financial affairs. The accompanying financial statements include a provision for the Corporation's estimate of the amount payable to the OSDC for services pursuant to the contract as amended.

In addition, the Corporation has contracted for other oversight services to be performed by the staff of the Emergency Financial Control Board, renamed in recently enacted legislation the Financial Control Board ("FCB"), at an annual cost not to exceed $550,000. Recently enacted legislation provides that the Corporation fund the operations of the FCB; it is expected that a new agreement will be entered into between the Corporation and the FCB to implement this provision.

F-8
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
(All data relating to September 30, 1978 and the period then ended are unaudited)

Note 10—Refunding and defeasance of 1975 Series B Bonds:

On January 10, 1978, the Corporation issued its 1978 Series JJ Bonds in the aggregate principal amount of $250,155,000. Substantially all of the net proceeds of the issue were invested in direct obligations of the United States of America which are held in trust with the United States Trust Company of New York. The proceeds held in trust and the income from investment thereof are sufficient to pay principal and interest when due on the 1975 Series B Bonds. As a result, the 1975 Series B Bonds are deemed to have been paid within the meaning of the First General Bond Resolution and are therefore no longer presented as a liability of the Corporation.

Note 11—Promissory Notes, 1978 Series:

On June 9, 1978 the Corporation issued $335,490,000 principal amount of Promissory Notes due June 30, 1978 to certain New York City Pension Funds. The proceeds of such sale were paid immediately to the City. The Corporation prepaid principal of and interest on such notes on June 29, 1978 in full satisfaction of its obligations.
EXHIBIT 1

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

BONDS OUTSTANDING

(In thousands)

September 30, 1978

<table>
<thead>
<tr>
<th>Series</th>
<th>Redemption date</th>
<th>Interest rate</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td>$470,260</td>
</tr>
<tr>
<td>A</td>
<td>1979-1990</td>
<td>7.5%-9.25%</td>
<td>42,210</td>
</tr>
<tr>
<td>G</td>
<td>1979-1985</td>
<td>9.5%-11%</td>
<td>1,090</td>
</tr>
<tr>
<td>J</td>
<td>1984-1985</td>
<td>11%</td>
<td>81,050</td>
</tr>
<tr>
<td>M</td>
<td>1980-1993</td>
<td>10%-11%</td>
<td>25,000</td>
</tr>
<tr>
<td>O</td>
<td>1990-1994</td>
<td>11%</td>
<td>40,000</td>
</tr>
<tr>
<td>U</td>
<td>1986-1990</td>
<td>11%</td>
<td>35,000</td>
</tr>
<tr>
<td>X</td>
<td>1991-1994</td>
<td>10%</td>
<td>20,850</td>
</tr>
<tr>
<td>Y</td>
<td>1981</td>
<td>6%</td>
<td>110,940</td>
</tr>
<tr>
<td>BB</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
</tr>
<tr>
<td>CC</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
</tr>
<tr>
<td>EE</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
</tr>
<tr>
<td>FF</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
</tr>
<tr>
<td>GG</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
</tr>
<tr>
<td>HH</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
</tr>
<tr>
<td>II</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
</tr>
<tr>
<td><strong>Total First Resolution</strong></td>
<td></td>
<td></td>
<td>3,132,388</td>
</tr>
</tbody>
</table>

| **Second General Resolution Bonds:** |                 |               | $77,205            | 1,973,970         |
| J                                   |                  |               | 164,535            | 1,973,970         |
| 1                                   | 1979-1986        | 8%            | 67,555             | 139,860           |
| 2                                   | 1979-1986        | 8%            | 84,085             | 84,085            |
| 3                                   | 1982-1991        | 8%            | 139,860            | 139,860           |
| 4                                   | 1982-1991        | 8%            | 18,215             | 18,215            |
| 6                                   | 1980-1992        | 7.5%          | 200,000            | 200,000           |
| 7                                   | 1980-1992        | 7.5%          | 819,230            | 819,230           |
| **Total Second Resolution**          |                  |               | 1,973,970          | 1,973,970         |
| **Total bonds outstanding**          |                  |               | $5,106,358         | $5,106,358        |

F-10
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS

September 30, 1978
(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th>Fiscal year ending June 30.</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution</th>
<th>Total</th>
<th>Capital Reserve Fund Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$311,836†</td>
<td>$195,703†</td>
<td>$507,539†</td>
<td>$53,471</td>
<td>$561,010†</td>
</tr>
<tr>
<td>1980</td>
<td>314,747</td>
<td>221,319</td>
<td>536,066</td>
<td>103,388</td>
<td>639,454</td>
</tr>
<tr>
<td>1981</td>
<td>303,083</td>
<td>220,614</td>
<td>523,697</td>
<td>1,298</td>
<td>524,995</td>
</tr>
<tr>
<td>1982</td>
<td>337,565</td>
<td>230,492</td>
<td>568,057</td>
<td>74,839</td>
<td>642,896</td>
</tr>
<tr>
<td>1983</td>
<td>376,556</td>
<td>253,715</td>
<td>630,071</td>
<td>(1,338)</td>
<td>628,733</td>
</tr>
<tr>
<td>1984</td>
<td>352,738</td>
<td>253,781</td>
<td>606,519</td>
<td>(44,474)</td>
<td>562,045</td>
</tr>
<tr>
<td>1985</td>
<td>353,662</td>
<td>252,761</td>
<td>606,423</td>
<td>48,977</td>
<td>655,400</td>
</tr>
<tr>
<td>1986</td>
<td>374,587</td>
<td>253,749</td>
<td>628,336</td>
<td>(7,270)</td>
<td>621,066</td>
</tr>
<tr>
<td>1987</td>
<td>372,257</td>
<td>256,646</td>
<td>628,903</td>
<td>(631)</td>
<td>628,272</td>
</tr>
<tr>
<td>1988</td>
<td>375,283</td>
<td>254,221</td>
<td>629,504</td>
<td>1,411</td>
<td>630,915</td>
</tr>
<tr>
<td>1989</td>
<td>376,167</td>
<td>251,719</td>
<td>627,886</td>
<td>(3,499)</td>
<td>624,387</td>
</tr>
<tr>
<td>1990</td>
<td>374,124</td>
<td>248,359</td>
<td>622,483</td>
<td>8,819</td>
<td>631,302</td>
</tr>
<tr>
<td>1991</td>
<td>373,160</td>
<td>250,428</td>
<td>623,588</td>
<td>(1,337)</td>
<td>622,251</td>
</tr>
<tr>
<td>1992</td>
<td>369,343</td>
<td>261,358</td>
<td>630,701</td>
<td>(274,469)</td>
<td>356,052</td>
</tr>
<tr>
<td>1993</td>
<td>365,501</td>
<td>365,501</td>
<td>630,501</td>
<td>69</td>
<td>365,570</td>
</tr>
<tr>
<td>1994</td>
<td>361,117</td>
<td>361,117</td>
<td>361,117</td>
<td>(9,048)</td>
<td>352,069</td>
</tr>
<tr>
<td>1995</td>
<td>178,382</td>
<td>178,382</td>
<td>344,251</td>
<td>(165,869)</td>
<td>1,880,548</td>
</tr>
</tbody>
</table>

\*† The fiscal year 1979 funding requirements do not give effect to the moneys received on October 12, 1978 (Note 3).
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

**SUMMARY OF TOTAL ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS**

**September 30, 1978**

*(In thousands)*

*(Unaudited)*

<table>
<thead>
<tr>
<th>Fiscal year ending June 30,</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$ 173,756</td>
<td>$ 79,940</td>
<td>$ 253,696</td>
</tr>
<tr>
<td>1980</td>
<td>321,869</td>
<td>194,972</td>
<td>516,841</td>
</tr>
<tr>
<td>1981</td>
<td>307,624</td>
<td>220,039</td>
<td>527,663</td>
</tr>
<tr>
<td>1982</td>
<td>298,542</td>
<td>219,245</td>
<td>517,787</td>
</tr>
<tr>
<td>1983</td>
<td>376,587</td>
<td>228,811</td>
<td>605,398</td>
</tr>
<tr>
<td>1984</td>
<td>376,125</td>
<td>251,309</td>
<td>627,434</td>
</tr>
<tr>
<td>1985</td>
<td>329,351</td>
<td>251,169</td>
<td>580,520</td>
</tr>
<tr>
<td>1986</td>
<td>377,974</td>
<td>249,947</td>
<td>627,921</td>
</tr>
<tr>
<td>1987</td>
<td>371,200</td>
<td>250,676</td>
<td>621,876</td>
</tr>
<tr>
<td>1988</td>
<td>373,315</td>
<td>253,343</td>
<td>626,658</td>
</tr>
<tr>
<td>1989</td>
<td>377,251</td>
<td>250,690</td>
<td>627,941</td>
</tr>
<tr>
<td>1990</td>
<td>375,083</td>
<td>247,940</td>
<td>623,023</td>
</tr>
<tr>
<td>1991</td>
<td>373,165</td>
<td>244,330</td>
<td>617,495</td>
</tr>
<tr>
<td>1992</td>
<td>373,155</td>
<td>246,021</td>
<td>619,176</td>
</tr>
<tr>
<td>1993</td>
<td>365,531</td>
<td>256,404</td>
<td>621,935</td>
</tr>
<tr>
<td>1994</td>
<td>365,471</td>
<td></td>
<td>365,471</td>
</tr>
<tr>
<td>1995</td>
<td>356,763</td>
<td></td>
<td>356,763</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,892,762</strong></td>
<td><strong>$3,444,836</strong></td>
<td><strong>$9,337,598</strong></td>
</tr>
</tbody>
</table>
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 $125,000,000 aggregate principal amount of 1978 Series 10 Bonds (the “1978 Series 10 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 1978 Series 10 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as supplemented to the date hereof (the “Second General Bond Resolution”), and the 1978 Series 10 Resolution, adopted November 1, 1978 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The 1978 Series 10 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 Second 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 Resolutions or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation to limit the issuance of additional bonds. The 1978 Series 10 Bonds are being issued for the purpose of making deposits into the Capital Reserve Fund established pursuant to the Act and the Second General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1978 Series 10 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the 1978 Series 10 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 Second General Bond Resolution.

The 1978 Series 10 Bonds are dated November 15, 1978 except as otherwise provided in the Resolution with respect to fully registered 1978 Series 10 Bonds, will bear interest at the rate of per centum (%) per annum from November 15, 1978 payable July 1, 1979 and semi-annually thereafter on January 1 and July 1 in each year and will mature on July 1, 2008.

The 1978 Series 10 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 thereof. Coupon and fully registered 1978 Series 10 Bonds are interchangeable as provided in the Resolutions. Coupon 1978 Series 10 Bonds are numbered 10- and fully registered 1978 Series 10 Bonds are lettered and numbered 10R-. Coupon 1978 Series 10 Bonds and fully registered 1978 Series 10 Bonds are numbered consecutively from one upward in order of issuance.

The 1978 Series 10 Bonds are subject to redemption, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined
in the Second 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 1978 Series 10 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1978 Series 10 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1988, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 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 for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation aforesaid, adding a new section 92-c to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, 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 1977 Series 8 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the “Tax Assistance Fund”) and a special account for the Corporation within the Tax Assistance Fund (the “Special Tax 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 Tax 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 1978 Series 10 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1978 Series 10 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the
2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second 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, except for the covenant on behalf of the State required to be set forth in each 1978 Series 10 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, 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, moneys, securities and funds in the Bond Service and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund, as such, will be validly subject to the pledge and lien created by the Resolutions.

3. The 1978 Series 10 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 1978 Series 10 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, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered on the date hereof, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second 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 Second General Bond Resolution. Subdivision 3 of Section 3036-a 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 Second 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 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on 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 subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Stock 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 per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The 1978 Series 10 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.

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

(a) at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of 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 any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to the extent amounts referred to in 7(a) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account 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;

(c) 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;

(d) 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; and

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

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will 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 Tax Assistance Fund, including the Special Tax 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 Tax 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. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the 1978 Series 10 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 1978 Series 10 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1978 Series 10 Bonds, and the execution and delivery of the 1978 Series 10 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1978 Series 10 Bond numbered 10-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
1978 Series 10 Bonds

BOND PURCHASE AGREEMENT

November 17, 1978

SALOMON BROTHERS
THE CHASE MANHATTAN BANK (National Association)
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
KIDDER, PEABODY & CO. INCORPORATED
BACHE HALSEY STUART SHIELDS INCORPORATED
BANK OF AMERICA NT & SA
BANKERS TRUST COMPANY
BEAR, STEARNS & CO.
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAL & CO. INCORPORATED

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”) hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the “Underwriters”), for whom you are acting as Representatives (the “Representatives”), with respect to the purchase by the Underwriters, jointly and severally, from the Corporation, and the sale by the Underwriters, of $250,000,000 aggregate principal amount of the Corporation’s 1978 Series 10 Bonds, maturing July 1, 2008 (the “Bonds”), which the Underwriters herein agree to purchase and which are to be issued pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution, adopted by the board of directors of the Corporation on November 25, 1975 and November 16, 1978, 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 17, 1978, 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 that:

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public
Authorities Law, 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 to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation will apply the proceeds from the sale of the Bonds substantially as set forth in the Resolution and the final Official Statement.

(d) When delivered to and paid for by the Underwriters, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Resolution, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

(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 required 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 against the Corporation 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 the parties to this Agreement.

(j) Except for liens created by the bonds and notes heretofore issued by the Corporation and by the Resolution and by the Corporation's General Bond Resolution adopted by the board of directors of the Corporation on July 2, 1975 (the “First 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 First 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 principal, premium, if any, and interest on the Bonds 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 may lawfully take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the Act, this Agreement, the Resolution and the Bonds in order to provide for and to assure payment of the principal, premium, if any, and interest on the Bonds when the same shall become due.

(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 (i) fairly present the financial position and results of operations of the Corporation as of the dates and for the periods therein set forth and (ii) were prepared in accordance with generally accepted accounting principles. Since June 30, 1978, the date of such financial statements, there has been no material adverse change in the financial position of the Corporation or transactions in the Bond Service Fund, Debt Service Fund, either of the Capital Reserve Funds and Operating Fund established under the Resolution and the First Bond Resolution, except as referred to in the final Official Statement.

(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 any statement of a material fact set forth in the final Official Statement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, 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.

(o) The Corporation will enforce, and without the written consent of the Representatives will not agree to amend or modify or furnish any consent under, the provisions relating to sales, offers to sell, or other dispositions of bonds of the Corporation set forth in Paragraph 5.7 of the bond purchase agreement between the Corporation and certain commercial banks, savings banks, insurance companies and City pension funds, dated as of November 15, 1978 (the “Financing Agreement”).

(p) The execution, delivery and performance of the Financing Agreement, the agreement among the United States of America, the State, the City, the New York State Financial Control Board and the Corporation dated as of November 15, 1978 (the “Agreement to Guarantee”) and the bonds provided for issue and sale under the Financing Agreement have been duly authorized by proper proceedings of the Corporation 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. The Financing Agreement, the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement (as defined in the final Official Statement) and the Seasonal Agreement (as defined in the final Official Statement) have each been duly executed by the parties thereto. The Financing Agreement and the Agreement to Guarantee constitute legal, valid and binding agreements enforceable against the Corporation in accordance with their respective terms, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to the Financing Agreement or the Agreement to Guarantee. The initial purchases of $401 million of the Corporation’s Bonds and $200 million of Federally guaranteed City Bonds pursuant to the terms of the Financing Agreement and the Guaranteed Bond Purchase Agreement respectively, will have been made at or prior to the Closing Time.
SECTION 2. Purchase, Sale and Delivery of the Bonds.

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the Corporation, the Bonds for an aggregate purchase price of $245,187,500, plus accrued interest from November 15, 1978 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 Corporation, at the Closing Time, at the offices of Hawkins, Delahfield & Wood, 67 Wall Street, New York, New York. The Closing Time shall be 8:30 A.M., New York time, on November 30, 1978, or such other time and place as may be provided in accordance with the provisions of Section 9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Bonds shall be delivered in definitive form, as coupon Bonds in the denomination of $5,000 each registrable as to principal only, or Bonds registered as to principal and interest in the denomination 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 3. Conditions of the Underwriters’ Obligations.

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

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

   (1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (i) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, in the form attached hereto as Exhibit A, (ii) Hawkins, Delahfield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B and C, and further as to the enforceability of the 1978 State Covenant (as defined in the final Official Statement) and as to the supplements to the First and Second General Bond Resolutions and (iii) the Attorney General of the State of New York, in the form attached hereto as Exhibit D and as to The Financial Emergency Act for the City of New York and the amendments thereto, in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as 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 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 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 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 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; (iii) the Bonds and the Resolution conform in all material respects to the description thereof in the final Official Statement and (iv) each of the Financing Agreement, the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement and the Seasonal Agreement (as defined in the final Official Statement) have been executed and delivered by the parties thereto and the purchases under the Financing Agreement and the Guaranteed Bond Purchase Agreement, respectively, of $401 million of the Corporation's Bonds and $200 million of Federally guaranteed City Bonds have been made prior to the Closing Time.

(4) A certificate, reasonably satisfactory in form to you, as Representatives, of the Director of the Budget of the State of New York, dated the Closing Time, to the effect that the information concerning the State of New York 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” is true in all material respects and does not omit any statement of a material fact necessary to make such information therein contained, in the light of the circumstances under which such information is furnished, not misleading and to the effect that the numerical information concerning the amount of Per Capita Aid in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption “Provisions for Payment of the Bonds—Per Capita Aid” is true.

(5) 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.

(6) Certificates, reasonably satisfactory in form to you, as Representatives, dated the Closing Time, of (i) the Mayor and the Comptroller of the City, or an appropriate deputy, to the effect that certain specified information contained 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 in all material respects or is a fair presentation of the information set forth therein and (ii) the New York State Special Deputy Comptroller for the City and the Executive Director of the Emergency Financial Control Board to the effect that any statements contained under such caption with respect to reports or statements issued by them are true.

(7) Such additional certificates, instruments and other documents as you, as Representatives, may reasonably request, including, without limitation, copies of such documents as may have been received by any purchaser under the Financing Agreement, to evidence the truth and accuracy, as of the Closing Time, of the representations of the Corporation herein contained and of the final Official Statement (as the same has been theretofore amended or supplemented), and the due performance and satisfaction by the Corporation at or prior to such time of all agreements to be performed and all conditions then to be satisfied by it in connection with the transactions contemplated hereby or by the final Official Statement (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 Representatives) have been materially adversely affected by reason of the fact that between the date hereof and the Closing Time:

(1) 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
(2) 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

(3) 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

(4) there shall have been a material adverse change in the national financial economic situation in the United States and there shall have occurred (i) the closing other than in the ordinary course of business of the New York Stock Exchange, Inc. or (ii) the general suspension of trading on the New York Stock Exchange, Inc. or (iii) 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, or the State of New York, 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 Comptroller of the State of New York shall have approved in writing the sale of the Bonds and the terms thereof as provided in this Agreement.

(e) 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).

(f) 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 New York State Department of Banking shall be authorized under applicable law to underwrite the Bonds.

(g) At the Closing Time, Price Waterhouse & Co. shall have furnished to the Representatives a letter or letters, dated the Closing Time in the form attached hereto as Exhibit F, with such changes, if any, as the Representatives shall approve.

(h) There shall not have been a default on or after the date hereof upon the general obligations of the State of New York or any instrumentality, agency or political subdivision thereof.

(i) No event shall have occurred which in the reasonable judgment of the Representatives (1) has jeopardized the continued eligibility of the City for loan guarantees of its indebtedness pursuant to the Agreement to Guarantee or (2) which forms the basis for any party to the Financing Agreement, the Guaranteed Bond Purchase Agreement or the Seasonal Agreement to terminate its obligations thereunder.

(j) 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 or has required an amendment, modification or supplement to the final Official Statement.


The Corporation's obligations hereunder, other than pursuant to Sections 5, 7 and 10 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)(4), (a)(5), (a)(6), (c), (d), (f), (g), (h), (i) and (j) of Section 3 hereof; and

(c) the receipt by the Underwriters at the Closing Time of the opinions described in (a)(1) and (a)(2) of Section 3 hereof.
SECTION 5. Deposit.

The Corporation hereby acknowledges receipt of a certified or bank cashier’s check payable to the order of the Corporation in New York Clearing House funds in the amount equal to ½ of 1% of the aggregate principal amount of the Bonds. In the event of the failure of the Corporation to deliver the Bonds at the Closing Time or if the Corporation shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Agreement (unless waived by the Underwriters), or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the amount of 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, the amount of such check shall be retained by the Corporation as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as otherwise provided in this Agreement, no party shall have any further right against any other hereunder. Upon acceptance of this offer, such check may be cashed by the Corporation and the proceeds thereof deposited in a special account of the Corporation. Such proceeds may be invested for the exclusive benefit of the Corporation and the amount of such check shall be applied by the Corporation to the aggregate purchase price for the Bonds set forth in Section 2 hereof.

SECTION 6. Representations and Agreements to Survive Delivery.

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

SECTION 7. Payment of Expenses.

The Corporation shall pay all costs and expenses incident to the performance of its obligations under this Agreement including all expenses incident to the delivery of the Bonds to the several Underwriters, the fees and expenses of Bond Counsel and General Counsel for the Corporation, the costs and expenses incident to the preparing and printing of this Agreement, the Official Statement, the Resolution and related documents, and expenses incurred in connection with any securities or “blue sky” law qualifications and the preparation of a memorandum with respect thereto and for any fees charged by investment rating agencies for the rating of the Bonds, it being understood that, except as provided in this Section 7, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel, 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 7 if the Corporation is not obligated under this Agreement pursuant to Section 4(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.

SECTION 8. Use of Preliminary and Final Official Statement.

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Bonds the preliminary Official Statement dated November 10, 1978, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Bonds. Each Underwriter agrees, in connection with the sale of Bonds by such Underwriter, that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement. No preliminary or final official statement delivered to the other parties pursuant to the Financing Agreement shall have, on the cover, any reference to the Representatives.


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

**Section 10. Indemnification.**

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

**Section 11. Parties in Interest.**

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

Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or the apportionment and payment of per capita aid under Section 54 of the State Finance Law or to the funds created by Sections 92-b, 92-d and 92-e of the State Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

**Section 12. Notice.**

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; and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives at the address set forth above.
SECTION 13. Representation.

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


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

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

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Seal]

By /s/ Eugene Keilin

By /s/ Stephen Weinstein
Secretary

Accepted and confirmed as of the date first above written:

SALOMON BROTHERS
THE CHASE MANHATTAN BANK (National Association)
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
KIDDER, PEABODY & CO. INCORPORATED
BACHE HALSEY STUART SHIELDS INCORPORATED
BANK OF AMERICA NT & SA
BANKERS TRUST COMPANY
BEAR, STEARNS & CO.
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED

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

By SALOMON BROTHERS

By /s/ L. Eugene Crowley

9
SCHEDULE I

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

UNDERWRITERS

Salomon Brothers
The Chase Manhattan Bank (National Association)
Merrill Lynch White Weld Capital Markets Group
   (Merrill Lynch, Pierce, Fenner & Smith Incorporated)
Citibank, N.A.
Morgan Guaranty Trust Company of New York
Kidder, Peabody & Co. Incorporated
Bache Halsey Stuart Shields Incorporated
Bank of America NT & SA
Bankers Trust Company
Bear, Stearns & Co.
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated
BancFirst
A. G. Becker Incorporated
Blyth Eastman Dillon & Co., Inc.
Dillon, Read & Co., Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham & Lambert Inc.
The First National Bank of Chicago
First Pennco Securities Inc.
Harris Trust & Savings Bank
E. F. Hutton & Co., Inc.
Lehman Brothers, Kuhn Loeb Incorporated
Loeb Rhoades Hornblower & Co.
Marine Midland Municipals
W. H. Morton & Company
   (Division of American Express Company)
New Court Securities Corporation
Paine, Webber, Jackson & Curtis, Incorporated
Republic National Bank of Dallas
L. F. Rothschild, Unterberg, Towbin
Shearson Hayden Stone Inc.
United California Bank
Weeden & Co. Incorporated
Wertheim & Co., Inc.
Dean Witter Reynolds Organization Incorporated
Lebenthal & Co. Inc.
Advest, Inc.
Adams, McEntee & Company
Allen & Company Incorporated
Altgelt & Company, Incorporated
American Securities Corporation
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Alex. Brown & Sons
Ehrlich-Bober & Co., Inc.
Fahnstock & Co.
George B. Gibbons & Company, Incorporated
Girard Bank
Glickenhaus & Co.
Matthews & Wright, Inc.
Moseley, Hallgarten & Estabrook, Inc.
McDonald & Company
National Bank of North America
Oppenheimer & Co.
The Philadelphia National Bank
Wm. E. Pollock & Co., Inc.
Prescott, Ball & Turben
Roosevelt & Cross, Incorporated
Herbert J. Sims & Co., Inc.
SoGen Swiss International Corporation
Southeast First National Bank of Miami
Stephens, Inc.
Thomson McKinnon Securities Inc.
Van Kampen Sauerman Inc.
Wauterlek & Brown, Inc.
Adams, Harkness & Hill, Inc.
Baker, Watts & Co.
Banco Popular de Puerto Rico
D. H. Blair & Company, Inc.
Boland, Saflin, Gordon & Sautier
Butcher & Singer Inc.
Colin, Hochstirn Co.
Langdon P. Cook & Co., Incorporated
Craigie, Incorporated
Douglas & Co. Municipals, Inc.
A. G. Edwards & Sons
First of Michigan Corporation
First Union National Bank of North Carolina
Chester Harris & Co., Inc.
William R. Hough & Company
Howard, Weil, Labouisse, Friedericks Incorporated
Josephthal & Co.
Mercuric Trust Company N.A. (St. Louis)
Moore & Schley, Cameron & Co.
New Japan Securities International Inc.
O'Neil & Feldman, Inc.
Park, Ryan, Inc.
Piper, Jaffray & Hopwood Incorporated
Sanuel A. Ramírez & Co., Inc.
T. J. Raney & Sons
Rauscher Pierce Securities Corporation
Reinholdt & Gardner
The Robinson-Humphrey Company, Inc.
John J. Ryan & Co.
Sterling Grace Municipal Securities Corporation
UMIC, Inc.
Underwood, Neuhaus & Co., Incorporated
Wheat, First Securities, Inc.
Baird, Patrick & Co., Inc.
George K. Baum & Company, Incorporated
Carleton D. Beh Co.
Beville, Bresler & Schulman, Incorporated
Carolan & Company
The Cherokee Securities Company
Connors & Co., Inc.
Coogan, Gilbert & Co.
R. W. Corby & Co., Inc.
Cowen & Co.
Ronald E. Carvin, Gerson & Co.
Cutter, Bennett Securities Corp.
Shelby Cullom Davis & Co.
W. Dobbs & Co. Inc.
Doft & Co. Inc.
Dolphin & Bradbury
A. Webster Dougherty & Co., Incorporated
Eberstadt & Co.
Elkins, Stroud & Suplee & Co.
Emanuel & Company
Ergood & Co.
Ferris & Company, Incorporated
Fidelity Union Trust Company
Gibraltar, Inc.
Gibraltar Securities Co.
Greenshields & Co., Inc.
Gruntal & Co.
Halpert, Oberst & Company
Hamilton/Cook & Co.
J. B. Hanauer & Co. (Livingston, N. J.)
Hanauer, Stern & Co.
Hartford National Bank
R. M. Heinman & Co., Inc.
Frank Henjes & Co., Inc.
Herrick & Stern
Horner, Barksdale & Co.
Howe, Barnes & Johnson, Inc.
Hutchinson, Shockey, Erley & Co.
Icahn & Co., Inc.
The Illinois Company, Inc.
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Janney, Montgomery Scott, Inc.
Johnston, Lemon & Co. Incorporated
Laidlaw Adams & Peck
The Leedy Corporation
Liss, Tenner & Goldberg, Inc.
Mabon, Nugent & Co.
Marcus, Stowell & Beya, Inc.
Marshall & Meyer, Inc.
A. E. Master & Co. Incorporated
C. S. McKee & Company, Inc.
McClaney & Co.
McLaughlin Slavin Inc.
E. F. Miller Municipals, Inc.
Miller & Schroeder Municipals, Inc.
E. A. Moos & Co. Incorporated
Morgan, Olmstead, Kennedy & Gardner, Inc.
Multi-Vest Securities Inc.
J. A. Overton & Co.
A. E. Pearson, Inc.
Charles G. Peelor & Co. Inc.
Phillips, Appel & Walden, Inc.
D. A. Pincus & Co.
Poole & Co.
Rodman & Renshaw, Inc.
Riviere Securities Corporation
Rogers & Lamb
Roose, Wade & Company
Scandinavian Securities Corporation
Schaffer, Necker & Co.

Scharff & Jones, Inc.
Donald Sheldon & Co., Inc.
Simmons First National Bank
Simpson, Emery & Company, Inc.
Stern, Brenner & Co.
Stern, Lauer & Co.
Swink & Company, Inc.
Thomas & Company, Inc.
Tollner & Bean, Inc.
Tripp & Co. Inc.
R. D. White & Company
Warren W. York & Co., Inc.
Zahner & Company
A. W. Zucker & Co.
EXHIBIT A

To
Bond Purchase Agreement

November, 1978

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
345 PARK AVENUE, NEW YORK, N.Y. 10022
TELEPHONE 1-212-661-8000
TELEX 12-7021

LLOYD K. GARRISON, COUNSEL

SIMON H. HICKS
HOWARD A. SCHTZ
ADRIAN W. DAWID
MARVIN E. ABRAM
MORRIS M. ROCHLIN
JOHN P. RUBENS
JOSEPH B. FISHER
JAMES B. LEWIS
THOLODRUKE E. SOHRENSEN
LINDA CLELAND
RICHARD H. PAUL
NORMAN ZELTNER
NORMAN A. COSTER
ALEX BERK
JAY TUCKER
LOOMIS R. COSTMAN
BAYLES M. WARNER
ROBERT H. MONTGOMERY, JR.
JOHN C. TAYLOR, JR.
BERNARD H. GREENE
ERNST RUDENSTEIN
STUART RUBIN
JAMES L. PURCELL
ARTHUR RALSTON
JULIUS G. FISCHER
BERNARD FINKELSTEIN
ARTHUR C. LAMAN
SEYMOUR HERTZ
WALTER F. LEHARDT
GERALD D. STERN
ANTHONY S. KULIN
MARTIN LONDON
DAVID S. BRODHEAD
NICHOLAS T. BILLIONI
LEONARD V. DUGO
Allan Bluming
KEVIN M. ALBERT
JAY GREENFIELD
KEVIN J. O'BRIEN
ALFRED D. YOUNGWOOD
ERNEST S. BERNSTEIN
JOSEPH K. BOKODY
ROBERT S. ROSSBECHER
ROBERT L. LAUFER
ALLEN L. THOMAS
PETER L. FELCHER
MARK R. ALCOTT
RICHARD M. ARGUS
PETE J. MATHENBERG
JUDITH F. TAYLOR
RICHARD A. ENGELMAN
GEORGE F. FELDMAN
STEVEN S. ROSENFIELD
ALBERT P. HAN
ROBERT S. SMITH
MAX GITLER
WILLIAM M. CROOKS
CAMERON CLARK
LEWIS A. KAPLAN

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

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 17, 1978 (the "Agreement"), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $250,000,000 aggregate principal amount of the Corporation's 1978 Series 10 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 17, 1978, 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 Second General Bond Resolution and the 1978 Series 10 Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 and on November 16, 1978, respectively (the "Resolutions"), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

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

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement, to adopt the Resolutions and to issue 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 the holders of the Bonds, and no other authorization for, or filing or recording of, the Resolutions is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State Covenant as that term is defined in the final Official Statement.

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. 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.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or 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.

7. The offering and sale of the Bonds by the Corporation to you, and the resale of the Bonds by you 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.

8. 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 of New York 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 9 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, and as of the date hereof, 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.

9. The statements set forth in the final Official Statement under the headings “Provisions For Payment of the Bonds—Federal Bankruptcy Legislation”, “Certain Developments Affecting the City—Federal Bankruptcy Legislation”, “Legislation and Agreements Relating to the Debt Issuance Plan”, “Various Control Programs” and “Litigation” are in all material respects 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

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $250,000,000 aggregate principal amount of 1978 Series 10 Bonds (the "1978 Series 10 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 1978 Series 10 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the "Second General Bond Resolution"), and the 1978 Series 10 Resolution, adopted November 16, 1978 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 1978 Series 10 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 Second 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 Resolutions or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation to limit the issuance of additional bonds. The 1978 Series 10 Bonds are being issued for the purpose of making deposits into the Capital Reserve Fund established pursuant to the Act and the Second General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1978 Series 10 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the 1978 Series 10 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 Second General Bond Resolution.

The 1978 Series 10 Bonds are dated November 15, 1978 except as otherwise provided in the Resolution with respect to fully registered 1978 Series 10 Bonds, will bear interest at the rate of eight and three-eights per centum (8 3/8 %) per annum from November 15, 1978 payable July 1, 1979 and semi-annually thereafter on January 1 and July 1 in each year and will mature on July 1, 2008.

The 1978 Series 10 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 thereof. Coupon and fully registered 1978 Series 10 Bonds are interchangeable as provided in the Resolutions. Coupon 1978 Series 10 Bonds are numbered 10- and fully registered 1978 Series 10 Bonds are lettered and numbered 10R-. Coupon 1978 Series 10 Bonds and fully registered 1978 Series 10 Bonds are numbered consecutively from one upward in order of issuance.

The 1978 Series 10 Bonds are subject to redemption, commencing on July 1, 1999 and on each July 1 thereafter prior to maturity, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second 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 1978 Series 10 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1978 Series 10 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1988, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 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 for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of The New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, 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 1978 Series 10 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the "Tax Assistance Fund") and a special account for the Corporation within the Tax Assistance Fund (the "Special Tax 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 Tax 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 1978 Series 10 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1978 Series 10 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the
2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second 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, except for the covenant on behalf of the State required to be set forth in each 1978 Series 10 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, 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, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The 1978 Series 10 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 1978 Series 10 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, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors’ rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered on the date hereof, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second 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 Second General Bond Resolution. Subdivision 3 of Section 3036-a 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 Second 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 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on 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 subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax 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 per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The 1978 Series 10 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.

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

(a) at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of 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 any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to the extent amounts referred to in 7(a) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account 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;

(c) 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;

(d) 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; and

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

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will 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 Tax Assistance Fund, including the Special Tax 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 Tax 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. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefor available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the 1978 Series 10 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 1978 Series 10 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1978 Series 10 Bonds, and the execution and delivery of the 1978 Series 10 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1978 Series 10 Bond numbered 10-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
EXHIBIT C
to
Bond Purchase
Agreement

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

November 1978

SALOMON BROTHERS
THE CHASE MANHATTAN BANK (National Association)
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
KIDDER, PEABODY & CO. INCORPORATED
BACHE HALSEY STUART SHELDON INCORPORATED
BANK OF AMERICA NT & SA
BANKERS TRUST COMPANY
BEAR, STEARNS & CO.
CHEMICAL BANK
THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
MANUFACTURERS HANOVER TRUST COMPANY
SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated November 17, 1978 with
the Municipal Assistance Corporation For
The City of New York.

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

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 1978 Series 10 Bonds (the “Bonds”), dated November
15, 1978 and authorized by the Second General Bond Resolution, adopted by the Corporation on November
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 and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the
Corporation in connection with the authorization, sale and issuance of the Bonds, including a record of
proceedings of the Corporation relating to the authorization, execution and delivery of the Bond Purchase
Agreement, were present at various meetings in connection therewith and have participated with others in
the preparation of various parts of the Official Statement with respect to the Bonds dated November 17,
1978 (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, dis-
cussions 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 under the headings “Per Capita Aid”, “Quarterly Collections of Sales and Compensating Use Taxes in the City”, “Monthly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly Collections of Stock Transfer Tax”), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS BEING OFFERED, AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION 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 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. 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 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 1978 Series 10 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

LOUIS J. LEFKOWITZ
ATTORNEY GENERAL

November , 1978

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 , 1978, relating to the authorization, sale and issuance of the 1978 Series 10 Bonds dated November 15, 1978 in the principal amount of $250,000,000 (herein called the “1978 Series 10 Bonds”) by the Municipal Assistance Corporation for the City of New York (herein called the “Corporation”) to the Underwriters named in Schedule I (herein called the “Underwriters”) to the Bond Purchase Agreement, dated November 17, 1978 between the representatives of the Underwriters and the Corporation (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, 870, 874, 875, 889 and 891 of the Laws of 1975, by Chapters 185 and 456 of the Laws of 1977, and by Chapters 201, 466 and 777 of the Laws of 1978.

I have examined the pertinent provisions of the Constitution and statutes of the State of New York.

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 Chapter 868 of the Laws of 1975 (S. 1 and A. 1, Extraordinary Session), the above referenced
Acts were amended. The amendments passed both Houses of the Legislature on September 8, 1975
on a Message of Necessity from the Governor. The passage of this bill conforms to the provisions of
Article III, § 14 of the Constitution of the State of New York and I conclude, therefore that the
amendment has been validly enacted and has become law upon the Governor's approval in accordance
with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 870 of the Laws of 1975 (S. 3 and A. 3, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on September 9, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapters 874 and 875 of the Laws of 1975 (S. 5 - A. 5 and S. 15 - A. 15, respectively, Extraordinary Session), the above referenced Acts were further amended. The amendments were passed in both Houses of the Legislature on November 14, 1975 on a Message of Necessity from the Governor and were approved by the Governor on November 14, 1975. The passage of these bills 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.

By Chapter 889 of the Laws of 1975 (S. 32 and A. 32, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on November 26, 1975 on a Message of Necessity from the Governor and was approved by the Governor on November 26, 1975. The passage of this bill conforms to the provisions of Article III, §14 of the Constitution of the State of New York, and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 891 of the Laws of 1975 (S. 36 and A. 36, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on December 5, 1975 on a Message of Necessity from the Governor and was approved by the Governor on December 5, 1975. The passage of this bill conforms to the provisions of Article III of § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 185 of the Laws of 1977 (S. 6371 and A. 8710), the above referenced Acts were
further amended. The amendment was passed in both Houses of the Legislature on May 31, 1977
and was approved by the Governor on June 1, 1977. The passage of this bill conforms to the
provisions of Article III, § 14 of the Constitution of the State of New York and I conclude
therefore, that the amendment has been validly enacted and has become law upon the Governor's
approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 456 of the Laws of 1977 (S. 6870 and A. 8993), the above referenced Acts were further amended. The amendment was passed in the Assembly on July 7, 1977 and in the Senate on July 8, 1977 on a Message of Necessity from the Governor and was approved by the Governor on July 19, 1977. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and the laws of the State of New York and is in full force and effect.

By Chapters 201 and 466 of the Laws of 1978 (A. 13025 and S. 10146 - A. 12927, respectively), the above referenced Acts were further amended. The amendment which became Chapter 201 was passed in both Houses of the Legislature on May 26, 1978 on a Message of Necessity from the Governor and was approved by the Governor on June 2, 1978. The amendment which became Chapter 466 passed in the Senate on May 23, 1978, passed in the Assembly on June 22, 1978, and was approved by the Governor on July 6, 1978. The passage of these bills conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further 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.

By Chapter 777 of the Laws of 1978 (S.3 and A.3, Second Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on September 28, 1978 on a Message of Necessity from the Governor and was approved by the Governor on September 28, 1978. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York, and I further conclude, therefore, that the amendment has been validly enacted and become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

2. The Acts, among other things, establishes a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provision of Chapter 7 of the Laws of 1972; (iv) any amounts required to be paid by The City to the State to repay an advance made in 1974 to subsidize the fare of the New York City Transit Authority; (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law; and (vi) eighty million dollars to the special account (“Special Tax Account”) for the Corporation in the municipal assistance tax fund (“Tax Assistance Fund”) created pursuant to section 92-d of the State Finance Law to the extent that such amount has been included by the Corporation in any computation for the issuance of bonds on a parity with outstanding bonds pursuant to a contract with the holders of such bonds prior to the issuance of any other bonds secured by payments from the Aid Assistance Fund.

3. Subdivision 6 of Section 3036-a of the Public Authorities Law as added by the Acts provides that the Corporation shall create the Bond Service Fund. Subdivision 1 of such section provides that
not less than one hundred and twenty days before the beginning of each fiscal year of the Corporation, the Chairman shall certify to the State Comptroller and Mayor of the City a schedule setting forth the cash requirements of the Corporation, including the amounts required to be deposited in the Bond Service Fund to pay all interest and all payments of principal and redemption premium, if any, on notes and bonds payable from the sources set forth in this paragraph and maturing or otherwise coming due during such fiscal year. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit in the Bond Service Fund, the source of such payments being the Aid Assistance Fund into which is paid the above described per capita aid, subject to certain prior claims as described in paragraph 2 above, and, to the extent required, available and subject to agreements with holders of outstanding bonds and notes of the Corporation, the Special Tax Account established for the Corporation in the Tax Assistance Fund created pursuant to Section 92-d of the State Finance Law and consisting of the revenues derived from the imposition of Municipal Assistance Sales and Compensating Use Tax for the City and any amount transferred to the Tax Assistance Fund from the Stock Transfer Tax Fund pursuant to Section 92-b of the State Finance Law. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State Treasury and payments of such amount out of the Aid and Tax Assistance Funds to the Corporation are subject to prior appropriation for such purpose by the Legislature, which is not obligated to appropriate any such amounts so certified by the Chairman, as aforesaid.

4. Subdivision 2 of Section 3036-a of the Public Authorities Law as added by the Acts provides that the Corporation shall create as an additional and separate fund, a Capital Reserve Fund. Subdivision 4 of such section provides that for any calendar year, the Capital Reserve Fund Requirement for such fund shall equal the amount of principal and interest maturing or otherwise due or becoming due in the succeeding calendar year on all bonds of the Corporation secured by such fund, provided, however, that for the calendar years set forth below, the Capital Reserve Fund Requirement as of any given date shall equal the percentage set forth opposite such calendar year of the amount of the 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>1978</td>
<td>50%</td>
</tr>
<tr>
<td>1979</td>
<td>75%</td>
</tr>
<tr>
<td>1980</td>
<td>100%</td>
</tr>
</tbody>
</table>

Subdivision 3 of such section provides that the Chairman of the Board of Directors of the Corporation ("the Chairman") shall annually, on or before December 1, certify to the Governor and Director of the Budget of the State the amount, if any, necessary to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. Such subdivision further provides that the sum or sums so certified shall be appropriated and paid to the Corporation during the then current State fiscal year. This subdivision does not constitute an enforceable obligation of the State, as the amount of such sum or sums is subject to annual appropriation for such purpose by the State Legislature, which is not obligated to appropriate such amount.

5. The 1978 Series 10 Bonds do not constitute a legally enforceable obligation upon the part of the State, nor create a debt of the State and the State shall not be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.

6. The State has the lawful authority, based on the Acts and court decisions:

   (a) to establish the Aid Assistance Fund, the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund, but the State is not bound or obligated to maintain the existence of such funds or accounts;
(b) at least annually, to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account of amounts sufficient to enable the Corporation to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(c) to the extent amounts referred to in 6(b) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations; and

(d) to impose and to increase or decrease the Municipal Assistance Sales and Compensating Use Tax and the Stock Transfer Tax, but the State is not bound or obligated to continue the imposition of said taxes, and pursuant to Chapter 878 of the Laws of 1977, the Legislature has provided for certain rebates of stock transfer taxes, which rebates are payable from the Stock Transfer Incentive Fund created by Section 92-1 of the State Finance Law as added by such chapter, which fund consists of funds of the Stock Transfer Tax Fund after transfer therefrom of any moneys required for the Special Tax Account, plus any other moneys appropriated, transferred or credited to the Stock Transfer Incentive Fund pursuant to law.

The Legislature appropriated per capita aid, including aid for the benefit of the Corporation for the fiscal year ending March 31, 1979, to the Department of Taxation and Finance in the maximum amount of $776,614,112 by Chapter 53 of the Laws of 1978. The Appropriation Act entitled “an Act (Local Assistance Budget)” (S. 7304-A, A. 9504-A) was passed in the Assembly on March 31, 1978 on a Message of Necessity from the Governor and in the Senate on April 4, 1978. The bill was recalled by a vote of the Senate, was repassed by both Houses of the Legislature on April 5, 1978 and was approved by the Governor on April 14, 1978, except as to items vetoed by the Governor which do not include the appropriation to the Department of Taxation and Finance. The passage of this bill conforms to the provisions of Article III, § 14 and Article VII, § 4 of the Constitution of the State of New York and I conclude, therefore, that the Act has been validly enacted and has become law and is in full force and effect. A further appropriation of per capita aid to said Department for said fiscal year in the amount of $ was made by Chapter 777 of the Laws of 1978 heretofore described.

This opinion constitutes my full and only opinion on the Acts as to the 1978 Series 10 Bonds, is solely for the information of the Board of Directors of the Corporation and is not to be used or circulated except to the Underwriters in accordance with the Bond Purchase Agreement, or quoted or referred to for any other purpose, or filed with or referred to in any document except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents. In no event may this opinion be printed on the 1978 Series 10 Bonds, circulated to the public in connection with the sale of the Bonds or otherwise made available to the public by the Underwriters or the Corporation as it is intended to be relied upon only by you and the Underwriters.

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 16, 1978, 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 information contained in the three paragraphs succeeding the table entitled “Quarterly Collections of Stock Transfer Tax”, with respect to each of which I express no conclusion) is true in all material respects and does not contain any untrue statement 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 “Quarterly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly 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, 1978.

Commissioner of Taxation and
Finance of the State of New York
This draft is furnished solely for the purpose of indicating the form of letter which we would expect to be able to furnish the underwriters in response to their request, the matters expected to be covered in the letter, and the nature of the procedures which we would expect to carry out with respect to such matters. Based on our discussions with the Representatives and their counsel, it is our understanding that the procedures outlined in this draft letter are those they wish us to follow. Unless we are informed otherwise, we shall assume that there are no additional procedures they wish us to follow. The text of the letter itself will depend, of course, upon the results of the procedures, which we would not expect to complete until shortly before the letter is given and in no event before the cutoff date indicated therein.

EXHIBIT F to Bond Purchase Agreement

November, 1978

To the Board of Directors of
Municipal Assistance Corporation
For the City of New York
and
Representatives of the Underwriters referred to
in the Official Statement described herein

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of New York (the “Corporation”) as of June 30, 1978, and for the year then ended (the “Financial Statements”), included in the Official Statement of the Corporation dated November 16, 1978 (the “Official Statement”); our report with respect thereto is also included in such 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 Corporation’s Financial Statements for the year ended June 30, 1978 and expressed our opinion thereon dated July 24, 1978. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1978; although we have made an examination for the year ended June 30, 1978, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1978 and for the year then ended. Therefore, we are unable to and do not express any opinion on the unaudited Statement of Financial Position as of September 30, 1978, the related unaudited Debt Service, Capital Reserve or Operating Fund Statements of Transactions for the three-month period ended September 30, 1978 or schedules as of any date or for any period subsequent to June 30, 1978 included in the Official Statement.

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 of the Corporation for the period commencing July 1, 1978 and ending on November 1978, as set forth in the minute books or made available to us in draft form at the offices of the Corporation on November 1978, inclusive. (Our work did not extend to the period from November 1978 to November 30, 1978, inclusive.) Officials of the Corporation have advised us that such minutes represent minutes of all such meetings for such period.

   B. We have, with respect to the three-month period ended September 30, 1978:

      (i) Read the unaudited Statement of Financial Position as of September 30, 1978 and unaudited Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions for the three-month period ended September 30, 1978 and Exhibits 1, 2 and 3 thereto, officials of the Corporation having advised us that no such financial statements as of any date subsequent to September 30, 1978 were available; and

...
(1) For column 5, we divided the Adjusted Per Capita Aid amounts, appearing on page 25 of the Official Statement, after reducing such amounts by the Corporation’s current estimate of its operating expenses for the fiscal year ending June 30, 1979 of $5.5 million, by the corresponding debt service amount appearing in column 4 for the years 1979 through 1996 and found such ratios to be correct.

(2) For column 6, we divided the total of all revenues including the total of the Aggregate Sales and Stock Transfer Taxes and Adjusted Per Capita Aid appearing on page 25 of the Official Statement (which revenue amounts have been reduced by $5.5 million representing the Corporation’s current estimate of its operating expenses for the fiscal year ending June 30, 1979) less the debt service amounts appearing in column 1 of the Table, by the corresponding debt service amount in column 4 in each year and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in C(2) above, by the total of each year’s debt service amount appearing in columns 1 and 4 of the Table and found the ranges coverage for the years 1979 through 1995 stated in such paragraph to be correct.

E. With respect to the average coverage ratio stated in such paragraph, we reviewed an unaudited calculation sheet showing the aggregate total revenues referred to in C(2) above divided by the aggregate total debt service amounts for the years 1979 through 1995 appearing in columns 1 and 4, and found the ratio to be correct.

The procedures referred to above 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, except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents.

Yours very truly,
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

EXTRACT OF MINUTES OF MEETING OF BOARD OF DIRECTORS
HELD ON NOVEMBER 3, 1978

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

RESOLVED, that the preparation and distribution
of a preliminary official statement for use in con-
nection with the offer and sale of $125 million of
Second Resolution bonds be and hereby is authorized,
subject to the approval of the Finance Committee in
consultation with staff and counsel; and

FURTHER RESOLVED, that staff and counsel be and
hereby are authorized to prepare documents with
respect to a public offering of the Corporation's
bonds, and to take such other actions as they deem
necessary to complete preparation of such an offering
and to complete preparation of the proposed Bond
Purchase Agreement and the documents necessary to
implement the initial sales thereunder.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

EXTRACT OF MINUTES OF MEETING OF BOARD OF DIRECTORS
HELD ON NOVEMBER 14, 1978

Following discussion, the following resolutions were,
upon motion duly made and seconded, unanimously adopted:

RESOLVED, that the 1978 Series 11 Resolution,
the 1978 Series 12 Resolution, the 1978 Series 13
Resolution and the Guaranty Fund Resolution, each
substantially in the form presented to the meeting,
with such non-substantive changes as the Corporation's
Counsel, General Counsel and Bond Counsel may in
their discretion determine are required, are hereby
adopted; and that the interest rate or rates,
purchase price and appointment of paying agents
with respect to each such Series Resolution be
set by a subsequent resolution of the Board
supplementing each such Series Resolution; and,
that the depository under the Guaranty Fund
Resolution be appointed by a subsequent resolu-
tion of the Board supplementing such Resolution;
and

FURTHER RESOLVED, that the form, terms and pro-
visions of the Bond Purchase Agreement and the Agree-
ment to Guarantee, in substantially the form and
substance presented to the meeting are hereby approved
and that the Chairman and the Executive Director are
hereby authorized and empowered to execute said Agree-
ments, with such changes as the Chairman or the Execu-
tive Director, in consultation with Counsel to the Cor-
poration, General Counsel and Bond Counsel, may deter-
mine are necessary or desirable; and

FURTHER RESOLVED, that the Official Statements
of the Corporation for the offer and sale of the 1978
Series 11 Bonds, the 1978 Series 12 Bonds and the
1978 Series 13 Bonds, each substantially in the form
presented to the meeting, are hereby approved and dis-
tribution of such Official Statements are hereby
authorized; and

FURTHER RESOLVED, that, pursuant to the provi-
sions of the Agreement to Guarantee, the surrender
for cancellation of notes of The City of New York
held by the Corporation, other than bond anticipation
notes, in the aggregate principal amount of approximately
$3,222,355,000 is hereby authorized; and
FURTHER RESOLVED, that the amendment, with respect to the issuance of obligations of the Corporation, the payment of which shall be guaranteed by the United States of America, to the general bond resolution adopted July 2, 1975, as supplemented and amended, and to the second general bond resolution adopted November 25, 1975, as supplemented, proposed at the meeting is hereby adopted substantially in the form and substance presented at the meeting; and

FURTHER RESOLVED, that the Chairman, Chairman of the Finance Committee, Executive Director, Counsel, Deputy Executive Director, Treasurer, Secretary and each other officer of the Corporation are hereby authorized to execute and deliver all agreements, instruments and documents and to take all such other and further action as such officer(s) in his or her discretion may consider necessary or appropriate to complete the transactions contemplated by the foregoing resolutions and to carry out the intent of such resolutions; and

FURTHER RESOLVED, that the Executive Director, Deputy Executive Director or Treasurer of the Corporation are each authorized to deliver to the Trustee under its first and second general bond resolutions a certificate setting forth the deposits to be made from the proceeds of sale of the 1973 Series 11 Bonds, 1978 Series 12 Bonds and 1978 Series 13 Bonds in accordance with the purposes for which such bonds are issued as set forth in the respective series resolutions.
EXTRACTS OF MINUTES OF BOARD OF DIRECTORS

HELD ON

NOVEMBER 16, 1978


Allen L. Thomas discussed the Official Statement pertaining to the 1978 Series 10 Bonds and reviewed the contents of the Bond Purchase Agreement. Eugene Kellin explained the terms of the 1978 Series 10 Resolution required in connection with the public offering of the 1978 Series 10 Bonds. Following discussion the following resolutions were upon motions duly made and seconded, unanimously adopted:

RESOLVED, that the 1978 Series 10 Resolution, substantially in the form as presented to the meeting, with such non-substantive changes as General Counsel and Bond Counsel may in their discretion decide are required be, and hereby is, adopted; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the 1978 Series 10 Bonds be, and hereby is, approved and distribution of the Official Statement be, and hereby is, authorized; and

FURTHER RESOLVED, that the issuance of the 1978 Series 10 Bonds pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution, and the delivery thereof in accordance with the Bond Purchase Agreement be, and hereby are, authorized; and

FURTHER RESOLVED, that the resolution amending the 1978 Series 11 Resolution, 1978 Series 12 Resolution and 1978 Series 13 Resolution, setting forth interest rate and sale price and designating the Paying Agent be, and hereby are, authorized; and

FURTHER RESOLVED, that the resolution appointing the Depository for the Guaranty Fund be, and hereby is, authorized.
RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Pursuant to the provisions of Section 1001 of each of the General Bond Resolutions of the Municipal Assistance Corporation For The City of New York, adopted July 2, 1975 and November 25, 1975, respectively, each as amended and supplemented to the date hereof (the “Resolutions”), Section 103 of each of the Resolutions is amended and supplemented by the addition thereto of the following paragraph:

“The Corporation covenants that it will issue no obligations pursuant to the Resolution the payment of which is guaranteed pursuant to the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the “Guarantee Act”). The Corporation further covenants that it will issue no obligations pursuant to any other resolution the payment of which is guaranteed pursuant to the Guarantee Act unless, prior to the issuance of such guaranteed obligations, the Secretary of the Treasury of the United States has waived as to all obligations of the Corporation pursuant to Section 105(e) of the Guarantee Act any priority granted to the United States of America to payment on any debt owed to it by Section 3466 of the Revised Statutes of the United States of America.”

This resolution shall take effect immediately upon the filing of a certified copy with the Trustee as identified in each of the Resolutions.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SECOND GENERAL BOND RESOLUTION

Adopted November 25, 1975
# MUNICIPAL ASSISTANCE CORPORATION
## FOR THE CITY OF NEW YORK
### SECOND GENERAL BOND RESOLUTION

#### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARTICLE I</strong></td>
<td>101.</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>102.</td>
<td>Authority for this Resolution</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>103.</td>
<td>Resolution to Constitute Contract</td>
<td>5</td>
</tr>
<tr>
<td><strong>ARTICLE II</strong></td>
<td>201.</td>
<td>Authorization of Bonds</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>202.</td>
<td>Provision for Issuance of Bonds</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>203.</td>
<td>Provisions for Refunding Bonds</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>204.</td>
<td>Additional Obligations</td>
<td>12</td>
</tr>
<tr>
<td><strong>ARTICLE III</strong></td>
<td>301.</td>
<td>Medium of Payment; Form and Date</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>302.</td>
<td>Legends</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>303.</td>
<td>Execution and Authentication</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>304.</td>
<td>Interchangeability of Bonds</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>305.</td>
<td>Negotiability, Transfer and Registry</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>306.</td>
<td>Transfer and Registration of Coupon Bonds</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>307.</td>
<td>Transfer of Registered Bonds</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>308.</td>
<td>Regulations with Respect to Exchanges and Transfers</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>309.</td>
<td>Bonds Mutilated, Destroyed, Stolen or Lost</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>310.</td>
<td>Preparation of Definitive Bonds; Temporary Bonds</td>
<td>18</td>
</tr>
<tr>
<td><strong>ARTICLE IV</strong></td>
<td>401.</td>
<td>Privilege of Redemption and Redemption Price</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>402.</td>
<td>Redemption at the Election or Direction of the Corporation</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>403.</td>
<td>Redemption Other Than at Corporation's Election or Direction</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>404.</td>
<td>Selection of Bonds to Be Redeemed by Lot</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>405.</td>
<td>Notice of Redemption</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>406.</td>
<td>Payment of Redeemed Bonds</td>
<td>22</td>
</tr>
</tbody>
</table>

*This Table of Contents was not part of the Resolution as adopted.*
ARTICLE V
CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

SECTION 501. Application of Certain Proceeds .................................. 23

ARTICLE VI
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 601. The Pledge Effected by the Resolution ...................... 24
SECTION 602. Establishment of Funds ............................................. 24
SECTION 603. Application of Payments ........................................... 24
SECTION 604. Operating Fund ...................................................... 25
SECTION 605. Bond Service Fund .................................................. 25
SECTION 606. Capital Reserve Fund .............................................. 26
SECTION 607. Certificate to the State Comptroller and to the Mayor of the City of New York ..................... 27

ARTICLE VII
SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 701. Security for Deposits .............................................. 28
SECTION 702. Investment of Funds and Accounts Held by the Trustee .... 29
SECTION 703. Liability of Trustee for Investments ............................ 31

ARTICLE VIII
THE TRUSTEE AND THE PAYING AGENTS

SECTION 801. Appointment and Acceptance of Duties of Trustee .......... 31
SECTION 802. Appointment and Acceptance of Duties of Paying Agents .... 32
SECTION 803. Responsibilities of Trustee and Paying Agents ............ 32
SECTION 804. Evidence on Which Fiduciaries May Act .................... 33
SECTION 805. Compensation ....................................................... 34
SECTION 806. Permitted Acts and Functions .................................... 34
SECTION 807. Resignation of Trustee ............................................. 34
SECTION 808. Removal of Trustee ................................................. 34
SECTION 809. Appointment of Successor Trustee ............................ 35
SECTION 810. Transfer of Rights and Property to Successor Trustee .... 35
SECTION 811. Merger, Conversion or Consolidation .......................... 36
SECTION 812. Resignation or Removal of the Paying Agents and Appointment of Successors ...................... 36
<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IX</td>
<td>901</td>
<td>Payment of Bonds</td>
<td>37</td>
</tr>
<tr>
<td>IX</td>
<td>902</td>
<td>Extension of Payment of Bonds and Coupons</td>
<td>37</td>
</tr>
<tr>
<td>IX</td>
<td>903</td>
<td>Offices for Payment and Registration of Bonds and Coupons</td>
<td>38</td>
</tr>
<tr>
<td>IX</td>
<td>904</td>
<td>Further Assurances</td>
<td>38</td>
</tr>
<tr>
<td>IX</td>
<td>905</td>
<td>Power to Issue Bonds and Make Pledges</td>
<td>39</td>
</tr>
<tr>
<td>IX</td>
<td>906</td>
<td>Agreement of the State</td>
<td>39</td>
</tr>
<tr>
<td>IX</td>
<td>907</td>
<td>Creation of Liens</td>
<td>39</td>
</tr>
<tr>
<td>IX</td>
<td>908</td>
<td>Accounts and Reports</td>
<td>40</td>
</tr>
<tr>
<td>IX</td>
<td>909</td>
<td>General</td>
<td>40</td>
</tr>
<tr>
<td>X</td>
<td>1001</td>
<td>Modification and Amendment Without Consent</td>
<td>42</td>
</tr>
<tr>
<td>X</td>
<td>1002</td>
<td>Supplemental Resolutions Effective With Consent of Bondholders</td>
<td>43</td>
</tr>
<tr>
<td>X</td>
<td>1003</td>
<td>General Provisions Relating to Series Resolutions and Supplemental Resolutions</td>
<td>43</td>
</tr>
<tr>
<td>XI</td>
<td>1101</td>
<td>Powers of Amendment</td>
<td>44</td>
</tr>
<tr>
<td>XI</td>
<td>1102</td>
<td>Consent of Bondholders</td>
<td>45</td>
</tr>
<tr>
<td>XI</td>
<td>1103</td>
<td>Modifications by Unanimous Consent</td>
<td>47</td>
</tr>
<tr>
<td>XI</td>
<td>1104</td>
<td>Mailing and Publication</td>
<td>47</td>
</tr>
<tr>
<td>XI</td>
<td>1105</td>
<td>Exclusion of Bonds</td>
<td>48</td>
</tr>
<tr>
<td>XI</td>
<td>1106</td>
<td>Notation on Bonds</td>
<td>48</td>
</tr>
<tr>
<td>XII</td>
<td>1201</td>
<td>Trustee to Exercise Powers of Statutory Trustee</td>
<td>48</td>
</tr>
<tr>
<td>XII</td>
<td>1202</td>
<td>Events of Default</td>
<td>48</td>
</tr>
<tr>
<td>XII</td>
<td>1203</td>
<td>Remedies</td>
<td>50</td>
</tr>
</tbody>
</table>
iv

SECTION 1204. Priority of Payments After Default ................. 51
SECTION 1205. Termination of Proceedings ....................... 53
SECTION 1206. Bondholders' Direction of Proceedings ............... 53
SECTION 1207. Limitation on Rights of Bondholders ................. 53
SECTION 1208. Possession of Bonds by Trustee Not Required ......... 55
SECTION 1209. Remedies Not Exclusive ................................ 55
SECTION 1210. No Waiver of Default ................................ 55
SECTION 1211. Notice of Event of Default ......................... 55

ARTICLE XIII
EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS
OF OWNERSHIP OF BONDS

SECTION 1301. Evidence of Signatures of Bondholders and Ownership of
Bonds ........................................... 56

ARTICLE XIV
DEFEASANCE

SECTION 1401. Defeasance .................................. 57

ARTICLE XV
MISCELLANEOUS

SECTION 1501. Preservation and Inspection of Documents .......... 60
SECTION 1502. Parties of Interest ................................ 60
SECTION 1503. No Recourse Under Resolution or on Bonds .......... 60
SECTION 1504. Severability .................................. 60
SECTION 1505. Headings ................................... 61
SECTION 1506. Conflict ................................... 61
SECTION 1507. Effective Date .................................. 61
SECOND 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 1

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, and as further amended by Chapters 868 and 870 of the Laws of 1975, 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 Second 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.

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

"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 4 of Section 3036-a 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.

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

"First General Bond Resolution" shall mean the General Bond Resolution adopted by the Corporation on July 2, 1975 as heretofore and hereafter supplemented in accordance with the terms thereof.

"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.

"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 the First General Bond Resolution or otherwise.

"Operating Fund" shall mean the fund by that name established by Section 602 of the First General Bond Resolution.

"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.

"Outstanding Note Resolutions" shall mean the note resolutions adopted by the Corporation on September 15, 1975 and November 17, 1975.

"Outstanding Notes" means the notes issued by the Corporation pursuant to the Outstanding Note Resolutions.

"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.

"Per Capita Aid" shall mean the amounts of per capita aid payable to the City pursuant to Section 54 of the State Finance Law as the same may be amended from time to time.

"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 Second 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. The Resolution is sometimes referred to hereinafter as "this Resolution" or "the Resolution".

"Revenues" shall mean all payments to the Corporation pursuant to Sections 3036 and 3036-a 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 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 July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future
July 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.

"Special Aid Account" shall mean the special account created for the Corporation in the State Aid Fund.

"State" shall mean the State of New York.

"State Aid Fund" shall mean the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law.

"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 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 Second 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

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 and are secured by the pledge effected pursuant to Section 601 hereof.

The Bonds 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 Bonds shall contain on the face thereof a statement to such effect.

Any provision hereof relating to the Stock Transfer Tax, the Sales Tax, or Per Capita Aid, or the funds created by Sections 92-b, 92-d or 92-e of the State Finance Law shall be deemed executory only to the extent of the moneys available to the State in such funds from time to time and no liability on account thereof shall be incurred by the State beyond moneys available in such funds.

202. Provisions for Issuance of Bonds. 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 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 or exchange of the Bonds of such Series and for the delivery thereof;
(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 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 from time to time and in such amounts as directed by the Corporation 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 or in the First General Bond 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 any Series of Bonds authorized by one or more Series Resolutions adopted prior to November 30, 1975, issued under the Resolution shall be authenticated and delivered by the Trustee 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 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 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 of the State Comptroller or the State Director of the Budget setting forth the estimated amount of Per Capita Aid available to be apportioned and paid (or to the extent previously apportioned and paid, the actual amount so apportioned and paid and the estimated amount, if any, available to be apportioned and paid) into the Special Aid Account for the fiscal year of the State during which such Series of Bonds are issued, provided, however, that for the fiscal year of the State ending March 31, 1976, such certificate shall set forth the amount actually apportioned and paid to the City;

(3) A certificate by an Authorized Officer setting forth (a) the maximum amount of principal and interest maturing or otherwise coming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolutions (b) 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, for each Fiscal Year and (c) the aggregate amount of Operating Expenses as estimated by an Authorized Officer for the current Fiscal Year; and

(4) A certificate by an Authorized Officer stating that the aggregate of the amounts set forth pursuant to paragraphs (1) and (2) above after deducting the amount set forth pursuant to paragraph (3)(a) above and the Operating Expenses set forth pursuant to paragraph (3)(c) above, will be at least 1.2 times such aggregate amount set forth in (3)(b) above for each Fiscal Year set forth pursuant to paragraph (3)(b) above.

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

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

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

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

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

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 203.
204. **Additional Obligations.** The Corporation reserves the right to issue bonds, notes or any other obligations, 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 Per Capita Aid, the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act, provided however, that, except as otherwise provided in Section 909 hereof the foregoing shall not limit any right, including the right to issue additional obligations, which the Corporation has on the date of adoption of this Resolution under the First General Bond Resolution.

**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 the date specified in the Series Resolution authorizing the issuance thereof, 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 ex-
change 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 except as may be otherwise provided in a Series Resolution.

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 July 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 July 1 and January 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 January 1 or July 1.

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

303. Execution and Authentication. (1) The Bonds shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or a facsimile signature of such officer or employee of the Corporation as shall be authorized and directed pursuant to the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds
had not ceased to hold such offices or be so employed. Any Bond of a Series may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the 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 unless the Series Resolution shall authorize execution by the Trustee by facsimile signature. 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 whatsoever, 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, provided however, the Trustee is authorized to retain any coupon Bond so surrendered and to re-issue any Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered Bond or Bonds in accordance with the provisions of Section 304 hereof (any Bond or coupons so retained by the Trustee
shall not be deemed Outstanding while so retained). For every such exchange or transfer of Bonds, whether temporary or definitive, 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. Notwithstanding any other provision of this Resolution, the cost of preparing each new coupon Bond or registered Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an Operating Expense. The Corporation shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

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

310. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in
Section 303, and upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive coupon Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds (which may be registrable as to principal and interest), substantially of the tenor of the definitive coupon Bonds in lieu of which such temporary Bond or Bonds are issued, but with or without coupons, in authorized denominations or any whole multiples thereof authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The 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 surrendered 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 event 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 603.

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 dis-
cretion, 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 denom-
ination 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 pur-
suant 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 re-
deemed, and, in the case of registered Bonds to be redeemed in part
only, such notice shall also specify the respective portions of the prin-
cipal amount thereof to be redeemed. Such notice shall further state
that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication once a week for at least two (2) successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. In case, by reason of the temporary or permanent suspension of publication of any newspaper, or by reason of any other cause, it shall be impossible to make publication of any required notice as herein provided, then such publication or other notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice, provided that such publication or other notice shall, so far as may be possible, approximate the terms and conditions of the publication in lieu of which it is given. The Trustee shall also mail a copy of such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

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

ARTICLE V

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

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

(2) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Bond Service Fund unless such amount is to be otherwise applied as provided in the Series Resolution authorizing such Series. 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 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. The pledge created by this Resolution, insofar as it relates to revenues, monies and securities and funds pledged either under the First General Bond Resolution or the Outstanding Note Resolutions is, and is hereby expressly declared to be, subordinate in all respects to the pledge of such revenues, monies and securities and funds created by the First General Bond Resolution or the Outstanding Note Resolutions. 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) Bond Service Fund, to be held by the Trustee,

(2) Capital Reserve Fund, to be held by the Trustee.

603. Application of Payments. The payments received in accordance with subdivision 1 of Section 3036-a of the Act shall be applied to the Operating Fund, the Bond 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. Bond Service Fund.

1. The Trustee shall on or before the business day preceding each interest payment date for any of the Bonds pay, out of the amounts then held in the Bond 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 due and payable on such date, and such amounts so paid out shall be irrevocably pledged to and applied to such payments.

2. In the event that on the business day preceding any interest payment date, the amount in the Bond 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 Bond Service Fund such amounts as will increase the amount in the Bond 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 Bond 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 Bond 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 July of any year but in no event less than forty-five (45) days prior to the succeeding first day of July on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with monies in the Bond Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment and any Term Bonds so purchased prior to the first day of July shall be cancelled by the Trustee and evidence of such cancellation shall be given to the Corporation 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 July.

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, 2 and 3 of Section 3036-a of the Act for the purpose of maintaining or restoring 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 Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

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

3. In order further 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 3 of Section 3036-a of the Act, the Chairman shall annually, on or before December 1, make and deliver to the Governor and Director of the
Budget of the State (with a copy to the Trustee) his certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. All monies received by the Corporation from the State pursuant to any such certification, in accordance with the provisions of subdivision 3 of Section 3036-a of the Act, as amended, shall be deposited in the Capital Reserve Fund, as required by paragraph 1 of this Section 606.

4. Monies and securities held for the credit of the Capital Reserve Fund may, and at the direction of the Corporation shall, be withdrawn from the Capital Reserve Fund by the Trustee and deposited in the Bond Service Fund for the purchase or redemption of Bonds at any time provided that subsequent to such purchase or redemption the amount in the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement.

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 Bond 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 March 1, 1976 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to pay all interest on and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds maturing or otherwise coming 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 25, 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 Bond 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 the interest on which is payable from the Bond 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 and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation hereby covenants to make the certifications referred to in this Section at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to pay the principal of, Redemption Price, if any, and interest on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor (with a copy to the Trustee). The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

ARTICLE VII
SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

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

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

(1) Monies in the Bond 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 Bond 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 investment arrangements, including, but not limited to, repurchase agreements covering obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, 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 or securities dealers approved by an Authorized Officer; provided, that each such interest-bearing time deposit or other similar investment 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 investment arrangement shall be continuously and fully secured by obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, of a market value equal at all times to the amount of the deposit or of the other similar investment 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 applica-
tion of the proceeds thereof or the application of any monies paid to the Corporation. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others.

804. Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

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

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Corporation to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.
805. **Compensation.** The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

806. **Permitted Acts and Functions.** The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

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

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

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

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Corporation 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 903) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least Three Million Dollars ($3,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

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

ARTICLE IX

COVENANTS OF THE CORPORATION

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

901. **Payment of Bonds.** The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, 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 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 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 interest. Nothing herein shall be deemed to limit the right of the Corporation to issue Refunding Bonds 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 pursuant 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 herein may be presented for payment. The Corporation shall at all times maintain an office or agency in the Borough 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. Except to the extent otherwise provided in Section 601, 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 Bond Service Fund; provided, however, that nothing contained in this Resolution shall prevent the Corporation from issuing (i) 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, (ii) obligations issued in accordance with Article II of the First General Bond Resolution except as limited in Section 909 hereof and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Sections 304 and 306 through 310 or Sections 406 or 1106 of the First General Bond Resolution.

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

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

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

If the Corporation shall exercise its power to limit the implementation of the conditions set forth in Section 3038 of the Act or thereafter to permit such conditions to be further limited, any such action shall
be taken by resolution of the Board. When so acting the Board shall make a determination that any such limitation is not so substantial as effectually 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.

Subject to the rights of holders of obligations issued pursuant to the First General Bond Resolution, the Corporation shall not modify or amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing herein shall prevent the Corporation from amending or supplementing the First General Bond Resolution to provide for the issuance of Bonds, Notes or Other Obligations (as such terms are defined in the First General Bond Resolution) as provided in the First General Bond Resolution. No such Bonds, Notes or Other Obligations shall be issued in accordance with Article III of the First General Bond Resolution if such issuance would cause the amounts stated in paragraph (1) and (2) of Subsection 3 of Section 202 after making the deductions provided in subparagraphs 3(a) and 3(c) to be less than 1.2 times such aggregate amount set forth in paragraph 3(b) of subsection 3 of Section 202 for each Fiscal Year set forth pursuant to said paragraph 3(b) if such certifications required to be made pursuant to such Subsection 3 had been made at the time of, and gave effect to, the issuance of such Bonds, Notes or Other Obligations.

The Corporation hereby covenants and agrees with all who may be Holders of the Bonds that it shall not issue and the Corporation represents hereby that there are presently not outstanding any Bonds, Notes, or Other Obligations (as such terms are defined in the First General Bond Resolution), or any bonds, notes or other obligations pursuant to any resolution, including the Outstanding Note Resolutions, of the Corporation, the holders of which would have a right to payment from the State Aid Fund prior or equal to the right of the Holders of the Bonds to payment from such Fund.
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 install-
ment 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 par-
ticular 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 amend-
ment permitted by the provisions of Section 1101 to take effect when
and as provided in this Section. A copy of such Supplemental Reso-
lution (or brief summary thereof or reference thereto in form approved
by the Trustee) together with a request to Bondholders for their con-
sent 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 Sup-
plemental 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 Corpo-
racion in accordance with the provisions of this Resolution, is author-
ized 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 herein-
above 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-a 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 Bond 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 Bond 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 2 and 3 of Section 3036-a 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 July 2, 1975; 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 tax fund established by Section 92-b of
said Law; or

(h) the State shall for any reason fail or refuse to apportion
and pay Per Capita Aid or shall fail to maintain the State Aid
Fund and the Special Aid Account therein or shall reduce the
amount of Per Capita Aid payable during the current Fiscal Year
to an amount less than the maximum amount of principal of and
interest maturing or otherwise coming due on the Outstanding
Bonds in the current or any future Fiscal Year.

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), (g) or (h) 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 prin-
cipal 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 Bond 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 veri-
fied, 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 stipu-
lations, 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.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1978 Series 10 Resolution

Authorizing
$250,000,000
1978 SERIES 10 BONDS

Adopted November 16, 1978
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1978 SERIES 10 RESOLUTION AUTHORIZING
$250,000,000
1978 SERIES 10 BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. 1978 Series 10 Resolution

SECTION 102. Definitions

SECTION 103. Authority for the 1978 Series 10 Resolution

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF 1978 SERIES 10 BONDS

SECTION 201. Authorization of 1978 Series 10 Bonds, Principal Amount, Designation and Series

SECTION 202. Purposes

SECTION 203. Date of 1978 Series 10 Bonds

SECTION 204. Maturity and Interest Rate

SECTION 205. Interest Payments

* This Table of Contents was not part of the Resolution as adopted.
SECTION 206. Denominations, Numbers and Letters .......................... 3
SECTION 207. CUSIP Numbers ................................................. 4
SECTION 208. Places of Payment and Paying Agents ....................... 4
SECTION 209. Optional Redemption of 1978 Series 10 Bonds and Terms 4
SECTION 210. Sinking Fund Installments ...................................... 5
SECTION 211. Selection by Lot .................................................. 6
SECTION 212. Sale of the 1978 Series 10 Bonds .............................. 6

ARTICLE III
FORMS AND EXECUTION OF 1978 SERIES 10 BONDS AND COUPONS
SECTION 301. Forms of Bonds and Coupons of 1978 Series 10 Bonds 6
SECTION 302. No Recourse on 1978 Series 10 Bonds ....................... 27
SECTION 303. Execution and Authentication of 1978 Series 10 Bonds 28

ARTICLE IV
MISCELLANEOUS
SECTION 401. Special Covenants .............................................. 28
SECTION 402. State Covenant .................................................. 29
SECTION 403. Authorized Officers ............................................ 31
SECTION 404. When Effective .................................................. 31
1978 SERIES 10 RESOLUTION AUTHORIZING
$250,000,000
1978 SERIES 10 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. 1978 Series 10 Resolution. This 1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds 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 November 25, 1975, entitled “Second General Bond Resolution” and referred to herein as the “Resolution.”

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this 1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this 1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Bond Purchase Agreement” shall mean the bond purchase agreement dated as of November 17, 1978, by and among the Corporation and the Purchasers.

“1978 Series 10 Bonds” shall mean the Bonds authorized by Article II of this 1978 Series 10 Resolution.

“1978 Series 10 Resolution” shall mean this 1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds.

“Purchasers” shall mean the underwriters selected by the Executive Director (as evidenced by a certificate thereof) of the Corporation as the underwriters of the 1978 Series 10 Bonds on the terms set forth in this 1978 Series 10 Resolution.
(e) 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, but shall not include the Corporation.

(d) The terms "hereby," "hereof," "herein," "hereunder," and any similar terms, as used in this 1978 Series 10 Resolution, refer to the 1978 Series 10 Resolution.

SECTION 103. Authority for the 1978 Series 10 Resolution. This 1978 Series 10 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 1978 SERIES 10 BONDS

SECTION 201. Authorization of 1978 Series 10 Bonds, Principal Amount, Designation and Series. The 1978 Series 10 Bonds are hereby authorized to be issued in the aggregate principal amount of $250,000,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this 1978 Series 10 Resolution and shall be deemed to be Term Bonds within the meaning of the Resolution. In addition to the title "Bonds," such Series of Bonds shall bear the additional designation of "1978 Series 10" and each as so designated shall be entitled "1978 Series 10 Bond" and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

SECTION 202. Purposes. The purposes for which the 1978 Series 10 Bonds are being issued are to make deposits into reserve funds established pursuant to the Act, it being hereby determined that the amount of such deposits, in addition to the amounts currently deposited in such funds, constitutes a reasonably required reserve fund; to pay a portion of the proceeds to the City upon certification to the Corporation that such payments will have the effect of reducing from the existing level the City's requirements for an advance by the State, during such year
or the succeeding fiscal year, of State assistance moneys payable to the City; and to pay a portion of the proceeds to the City of New York to pay expense items currently permitted to be included in the City's capital budget.

Section 203. Date of 1978 Series 10 Bonds. The 1978 Series 10 Bonds shall be dated November 15, 1978, except as otherwise provided in Section 301 of the Resolution with respect to certain registered 1978 Series 10 Bonds issued on or after the first interest payment date. Registered 1978 Series 10 Bonds issued prior to the first interest payment date thereof shall be dated November 15, 1978.

Section 204. Maturity and Interest Rate. The 1978 Series 10 Bonds shall mature on July 1, 2008 and in the principal amount of $250,000,000 and shall bear interest at the rate of 8 3/8%.

Section 205. Interest Payments. The 1978 Series 10 Bonds shall bear interest from November 15, 1978, payable on July 1, 1979 and semi-annually thereafter on January 1 and on July 1 in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation's obligation with respect to the payment of the principal sum on the 1978 Series 10 Bonds is discharged.

Section 206. Denominations, Numbers and Letters. The 1978 Series 10 Bonds shall be issued in the denomination of $3,000 in the case of 1978 Series 10 Bonds in coupon form payable to bearer and in the denomination of $5,000 or an integral multiple of $5,000 in fully registered form without coupons. The 1978 Series 10 Bonds in coupon form shall be numbered 1- and the 1978 Series 10 Bonds in fully registered form without coupons shall be numbered and lettered 1R-, in each case followed by the number of the 1978 Series 10 Bonds. 1978 Series 10 Bonds in coupon form so lettered shall be numbered consecutively from 1 upwards and 1978 Series 10 Bonds in fully registered form so designated shall be numbered consecutively from 1 upwards in order of issuance. Any 1978 Series 10 Bond in coupon form payable to bearer surrendered to the Trustee in any exchange or transfer pursuant to Section 308 of the Resolution shall be cancelled forthwith by the Trustee upon its books, provided, however,
that the Trustee is authorized to retain any 1978 Series 10 Bond in such coupon form so surrendered and to re-issue, if necessary, any such Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered 1978 Series 10 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such 1978 Series 10 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).

Section 207. CUSIP Numbers. The Corporation is hereby authorized, in its discretion and if so requested by the Purchasers, to provide for the assignment of CUSIP numbers for the 1978 Series 10 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 1978 Series 10 Bonds or as contained in any notice of redemption.

Section 208. Places of Payment and Paying Agents. The principal and Redemption Price of, and interest on, the 1978 Series 10 Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: 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 Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The interest on all registered 1978 Series 10 Bonds, and the principal and Redemption Price of all registered 1978 Series 10 Bonds and of all 1978 Series 10 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. Optional Redemption of 1978 Series 10 Bonds and Terms. The 1978 Series 10 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1988, as a whole on any date, or in part, by lot, on any interest payment date or dates, 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 below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1938 to June 30, 1990</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1990 to June 30, 1992</td>
<td>101(\frac{1}{2})</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1994</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1994 to June 30, 1996</td>
<td>100(\frac{1}{2})</td>
</tr>
<tr>
<td>July 1, 1996 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Section 210. Sinking Fund Installments. The 1978 Series 10 Bonds shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments as provided in the Resolution. The 1978 Series 10 Bonds maturing July 1, 2008, shall be subject to such redemption beginning on July 1, 1999, as herein provided, upon published notice, as prescribed in Article IV of the Resolution, at the Redemption Price of one hundred percent (100%) of the principal amount of each 1978 Series 10 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the 1978 Series 10 Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the 1978 Series 10 Bonds, on July 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the 1978 Series 10 Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$16,660,000</td>
</tr>
<tr>
<td>2000</td>
<td>$18,115,000</td>
</tr>
<tr>
<td>2001</td>
<td>$19,700,000</td>
</tr>
<tr>
<td>2002</td>
<td>$21,420,000</td>
</tr>
<tr>
<td>2003</td>
<td>$23,295,000</td>
</tr>
<tr>
<td>2004</td>
<td>$25,330,000</td>
</tr>
<tr>
<td>2005</td>
<td>$27,545,000</td>
</tr>
<tr>
<td>2006</td>
<td>$29,950,000</td>
</tr>
<tr>
<td>2007</td>
<td>$32,570,000</td>
</tr>
<tr>
<td>2008</td>
<td>$35,415,000*</td>
</tr>
</tbody>
</table>

* Payment at Maturity.
SECTION 211. Selection by Lot. If less than all of the 1978 Series 10 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. Sale of the 1978 Series 10 Bonds. The 1978 Series 10 Bonds authorized to be issued herein shall be sold to the Purchasers at an aggregate purchase price of $245,187,500 plus accrued interest on the 1978 Series 10 Bonds from November 15, 1978 to the date of delivery thereof and payment therefor, and the Chairman or Executive Director is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

The Chairman or Executive Director of the Corporation is hereby authorized to permit the distribution of the final Official Statement in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as he shall deem advisable and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the 1978 Series 10 Bonds by the Purchasers of the Preliminary Official Statement dated November 10, 1978.

The 1978 Series 10 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Executive Director, subject to the conditions of the Bond Purchase Agreement.

ARTICLE III

FORMS AND EXECUTION OF 1978 SERIES 10 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of 1978 Series 10 Bonds. Subject to the provisions of the Resolution, the 1978 Series 10 Bonds in coupon form and coupons to be attached thereto and the 1978 Series 10 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:

(Form of Coupon 1978 Series 10 Bond)

No. 10-

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$5,000
1978 Series 10 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 (hereinafter sometimes called the "State") 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 July, 2008, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of eight and three-eighths per centum (8 3/8%) per annum, payable on July 1, 1979 and semi-annually (hereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation’s obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only 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 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 November 25, 1975, as supplemented, entitled "Second General Bond Resolution" (herein called the "Second 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 Second General Bond Resolution and the series resolutions authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the "First General Bond Resolution"), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid 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 appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York (herein sometimes called the "City") shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, 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 Tax 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; (iii) 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 (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; 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, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax 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 Second 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 Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided in the Second General Bond Resolution and in certain other resolutions of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second 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 Second General Bond Resolution.

This Bond is one of a series of Bonds designated "1978 Series 10 Bonds" (herein called the "1978 Series 10 Bonds"), issued in the aggregate principal amount of $250,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation adopted November 16, 1978, entitled "1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds" (said resolutions being herein collectively called the "Resolutions"), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and
reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 1978 Series 10 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1978 Series 10 Bonds with respect thereto and the terms and conditions upon which the 1978 Series 10 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York (Chapter 868 of the Laws of New York of 1975), as amended (herein called the "Control Act"), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the 1978 Series 10 Bonds, and the Corporation hereby includes in this 1978 Series 10 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c)
substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the 1978 Series 10 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reconstitute or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a 1978 Series 10 Bond, if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding 1978 Series 10 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such 1978 Series 10 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this 1978 Series 10 Bond is in full force and effect.

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 Second 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 Second 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 1978 Series 10 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 1978 Series 10 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 1978 Series 10 Bonds. Coupon 1978 Series 10 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 1978 Series 10 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 1978 Series 10 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 there-
of, be exchanged for an equal aggregate principal amount of 1978 Series 10 Bonds with appropriate coupons attached, or of 1978 Series 10 Bonds without coupons of any other authorized denominations.

The 1978 Series 10 Bonds are not subject to redemption prior to July 1, 1988.

The 1978 Series 10 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1988 as a whole on any date or in part, by lot, as provided in the Resolutions on any interest payment date, at the following Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1988 to June 30, 1990</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1990 to June 30, 1992</td>
<td>101 ½</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1994</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1994 to June 30, 1996</td>
<td>100 ½</td>
</tr>
<tr>
<td>July 1, 1996 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The 1978 Series 10 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1, in each of the years shown below, the principal amount of such 1978 Series 10 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$16,660,000</td>
</tr>
<tr>
<td>2000</td>
<td>18,115,000</td>
</tr>
<tr>
<td>2001</td>
<td>19,700,000</td>
</tr>
<tr>
<td>2002</td>
<td>21,420,000</td>
</tr>
<tr>
<td>2003</td>
<td>23,295,000</td>
</tr>
<tr>
<td>2004</td>
<td>25,330,000</td>
</tr>
<tr>
<td>2005</td>
<td>27,545,000</td>
</tr>
<tr>
<td>2006</td>
<td>29,950,000</td>
</tr>
<tr>
<td>2007</td>
<td>32,570,000</td>
</tr>
<tr>
<td>2008</td>
<td>35,415,000*</td>
</tr>
</tbody>
</table>

* Payment at Maturity.

The Corporation may, at any time not prior to twelve (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, if any, accrued to the date of such purchase, 1978
Series 10 Bonds payable from such Sinking Fund Installment and
apply any 1978 Series 10 Bonds so purchased as a credit against such
Sinking Fund Installment.

In the event that any or all of the 1978 Series 10 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 Man-
hattan, 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 1978 Series 10 Bonds
or portions of the 1978 Series 10 Bonds to be redeemed, provided, how-
ever, 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 1978 Series 10
Bonds. Notice of redemption having been given, as aforesaid, the 1978
Series 10 Bonds or portions thereof so called for redemption shall
become due and payable at the applicable Redemption Price herein-
above provided, and, from and after the date so fixed for redemption,
interest on the 1978 Series 10 Bonds, or portions thereof so called for
redemption, shall cease to accrue and become payable, and the coupons
for interest appertaining to coupon 1978 Series 10 Bonds maturing
subsequent to the redemption date shall be void.

The 1978 Series 10 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 1978
Series 10 Bonds be payable out of any funds other than those of the
Corporation.

This 1978 Series 10 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 1978 Series 10 Bond, or of any coupon
appurtenant hereto, by accepting this 1978 Series 10 Bond or coupon
shall be conclusively deemed to have agreed that this 1978 Series 10 Bond or coupon is fully negotiable for those purposes.

Neither this 1978 Series 10 Bond nor any coupon for interest thereon 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 other person executing the 1978 Series 10 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 1978 Series 10 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1978 Series 10 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 1978 Series 10 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 fifteenth day of November, 1978.

Municipal Assistance Corporation
For The City of New York

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

[seal]

Attest:

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

Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1978 Series 10 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 the 1st day of (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 Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California, upon presentation and surrender of this coupon, being the interest then due on its 1978 Series 10 Bond, dated November 15, 1978, No. 10.

By ............................
   Chairman, Municipal Assistance Corporation For The City of New York

Provisions for 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>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(FORM OF REGISTERED 1978 SERIES 10 BOND)

[FACE OF 1978 SERIES 10 BOND]

No. 10R- ........................................ $ ............

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

1978 SERIES 10 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 (herein and on the reverse side hereof sometimes called the "State") 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 ....................................................

........................................ Dollars on the first day of July, 2008, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon at the rate of eight and three-eighths per centum (8 3/8%) per annum, payable on July 1, 1979 and semi-annually thereafter on January 1 and on July 1, in each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, 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 "1978 Series 10 Bonds") shall not
be a debt of either the State of New York or The City of New York (herein and on the reverse side hereof sometimes called the "City"), and neither the State of New York nor The City of New York shall be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.

This 1978 Series 10 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 other person executing the 1978 Series 10 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It Is HEREBY CERTIFIED, REGOTTED 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 1978 Series 10 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1978 Series 10 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 1978 Series 10 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 date shown below.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Date

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

[SEAL]

Attest:

........................................
Secretary
Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the 1978 Series 10 Bonds described in the within-mentioned Resolutions.

United States Trust Company
of New York, Trustee

By .........................
Authorized Signature

[Reverse of Form of Registered 1978 Series 10 Bond]

Municipal Assistance Corporation
For the City of New York

1978 Series 10 Bond
8¾% Due July 1, 2008

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 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 November 25, 1975, as amended and supplemented, entitled “Second 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 payments to the Corporation pursuant to Sections 3035 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the “First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to
be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid 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 appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, 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 Tax 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; (iii) 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 (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; 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 relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax 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.

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 Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided therein and in certain other resolutions of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second 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 Second General Bond Resolution.

This Bond is one of a series of Bonds designated “1978 Series 10 Bonds” (herein called the “1978 Series 10 Bonds”), issued in the aggregate principal amount of $250,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 16, 1978, entitled “1978 Series 10 Resolution Authorizing $250,000,000 1978 Series 10 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the Second 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 1978 Series 10
Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1978 Series 10 Bonds with respect thereto and the terms and conditions upon which the 1978 Series 10 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York (Chapter 868 of the Laws of New York of 1975) as amended (herein called the "Control Act"), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the 1978 Series 10 Bonds, and the Corporation hereby includes in this 1978 Series 10 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the Board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e)
terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued; (f) substantially modify the requirements that the City’s financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the 1978 Series 10 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to re impose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a 1978 Series 10 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding 1978 Series 10 Bonds and irrevocable instructions from the Corporation, to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such 1978 Series 10 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this 1978 Series 10 Bond is in full force and effect.

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 Second 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 Second 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 1978 Series 10 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 1978 Series 10 Bond or Bonds or, at the option of the transferee, a coupon 1978 Series 10 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 1978 Series 10 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 1978 Series 10 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 Resolutions) hereof and interest due hereon and for all other purposes whatsoever.

The 1978 Series 10 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 1978 Series 10 Bonds. Coupon 1978 Series 10 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 1978 Series 10 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 1978 Series 10 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 1978 Series 10 Bonds with appropriate coupons attached, or of 1978 Series 10 Bonds without coupons of any other authorized denominations.

The 1978 Series 10 Bonds are not subject to redemption prior to July 1, 1988.

The 1978 Series 10 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1988, as a whole on any date or in part, by lot, as provided in the Resolutions on any interest payment date, at the following Redemption Prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1988 to June 30, 1990</td>
<td>102%</td>
</tr>
<tr>
<td>July 1, 1990 to June 30, 1992</td>
<td>101½%</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1994</td>
<td>101%</td>
</tr>
<tr>
<td>July 1, 1994 to June 30, 1996</td>
<td>100½%</td>
</tr>
<tr>
<td>July 1, 1996 and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

The 1978 Series 10 Bonds are also subject to redemption, in part by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such 1978 Series 10 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$16,660,000</td>
</tr>
<tr>
<td>2000</td>
<td>18,115,000</td>
</tr>
<tr>
<td>2001</td>
<td>19,700,000</td>
</tr>
<tr>
<td>2002</td>
<td>21,420,000</td>
</tr>
<tr>
<td>2003</td>
<td>23,295,000</td>
</tr>
<tr>
<td>2004</td>
<td>25,330,000</td>
</tr>
<tr>
<td>2005</td>
<td>27,545,000</td>
</tr>
<tr>
<td>2006</td>
<td>29,950,000</td>
</tr>
<tr>
<td>2007</td>
<td>32,570,000</td>
</tr>
<tr>
<td>2008</td>
<td>35,415,000*</td>
</tr>
</tbody>
</table>

* Payment at Maturity.
The Corporation may, at any time not prior to twelve (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 forty-five (45) days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest if any accrued to the date of such purchase, 1978 Series 10 Bonds payable from such Sinking Fund Installment and apply any 1978 Series 10 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1978 Series 10 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 1978 Series 10 Bonds or portions of the 1978 Series 10 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 1978 Series 10 Bonds. Notice of redemption having been given, as aforesaid, the 1978 Series 10 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 1978 Series 10 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 1978 Series 10 Bonds maturing subsequent to the redemption date shall be void.

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 (additional abbreviations may also be used though not in the following list):

TEN COM—as tenants in common
TEN ENT—as tenants by the entitites
JT TEN— as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT—
Custodian __________________________
(Miner)
Under Uniform Gifts to Minors
Act __________________________
(State)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Please Insert Social Security or Other
Identifying Number of Assignee
(For computer record only)


Please Print or Type write Name and Address of Transferee

the within 1978 Series 10 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within 1978 Series 10 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 1978 Series 10 Bond in every particular, without alteration or enlargement or any change whatever.

Section 302. No Recourse on 1978 Series 10 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 1978 Series 10 Bonds or for any claim based thereon or on the 1978 Series 10 Resolution against any member or officer of the Corporation or any person executing the 1978 Series 10 Bonds and
neither the Directors of the Corporation nor any other person executing the 1978 Series 10 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

Section 303. Execution and Authentication of 1978 Series 10 Bonds. Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the 1978 Series 10 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 1978 Series 10 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the 1978 Series 10 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer.

ARTICLE IV

MISCELLANEOUS

Section 401. Special Covenants. (1) As used in this subsection (1) all defined terms other than 1978 Series 10 Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the 1978 Series 10 Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause 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, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of is-
surance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the 1978 Series 10 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 202 of the Resolution, it delivers to the Trustee at the time of the delivery of such additional Bonds a certificate of an Authorized Officer setting forth that the aggregate of the amounts set forth in paragraphs (1) and (2) of such subsection after deducting the amount set forth pursuant to paragraph (3)(a) of such subsection 3 and the Operating Expenses set forth pursuant to paragraph (3)(c) of such subsection, will be at least 2.0 times the aggregate amount set forth in (3)(b) of such subsection for each Fiscal Year.

(3) The Corporation shall publish (a) within forty-five (45) days after the end of each calendar quarter on an unaudited basis and (b) within ninety (90) days after the end of each Fiscal Year, on the basis of an audit conducted by independent certified public accountants of recognized national standing, a statement of financial position of the Corporation at the end of the period, and the related Debt Service Fund and Capital Reserve Fund statement of transactions and the Operating Fund statement of transactions for the period then ended, together with notes and exhibits thereto, similar in form to the notes and exhibits (which in any case shall include exhibits showing (i) all Bonds and Notes of the Corporation then Outstanding, (ii) a summary of annual debt service funding requirements, and (iii) a summary of total annual debt service payment requirements) published by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

Section 402. State Covenant. In accordance with the provisions of Section 10-a of the Emergency Financial Control Board Act for
The City of New York, being chapter 868 of the Laws of New York of 1975, as amended to the date hereof (hereinafter called the Control Act) the Corporation hereby includes in this 1978 Series 10 Resolution the pledge and agreement of the State with the holders of the 1978 Series 10 Bonds that the State will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the 1978 Series 10 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control
Act, as in effect on the date the 1978 Series 10 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding 1978 Series 10 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such 1978 Series 10 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this 1978 Series 10 Bond is in full force and effect.

Section 403. Authorized Officers. The Chairman, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to deliver and execute in the name and on behalf of the Corporation any certificate, opinion, record or other document required by or authorized pursuant to the Resolution, this 1978 Series 10 Resolution or the Bond Purchase Agreement in connection with the issuance of the 1978 Series 10 Bonds.

Section 404. When Effective. The 1978 Series 10 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
ORDER TO TRUSTEE AS TO AUTHENTICATION
AND DELIVERY OF 1978 SERIES 10 BONDS

November 30, 1978

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

Gentlemen:

We have heretofore delivered to you, as Trustee under the Second General Bond Resolution adopted November 25, 1975 as amended (herein called the Second General Bond Resolution) by the Municipal Assistance Corporation For The City of New York (the Corporation), $250,000,000 principal amount of 1978 Series 10 Bonds, in definitive form, dated November 15, 1978 (the Bonds) authorized, printed and executed pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution of the Corporation adopted November 16, 1978, and to be issued and sold pursuant to the Bond Purchase Agreement dated November 17, 1978, and the Official Statement of the Corporation dated November 17, 1978. We have also delivered to you as Trustee on November 17, 1978, the $1,250,000 good faith deposit for the purchase price of the bonds.

You are hereby requested, authorized and ordered to authenticate the Bonds and when so authenticated to deliver them, upon receipt of the documents and opinions which together with this order constitute all the conditions precedent to the delivery of the Bonds pursuant to the Second General Bond Resolution and upon receipt of payment of the amount of $243,937,500.00, together with accrued interest in the amount of $872,395.83 on the Bonds from November 15, 1978 to the date hereof, to or in accordance with the order of the Underwriters designated in the Bond Purchase Agreement, against the receipt of the Underwriters therefor.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By ________________________________

[Signature]
CERTIFICATE OF
THE ACTING DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, Howard P. Miller, Acting Director of the Budget
of the State of New York, HEREBY CERTIFY as follows:

1. I have reviewed the information contained in
the Official Statement dated November 17, 1978 as the
same has been 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 "Certain Developments Affecting
the State."

2. Such sections of the Official Statement do not
contain any untrue statement of a material fact concern-
ing the State of New York or omit any statement of a
material fact necessary to make the statements therein
concerning the State, in light of the circumstances
under which they were made, not misleading. I call your
attention to the fact that since the issuance of the
final Official Statement, Co-op City failed to make a
mortgage payment of approximately $2.3 million to the
Housing Finance Agency.

3. I have reviewed the information contained in
the Official Statement under the sections captioned
"Provisions for Payment of the Bonds - Per Capita Aid."

4. The numerical information concerning the
amounts of the Per Capita Aid referred to in such
sections of the Official Statement and the footnotes
which refer to such numerical information are true in
all material respects and there are no material omis-
sions, except that with respect to footnote (b) the
amount of aid paid by the State in the State's 1978
fiscal year pursuant to section 54 of the State Finance
Law was approximately $468 million although the amount
payable out of the local assistance fund and paid to the
Corporation was as stated.

IN WITNESS WHEREOF, I have hereunder set my hand
this 30th day of November, 1978.

[Signature]
Acting Director of the Budget
of the State of New York
CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE
RELATING TO OFFICIAL STATEMENT OF 1978
SERIES 10 BONDS OF THE MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK
(Issued pursuant to the Second General Bond Resolution)

1. I have reviewed the information contained in the final Official Statement, dated November 17, 1978 with respect to 1978 SERIES 10 BONDS OF THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK IN THE SUM OF $250,000,000 (issued pursuant to the Second General Bond Resolution of such Corporation, dated November 25, 1975), as such Official Statement 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 sections captioned "PART 5--PROVISIONS FOR PAYMENT OF THE BONDS--"Sales Tax" and "PART 5--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 the effect of the same upon sales and compensating use tax and Sales Tax collections in the section captioned "PART 5--PROVISIONS FOR PAYMENT OF THE BONDS--"Sales Tax", (ii) any reference to recent State legislation with respect to Stock Transfer Tax referred to in the section entitled, "PART 5--PROVISIONS FOR PAYMENT OF THE BONDS--"Stock Transfer Tax", (iii) any and all Opinions of Bond Counsel under the section entitled "PART 5--PROVISIONS FOR PAYMENT OF THE BONDS--"Stock Transfer Tax" with respect to the method of levy, collection, payment and rebate of Stock Transfer Tax presently in effect which relate to whether such provisions violate any aspect of the First or Second General Bond Resolution or any Series Resolution adopted pursuant thereto, (iv) any data or statements contained in the section entitled "PART 5--PROVISIONS
FOR THE PAYMENT OF THE BONDS—"Stock Transfer Tax" in regard to the Corporation's need to rely on the Stock Transfer Tax to pay its debt service and any conclusion as to the necessity of the use thereof to pay the same and (v) any and all information and expressions of opinion or conclusion contained in the sections entitled "PART 5--PROVISIONS FOR THE PAYMENT OF THE BONDS--"Sales Tax" and "PART 5--PROVISIONS FOR THE PAYMENT OF THE BONDS--"Stock Transfer Tax" which are made by the Corporation or furnished, supplied or made available to the Corporation by any person or entity other than myself or my Department as set forth in this Certificate with respect to each and all of the aforesaid information, references and expressions of opinion or conclusion 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 "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly 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 30th day of November, 1978.

[Signature]

James H. Tully, Jr.
CERTIFICATE OF THE DEPUTY MAYOR 
FOR FINANCE OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6)(i) of the 
1978 Series 10 Bond Purchase Agreement

I, PHILLIP L. TOIA, Deputy Mayor For Finance of The 
City of New York (the "City"), do HEREBY REPRESENT as follows:

1. I have reviewed the information contained in 
the final Official Statement relating to the 1978 Series 10 
Bonds, dated November 17, 1978, as the same may have been 
heretofore supplemented or amended, of the Municipal Assis-
tance Corporation For The City of New York (the "Corporation") 
under the section captioned "Part 9 -- Certain Developments 
Affecting the City." Certain of such information which 
is referred to in the paragraphs numbered 2 through 22 of 
this certificate represents certain public information 
contained in the official reports, statements or other 
documents of The City of New York, including a final Official 
Statement issued November 17, 1978 by the City in connection 
with the sale of $200 million principal amount of its general 
obligation serial bonds. Reference should be made to such 
official reports, statements, Official Statement, 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 developed and the Control Board (as defined in the Official Statement) has approved a financial plan for the 1979 fiscal year in which it projects total revenues to equal total expenditures, after the adjustments permitted by the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act (the "Act"), and that the City has also prepared financial plans for the 1980-1982 fiscal years (together with the 1979 Financial Plan, as approved by the Control Board, the "Four Year Financial Plan") which project potential operating budget deficits or budget gaps that the City proposes to close through a combination of Federal, State and City actions, many of which involve the passage of new legislation or adoption of new programs, is fairly presented.

3. The information set forth in such section regarding the development of the Debt Issuance Plan (as defined in the Official Statement), the conditions to which it is subject, including the requirement of the Agreements thereunder that the City close its projected budget gaps, and the City's plans to offer certain bonds and notes in the public credit markets is fairly presented.
4. The information set forth in such section to the effect that an objective of the City's Four Year Financial Plan and the Debt Issuance Plan is to enable the City to meet its financing needs after the 1982 fiscal year without reliance on continued financing assistance from the Federal government and that the City currently expects this objective to be achieved if all the goals and requirements of such plans are met is fairly presented.

5. The information set forth in such section under the subheading "Three Year Financial Plan: Fiscal Years 1976-1978" to the effect that the City, after it lost access to the public credit markets, took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets, including accounting reforms and development of a three-year financial plan, is fairly presented.

6. The information set forth in such section under the subheading "Three Year Financial Plan: Fiscal Years 1976-1978" regarding the status of the implementation of the integrated financial management system ("IFMS") and the information that certain elements of the IFMS may not operate in a satisfactory manner for some time is fairly presented.
7. The information contained in such section under the subheading "Three Year Financial Plan: Fiscal Years 1976-1978" to the effect that when the City's Three Year Financial Plan was first submitted to the Control Board for approval, it projected budget gaps in accordance with the Uniform System of Accounts, as adjusted, of approximately $1 billion, $600 million, and $700 million in the 1976, 1977 and 1978 fiscal years, respectively, that to reduce the 1976 and 1977 gaps and close the 1978 gap the City took action to reduce the number of its employees, entered into labor contracts with its municipal labor unions consistent with the assumptions contained in the Three Year Financial Plan and the wage guidelines adopted by the Control Board, increased the transit fare, and began charging general tuition at the City University of New York and that the City received additional State and Federal revenues not projected in its initial Three Year Financial Plan submission is fairly presented.

8. The information set forth in such section under the subheading "Three Year Financial Plan: Fiscal Years 1976-1978" regarding the City's plan to re-enter the public credit markets through an underwritten offering of its revenue anticipation notes in November 1977, the cancellation of that plan and the satisfaction of the City's
seasonal financing needs for the balance of the 1978 fiscal year through borrowing under the Federal Loan Agreement is fairly presented.

9. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982" with respect to actions proposed by the City and others to provide for the City's seasonal and long-term financing and to enable the City to re-enter the public credit markets is fairly presented.

10. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982" regarding the City's budgetary requirements under the Act and the New York State Financial Emergency Act for the City of New York, as amended (the "Emergency Act"), is fairly presented.

11. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982" to the effect that the Emergency Act requires the City to develop before the beginning of each fiscal year a financial plan for the next four fiscal years, that the City submitted and the Control Board approved the City's Four Year Financial Plan for the four fiscal years ending June 30,
1982, including a modification to the 1979 Financial Plan, and that the Control Board has approved 1979 Financial Plans for the covered organizations (as defined in the "Emergency Act") and has directed the City to submit Financial Plans for the covered organizations for fiscal years 1980-1982 by November 22, 1978 is fairly presented. Since the date of the final Official Statement, the City submitted to the Control Board for review four year financial plans for all of the covered organizations other than the Health and Hospitals Corporation. The four year financial plan for the Health and Hospitals Corporation and the timetable for submission of such plan are currently under discussion by the City and the Control Board.

12. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982" to the effect that (a) the Four Year Financial Plan projects for fiscal year 1979 an operating budget balanced in accordance with the Uniform System of Accounts, as adjusted, (b) for fiscal years 1980 and 1981, the Four Year Financial Plan projects budget gaps of $439 million and $879 million, respectively, determined in accordance with the Uniform System of Accounts, as adjusted, and for fiscal year 1982, a budget gap of $1,028 million, determined in accordance with GAAP and (c) the City anticipates closing these budget
gaps by a combination of City, State and Federal actions is fairly presented.

13. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982" to the effect that (a) although the City believes that the estimates in the Four Year Financial Plan, which are based on past revenues received and expenditures incurred, as well as analysis of economic trends and the status of legislation affecting the City's finances, are reasonable, budgetary projections are inherently uncertain of attainment and subject to continuing change and reevaluation, especially when they extend over several years and are dependent upon noncontrollable events, and the City has explicitly disclaimed any representation or warranty that such estimates will be realized, (b) substantial changes were made in the City's estimates of various revenues, expenses and cash flow during the term of the Three Year Financial Plan and similar changes are expected to be made during the term of the Four Year Financial Plan, (c) the City's ability to achieve a balanced budget in any fiscal year is affected by policies established by the State and Federal governments and (d) many of the City's proposals to close the estimated budget gaps require Federal or State legislative or administrative action is fairly presented.

14. The information set forth in such section
under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982 -- 1979 Financial Plan" to the effect that the 1979 Financial Plan (as defined in the Official Statement), as modified November 9, 1978, (a) implements a selective hiring and promotion freeze announced by the Mayor on September 15, 1978 projected to produce a 2.7% decline in the number of City funded employees at the end of the 1979 fiscal year compared to the start of the fiscal year and (b) revises certain revenue estimates and provides for implementation of a number of management improvements to offset $63 million of potential expenditure increases and revenue shortfalls identified by the Control Board is fairly presented.

15. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982--Fiscal Years 1980-1982" to the effect that (a) to close the 1980 budget gap the City plans to take actions yielding $139 million in expenditure reductions or revenue increases and proposes that the State and Federal governments provide $300 million of additional assistance and (b) the proposed City contributions toward closing the budget gaps in fiscal years 1981 and 1982 are $303 million and $427 million, respectively, and the State and Federal contributions proposed by the City are $576 million in 1981 and $601 million in 1982 is fairly presented.
16. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982--Fiscal Years 1980-1982" regarding planned City actions in 1980, 1981 and 1982, including attrition at the rate of 4% in each year, the Mayor's stated intention to present to the Control Board a detailed work force reduction program and an attrition program for 1980, consideration by the City of possible reduction or elimination of other programs or services, including hospital closings by HHC, and planned management improvement and cost containment programs specified for 1980 and, if necessary, developed for the 1981 and 1982 fiscal years is fairly presented.

17. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982 -- Fiscal Years 1980-1982" with respect to the revenues which could be provided by additional State and Federal actions proposed by the City and others and the amounts of the budget gaps proposed to be closed by such actions is fairly presented.

18. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1980--Fiscal Years 1980-1982" to the effect that the City was sufficiently successful in its cost-saving
and revenue-generating programs and received sufficient Federal and State revenues to reduce its deficits under the Uniform System of Accounts, as adjusted, below the initially projected levels in its 1976 and 1977 fiscal years, and to report no deficit for fiscal 1978 is fairly presented.

19. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982--Fiscal Years 1980-1982" to the effect that the City (a) has developed, at the request of the Control Board, a supplemental program of City actions to reduce the budget gap in the event of a shortfall in State and Federal assistance from the desired level, which program includes a 6% attrition program, various expenditure reductions and potential increased revenues from local sources, (b) has developed a second supplemental program to further reduce budget gaps, which program includes an 8% attrition program, termination of half of all CETA employees partially funded by the City and either reductions in pay to all workers or layoffs, and (c) projects that after implementation of both these supplemental programs, it will require State and Federal actions of $189 million, $201 million and $119 million to close the remaining budget gaps in fiscal years 1980, 1981 and 1982, respectively, is fairly presented.
20. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982 -- Fiscal Years 1980-1982" with respect to (a) the potential effect on real estate tax collections of a court decision and recent legislation and the shift in the real property tax burden; (b) the assumptions of the Four Year Financial Plan regarding labor contracts to be negotiated in fiscal 1980 and the increase in other-than-personal-services costs; and (c) the potential amounts of contributions by the City to the Health and Hospitals Corporation and other covered organizations is fairly presented.

21. The information set forth in such section under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982--Cash Sources" in relation to (a) the sources anticipated to be used by the City to meet its net cash needs during the Four Year Financial Plan period, (b) the projected seasonal borrowing needs of the City for the 1979 fiscal year, (c) loans of $750 million to the City by the City Pension Funds and Commercial Banks, which loans will be evidenced by City notes, (d) the projected public sales of City notes, and (e) the projected seasonal financing needs of the City for fiscal years 1980-1982 is fairly presented. The public sale of City notes originally planned for December, 1978 is currently planned for January, 1979.
22. The information set forth in such section under the subheading "Litigation" to the effect that no provision has been made in the City's Four Year Financial Plan for the City's potential exposure resulting from pending real estate tax certiorari proceedings is fairly presented.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of November, 1978.

[Signature]
Deputy Mayor for Finance,  
The City of New York
CERTIFICATE OF THE FIRST DEPUTY
COMPTROLLER OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6)(i) of the
1978 Series 10 Bond Purchase Agreement

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 relating to the 1978 Series 10
Bonds, dated November 17, 1978, as the same may have hereto-
fore supplemented or amended, of the Municipal Assistance
Corporation For The City of New York (the "Corporation"),
under the section captioned "PART 9 -- Certain Developments
Affecting the City." Certain of such information, which is
referred to in the paragraphs numbered 2 through 6 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 is made to such official reports, state-
ments or other documents for a more complete explanation of
such information.

2. The information set forth in such section under
the subheading "Financial Difficulties of 1975" to the effect
that (a) as of June 1975, the City had an accumulated deficit
in excess of $5 billion and was to incur a substantial
expense budget deficit for the 1976 fiscal year, (b) the City
had been issuing short-term notes in part to finance a
deficit and to pay for long-term capital expenditures, (c) at
the time the City became unable to market its securities in
April 1975, more than $6 billion in City notes were outstand-
ing and scheduled to mature within twelve months, and (d) the
State advanced $800 million to the City in each of the 1975
through 1978 City fiscal years, is true and accurate.

3. The information set forth in such section under
the subheading "Three Year Financial Plan: Fiscal Years
1976-1978" to the effect that the Uniform System of Accounts,
as adjusted (as defined in the Official Statement), as permitted
by the MAC Act, deviates from GAAP with respect to accounting for
contributions to employee retirement systems and inclusion of
expense items in the City's capital budget is true and accurate.

4. The information set forth under such subheading
relating to long and short-term financing for the City through
June 30, 1978 pursuant to two agreements, as described, and
that the $1.802 billion of short-term obligations affected by
the Moratorium Act (as defined in the Official Statement)
were provided for is true and accurate.

5. The information set forth under such subheading
with respect to the operating deficits estimated in accordance
with GAAP and reported in accordance with the Uniform Systems
Accounts, as adjusted, for the 1976 and 1977 fiscal years,
the results of the audit of the City's 1978 financial statements, and the contents of the opinion of the City's independent public accountants is true and accurate.

6. The information set forth in such section under the subheading "Litigation" to the effect that the information set forth regarding outstanding claims against the City and the City's estimated potential future liability thereon and regarding pending real estate tax certiorari proceedings and the City's potential exposure in the event of an adverse decision is as set forth in the notes to the City's audited financial statements is true and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of November, 1978.

[Signature]
First Deputy Comptroller
of The City of New York
CERTIFICATE OF THE SPECIAL DEPUTY STATE
COMPTROLLER FOR THE CITY OF NEW YORK

Pursuant to Section 3(a)(6)(ii) of the
1978 Series 10 Bond Purchase Agreement

In connection with its 1978 Series 10 Bonds, the Municipal Assistance Corporation for the City of New York has entered into a Bond Purchase Agreement, dated November 17, 1978, and prepared an Official Statement, dated November 17, 1978. The Official Statement includes a part captioned "Certain Developments Affecting the City." The Bond Purchase Agreement requires, as a condition of the obligations of the Underwriters, a certificate of the Special Deputy State Comptroller for the City of New York to the effect that any statements under such caption in the Official Statement as the same has been heretofore supplemented or amended as of the date hereof concerning reports he has issued are true. The Bond Purchase Agreement does not require as a condition to the purchase of the Bonds that I offer any opinion regarding the completeness, accuracy, or fairness of presentation of the Official Statement as a whole, and I express no such opinion. Nor, except as stated below, do I express any such opinion regarding any portion of the Official Statement.

I have reviewed in the Official Statement under such caption the following points of information respecting certain of the reports I have issued (the "Reports"):  

(1) Reports dated September 29, 1978 and November 3, 1978 expressed uncertainty with respect to particular State and Federal actions proposed by the City and with respect to the projections of aggregate amounts to be provided by State and Federal actions to close the projected budget gaps and estimated that, after taking into account increases in State and Federal revenues included in the City's revenue estimates, the increase in State and Federal aid from fiscal year 1980 to fiscal year 1982 necessary to close the projected gaps would exceed the growth in State and Federal assistance received by the City during the period from fiscal year 1977 to 1979. The Reports concluded that because of the constraints on the ability of the State to increase its level of support to local governments, and the move toward a balanced Federal budget, the opportunities for increased assistance have been limited and the City's assumption regarding growth of Federal and State aid must be regarded as uncertain.
(2) The Special Deputy State Comptroller has reviewed the proposed City programs to reduce the budget gap in the event of a shortfall in State and Federal assistance from the desired level to evaluate whether they are achievable and what their impact will be. His initial findings indicate that portions of the City program appear attainable, others are less likely of implementation, and significant portions of the programs cannot be evaluated properly without further documentation. The Special Deputy Comptroller has requested the City to provide additional information with regard to the cost containment programs.

(3) In reviewing the City's proposals to reduce the budget gap, the Special Deputy State Comptroller indicates that the City faces substantial difficulties in balancing its operating budgets during the Four Year Financial Plan.

(4) The Special Deputy State Comptroller has noted in a Report that the City's Four Year Financial Plan makes no provision for any increased labor costs which may result from labor settlements for the 1981 and 1982 fiscal years.

I hereby certify that the above statements about the Reports are true.

This certification is limited to the statements about the Reports referred to herein, and has no bearing on facts related to the subject matter of such Reports that may have unfolded after their issuance. This certification implies neither my approval nor my disapproval of the selection of material from the Reports for inclusion in the Official Statement, nor does this certification imply my approval or disapproval of the citation in the Official Statement of material from the Reports to the exclusion of material from other reports I have issued. Except as it pertains to the statements about the Reports referred to herein, this certification has no other bearing on the Official Statement.

[Signature]
Special Deputy (State) Comptroller for the City of New York

Dated: November 30, 1978
NEW YORK STATE FINANCIAL CONTROL BOARD

Pursuant to Section 3(a)(6)(ii) of the 1978 Series 10 Bond Purchase Agreement

Cormer S. Coppie, the Executive Director of the Financial Control Board (the "Control Board"), hereby certifies for and on behalf of the Control Board as follows:

1. The information contained in the final Official Statement dated November 17, 1978, 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 subheading "Four Year Financial Plan: Fiscal Years 1979-1982" has been reviewed by the staff of the Control Board. Certain of such information, which is referred to in the paragraphs numbered 2 through 5c of this certificate, concerns a report of the Control Board staff dated November 7, 1978 (the "Staff Report") and action taken by the Control Board, pursuant to resolutions adopted November 9, 1978 to approve a Financial Plan in accordance with Section 8 of the Financial Emergency Act (the "Financial Plan"). Reference should be made to the Staff Report and the resolutions for a complete explanation of the matters dealt with therein.

2. The information set forth under the subheading referred to above to the effect that the Control Board approved the Financial Plan which, with respect to the City and the Board of Education covered the 1979-1982 fiscal years, and which projects an operating budget for the City covering fiscal year 1979 that is balanced in accordance with State law, is true and accurate.

3. The information set forth under the subheading referred to above concerning the approval of those portions of the Financial Plan that relate to the covered organizations, is true and accurate.
4. The information set forth under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982 - 1979 Financial Plan" concerning the Staff Report discussion of potential expenditure increases, revenue shortfalls, additional revenue sources, and City actions and their sufficiency to permit approval of a modification to the Financial Plan covering Fiscal Year 1979, is true and accurate.

5a The information set forth under the subheading "Four Year Financial Plan: Fiscal Years 1979-1982 - Fiscal Years 1980-1982" to the effect that the Staff Report concluded that the Four Year Financial Plan provides a reasonable basis for assuming that the City will achieve a balanced budget, that it will be difficult to implement programs to reduce the budget gap without a serious impact on services, and that service reductions could affect economic development efforts and the City's revenue base is true and accurate.

5b The information set forth under such subheading with respect to the judgments expressed in the Staff Reports regarding the likelihood that the City will receive additional Federal and State aid is true and accurate.

5c The information set forth under such subheading with respect to the Staff Report evaluation of the likelihood of implementation of various portions of the City's program to eliminate budget gaps, the request in the Staff Report to the City to provide additional information regarding cost containment programs, and the conclusion of the Staff Report that the City faces substantial difficulties in balancing its operating budget is true and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of November, 1978.

NEW YORK STATE FINANCIAL CONTROL BOARD

[Signature]

By [Signature]

Executive Director
15 November 1978

Honorable Arthur Levitt
Comptroller
STATE OF NEW YORK
Department of Audit and Control
A.E. Smith Office Building
Albany, New York 12224

Dear Mr. Levitt:

This letter is to request your approval for the sale to a syndicate of underwriters of $250,000,000 of 1978 Series 10 Bonds of the Municipal Assistance Corporation, to be issued pursuant to its Second General Bond Resolution. Enclosed for your information is a copy of the Corporation's Preliminary Official Statement, dated November 10, 1978, with respect to this issuance.

The Corporation is issuing the 1978 Series 10 Bonds in order to provide for payment of the net proceeds of the sale of the 1978 Series 10 Bonds to The City of New York, upon certification by The Mayor of The City that such payment in part will have the effect of reducing The City's requirement for an advance by The State of State assistance moneys payable to The City and that such payment in part will be used to pay expense items currently permitted to be included in The City's capital budget. The 1978 Series 10 Bonds will bear interest at the rate of 3 3/8% and will mature July 1, 2008, and will be sold at a price of 97 3/8% plus accrued interest.

We are advised by our financial advisors that these interest rates are the equivalent of or lower than the recent yields on bonds of the Corporation issued pursuant to its Second General Bond Resolution.
November 15, 1978
Hon. Arthur Levitt
Page Two

We request your approval of this sale pursuant to Section 3012(1)(e) of the Municipal Assistance Corporation Act, as amended.

We further request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended, of the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution of the Corporation, adopted November 25, 1975, and the 1978 Series 10 Bond Resolution of the Corporation, adopted November 14, 1973.

Your approval is respectfully requested.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]
Eugene J. Keilin
Executive Director

EJK:pas
enclosure

The sale of the above described bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described and the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution and the 1978 Series 10 Bond Resolution of the Corporation, are hereby approved.

[Signature]
Arthur Levitt, Comptroller of The State of New York

Dated: November 15, 1978
1978 Series 10 Bonds
(the "1978 Series 10 Bonds")

The 1978 Series 10 Bonds in the principal amount of $250,000,000 shall bear interest from November 15, 1978 at the rate of 5/7% per annum, payable semi-annually on the first day of January and July of each year, commencing July 1, 1979 until maturity at July 1, 2008, and shall be sold at a price of 97.5/7%.

Each 1978 Series 10 Bond is subject to redemption at the option of the Corporation on and after July 1, 1988, as a whole on any date, or in part by lot on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus accrued interest to the date of redemption, which percentage is reduced by the amounts specified in the 1978 Series 10 Resolution until such percentage reaches 100% for the period commencing on through the maturity date of the bonds.

The 1978 Series 10 Bonds are further subject to redemption, in part by lot, on July 1 of each year commencing July 1, 1999, from mandatory "Sinking Fund Installments" (as defined in the Second General Bond Resolution) at a redemption price of 100% of the principal amount thereof plus accrued interest to date of redemption.

The purchaser of the 1978 Series 10 Bonds is a syndicate, of which the Senior Managers are: Salomon Brothers; The Chase Manhattan Bank, N.A.; Merrill Lynch White Weld Capital Markets Group; Citibank, N.A.; Morgan Guaranty Trust Company of New York; and Kidder, Peabody & Co. Incorporated.

The aggregate purchase price of the 1978 Series 10 Bonds is 97.5/7% plus accrued interest from November 15, 1978 to the date of delivery and payment.
To the Board of Directors of Municipal Assistance Corporation For The City of New York and Representatives of the Underwriters referred to in the Official Statement described herein.

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") as of June 30, 1978, and for the year then ended (the "Financial Statements"), included in the Official Statement of the Corporation dated November 17, 1978 for the Series 10 Bonds as supplemented by the addition of descriptive cover pages for the Series 11, 12 and 13 Bonds (the "Official Statement"); our report with respect thereto is also included in such 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 Corporation's Financial Statements for the year ended June 30, 1978 and expressed our opinion thereon dated July 24, 1978. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1978; although we have made an examination for the year ended June 30, 1978, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1978 and for the year then ended. Therefore, we are unable to and do not express any opinion on the unaudited Statement of Financial Position as of September 30, 1978, the related unaudited Debt Service, Capital Reserve or Operating Fund Statements of Transactions for the three-month period ended September 30, 1978 or schedules as of any date or for any period subsequent to June 30, 1978 included in the Official Statement.

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 of the Corporation for the
period commencing July 1, 1978 and ending on November 28, 1978, as set forth in the minute books or made available to us in draft form at the offices of the Corporation on November 28, 1978. (Our work did not extend to the period from November 29, 1978 to November 30, 1978, inclusive.) Officials of the Corporation have advised us that such minutes represent minutes of all such meetings for such period.

B. We have, with respect to the three-month period ended September 30, 1978:

(i) Read the unaudited Statement of Financial Position as of September 30, 1978 and unaudited Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions for the three-month period ended September 30, 1978 and Exhibits I, II and III thereto, officials of the Corporation having advised us that no such financial statements as of any date or for any period subsequent to September 30 were available; and

(ii) Made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether the unaudited financial statements referred to under 2B(i) are presented fairly in conformity with generally accepted accounting principles on a basis substantially consistent with that of the Financial Statements included in the Official Statement.

The foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

3. Nothing came to our attention as a result of the procedures described in 2, however, that caused us to believe that the unaudited financial statements described in 2B(i), included in the Official Statement, are not presented fairly in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the Financial Statements.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

November 30, 1978

4. As mentioned in 2B(i), Corporation officials have advised us that no financial statements as of any date or for any period subsequent to September 30, 1978 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September 30, 1978 have, of necessity, been even more limited than those with respect to the period referred to in 2B. With respect to the period from October 1, 1978 to November 28, 1978, we have made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether (i) there has been any change in total bonds and notes payable of the Corporation, (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund and (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Municipal Assistance Corporation Act for The City of New York, as amended (the "Act"), as necessary to be in such Fund.

On the basis of these inquiries and our reading of the minutes as described in 2A, nothing came to our attention as of November 28, 1978 that caused us to believe that: (i) there were any changes in the total bonds and notes payable of the Corporation, except for changes which are disclosed in the Financial Statements or the Official Statement, (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund or (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Act to be in such Fund.

5. 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 entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" (the "Table") which appears on page 27 of the Official Statement:

A. We compared the amounts of total debt service on First Resolution Bonds for each year set forth in column 1 of the Table to amounts shown in Exhibit III to the Financial Statements appearing on page 24 of the Corporation's annual report, and found them to be in agreement.
To the Board of Directors of  
Municipal Assistance Corporation  
For The City of New York  
and  
Representatives of the Underwriters  
referred to in the Official Statement  
described herein  

November 30, 1978

B. With respect to the data set forth in columns 2 through 4 of the Table, we reviewed an unaudited calculation sheet which showed the addition of the pro forma debt service payment amounts on the 1978 Series 10, 11, 12 and 13 Bonds to the Corporation's existing Second Resolution debt service payment requirements for each year, shown in Exhibit III to the Financial Statements appearing on page 24 of the Corporation's annual report, assuming, for the purposes of such calculations, the maturity, interest and redemption provisions set forth in the cover page of the Official Statement for the Series 10 Bonds, and the maturity, interest and redemption provisions set forth in the respective cover pages for the Series 11, 12 and 13 Bonds. Such addition appears to be correctly applied to the debt service amounts.

C. We checked the arithmetic accuracy of the coverage ratios appearing in columns 5 and 6 of the Table as follows:

(i) For column 5, we divided the Adjusted Per Capita Aid amounts, appearing on page 25 of the Official Statement, after reducing such amounts by the Corporation's current estimate of its operating expenses for the fiscal year ending June 30, 1979 of $5.5 million, by the corresponding debt service amount appearing in column 4 for the years 1979 through 1996 and found such ratios to be correct.

(ii) For column 6, we divided the total of all revenues including the total of the Aggregate Sales and Stock Transfer Taxes and Adjusted Per Capita Aid appearing on page 25 of the Official Statement (which revenue amounts have been reduced by $5.5 million representing the Corporation's current estimate of its operating expenses for the fiscal year ending June 30, 1979) less the debt service amounts appearing in column 1 of the Table, by the corresponding debt service amount in column 4 for the years 1979 through 1996 and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in 5C(ii) above, by the total of each year's debt service amount appearing in columns 1 and 4 of the Table and found the ranges of coverage for the years 1979 through 1995 stated in such paragraph to be correct.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

November 30, 1978

E. With respect to the average coverage ratio stated in such paragraph, we reviewed an unaudited calculation sheet showing the aggregate total revenues referred to in 5C(ii) divided by the aggregate total debt service amounts for the years 1979 through 1995, appearing in columns 1 and 4, and found the ratio to be correct.

The procedures referred to above 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.

6. 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, except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents.

Yours very truly,

Price Waterhouse & Co.
GENERAL CERTIFICATE OF THE
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

I, STEPHEN J. 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 corpora-
tion, 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 dates 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>Francis J. Barry</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Thomas D. Flynn</td>
<td>December 31, 1977**</td>
</tr>
</tbody>
</table>

*There is one vacancy on the Board.
**Holdover pursuant to law.
Names                                 Date of Expiration of Term
George D. Gould                       December 31, 1978
Dick Netzer                           December 31, 1979
Robert C. Weaver                      December 31, 1980
George M. Brooker                     December 31, 1977*
Andrew P. Steffan                     December 31, 1980

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 April 7, 1978 are in full force and effect on the date hereof and have not been repealed, modified or amended.

*Holdover pursuant to law.
7. Except as set forth in the final Official Statement dated November 17, 1978, 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 transactions contemplated by the Bond Purchase Agreement attached to this Record of Proceedings as document no. 3 (the "Agreement"), the issuance of the $250,000,000 1978 Series 10 Bonds (the "Bonds") or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Bonds, the Resolutions (as defined below), or the 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 issuance of the Bonds.
8. The Second General Bond Resolution of the Corporation adopted November 25, 1975, as supplemented, a resolution amending the Second General Bond Resolution adopted November 14, 1978 and the 1978 Series 10 Resolution, of the Corporation adopted November 16, 1973 (the "Resolutions"), attached to this Record of Proceedings as documents no. 5 and 6, copies of which are being delivered contemporaneously herewith to the Trustee named in such Resolutions, which I hereby certify pursuant to Section 202 of the Second 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 Extracts of Minutes of Meetings of the Corporation attached to this Record of Proceedings as documents no. 4 and are true and correct copies of the duly adopted 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 specimen of the Bonds, attached hereto as Exhibit A is identical in all respects, except as to number, denomination and name of registered owner, with the Bonds this day delivered to the Purchasers referred to in the Resolutions (the "Purchasers") and said specimen is substantially in the form required by the Resolutions.

WE, FELIX G. ROHTAYN and STEPHEN J. WEINSTEIN, Chairman and Secretary of the Corporation, HEREBY CERTIFY as follows:

1. The Bonds delivered to the Purchasers on this date, a specimen of which is attached hereto, which Bonds are more fully described in the Resolutions, have been duly and completely executed in the name of the Corporation and on its behalf by the affixing thereon of the facsimile signature of Felix G. Rohtayn, Chairman of the Corporation, who did and does hereby adopt such signature and the affixing thereon of the official seal of the Corporation attested by the facsimile signature of Stephen J. Weinstein, Secretary of the Corporation, who did and does 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 or the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented.

5. (a) The maximum amount of principal and interest maturing or otherwise becoming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolution is $377,973,788. (b) The aggregate amount of 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 Bonds, for each Fiscal Year is as set forth in Exhibit B attached hereto. (c) The aggregate estimated amount of Operating Expenses for the current Fiscal Year is $3,500,000.

6. The aggregate of (i) the amount set forth in the certificate of New York Commissioner of Taxation and Finance, a copy of which is attached to this Record of Proceedings as document no. 9, as representing the Sales Tax and Stock Transfer Tax, and (ii) the amount set forth in the certificate attached to this Record of Proceedings as document no. 8 as representing the actual amount of Per Capita Aid apportioned and paid into the Special Aid Account after deducting (iii) the aggregate of the amount set forth in paragraph 5(c) herein, will be at least 2.0 times such aggregate amount set forth in paragraph 5(b) herein.

7. 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 made with respect to and as of the date hereof.
8. Each of the agreements set forth in Section 1 of the Agreement to be complied with at or prior to the delivery of the Bonds on the date hereof has been complied with as of the date hereof.

9. The Bonds and the Resolutions conform in all material respects to the description thereof in the final Official Statement.

10. 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.

11. Each of the Financing Agreements, the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement and the Seasonal Agreement (as defined in the Official Statement) have been executed and delivered by the parties thereto and all purchases scheduled to be made thereunder prior to the date hereof have been made.

12. The Corporation has not issued any Bonds, Notes or Other Obligations which would cause the aggregate amount of 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, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. All defined terms in this paragraph are defined in the General Bond Resolution of the Corporation, adopted July 2, 1975, as amended and supplemented.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 30th day of November, 1978.

<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>

(SEAL)

I HEREBY CERTIFY that the signatures of the Officers of The Municipal Assistance Corporation For The City of New York, which appear above are true and genuine and that I know said officers and know them to hold said offices set opposite their signatures.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vice President</td>
<td>United States Trust Company of New York</td>
</tr>
</tbody>
</table>
CERTIFICATE OF THE EXECUTIVE DIRECTOR AS TO THE AWARD OF THE PURCHASE OF THE BONDS

I, Eugene Keilin, the Executive Director of the Municipal Assistance Corporation For The City of New York (the "Corporation"), HEREBY CERTIFY, that pursuant to a resolution adopted by the Corporation on the 16th day of November, 1978, the purchase of the 1978 Series 10 Bonds in the aggregate principal amount of $250,000,000 was awarded to a group of underwriters represented by Salomon Brothers at a price of 98.075%.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By

[Signature]
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$209.37</td>
</tr>
<tr>
<td>2001</td>
<td>$209.37</td>
</tr>
<tr>
<td>2002</td>
<td>$209.37</td>
</tr>
<tr>
<td>2003</td>
<td>$209.37</td>
</tr>
<tr>
<td>2004</td>
<td>$209.37</td>
</tr>
<tr>
<td>2005</td>
<td>$209.37</td>
</tr>
<tr>
<td>2006</td>
<td>$209.37</td>
</tr>
<tr>
<td>2007</td>
<td>$209.37</td>
</tr>
<tr>
<td>2008</td>
<td>$209.37</td>
</tr>
<tr>
<td>2009</td>
<td>$209.37</td>
</tr>
<tr>
<td>2010</td>
<td>$209.37</td>
</tr>
<tr>
<td>2011</td>
<td>$209.37</td>
</tr>
<tr>
<td>2012</td>
<td>$209.37</td>
</tr>
<tr>
<td>2013</td>
<td>$209.37</td>
</tr>
<tr>
<td>2014</td>
<td>$209.37</td>
</tr>
<tr>
<td>2015</td>
<td>$209.37</td>
</tr>
<tr>
<td>2016</td>
<td>$209.37</td>
</tr>
<tr>
<td>2017</td>
<td>$209.37</td>
</tr>
<tr>
<td>2018</td>
<td>$209.37</td>
</tr>
<tr>
<td>2019</td>
<td>$209.37</td>
</tr>
<tr>
<td>2020</td>
<td>$209.37</td>
</tr>
<tr>
<td>2021</td>
<td>$209.37</td>
</tr>
<tr>
<td>2022</td>
<td>$209.37</td>
</tr>
<tr>
<td>2023</td>
<td>$209.37</td>
</tr>
<tr>
<td>2024</td>
<td>$209.37</td>
</tr>
<tr>
<td>2025</td>
<td>$209.37</td>
</tr>
<tr>
<td>2026</td>
<td>$209.37</td>
</tr>
<tr>
<td>2027</td>
<td>$209.37</td>
</tr>
<tr>
<td>2028</td>
<td>$209.37</td>
</tr>
<tr>
<td>2029</td>
<td>$209.37</td>
</tr>
<tr>
<td>2030</td>
<td>$209.37</td>
</tr>
<tr>
<td>2031</td>
<td>$209.37</td>
</tr>
<tr>
<td>2032</td>
<td>$209.37</td>
</tr>
<tr>
<td>2033</td>
<td>$209.37</td>
</tr>
<tr>
<td>2034</td>
<td>$209.37</td>
</tr>
<tr>
<td>2035</td>
<td>$209.37</td>
</tr>
<tr>
<td>2036</td>
<td>$209.37</td>
</tr>
<tr>
<td>2037</td>
<td>$209.37</td>
</tr>
<tr>
<td>2038</td>
<td>$209.37</td>
</tr>
<tr>
<td>2039</td>
<td>$209.37</td>
</tr>
<tr>
<td>2040</td>
<td>$209.37</td>
</tr>
<tr>
<td>2041</td>
<td>$209.37</td>
</tr>
<tr>
<td>2042</td>
<td>$209.37</td>
</tr>
<tr>
<td>2043</td>
<td>$209.37</td>
</tr>
<tr>
<td>2044</td>
<td>$209.37</td>
</tr>
<tr>
<td>2045</td>
<td>$209.37</td>
</tr>
<tr>
<td>2046</td>
<td>$209.37</td>
</tr>
<tr>
<td>2047</td>
<td>$209.37</td>
</tr>
<tr>
<td>2048</td>
<td>$209.37</td>
</tr>
<tr>
<td>2049</td>
<td>$209.37</td>
</tr>
<tr>
<td>2050</td>
<td>$209.37</td>
</tr>
<tr>
<td>2051</td>
<td>$209.37</td>
</tr>
<tr>
<td>2052</td>
<td>$209.37</td>
</tr>
<tr>
<td>2053</td>
<td>$209.37</td>
</tr>
<tr>
<td>2054</td>
<td>$209.37</td>
</tr>
<tr>
<td>2055</td>
<td>$209.37</td>
</tr>
<tr>
<td>2056</td>
<td>$209.37</td>
</tr>
<tr>
<td>2057</td>
<td>$209.37</td>
</tr>
<tr>
<td>2058</td>
<td>$209.37</td>
</tr>
<tr>
<td>2059</td>
<td>$209.37</td>
</tr>
<tr>
<td>2060</td>
<td>$209.37</td>
</tr>
<tr>
<td>2061</td>
<td>$209.37</td>
</tr>
<tr>
<td>2062</td>
<td>$209.37</td>
</tr>
<tr>
<td>2063</td>
<td>$209.37</td>
</tr>
<tr>
<td>2064</td>
<td>$209.37</td>
</tr>
<tr>
<td>2065</td>
<td>$209.37</td>
</tr>
<tr>
<td>2066</td>
<td>$209.37</td>
</tr>
<tr>
<td>2067</td>
<td>$209.37</td>
</tr>
<tr>
<td>2068</td>
<td>$209.37</td>
</tr>
<tr>
<td>2069</td>
<td>$209.37</td>
</tr>
<tr>
<td>2070</td>
<td>$209.37</td>
</tr>
<tr>
<td>2071</td>
<td>$209.37</td>
</tr>
<tr>
<td>2072</td>
<td>$209.37</td>
</tr>
<tr>
<td>2073</td>
<td>$209.37</td>
</tr>
<tr>
<td>2074</td>
<td>$209.37</td>
</tr>
<tr>
<td>2075</td>
<td>$209.37</td>
</tr>
<tr>
<td>2076</td>
<td>$209.37</td>
</tr>
<tr>
<td>2077</td>
<td>$209.37</td>
</tr>
<tr>
<td>2078</td>
<td>$209.37</td>
</tr>
<tr>
<td>2079</td>
<td>$209.37</td>
</tr>
<tr>
<td>2080</td>
<td>$209.37</td>
</tr>
<tr>
<td>2081</td>
<td>$209.37</td>
</tr>
<tr>
<td>2082</td>
<td>$209.37</td>
</tr>
<tr>
<td>2083</td>
<td>$209.37</td>
</tr>
<tr>
<td>2084</td>
<td>$209.37</td>
</tr>
<tr>
<td>2085</td>
<td>$209.37</td>
</tr>
<tr>
<td>2086</td>
<td>$209.37</td>
</tr>
<tr>
<td>2087</td>
<td>$209.37</td>
</tr>
<tr>
<td>2088</td>
<td>$209.37</td>
</tr>
<tr>
<td>2089</td>
<td>$209.37</td>
</tr>
<tr>
<td>2090</td>
<td>$209.37</td>
</tr>
<tr>
<td>2091</td>
<td>$209.37</td>
</tr>
<tr>
<td>2092</td>
<td>$209.37</td>
</tr>
<tr>
<td>2093</td>
<td>$209.37</td>
</tr>
<tr>
<td>2094</td>
<td>$209.37</td>
</tr>
<tr>
<td>2095</td>
<td>$209.37</td>
</tr>
<tr>
<td>2096</td>
<td>$209.37</td>
</tr>
<tr>
<td>2097</td>
<td>$209.37</td>
</tr>
<tr>
<td>2098</td>
<td>$209.37</td>
</tr>
<tr>
<td>2099</td>
<td>$209.37</td>
</tr>
<tr>
<td>2000</td>
<td>$209.37</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION

FOR THE CITY OF NEW YORK

SECOND RESOLUTION PAYMENT REQUIREMENTS

BY FISCAL YEAR

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>51,150,000</td>
<td>113,287,717</td>
<td>144,437,717</td>
</tr>
<tr>
<td>1979</td>
<td>13,745,000</td>
<td>161,228,738</td>
<td>194,973,738</td>
</tr>
<tr>
<td>1980</td>
<td>46,555,000</td>
<td>219,840,338</td>
<td>266,395,338</td>
</tr>
<tr>
<td>1981</td>
<td>65,645,000</td>
<td>208,356,139</td>
<td>274,503,139</td>
</tr>
<tr>
<td>1982</td>
<td>70,150,000</td>
<td>203,559,589</td>
<td>273,709,589</td>
</tr>
<tr>
<td>1983</td>
<td>85,815,000</td>
<td>197,460,614</td>
<td>283,275,614</td>
</tr>
<tr>
<td>1984</td>
<td>116,485,000</td>
<td>139,288,276</td>
<td>305,773,276</td>
</tr>
<tr>
<td>1985</td>
<td>126,180,000</td>
<td>179,253,688</td>
<td>305,433,688</td>
</tr>
<tr>
<td>1986</td>
<td>149,670,000</td>
<td>167,847,031</td>
<td>317,517,031</td>
</tr>
<tr>
<td>1987</td>
<td>168,055,000</td>
<td>154,719,356</td>
<td>322,774,356</td>
</tr>
<tr>
<td>1988</td>
<td>183,475,000</td>
<td>140,362,144</td>
<td>323,837,144</td>
</tr>
<tr>
<td>1989</td>
<td>208,250,000</td>
<td>124,494,125</td>
<td>332,744,125</td>
</tr>
<tr>
<td>1990</td>
<td>220,120,000</td>
<td>107,090,319</td>
<td>327,210,319</td>
</tr>
<tr>
<td>1991</td>
<td>234,020,000</td>
<td>88,610,616</td>
<td>322,630,616</td>
</tr>
<tr>
<td>1992</td>
<td>252,585,000</td>
<td>68,789,860</td>
<td>321,374,860</td>
</tr>
<tr>
<td>1993</td>
<td>231,590,000</td>
<td>47,119,485</td>
<td>278,709,485</td>
</tr>
<tr>
<td>1994</td>
<td>42,970,000</td>
<td>33,936,731</td>
<td>76,906,731</td>
</tr>
<tr>
<td>1995</td>
<td>52,840,000</td>
<td>29,919,681</td>
<td>82,758,681</td>
</tr>
<tr>
<td>1996</td>
<td>62,810,000</td>
<td>25,066,713</td>
<td>87,876,713</td>
</tr>
<tr>
<td>1997</td>
<td>5,885,000</td>
<td>22,170,454</td>
<td>28,055,454</td>
</tr>
<tr>
<td>1998</td>
<td>5,785,000</td>
<td>21,678,116</td>
<td>27,463,116</td>
</tr>
<tr>
<td>1999</td>
<td>5,885,000</td>
<td>21,185,778</td>
<td>27,070,778</td>
</tr>
<tr>
<td>2000</td>
<td>16,660,000</td>
<td>20,239,863</td>
<td>36,899,863</td>
</tr>
<tr>
<td>2001</td>
<td>18,115,000</td>
<td>18,783,660</td>
<td>36,898,660</td>
</tr>
<tr>
<td>2002</td>
<td>19,700,000</td>
<td>17,260,156</td>
<td>36,960,156</td>
</tr>
<tr>
<td>2003</td>
<td>21,420,000</td>
<td>15,478,256</td>
<td>36,898,256</td>
</tr>
<tr>
<td>2004</td>
<td>23,295,000</td>
<td>13,605,816</td>
<td>36,900,816</td>
</tr>
<tr>
<td>2005</td>
<td>25,330,000</td>
<td>11,569,644</td>
<td>36,899,644</td>
</tr>
<tr>
<td>2006</td>
<td>27,545,000</td>
<td>9,355,503</td>
<td>36,900,503</td>
</tr>
<tr>
<td>2007</td>
<td>29,950,000</td>
<td>6,947,900</td>
<td>36,897,900</td>
</tr>
<tr>
<td>2008</td>
<td>32,570,000</td>
<td>4,329,875</td>
<td>36,899,875</td>
</tr>
<tr>
<td>2009</td>
<td>35,415,000</td>
<td>1,483,003</td>
<td>36,898,003</td>
</tr>
<tr>
<td>Total</td>
<td>2,689,865,000</td>
<td>2,644,754,184</td>
<td>5,334,619,184</td>
</tr>
</tbody>
</table>
BY-LAWS

OF

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

ARTICLE I

THE CORPORATION

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

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

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

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

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

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

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

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

2.4. Compensation. The Directors shall serve without salary, but each Director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties as a Director of the Corporation and a per diem allowance of One Hundred Dollars ($100) when rendering services as a Director, provided that the aggregate of such per diem allowance to any one Director in any one fiscal year of the Corporation shall not exceed the sum of Five Thousand Dollars ($5,000).
ARTICLE 3
REPRESENTATIVES

There shall be six Representatives to the Board of Directors (the "Representatives"). Each Representative shall be entitled to receive notice of and to attend all meetings of the Board of Directors but shall not be entitled to vote at such meetings. The Speaker and the Minority Leader of the Assembly of the State, the President Pro Temp and the Minority Leader of the Senate of the State, the Board of Estimate of the City acting by majority vote, and the Vice-Chairman of the City Council of the City shall each be entitled to appoint a Representative to the Board of Directors. Each Representative shall serve at the pleasure of the respective appointing official or body, shall be eligible for reappointment, and shall hold office until his or her successor has been appointed.
ARTICLE 4
OFFICERS AND EMPLOYEES

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

4.2. Chairman. The Chairman shall be the chief executive officer of the Corporation. The Chairman shall exercise general policy direction and review of the affairs of the Corporation and the performance of the Officers, shall preside at meetings of the Board of Directors at which he or she is present and shall have such other duties as the Board of Directors may direct or as may be specified by law.

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

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

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

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

4.7. Secretary. The Secretary shall act as Secretary of all meetings of the Board of Directors at which he or she is present, and shall keep the minutes of all such meetings in books proper for that purpose. The Secretary shall have power to affix or cause to be affixed the seal of the Corporation to all contracts, certificates, documents, bonds, notes or other obligations and instruments to be executed on behalf of the Corporation and to attest to the same. He or she shall have charge of the books, records and papers of the Corporation relating to its organization and management as a corporation, and shall see that the reports, statements and other documents required by law are properly kept and filed. In addition, the Secretary shall have all other powers and duties customarily incident to the office of secretary.
4.8. **Additional Personnel.** The Executive Director may from time to time employ such additional personnel for the Corporation as he or she may deem necessary or appropriate to exercise the powers, duties and functions of the Corporation as prescribed by law, either as employees of the Corporation or as consultants to the Corporation.

4.9. **Compensation.** Compensation of the Executive Director shall be established by the Board of Directors, and compensation of all other Officers, other than the Chairman, and of additional personnel of the Corporation shall be established by the Executive Director.
ARTICLE 5

MEETINGS

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

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

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

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

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

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

5.7. Delegation. The Corporation may delegate to one or more of its Directors, Officers, agents, or employees such powers and duties not otherwise delegated in these By-Laws or by law as it may deem proper.
ARTICLE 6

COMMITTEES

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

6.2. Additional Committees. The Board of Directors may, by a majority of the Directors of the Corporation then in office, appoint from among its members such other Committees as it may deem appropriate, with such powers and duties as shall be prescribed by the Board. All members and alternates appointed to such other Committees shall serve at the pleasure of the Board.

6.3. Procedures. For the transaction of business of any Committee of the Board, a majority of the whole Committee shall constitute a quorum and may fix its rules of procedure. Meetings of any Committee shall be held at such
times and places and on such notice, if any, as the Committee may from time to time determine. Meetings may be called by the Chairman of a Committee or by the Chairman of the Board. Except as otherwise specified in the notice thereof, or as required by law or by these By-Laws, any and all authorized business may be transacted at any meeting of a Committee. An attendance record and minutes shall be kept for any meeting of a Committee by its Chairman or any other member.

6.4. Limitations. No Committee shall have the power or authority of the Board in reference to (a) amending the By-Laws, (b) designating Committees; (c) filling vacancies among Committee members; (d) removing Officers; or (e) authorizing the issuance of any notes or bonds or other obligations by the Corporation, unless the power to authorize an issuance is specifically conferred upon the Committee by the Board of Directors. The Board of Directors, by a majority of the Directors of the Corporation then in office, may disband any Committee at any time.
ARTICLE 7

SIGNATURE AUTHORIZATION

The Board of Directors shall determine who shall be authorized to sign documents on behalf of the Corporation. Such authority may be general or confined to specific instances.
ARTICLE 8

INDEMNIFICATION

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

8.2. In connection with any such claim, demand, suit, judgment or other action or proceeding, any past or present Director, Representative, Officer, Employee or Consultant of the Corporation, or the legal or personal representative(s) of any such person, shall be entitled to be represented by private counsel of his or her choice.
8.3. The Corporation may, in the discretion of the Board of Directors, advance expenses described in Section 8.1 prior to the final disposition of any such claim, demand, suit, judgment or other action or proceeding.

8.4. The provisions of this article shall be in addition to and shall not supplant any indemnification or other benefits heretofore or hereafter conferred upon directors, representatives, officers, employees and consultants of the corporation by section seventeen of the public officers law, section three thousand twenty of the public authorities or otherwise.
ARTICLE 9

BY-LAWS

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

3.2. Amendment. These By-Laws may be amended by the affirmative vote of two-thirds of the Directors of the Corporation then in office, provided that notice of intention to present such resolution shall be given at least five days prior to the meeting of the Board of Directors at which the motion to adopt such resolution is made.
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 Second General Bond Resolution (the "Resolution") adopted November 25, 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 twelve (12) consecutive calendar months ended October 31, 1978 of the Sales Tax (p. 4) after deduction of cost of administering, collecting and distributing such tax was $926,097,517

2. The most recent collections for the twelve (12) consecutive calendar months ended October 31, 1978 of the Stock Transfer Tax (p. 5) after deduction of cost of administering, collecting and distributing such tax was $406,735,386

3. The most recent collections for the twelve (12) consecutive calendar months ended October 31, 1978 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 $1,332,832,903
C. 1. The total amount of $1,332,832,903 for the twelve (12) consecutive calendar months ended October 31, 1978 as set forth in Paragraph B above (taking into account, among other factors, those factors set forth in Paragraph E below), is more than the revenues expected by me, taking into account the statements set forth in Paragraph D below, for the next succeeding twelve (12) consecutive calendar months from the Sales Tax and Stock Transfer Tax. It is my expectation that the revenues for the next succeeding twelve (12) calendar months from the combined Sales Tax and Stock Transfer Tax will be approximately $1,273,876,343 for the factors, among others, set forth below in Paragraph C. 2.

2. The amount of Stock Transfer Tax set forth in Paragraph B. 2. is the total of Stock Transfer Tax collected in the prior twelve (12) consecutive calendar months. This amount included a Stock Transfer Tax surcharge of 25% for the first nine (9) calendar months of such twelve (12) month period. The 25% Stock Transfer Tax surcharge expired July 31, 1978. The amount of Stock Transfer Tax for the prior twelve (12) consecutive calendar months computed without the surcharge is $347,778,826. Therefore, the total of Sales Tax and Stock Transfer Tax (without the surcharge) for the prior twelve (12) consecutive months is $1,273,876,343. Accordingly, the total amount of $1,273,876,343 is less than the revenues expected by me, taking into account the statements set forth in Paragraph D below, for the next succeeding twelve (12) consecutive calendar 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 Stock Transfer Tax revenue the undersigned, as of this date, has no reasonable basis upon which to form a conclusion that the total revenues for the next succeeding twelve (12) consecutive calendar months commencing September 1, 1978 from the Sales Tax and Stock Transfer Tax will be less than $1,273,876,343.
E. With respect to Sales Tax collection for the twelve (12) consecutive calendar months ended October 31, 1978, several factors which occasioned 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 was 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. Such vendors are also required to make an estimated payment of Sales Tax liability for the month of March by the twentieth (20th) day thereof. Commencing September 1977, the same monthly filing requirements were imposed upon vendors with taxable receipts of $100,000 or more in any quarter of the preceding four quarters. However, the latter vendors (those with taxable receipts of $100,000 or more in any quarter of the preceding four quarters) were relieved of monthly reporting and remittance of sales tax as of March 1978 by Chapter 14 of the Laws of 1978. Accordingly, these vendors are now on the normal quarterly reporting system on and after such date. In filing and making such monthly report and remittance, such large vendors may estimate sales tax liability for certain months based upon historical experience rather than upon actual sales tax liability for such months. Moreover, commencing March 1976, Sales Tax distribution to the Special Tax Account of the Corporation is made upon a historical rather than upon an actual basis. As a consequence, in order to reflect actual experience, adjustments to subsequent distributions to such Special Account will be required to be made from time to time during the twelve (12) consecutive calendar months commencing September 1, 1978. Overdistributions were made to the Special Account which ranged from $2,416,015 to $11,122,699 for certain three-month periods. The State Department of Taxation and Finance has made reductions in distributions to reflect these overpayments and, in addition, has made increases in distributions on two occasions in the approximate amounts of $1 million and $5 million to reflect underdistributions for certain periods. The Commissioner of Taxation and Finance believes that future adjustments,
occasioned by overdistribution to such Special Account, will be reduced as the State Department of Taxation and Finance improves its techniques and procedures for estimating distributions of payments received from large vendors. The statements herein do 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 addition, legislation (Chapter 878 of the Laws of 1977) with respect to the Stock Transfer Tax alters the pattern of flow of Stock Transfer Tax moneys into the Stock Transfer Tax fund. However, it is not expected, at the present time, that such legislation would occasion a change in my expectations set forth in Paragraph C above.

IN WITNESS WHEREOF, I have hereto set my hand this 30th day of November, 1978.

[Signature]

Commissioner of Taxation and Finance

TO: United States Trust Company of New York as Trustee under the Resolution (as defined above).
CERTIFICATE OF THE ACTING DIRECTOR
OF THE BUDGET OF THE STATE OF NEW YORK

I, HOWARD F. MILLER, Acting Director of the Budget
of the State of New York, do HEREBY CERTIFY as follows:

The amount of per capita aid payable to The City of
New York pursuant to Section 54 of the State Finance Law, as
amended, which has been apportioned and paid into the Special
Aid Account of the Municipal Assistance Corporation for The
City of New York in the Municipal Assistance State Aid Fund
established pursuant to Section 92-e of the State Finance Law
for the fiscal year of the State ending March 31, 1979 was
$483,600,000.00.

IN WITNESS WHEREOF, I have hereunto set my hand
this 30th day of November, 1978.

[Signature]
Acting Director of the Budget
of the State of New York
ARBITRAGE CERTIFICATE

I, Harris A. Decker, Treasurer of the Municipal Assistance Corporation of The City of New York (the "Issuer"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation existing under the laws of the State of New York, do hereby certify with respect to the Issuer's $250,000,000 1978 Series 10 Bonds, (the "Bonds") to be issued and delivered simultaneously with this certificate as follows:

All references to "Section 103" are to Section 103 of the United States Internal Revenue Code of 1954, as amended (the "Code"). All references to sections beginning with "1.103" are to sections of the proposed regulations published in the Federal Register on May 3, 1973, as amended to the date hereof, relating to Section 103(c) of the Code. Words and phrases which are defined in such proposed regulations have the same meaning when used herein.

I am one of the officers of the Issuer charged by resolution with the responsibility for issuing the Bonds and applying the proceeds thereof.

The Bonds are dated November 15, 1978, bear interest from such date at the rate of 8 3/8%, and mature on July 1, 2008, subject to mandatory sinking fund redemptions commencing July 1, 1999.

The Bonds are being issued pursuant to a general bond resolution of the Issuer dated November 25, 1975 (the "Second
Resolution") as an initial step in a four year plan of financing designed to enable the City of New York (the "City") to bring its expense budget into balance in accordance with generally accepted accounting principles and to reduce its seasonal borrowing requirements, with the purpose of enabling the City to regain access to public securities markets. In order to implement these objectives, the proceeds of the Bonds will be used (i) to pay operating expenses of the City which are included in the City's capital budget, (ii) to pay money to the City which will have the effect of reducing the need for certain advances by the State of New York (the "State"), and (iii) to augment a capital reserve fund established under the Second Resolution.

I reasonably expect the following with respect to the Bonds and the use of the proceeds thereof:

1. The proceeds from the sale of the Bonds are $245,187,500.00, exclusive of accrued interest for 15 days of $872,395.83. All accrued interest which is received from the sale of the Bonds will be applied to the interest payment due on bonds of the Issuer issued pursuant to the Second Resolution on January 1, 1979.

Such proceeds are to be applied as follows:

Payment to the City:

- For expense items in the capital budget $134,218,250
- To reduce the need for State advance $ 94,119,250

Deposit into the Capital Reserve Fund established under the Second Resolution $ 16,850,000
2. The proceeds to be paid to the City will be so paid upon certification of need by the City pursuant to Section 3037 of the Act (as defined in paragraph 6 hereof) and prior to the expiration of 90 days from the date hereof. All such amount will be expended by the City within 90 days of receipt for expense items and, prior to such expenditure, may be invested at an unlimited yield by the City.

3. The Bonds are being purchased by a group of underwriters, at a purchase price of 98.075% of the principal amount thereof for re-offering to the public at a price of par.

4. Amounts appropriated by the State to pay principal, interest, and Sinking Fund installments on the Bonds (which amounts, together with earnings thereon, are the sole anticipated source of payment thereof) are to be paid, under existing State law, into the Bond Service Fund substantially quarter-annually, and such amounts plus the earnings thereon will be expended for such purpose within thirteen months from the date of their deposit into such fund which fund will be depleted at least once a year except for an amount not in excess of the greater of one year's earnings thereon or one-twelfth of annual debt service.

5. $16,850,000 of the proceeds of the Bonds will be deposited in the Capital Reserve Fund established under the Second Resolution as a reasonably required reserve fund for bonds issued pursuant to such Second Resolution (the "Second Resolution Bonds") which are outstanding as of the date hereof, and together with the earnings thereon may be invested without restriction as to yield.
6. The Issuer has established the Capital Reserve Fund, to which reference is made in paragraph 5, to insure timely payment of principal and interest on the Second Resolution Bonds. Such Capital Reserve Fund is maintained at its capital reserve requirement in accordance with (i) the requirement set forth in Section 3036-a of the Municipal Assistance Corporation for the City of New York Act, which requirement is equal to a specified percentage of the amount of the principal and interest on the Bonds coming due in specified calendar years and (ii) the advice given to the Issuer by its financial advisor with regard to the requirements of the market place. Including the earnings thereon retained in such Fund, the amount therein will never exceed the lesser of (a) the amount reasonably required in accordance with (i) and (ii) above or (b) 15% of the face amount of the issue.

7. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue.

8. Amounts received from the investment of the proceeds deposited in the Capital Reserve Fund and Bond Service Fund may be used by the Issuer for any corporate purpose and except for those amounts to be reinvested in the Capital Reserve Fund, will be expended within one year of their receipt by the Issuer.

9. The Issuer will accumulate no amounts in any fund other than the Bond Service Fund and Capital Reserve Fund established pursuant to the Second Resolution which it reasonably expects to use, directly or indirectly, to pay principal or interest on the Bonds. While other funds
and accounts of the Issuer are subject to a general pledge in favor of the holders of the Bonds, if amounts in such funds and accounts are needed for corporate purposes of the Issuer other than the payment of debt service on the Bonds, they will be so used. Accordingly, it cannot be said with any reasonable assurance that any of these amounts will be available for the payment of debt service on the Bonds if such need should ever arise.

The Issuer has not received notice that it has been listed by the Commissioner of Internal Revenue as an Issuer that may not certify its bonds, nor has it been advised that the Commissioner is contemplating listing the Issuer as a governmental unit that may not certify its bonds.

This certification is executed and delivered pursuant to Section 103(c) and Sections 1.103-13, 1.103-14 and 1.103-15 and is delivered as a part of the transcript of proceedings and accompanying certificates with respect to the Bonds. To the best of the knowledge and belief of the undersigned, the Issuer's expectations contained herein as to the use of the proceeds of the Bonds are reasonable.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Issuer this 30th day of November, 1978.

[Signature]

Harris Al Decker
Treasurer
November 29, 1978

Mr. Harris A. Decker
Treasurer
Municipal Assistance Corporation
for the City of New York
New York, New York 10048

Dear Sir:

We are writing to advise you with respect to the use by the City of New York of certain monies to be paid to such City by the Municipal Assistance Corporation for the City of New York from the proceeds of the sale of the Corporation's 1978 Series 10 Bonds.

Of any monies paid to the City for the (i) payment of operating expenses included in the City's capital budget or (ii) purpose of reducing the need for certain advances by the State of New York, all such monies will be expended by the City within 90 days of receipt for expense items.

Yours truly,

[Signature]

Paul M. O'Brien
Third Deputy Comptroller

PMOB/bjs
November 29, 1978

Mr. Harris A. Decker
Municipal Assistance Corporation
2 World Trade Center
New York, N. Y. 10047

Dear Mr. Decker:

This will confirm advice given to you by Lazard Frères & Co., your financial advisor, to the effect that for market requirements it was necessary to fund the capital reserve fund from the proceeds of the 1978 Series 10 issue.

Very truly yours,

John S. Tamagni

JST: AMM
THE CITY OF NEW YORK
Certificate of the Mayor

I, EDWARD I. KOCH, Mayor of The City of New York (the "City"), pursuant to the provisions of Section 3037 of the Municipal Assistance Corporation for the city of New York Act, being Title III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date hereof (the "Act"), do HEREBY CERTIFY to the Municipal Assistance Corporation For The City of New York (the "Corporation"), as follows:

That in order to reduce from the existing level the City's requirement for an advance by the State in this fiscal year of State assistance moneys payable to the City, there will be required from the Corporation the amount of $55,970,000.

Moneys paid to the City pursuant to Section 3037 of the Act shall be used to make the payments for which such moneys have been so certified.

WITNESS my signature and the seal of the City this 1st day of December, 1978.

[SEAL]
Mayor of The City of New York

Approved as to form:

[SEAL]
Acting Corporation Counsel of The City of New York
CERTIFICATE OF THE CITY OF NEW YORK
PERTAINING TO SECTIONS 3037 AND 3038
OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK ACT

We, the undersigned, EDWARD I. KCCOX, Mayor of The City of New York (the "City") and HARRISON J. GOLDEN, Comptroller of the City, pursuant to the provisions of Section 3037 of the Municipal Assistance Corporation for the city of New York Act, being Title XIII of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date hereof (the "Act"), do HEREBY CERTIFY to the Municipal Assistance Corporation For The City of New York (the "Corporation"), as follows:

That in order to pay for items which are permitted by law to be included in the City's capital budget in this fiscal year, including payments to reimburse the general fund for moneys advanced and expended for such items, there will be required from the Corporation the amount of $134,218,250:

Moneys paid to the City pursuant to Section 3037 of the Act shall be used to make the payments for which such moneys have been so certified:

And do also HEREBY (a) represent that the City is in compliance with such conditions described in Section 3038 of the Act as the Corporation may specify, (b) undertake and agree on behalf of the City to comply with any of such specified conditions as the Corporation may require and (c) represent that all local legislative and executive action required to permit such compliance by the City has been taken.

WITNESS our signatures and the seal of the City this 4th day of December, 1978.

[Signature]
Mayor of The City of New York

[Seal]

[Signature]
Comptroller of The City of New York

APPROVED AS TO FORM:

[Signature]
Corporation Counsel of The City of New York
CERTIFICATE OF THE CITY OF NEW YORK
PERTAINING TO SECTION 3038 OF THE
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK ACT

We, the undersigned, EDWARD I. KOCH, Mayor of the City of New York (the "City") and HARRISON J. GOLDIN, Comptroller of the City, pursuant to the provisions of Section 3037 of the Municipal Assistance Corporation for the city of New York Act, being Title III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date hereof (the "Act"), do HEREBY (a) represent that the City is in compliance with such conditions described in Section 3038 of the Act as the Corporation may specify, (b) undertake and agree on behalf of the City to comply with any of such specified conditions as the Corporation may require and (c) represent that all local legislative and executive action required to permit such compliance by the City has been taken.

WITNESS our signatures and the seal of the City this 31st day of December, 1978.

[Signature]
Mayor of The City of New York

[Seal]

[Signature]
Comptroller of The City of New York

[Seal]
CERTIFICATE OF THE CITY OF NEW YORK
Pertaining to Sections 3037 and 3038
Of the Municipal Assistance Corporation
For the City of New York Act

We, the undersigned, EDWARD I. KOCH, Mayor of the City of New York (the "City"), and HARRISON J. GOLDBIN, Comptroller of the City, pursuant to the provisions of Section 3037 of the Municipal Assistance Corporation for the City of New York Act, being Title III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date hereof (the "Act"), do HEREBY CERTIFY to the Municipal Assistance Corporation For The City of New York (the "Corporation"), as follows:

That in order to pay for items which are permitted by law to be included in the City's capital budget in this fiscal year, including payments to reimburse the general fund for moneys advanced and expended for such items, there will be required from the Corporation the amount of $134,218,250;

Moneys paid to the City pursuant to Section 3037 of the Act shall be used to make the payments for which such moneys have been so certified;

And do also HEREBY (a) represent that the City is in compliance with such conditions described in Section 3038 of the Act as the Corporation may specify, (b) undertake and agree on behalf of the City to comply with any of such specified conditions as the Corporation may require and (c) represent that all local legislative and executive action required to permit such compliance by the City has been taken.

WITNESS our signatures and the seal of the City this 4th day of December, 1978.

[Signature]
Mayor of the City of New York

[Seal]

[Signature]
Comptroller of the City of New York

APPROVED AS TO FORM:

[Signature]
Corporation Counsel Of The City of New York
United States Trust Company of New York (the Trust Company), as Trustee (the Trustee) appointed by the Municipal Assistance Corporation For The City of New York (the Corporation), a public benefit corporation of the State of New York, under and pursuant to the Second General Bond Resolution adopted November 25, 1975, as amended, and the 1978 Series 10 Resolution adopted by the Corporation on November 16, 1978 (collectively, the Resolutions), authorizing the issuance of the Corporation's 1978 Series 10 Bonds (the Bonds) in the aggregate principal amount of $250,000,000, HEREBY CERTIFIES that:

1. The Trust Company accepts the duties and obligations of Trustee under the Resolutions.

2. The Trust Company is duly empowered by the laws of the State of New York to do and to perform all acts and things required of it by the Resolutions.

3. Pursuant to the provisions of the Resolutions and the order of the Corporation dated today, the Trust Company has today authenticated and delivered $250,000,000 principal amount of the Bonds.

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

5. The Trust Company has received from the Corporation copies of the Resolutions, certified to this day by an Authorized Officer of the Corporation, as required by Section 202.2(3) of the Second General Bond Resolution.
IN WITNESS WHEREOF, United States Trust Company of New York has caused this Certificate to be executed by the officers thereunto duly authorized this 30th day of November, 1978.

UNITED STATES TRUST COMPANY OF NEW YORK

By __________________________

Malcolm J. Hood
Senior Vice President

Attest:

______________________________

Assistant Vice President
Excerpt of the BY-LAWS
of
UNITED STATES TRUST COMPANY OF NEW YORK

Dated January 25, 1977

ARTICLE VII
SIGNING AUTHORITIES

Any officer except the Auditor shall have authority to sign checks on behalf of the Trust Company, to certify checks against funds on deposit with the Trust Company, and to endorse checks, drafts, notes and any orders payable to the Trust Company.

The Chairman, the President, a Vice Chairman 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 Trust Company or in its custody in any capacity and to execute deeds of real estate owned by the Trust Company or in its custody in any capacity.

The Chairman, the President, a Vice Chairman 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 Trust Company indentures and all other instruments under which the Trust Company is to act in a fiduciary capacity, or relating to the Trust Company's acting in a fiduciary capacity, and to execute on behalf of the Trust Company all contracts, releases, forms, assignments, security documents and agreements relating thereto.

The Chairman, the President, a Vice Chairman 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 Trust 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 Trust Company bonds, debentures and other evidences of indebtedness, coupons, certificates, warrants and proxies with respect to which the Trust 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 Trust Company. The President or a Vice Chairman 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 Trust 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 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 Trust Company and subject in each case to such conditions or limitations as the President or a Vice Chairman 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 stocks and bonds, and erasures in connection therewith, execute assignments or endorsements 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 Executive Committee may authorize the use of facsimile signatures on any instrument to be authenticated, executed, countersigned or certified on behalf of the Trust Company.
November 30, 1978

Municipal Assistance Corporation
For The City of New York
Room 4540
2 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 Second General Bond Resolution adopted by the Corporation on November 25, 1975, as amended, and as to its due authentication and delivery of the Corporation's 1978 Series 10 Bonds issued today in the aggregate principal amount of $250,000,000 (the Bonds) pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution adopted by the Corporation on November 16, 1978 (the Resolutions), and being issued pursuant to the Bond Purchase Agreement dated November 17, 1978 and the Official Statement of the Corporation dated November 17, 1978.

We have examined the Resolutions, the certificate dated today of the Trustee as to the due authentication and delivery of the Bonds, and such other documents as we have deemed necessary in order to render our opinions hereinafter expressed.

Based upon the foregoing we are of the opinion that:

1. United States Trust Company of New York is a duly authorized and validly 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.

2. The Trustee has duly authenticated and delivered the Bonds.

Very truly yours,

Carter, Ledyard & Milburn

RGMCC: bb
Salomon Brothers  
The Chase Manhattan Bank, N.A.  
Merrill Lynch White Weld Capital Markets Group,  
Merrill Lynch, Pierce, Fenner & Smith Inc.  
Citibank, N.A.  
Morgan Guaranty Trust Company of New York  
Kidder, Peabody & Co., Inc.  
Bache Halsey Stuart Shields, Inc.  
Bank of America NT & SA  
Bankers Trust Company  
Bear, Stearns & Co.  
Chemical Bank  
The First Boston Corporation  
Goldman, Sachs & Co.  
Manufacturers Hanover Trust Company  
Smith Barney, Harris Upham & Co., Inc.  
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 to United States Trust Company of New York, as Trustee, in connection with the issuance today by the Municipal Assistance Corporation For The City of New York (the Corporation) of its 1978 Series 10 Bonds in the aggregate principal amount of $250,000,000.

We are delivering to you herewith our opinion dated today rendered to the Corporation. You are authorized to rely upon this opinion as fully and to the same extent as if it had been addressed to you.

Very truly yours,

Carter, Ledyard & Milburn

RGMcc:bb
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the 1978 Series 10 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 16, 1978. 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: / Dan C. McNeill

Vice President

Attest:

Erik Kromann, Assistant Vice President

Dated: November 20, 1978
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the 1978 Series 10 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 16, 1978. 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 NATIONAL TRUST AND SAVINGS ASSOCIATION

By: John A. Fehrey, Vice Pres.

Attest:

Bastian, Underwriter

Dated: November 28, 1978
November 30, 1978

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

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 17, 1978 (the "Agreement"), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $250,000,000 aggregate principal amount of the Corporation's 1978 Series 10 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 17, 1978, 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 Second General Bond Resolution and the 1978 Series 10 Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 and on November 16, 1978, respectively (the "Resolutions"), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

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

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement, to adopt the Resolutions and to issue 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 the holders of the Bonds, and no other authorization for, or filing or recording of, the Resolutions is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1973 State Covenant as that term is defined in the final Official Statement.

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. 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.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or 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.

7. The offering and sale of the Bonds by the Corporation to you, and the resale of the Bonds by you 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.

8. 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 of New York 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 9 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, and as of the date hereof, 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 are made, not misleading.

"Legislation and Agreements Relating to the Debt Issuance Plan", "Various Control Programs" and "Litigation" are in all material respects 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,
November 30, 1978

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

Gentlemen:

We have delivered to Salomon Brothers and certain other representatives of the Underwriters an opinion dated the date hereof, with respect to the issuance of the 1978 Series 10 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.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 30, 1978

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 $250,000,000 aggregate principal amount of 1978 Series 10 Bonds (the "1978 Series 10 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 1978 Series 10 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the "Second General Bond Resolution"), and the 1978 Series 10 Resolution, adopted November 16, 1978 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 1978 Series 10 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 Second 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 Resolutions or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation to limit the issuance of additional bonds. The 1978 Series 10 Bonds are being issued for the purpose of making deposits into the Capital Reserve Fund established pursuant to the Act and the Second General Bond Resolution.

The Corporation is authorized to issue Bonds, in addition to the 1978 Series 10 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the 1978 Series 10 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 Second General Bond Resolution.

The 1978 Series 10 Bonds are dated November 15, 1978 except as otherwise provided in the Resolution with respect to fully registered 1978 Series 10 Bonds, will bear interest at the rate of eight and three-eighths per centum (8 3/8 %) per annum from November 15, 1978 payable July 1, 1979 and semi-annually thereafter on January 1 and July 1 in each year and will mature on July 1, 2008.

The 1978 Series 10 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 thereof. Coupon and fully registered 1978 Series 10 Bonds are interchangeable as provided in the Resolutions. Coupon 1978 Series 10 Bonds are numbered 10- and fully registered 1978 Series 10 Bonds are lettered and numbered 10R-. Coupon 1978 Series 10 Bonds and fully registered 1978 Series 10 Bonds are numbered consecutively from one upward in order of issuance.

The 1978 Series 10 Bonds are subject to redemption, commencing on July 1, 1999 and on each July 1 thereafter prior to maturity, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second 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 1978 Series 10 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1978 Series 10 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1988, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 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 for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, 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 1978 Series 10 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the "Tax Assistance Fund") and a special account for the Corporation within the Tax Assistance Fund (the "Special Tax 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 Tax 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 1978 Series 10 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1978 Series 10 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the
United States, 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 Second General Bond Resolution and is authorized and permitted by the Second 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, except for the covenant on behalf of the State required to be set forth in each 1978 Series 10 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, 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, moneys, securities and funds in the Bond Service and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The 1978 Series 10 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 1978 Series 10 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, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered on the date hereof, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second 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 Second General Bond Resolution. Subdivision 3 of Section 3036-a 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 Second 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 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise becoming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax 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 per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The 1978 Series 10 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.

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

(a) at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of 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 any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to the extent amounts referred to in 7(a) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account 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;

(c) 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;

(d) 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; and

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

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will 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 Tax Assistance Fund, including the Special Tax 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 Tax 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. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and thereafter available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the 1978 Series 10 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 1978 Series 10 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1978 Series 10 Bonds, and the execution and delivery of the 1978 Series 10 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1978 Series 10 Bond numbered 10-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

5
November 30, 1978

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 17, 1978
with the Municipal Assistance
Corporation For The City of
New York

Gentlemen:

We are bond counsel to the Municipal Assistance Corpora-
tion For The City of New York (the "Corporation") and have
this day delivered to such Corporation an opinion dated the
date hereof with respect to the issuance of the 1978 Series
10 Bonds of the Corporation and have on November 17, 1978
delivered to the Corporation or the Trustee, as set forth
in the respective opinions, opinions as to the validity of
the New York State Financial Emergency Act For The City of
New York and a certain covenant of the State of New York
and as to the adoption of a certain amendment to each of
the General Bond Resolutions of the Corporation referenced
therein, copies of which are annexed hereto. You are
entitled to rely on said opinions as if the same were addressed
to you and dated the date hereof.

Very truly yours,

[Signature]
Salomon Brothers
The Chase Manhattan Bank (National Association)
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
Morgan Guaranty Trust Company of New York
Kidder, Peabody & Co. Incorporated
Bache Halsey Stuart Shields Incorporated
Bank of America NT & SA
Bankers Trust Company
Bear, Stearns & Co.
Chemical Bank
The First Boston Corporation
Goldman, Sachs & Co.
Manufacturers Hanover Trust Company
Smith Barney, Harris Upham & Co. Incorporated

As representatives of the several Underwriters
named in Schedule I of the Bond Purchase
Agreement dated November 17, 1978 with the
Municipal Assistance Corporation For The
City of New York.

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

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 1978 Series 10 Bonds (the "Bonds"),
dated November 15, 1978 and authorized by the Second General
Bond Resolution, adopted by the Corporation on November 25,
1975, and the 1978 Series 10 Bond Resolution, as adopted on
November 16, 1978. The Opinion is being rendered in connec-
tion 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 dated as of November
17, 1978 (the "Bond Purchase Agreement") by and among you,
as representatives of said Underwriters, and the Corporation.
In connection with the preparation of the Opinion, we have reviewed records of the acts taken by the Corporation in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Corporation relating to the authorization, execution and delivery of the Bond Purchase Agreement, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement of the Corporation dated November 17, 1978 with respect to the Bonds (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 under the headings "Per Capita Aid", "Quarterly Collections of Sales and Compensating Use Taxes in the City", "Monthly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax"), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS BEING OFFERED, SUMMARY OF CERTAIN PROVISIONS OF THE SECOND 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 preparing the Opinion and in rendering this opinion we have relied upon the representations of the Corporation set forth in the general certificate of the Corporation dated the date hereof, a copy of which has been delivered to you, as to litigation regarding 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 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. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information and other information set forth in the headings excluded above, as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussions, inquiries and conferences referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact 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 Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, to the date hereof, 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 Second General Bond Resolution, as supplemented and amended to the date hereof or the 1978 Series 10 Bond Resolution 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 Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State of New York (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]
Municipal Assistance Corporation
For The City of New York
New York, New York

Gentlemen:

We have reviewed the accompanying arbitrage certificate of Mr. Harris A. Decker, Treasurer of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation") relating to the reasonable expectation as of the date of issuance of the Corporation's $250,000,000 aggregate principal amount of 1978 Series 10 Bonds, dated November 15, 1978 (herein called the "Bonds"), that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) 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(c) and Sections 1.103-13, 1.103-14 and 1.103-15 of the proposed regulations thereunder published in the Federal Register on May 3, 1973, as amended to the date hereof, to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of said Section of the Code. No matters have come to our attention which, in our opinion, make unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Signature]

Hawkins, Delafield & Wood
November 17, 1978

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

Dear Sirs:

You have requested our opinion as to (i) the validity of the New York State Financial Emergency Act For The City of New York (Chapter 868 of the Laws of New York of 1975) as amended to the date hereof (the "Act") and (ii) the enforceability by a holder of obligations of the Municipal Assistance Corporation For The City of New York (the "Corporation") of the covenant of the State of New York (the "State") authorized and required to be included in certain of such obligations pursuant to Section 10-a of the Act (the "State Covenant") assuming the State Covenant is included in such obligations.

Although the matter is not free from doubt, we are of the opinion that a court of final jurisdiction would hold:

1. That the Act has been duly enacted, and under the Constitution and laws of the State, is valid; provided, however, that we express no opinion with respect to those portions of the Act relating to collective bargaining.

2. That the State Covenant is enforceable against the State by any holder of an obligation of the Corporation reciting the State Covenant, provided that the court in which enforcement is sought holds that its inclusion in such obligation constitutes an important security provision of such obligation.

The foregoing is limited to the extent that the enforceability of the Act or any part thereof is subject at all times to the proper exercise of the State's reserved police power.

Very truly yours,

[Signature]
November 17, 1978

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

Dear Sirs:

We have been requested by the Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York (the "Corporation") to furnish you our opinion as to the matters hereinafter set forth.

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended (the "Act"), the General Bond Resolution of the Corporation adopted on July 2, 1975, the Second General Bond Resolution of the Corporation adopted November 25, 1975 (each as amended and supplemented to the date hereof collectively called the "General Bond Resolutions"), the Supplemental Resolution of the Corporation adopted on November 14, 1978 authorizing certain amendments to Section 103 of each of the General Bond Resolutions (the "Supplemental Resolutions"), and the General Certificate of the Corporation delivered to you on the date hereof certifying the Supplemental Resolutions.

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

Each Supplemental Resolution has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of Section 1001 of each of the General Bond Resolutions, each Supplemental Resolution is authorized or permitted by the respective General Bond Resolution, and each Supplemental Resolution is valid and binding upon the Corporation and enforceable in accordance with its terms.

Very truly yours,

[Signature]

Hawkins, Delafield & Wood
November 30, 1978

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 29, 1978, relating to the authorization, sale and issuance of the 1978 Series 10 Bonds, dated November 15, 1978, in the aggregate principal amount of $250 million (herein called "the 1978 Series 10 Bonds") by the Municipal Assistance Corporation for the City of New York (herein called the "Corporation") to the Underwriters named in Schedule I (herein called the "Underwriters") to the Bond Purchase Agreement dated as of November 17, 1978, between the Underwriters and the Corporation (herein called the "Bond Purchase Agreement").

It is my opinion that:

1. The Financial Emergency Act for the City of New York (the "Act") was added by Chapter 868 of the Laws of 1975. Chapter 868 was introduced in the New York State Legislature on September 5, 1975 (S.1, A.1, Extraordinary Session), was passed in both the Senate and Assembly on September 8, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The Act was amended by Chapters 869 and 870 of the Laws of 1975. Chapter 869 was introduced in the New York State Legislature on September 8, 1975 (S.2, A.2, Extraordinary Session), was passed in both the Senate and Assembly on September 8, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. Chapter 870 was introduced
in the New York State Legislature on September 8, 1975 (S.3, A.3, Extraordinary Session), was passed in both the Senate and Assembly on September 9, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The passage of these bills conformed to Article III, § 14 of the Constitution of the State of New York. I conclude, therefore, that the Act and above-referenced 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.

By Chapter 201 of the Laws of 1978 (A. 13025) the Act was further amended. The amendments passed both Houses of the Legislature on a Message of Necessity from the Governor on May 26, 1978 and were approved by the Governor on June 2, 1978. The passage of these amendments conformed to Article III, § 14 of the Constitution of the State of New York. I further conclude, therefore, that these 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.

By Chapters 777 and 778 of the Laws of 1978 (S.3 - A.3, S.4 - A.4 respectively, Second Extraordinary Session), the Act was further amended. The amendments passed both the Senate and Assembly on September 27, 1978, on a Message of Necessity from the Governor and were approved by the Governor on September 28, 1978. The passage of these bills conformed to Article III, § 14 of the Constitution of the State of New York. I further conclude, therefore, that these 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.

2. Since there is no controlling judicial decision on the Act directly in point, the matter is not free from doubt; nevertheless, it is my opinion that a court would hold for the following reasons that the Act as amended is valid.

In extensive findings which preface the Act the Legislature has found that its provisions are "necessary, proper, reasonable and appropriate means by which the State
can and should implement its overriding State concern with respect to the financial condition of the City and can and should exercise its duty under Article VIII Section 12 of the Constitution to prevent abuses by the City in taxation and in the contracting of indebtedness."

Furthermore, the Act as amended was validly enacted as stated above in "1", and under the Constitution and laws of the State, is entitled to the exceedingly strong presumption of constitutionality afforded to all acts of the Legislature which are validly enacted. Our Court of Appeals has said that "as a matter of substantive law every legislative enactment is deemed to be constitutional until its challengers have satisfied the courts to the contrary." Montgomery v. Daniels, 38 N.Y.2d 41, 54, and cases there cited. On another occasion the Court has stated, in an oft-cited opinion, that "legislative enactments [are] supported by a presumption of validity so strong as to demand of those who attack them a demonstration of invalidity beyond a reasonable doubt, and the courts strike them down only as a last unavoidable result." Matter of Van Berkel v. Power, 16 N.Y.2d 37, 40.

I note that litigation is pending (De Milia v. State, Supreme Court, New York County) which attacks the validity of Chapter 201, ante; however, my office has interposed in such action what I believe to be a valid defense, and the issue is now sub judice.

3. The New York State Financial Control Board for the City of New York (the "Board") was created by the Act and is a governmental agency and instrumentality of the State of New York, having the powers and functions conferred upon it by the Act, as amended, including power to control the fiscal affairs of the City of New York, as there specifically set forth, so long as bonds of the Corporation containing the pledge of the State of New York under Section 10-a, subdivision one of the Act are outstanding and in no event beyond July 1, 2008, as provided by Section 13 of the Act.

4. Section 10-a, subdivision one of the Act authorizes and requires the Corporation to include the pledge of the State of New York therein set forth in bonds issued by the Corporation.
5. As previously indicated, an action is pending in the Supreme Court of the State of New York, County of New York (De Milia v. State), challenging the validity of Chapter 201 of the Laws of 1978. An action was also brought in Supreme Court, New York County (Basile v. Patrolmen's Benevolent Association) challenging the validity of Section 23 of said Chapter, amending the Act relative to collective bargaining by municipal employees. An order was entered on November 28, 1978, granting a motion to dismiss such action, and it is not known to my office if the plaintiff intends to appeal. No other action, suit, proceeding or investigation is pending, of which I have personal knowledge or which has been called to my personal attention, challenging the validity of the Act.

This opinion constitutes my full and only opinion on the Act as to the 1978 Series 10 Bonds, is solely for the information of the Board of Directors of the Corporation and is not to be used or circulated except to the Underwriters in accordance with the Bond Purchase Agreement, or quoted or referred to for any other purpose, or filed with or referred to in any document except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents. In no event may this opinion be printed on the 1978 Series 10 Bonds, circulated to the public in connection with the sale of the Bonds or otherwise made available to the public by the Underwriters or the Corporation as it is intended to be relied on only by you and the Underwriters.

Very truly yours,

[Signature]

LOUIS J. LEFKOWITZ
Attorney General
November 30, 1978

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 29, 1978, relating to the authorization, sale and issuance of the 1978 Series 10 Bonds, dated November 15, 1978, in the principal amount of $250 million (herein called "the 1978 Series 10 Bonds") by the Municipal Assistance Corporation for the City of New York (herein called the "Corporation") to the Underwriters named in Schedule I (herein called the "Underwriters") to the Bond Purchase Agreement dated as of November 17, 1978 between the Underwriters and the Corporation (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, 870, 874, 875, 889, and 891 of the Laws of 1975, by Chapters 185 and 456 of the Laws of 1977 and by Chapters 201, 466 and 777 of the Laws of 1978.
I have examined the pertinent provisions of the Constitution and statutes of the State of New York.

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 Chapter 868 of the Laws of 1975 (S.1 and A.1, Extraordinary Session), the above referenced Acts were amended. The amendment was passed in both Houses of the Legislature on September 8, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The passage of this bill conforms to
the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 870 of the Laws of 1975 (S.3 and A.3, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on September 9, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapters 874 and 875 of the Laws of 1975 (S.5-A.5 and S.15-A.15, respectively, Extraordinary Session), the above referenced Acts were further amended. The amendments were passed in both Houses of the Legislature on November 14, 1975 on a Message of Necessity from the Governor and were approved by the Governor on November 14, 1975. The passage of these bills 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.

By Chapter 889 of the Laws of 1975 (S.32 and A.32, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on November 26, 1975 on a Message of Necessity from the Governor and was approved by the Governor on November 26, 1975. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York, and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.
By Chapter 891 of the Laws of 1975 (S.36 and A.36, Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on December 5, 1975 on a Message of Necessity from the Governor and was approved by the Governor on December 5, 1975. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 185 of the Laws of 1977 (S.6371 and A.8710), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on May 31, 1977 and was approved by the Governor on June 1, 1977. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

By Chapter 456 of the Laws of 1977 (S.6870 and A.8993), the above referenced Acts were further amended. The amendment was passed in the Assembly on July 7, 1977 and in the Senate on July 8, 1977 on a Message of Necessity from the Governor and was approved by the Governor on July 19, 1977. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and the laws of the State of New York and is in full force and effect.

By Chapters 201 and 466 of the Laws of 1978 (A.13025 and S.10146-A.12927, respectively), the above referenced Acts were further amended. The amendment which became Chapter 201 was passed in both Houses of the Legislature on May 26, 1978 on a Message of Necessity from the Governor and was approved by the Governor on June 2, 1978. The amendment which became Chapter 466 passed in the Senate on May 23,
1978, passed in the Assembly on June 22, 1978, and was approved by the Governor on July 6, 1978. The passage of these bills conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further 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.

By Chapter 777 of the Laws of 1978 (S.3 and A.3, Second Extraordinary Session), the above referenced Acts were further amended. The amendment was passed in both Houses of the Legislature on September 28, 1978 on a Message of Necessity from the Governor and was approved by the Governor on September 28, 1978. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York, and I further conclude, therefore, that the amendment has been validly enacted and become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and is in full force and effect.

2. The Acts among other things: establish a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter 7 of the Laws of 1972, (iv) any amounts required to be paid by The City to the State to repay an advance made in 1974 to subsidize the fare of the New York City Transit Authority, (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police
pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, and (vi) eighty million dollars to the special account ("Special Tax Account") for the Corporation in the municipal assistance tax fund ("Tax Assistance Fund") created pursuant to section 92-d of the State Finance Law to the extent that such amount has been included by the Corporation in any computation for the issuance of bonds on a parity with outstanding bonds pursuant to a contract with the holders of such bonds prior to the issuance of any other bonds secured by payments from the Aid Assistance Fund.

3. Subdivision 6 of Section 3036-a of the Public Authorities Law as added by the Acts provides that the Corporation shall create the Bond Service Fund. Subdivision 1 of such section provides that not less than one hundred and twenty days before the beginning of each fiscal year of the Corporation, the Chairman shall certify to the State Comptroller and Mayor of The City a schedule setting forth the cash requirements of the Corporation, including the amounts required to be deposited in the Bond Service Fund to pay all interest and all payments of principal and redemption premium, if any, on notes and bonds payable from the sources set forth in this paragraph and maturing or otherwise coming due during such fiscal year. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit in the Bond Service Fund, the source of such payments being the Aid Assistance Fund into which is paid the above described per capita aid, subject to certain prior claims as described in paragraph "2" above, and, to the extent required, available and subject to agreements with holders of outstanding bonds and notes of the Corporation, the Special Tax Account established for the Corporation in the Tax Assistance Fund created pursuant to Section 92-d of the State Finance Law and consisting of the revenues derived from the imposition of Municipal Assistance Sales and Compensating Use Tax for The City and any amount transferred to the Tax Assistance Fund from the Stock Transfer Tax Fund pursuant to Section 92-b of the State Finance Law. The amount of per capita aid payable to the City and available for apportionment and payment from the General Fund of the State Treasury and payments of such amount out of the Aid and Tax Assistance Funds to the Corporation are subject to prior appropriation for such purpose by the Legislature, which is not obligated to appropriate any such amounts so certified by the Chairman, as aforesaid.
4. Subdivision 2 of Section 3035-a of the Public Authorities Law as added by the Acts provides that the Corporation shall create as an additional and separate fund, a Capital Reserve Fund. Subdivision 4 of such section provides that for any calendar year, the Capital Reserve Fund Requirement for such fund shall equal the amount of principal and interest maturing or otherwise due or becoming due in the succeeding calendar year on all bonds of the Corporation secured by such fund, provided however that for the calendar years set forth below, the Capital Reserve Fund Requirement as of any given date shall equal the percentage set forth opposite such calendar year of the amount of the 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>1978</td>
<td>50%</td>
</tr>
<tr>
<td>1979</td>
<td>75%</td>
</tr>
<tr>
<td>1980</td>
<td>100%</td>
</tr>
</tbody>
</table>

Subdivision 3 of such section provides that the Chairman of the Board of Directors of the Corporation ("the Chairman") shall annually, on or before December 1, certify to the Governor and Director of the Budget of the State the amount, if any, necessary to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. Such subdivision further provides that the sum or sums so certified shall be appropriated and paid to the Corporation during the then current State fiscal year. This subdivision does not constitute an enforceable obligation of the State, as the amount of such sum or sums is subject to annual appropriation for such purpose by the State Legislature, which is not obligated to appropriate such amount.

5. The 1978 Series 10 Bonds do not constitute a legally enforceable obligation upon the part of the State, nor create a debt of the State and the State shall not be liable thereon, nor shall the 1978 Series 10 Bonds be payable out of any funds other than those of the Corporation.
6. The State has the lawful authority, based on the Acts and court decisions:

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

(b) at least annually, to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account of amounts sufficient to enable the Corporation to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(c) to the extent amounts referred to in 6(b) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations; and

(d) to impose and to increase or decrease the Municipal Assistance Sales and Compensating Use Tax and the Stock Transfer Tax, but the State is not bound or obligated to continue the imposition of said taxes, and pursuant to Chapter 878 of the Laws of 1977, the Legislature has provided for certain rebates of stock transfer taxes, which
rebates are payable from the Stock Transfer Incentive Fund created by Section 92-i of the State Finance Law as added by such chapter, which fund consists of funds of the Stock Transfer Tax Fund after transfer therefrom of any moneys required for the Special Tax Account, plus any other moneys appropriated, transferred or credited to the Stock Transfer Incentive Fund pursuant to law.

7. The Legislature appropriated per capita aid, including aid for the benefit of the Corporation for the fiscal year ending March 31, 1979, to the Department of Taxation and Finance in the maximum amount of $776,614,112 by Chapter 53 of the Laws of 1978. The Appropriation Act, entitled "An Act (Local Assistance Budget)" (S.7304A, A.9504A), was passed in the Assembly on March 31, 1978 on a Message of Necessity from the Governor and in the Senate on April 4, 1978. The bill was recalled by a vote of the Senate, was repassed by both Houses of the Legislature on April 5, 1978 and was approved by the Governor on April 14, 1978, except as to items vetoed by the Governor which do not include the appropriation to the Department of Taxation and Finance. The passage of this bill conforms to the provisions of Article III, § 14 and Article VII, § 4 of the Constitution of the State of New York and I conclude, therefore, that the Act has been validly enacted and has become law and is in full force and effect. A further appropriation of per capita aid to said Department for said fiscal year in the amount of $33,000,000 was made by Chapter 777 of the Laws of 1978, heretofore described.

This opinion constitutes my full and only opinion on the Acts as to the 1978 Series 10 Bonds, is solely for the information of the Board of Directors of the Corporation and is not to be used or circulated except to the Underwriters in accordance with the Bond Purchase Agreement, or quoted or referred to for any other purpose, or filed with or referred to in any document except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents. In no event may this opinion be printed on the 1978 Series 10 Bonds, circulated to the public in connection with the sale of the Bonds or otherwise made available to the public by the Underwriters as it is intended to be relied on only by you and the Underwriters.

Very truly yours,

[Signature]

LOUIS J. LEFKOWITZ
Attorney General
November 30, 1978

Dear Sirs:

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated November 17, 1978 (the “Bond Purchase Agreement”) between you and the Municipal Assistance Corporation For The City of New York (the “Corporation”), under which you and such other Underwriters jointly and severally agree to purchase from the Corporation $250,000,000 aggregate principal amount of its 1978 Series 10 Bonds (the “Bonds”) issued pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 and November 16, 1978, 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 17, 1978 (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 other certifications with respect to the accuracy of material factual matters contained therein which were not
independently established. In addition, we have, with your approval, assumed that the Bonds have been duly executed on behalf of the Corporation and duly authenticated by the Trustee, and that the signatures on all documents and instruments examined by us are genuine, which assumptions we have not independently verified.

Based upon the foregoing, it is our opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State of New York (the “State”), constituting a public benefit corporation under the laws of the State.

2. The Resolutions have been duly and validly adopted by the Corporation and are in full force and effect and no further authorization for the Resolutions is required.

3. The Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State and the Resolutions.

4. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Corporation.

5. The offering and sale of the Bonds by the Corporation, and the resale of the Bonds by you as contemplated by the Bond Purchase Agreement and the Official Statement, do not require registration under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as amended. The Bonds constitute “municipal securities” within the meaning of the Securities Exchange Act of 1934, as amended.

In the course of the preparation by the Corporation of the Official Statement, we and representatives of the Underwriters participated in numerous conferences and conversations with general counsel and bond counsel for the Corporation and with certain officials, officers and representatives of the Corporation and the State, and we also consulted on numerous occasions with representatives of certain of the Underwriters. We are not passing upon the accuracy, completeness, or fairness of the information contained in the Official Statement. 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 Official Statement. It is our understanding that you are relying upon the preparation of the Official Statement by the Corporation and certifications of various officers and officials of the Corporation, the State and The City of New York 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 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 Official Statement or in our conferences or conversations referred to above which has caused us to believe that the Official Statement, as of the date thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

While we have not independently passed upon the validity of the Bonds, we hereby confirm that all proceedings of the Corporation and related matters, including (i) the opinion addressed to you of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, (ii) the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, and (iii) the opinions of the Attorney General of the State of New York, each delivered to you today, are satisfactory in form and substance to us and we believe that you and we are justified in relying thereon.

Very truly yours,
$125,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1978 SERIES 10 BONDS

BLUE SKY MEMORANDUM

November 10, 1978

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

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 of $125,000,000 aggregate principal amount of the 1978 Series 10 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 November 10, 1978. The Survey covers (i) offers of and solicitations of offers to purchase the Bonds ("offers"), made orally or by means of the Preliminary Official Statement ("offering material") before issuance of the Official Statement in final form; and (ii) sales or contracts of sale of the Bonds ("sales") after issuance of the Official Statement in final form.

The Survey is based upon the opinion of Bond Counsel that the Corporation is a corporate governmental agency and instrumentality of the State of New York and upon the assumptions that the offers and sales will be made in accordance with the applicable statements contained in the Official Statement and at a price not in excess of the initial public offering price specified therein, that the necessary banking authority approvals have been obtained, and that the Bonds will be purchased by you and the other Underwriters and will be sold by the purchasers for their own account.

The Survey also is subject to the following qualifications:

(a) Although informal rulings from the securities commissions or other similar administrative bodies having jurisdiction have in some instances been obtained, such rulings do not in every case represent authoritative interpretations of the provisions in question. No opinions have been obtained from local counsel and we do not purport to be experts as to the laws of any state other than New York.

(b) Requirements relating to advertising matter published in any jurisdiction have not been considered.

(c) The conclusions set forth in the Survey are subject to the exercise of broad discretionary powers of the securities commissions or other similar administrative bodies having jurisdiction, including the power to withdraw exemptions or special classifications accorded by statute or regulation, to make specific requirements in respect of any offering of securities and to suspend or revoke at any time the registration or qualification of securities for offering in their respective jurisdictions.

Very truly yours,

White & Case
[Reference is made to the attached letter, dated November 10, 1978]

PRELIMINARY BLUE SKY SURVEY

$125,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1978 SERIES 10 BONDS

PART I

Offers and Sales to the Public by Banks and Registered Dealers

A. Banks, without registration as brokers or dealers except as indicated below, and dealers, registered or licensed in the jurisdictions listed below, may offer the Bonds to the public before the Official Statement in final form is issued and may sell the Bonds to the public after it is issued, without registration of the Bonds or other filings being made in the following jurisdictions:

<table>
<thead>
<tr>
<th>Alabama</th>
<th>Kentucky</th>
<th>Ohio(2)(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Louisiana(2)</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>Arizona(1)</td>
<td>Maine(2)</td>
<td>Oregon</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Maryland</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>California</td>
<td>Massachusetts</td>
<td>Puerto Rico</td>
</tr>
<tr>
<td>Colorado</td>
<td>Michigan</td>
<td>Rhode Island(2)</td>
</tr>
<tr>
<td>Connecticut(2)</td>
<td>Minnesota</td>
<td>South Carolina</td>
</tr>
<tr>
<td>Delaware</td>
<td>Mississippi(2)(6)</td>
<td>South Dakota(2)</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Missouri</td>
<td>Tennessee</td>
</tr>
<tr>
<td>Florida(3)</td>
<td>Montana</td>
<td>Texas(2)</td>
</tr>
<tr>
<td>Georgia</td>
<td>Nebraska</td>
<td>Utah</td>
</tr>
<tr>
<td>Hawaii(2)</td>
<td>Nevada(7)</td>
<td>Vermont(2)</td>
</tr>
<tr>
<td>Idaho</td>
<td>New Jersey</td>
<td>Virginia</td>
</tr>
<tr>
<td>Illinois(4)</td>
<td>New Mexico</td>
<td>Washington</td>
</tr>
<tr>
<td>Indiana</td>
<td>New York</td>
<td>West Virginia</td>
</tr>
<tr>
<td>Iowa(5)</td>
<td>North Carolina</td>
<td>Wisconsin</td>
</tr>
<tr>
<td>Kansas</td>
<td>North Dakota(2)</td>
<td>Wyoming</td>
</tr>
</tbody>
</table>

(1) Registration as a dealer is not required to offer and sell the Bonds in this state.
(2) Banks must register as brokers or dealers in this state.
(3) 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 as agent in the purchase or sale of such securities.
(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 Insurance Commissioner. The requisite action is being taken to qualify the Bonds for sale in New Hampshire. 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.

<table>
<thead>
<tr>
<th>Alabama</th>
<th>Kentucky</th>
<th>Ohio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska(1)</td>
<td>Louisiana(6)</td>
<td>Oklahoma(1)</td>
</tr>
<tr>
<td>Arizona</td>
<td>Maine</td>
<td>Oregon</td>
</tr>
<tr>
<td>Arkansas(1)</td>
<td>Maryland(1)</td>
<td>Pennsylvania(10)</td>
</tr>
<tr>
<td>California(2)</td>
<td>Massachusetts(1)</td>
<td>Puerto Rico(1)</td>
</tr>
<tr>
<td>Colorado(1)</td>
<td>Michigan(1)</td>
<td>Rhode Island</td>
</tr>
<tr>
<td>Connecticut(3)</td>
<td>Minnesota(1)</td>
<td>South Carolina</td>
</tr>
<tr>
<td>Delaware(1)</td>
<td>Mississippi</td>
<td>South Dakota</td>
</tr>
<tr>
<td>District of Columbia(1)</td>
<td>Missouri(1)</td>
<td>Tennessee(11)</td>
</tr>
<tr>
<td>Florida</td>
<td>Montana</td>
<td>Texas(6)</td>
</tr>
<tr>
<td>Georgia</td>
<td>Nebraska</td>
<td>Utah(1)</td>
</tr>
<tr>
<td>Hawaii(4)</td>
<td>Nevada(7)</td>
<td>Vermont</td>
</tr>
<tr>
<td>Idaho</td>
<td>New Hampshire(8)</td>
<td>Virginia</td>
</tr>
<tr>
<td>Illinois</td>
<td>New Jersey(9)</td>
<td>Washington</td>
</tr>
<tr>
<td>Indiana(1)</td>
<td>New Mexico</td>
<td>West Virginia(1)</td>
</tr>
<tr>
<td>Iowa(5)</td>
<td>New York</td>
<td>Wisconsin(1)(12)</td>
</tr>
<tr>
<td>Kansas</td>
<td>North Carolina(1)</td>
<td>Wyoming(1)</td>
</tr>
<tr>
<td>North Dakota</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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 exempt institutions.

(3) Provided offeror or seller is a state bank and trust company, a national banking association, a federal savings and loan association, a credit union, a federal credit union, or trust company, or a person who has no place of business in the state and effects transactions exclusively with broker-dealers or exempt institutions.

(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 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.

(10) Provided offeror or seller is a bank, banking and trust company, savings bank, trust company, private bank, or savings and loan association effecting transactions for its own account or executing orders for the sale of securities for the account of the seller thereof; or is a registered or licensed dealer or broker in the jurisdiction, or has no place of business in this jurisdiction and effects transactions in the jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(11) Provided offeror or seller is a bank or registered dealer in Tennessee.

(12) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
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 these jurisdictions, unless otherwise indicated. This Survey does not cover the status of the Bonds with respect to eligibility for investment by any of the institutions mentioned.

Alabama

Any bank, savings institution, 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.

Alaska (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Arizona

Any bank, savings institution, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.

Arkansas (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

California (2)

Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a self-employed individual retirement plan), a wholly-owned subsidiary of the foregoing institutional investors, or a college or university which has total endowment funds of not less than $5,000,000, or a corporation which has a net worth of not less than $14,000,000.

Colorado (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Connecticut (1)

Any state bank and trust company, national banking association, mutual savings bank, savings and loan association, 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.

Delaware (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

District of Columbia (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Florida

Any bank or trust company, whether acting in its individual or fiduciary capacity, savings institution, insurance company, regulated investment company, or to a pension or profit sharing plan having assets not less than $500,000.

Georgia

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

Hawaii (4)

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.
Idaho 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.

Illinois Any corporation, 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 a trust in respect of which a bank or trust company is trustee or co-trustee.

Indiana 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.

Iowa 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.

Kansas 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.

Kentucky 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.

Louisiana Any bank, savings institution, trust company, insurance company, or corporation.

Maine 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.

Maryland 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.

Massachusetts 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.

Michigan 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.

Minnesota 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.

Mississippi Any bank, savings institution, trust company, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.
<table>
<thead>
<tr>
<th>State</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Montana</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or in some fiduciary</td>
</tr>
<tr>
<td></td>
<td>capacity.</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or in some fiduciary</td>
</tr>
<tr>
<td></td>
<td>capacity.</td>
</tr>
<tr>
<td>Nevada(6)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>No one.</td>
</tr>
<tr>
<td>New Jersey(7)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or in some fiduciary</td>
</tr>
<tr>
<td></td>
<td>capacity.</td>
</tr>
<tr>
<td>New York</td>
<td>Any bank or syndicate, corporation or group formed for the specific purpose</td>
</tr>
<tr>
<td></td>
<td>of acquiring such securities for resale to the public directly or through</td>
</tr>
<tr>
<td></td>
<td>other syndicates or groups.</td>
</tr>
<tr>
<td>North Carolina(1)(8)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Any bank, savings bank, savings institution, trust company, insurance company,</td>
</tr>
<tr>
<td></td>
<td>or any corporation, organization or association, a principal part of whose</td>
</tr>
<tr>
<td></td>
<td>business consists of the buying of securities.</td>
</tr>
<tr>
<td>Ohio(3)</td>
<td>Any institutional investor, defined as any corporation, bank, insurance</td>
</tr>
<tr>
<td></td>
<td>company, pension fund or trust, employees' profit sharing fund or trust, any</td>
</tr>
<tr>
<td></td>
<td>association engaged, as a substantial part of its business or operations,</td>
</tr>
<tr>
<td></td>
<td>in purchasing or holding securities, or any trust in respect of which a</td>
</tr>
<tr>
<td></td>
<td>bank is trustee or co-trustee.</td>
</tr>
<tr>
<td>Oklahoma(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension</td>
</tr>
<tr>
<td></td>
<td>or profit-sharing trust, or other financial institution or institutional</td>
</tr>
<tr>
<td></td>
<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Oregon</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company, pension or profit-sharing trust, or other financial institution or</td>
</tr>
<tr>
<td></td>
<td>institutional buyer.</td>
</tr>
</tbody>
</table>
Pennsylvania(9) .......... 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(1) .......... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or 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(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.

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(10) ......... Any bank, savings institution, trust company, insurance company, building and loan association, pension fund, pension trust, employees' profit sharing trust, a trust of which a bank or trust company is a trustee or cotrustee, or an association engaged as a substantial part of its business in investing, reinvesting or trading in securities.

Texas ................. Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, or small business investment company as defined in the Small Business Investment Act of 1958, as amended.

Utah(1) ................ Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or 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 a fiduciary capacity.

Virginia .............. Any corporation, investment company or pension or profit-sharing trust.

Washington ............ Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

West Virginia(1) .... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.
Wisconsin(11) 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 the 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 statutes, has no place of business in California and offers or sells securities in California exclusively to other broker-dealers or to exempt institutions.

(3) Provided offeror or seller is a registered broker-dealer or a registered or licensed dealer 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 is a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

(8) A bank, savings institution, trust company, or North Carolina registered dealer may also offer and sell the bonds to corporations.

(9) Provided offeror or seller is a bank, banking and trust company, savings bank, trust company, private bank, or savings and loan association effecting transactions for its own account or executing orders for the sale of securities for the account of the seller thereof; or is registered or licensed dealer or broker in the jurisdiction, or has no place of business in this jurisdiction and effects transactions in the jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(10) Provided offeror or seller is a bank or registered dealer in Tennessee.

(11) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
CERTIFICATE OF TRUSTEE AS TO RECEIPT OF PROCEEDS OF THE SALE OF 1978 SERIES 10 BONDS

The undersigned, a duly appointed and qualified officer of United States Trust Company of New York, HEREBY CERTIFIES as follows:

United States Trust Company of New York, as Trustee (the Trustee) under the Second General Bond Resolution adopted November 25, 1975, as amended (the Second General Resolution), by 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 its 1978 Series 10 Bonds, in the aggregate principal amount of $250,000,000 (the Bonds), as authorized by the 1978 Series 10 Resolution adopted by the Corporation on November 16, 1978, hereby acknowledges, on behalf of the Corporation, the receipt of the proceeds of sale of the Bonds, plus accrued interest thereon, consisting of $1,250,000 good faith deposit received on November 17, 1978 and the additional amount of $244,809,995.83 (representing the purchase price of the Bonds in the amount of $245,187,500 plus accrued interest in the aggregate amount of $872,395.33, less such good faith deposit) received on the date hereof, for use in accordance with instructions delivered by the Corporation to the Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand
and the seal of United States Trust Company of New York this 30th day of November, 1976.

Malcolm J. Hood
Senior Vice President

(SEAL)

ATTEST:

Assistant Vice President
On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated November 17, 1978 (the "Agreement") with the Municipal Assistance Corporation For The City of New York (the "Corporation"), acknowledges receipt from United States Trust Company of New York, as Trustee under the Second General Bond Resolution adopted on November 25, 1975, upon the order of the Corporation, of the 1978 Series 10 Bonds (the "Bonds") of the Corporation, in definitive form, in the principal amount of $250,000,000 issued pursuant to the Second General Bond Resolution and the 1978 Series 10 Resolution adopted on November 16, 1978.

The aggregate purchase price of the Bonds is $245,187,500 plus accrued interest in the amount of $872,395.83 from November 15, 1978 to the date hereof, for a total of $246,059,895.83.

We hereby further acknowledge that the good faith check in the amount of $1,250,000 delivered to the Corporation on November 17, 1978 shall be applied by the Corporation to the aggregate purchase price for the 1978 Series 10 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 30th day of November, 1978.

SALOMON BROTHERS
As Representatives of the Underwriters

By: [Signature]
Eugene Crowley
Municipal Assistance Corporation
For The City of New York

1978 Series 10 Bonds
(Issued pursuant to the Second General Bond Resolution)

Principals and Interests on the 1978 Series 10 Bonds are payable at the corporate headquarters of Gillett, A. New York, New York, at or at the address of the Bank or Trust of America at 52, San Francisco, California, unless otherwise directed by the 1978 Series 10 Bonds is payable July 1, 1979 and thereafter thereafter on each January 1 and July 1. The 1978 Series 10 Bonds will be issued as direct bonds in the denomination of $100 each, registrable as to principal only, or as fully registered bonds in the denominations of $1,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $10,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $100,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $1,000,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $10,000,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $100,000,000 each, registrable as to principal only, or as fully registered bonds in the denominations of $1,000,000,000 each, registrable as to principal only.

The 1978 Series 10 Bonds are subject to redemption at the option of the Corporation at each July 1, 1980, in a whole or any part of the principal amount thereof, at a redemption price of 101%, of the principal amount thereof, plus accrued interest thereon, if any, to the redemption date, as more fully described in the Official Statement.

8 1/4% Term Bonds due July 1, 2003 @ 100

The 1978 Series 10 Bonds are payable from time to time in capital letters and shall be held or required for payment or cause other arrangements to be made for the payment of the principal of the Corporation, as may be determined by the Corporation's Board of Directors, in the event of default under the indenture or if the Corporation shall be unable to pay the principal of or interest on the 1978 Series 10 Bonds.

The 1978 Series 10 Bonds are issued under the provisions of the New York State Public Authority Act, as amended, and with the approval of the New York State Insurance Department, and shall be exempt from the provisions of the New York State Public Authority Act, as amended, and shall be exempt from the payment of taxes imposed by the State of New York on the bonds.

The 1978 Series 10 Bonds are sold to the Corporation by the New York State Bond Corporation, New York, New York, and the Corporation by the General Counsel, Paul, Weiss, Rifkind, Wharton & Carmichael, New York, New York. It is expected that the 1978 Series 10 Bonds under this form will be available for consumption on or about November 30, 1972. At the option of the Bond Corporation, delivery will be at the Corporation Trust Company, New York, New York.

Certain letters that may not be a part of the document or have been transcribed incorrectly are as follows: the letter "c" may be read as "s", the letter "d" may be read as "t", the letter "f" may be read as "b", the letter "g" may be read as "t", the letter "h" may be read as "h", the letter "i" may be read as "i", the letter "j" may be read as "i", the letter "k" may be read as "k", the letter "l" may be read as "l", the letter "m" may be read as "m", the letter "n" may be read as "n", the letter "o" may be read as "o", the letter "p" may be read as "p", the letter "q" may be read as "q", the letter "r" may be read as "r", the letter "s" may be read as "s", the letter "t" may be read as "t", the letter "u" may be read as "u", the letter "v" may be read as "v", the letter "w" may be read as "w", the letter "x" may be read as "x", the letter "y" may be read as "y", the letter "z" may be read as "z".
CERTIFICATE OF THE EXECUTIVE DIRECTOR OF  
THE MUNICIPAL ASSISTANCE CORPORATION FOR  
THE CITY OF NEW YORK

I, Eugene J. Keilin, the Executive Director of the  
Municipal Assistance Corporation For The City of New York 
(the "Corporation"), hereby certify that:

1. The Corporation is not in default in (a) the  
payment of the principal of or premium, if any, or  
interest on any bond, note or other evidence of indebted-  
ness issued, assumed or guaranteed by the Corporation,  
(b) the payment of any amounts payable under any lease,  
mortgage or conditional sale arrangement securing with  
the consent of the Corporation the payment of any indebt-  
edness of a public benefit corporation or other govern-  
mental agency, instrumentality or body for borrowed money  
or (c) the performance or observance of any covenant or a  
condition under the Second General Bond Resolution and  
the 1978 Series 10 Resolution, adopted by the board of  
directors of the Corporation on November 25, 1975 and  
November 16, 1978, respectively, (collectively, the  
"Resolutions") or under its agreement dated November 17,  
1978 with certain underwriters for the sale through such  
underwriters of the Corporation's 1978 Series 10 Bonds  
(the "Bond Purchase Agreement").

2. No bankruptcy, insolvency or other similar  
proceedings or moratorium or similar legislation in  
respect of the Corporation or its obligations is pending  
or, to the best of my knowledge, contemplated.

3. The prospects for payment of the principal of  
or premium, if any, or interest on the Bonds when due  
have not been materially adversely affected since the  
date of the final Official Statement by the existence of  
a lien, claim, charge or encumbrance (other than as  
described in the final Official Statement) or by any  
legislative, executive or other action or inaction by  
any legislative body or other governmental official,  
department, commission, board, bureau, agency, instru-  
mentality, body or public benefit corporation (which  
has the jurisdiction and power to take the action it
purports to take) (hereinafter, any "Governmental Authority"), such as but not limited to a failure to appropriate Per Capita Aid, Sales Taxes or Stock Transfer Taxes, each as defined in the Second General Bond Resolution, but in any case excluding the issuance by the Corporation of its bonds and notes as permitted by the Resolutions, the first General Bond Resolution adopted by the board of directors of the Corporation on July 2, 1975 and other agreements of the Corporation.

4. To the best of my knowledge, no Governmental Authority has taken or failed to take any legislative, executive or other action, and no formal declaration by the State Senate, Assembly or Governor or the Corporation has been made, so as to materially adversely affect the prospects that the State will make payments pursuant to Section 3036-a.3 of the Act (as defined in the Bond Purchase Agreement), at the times and to the extent contemplated by such Section.

IN WITNESS WHEREOF, I have set forth my hand this 30th day of November, 1978.

[Signature]

Executive Director
of the Municipal Assistance Corporation For The City of New York
CERTIFICATE OF THE CITY OF NEW YORK

We, MARTIN IVES, the First Deputy Comptroller of The City of New York (the "City"), and JAMES R. BRIGHAM JR., the Director of Management and Budget of the City, hereby certify on behalf of the City and to the best of their knowledge and belief as follows:

1. The City is not in default in the payment of the principal of or premium, if any, or interest on any note, bond or other evidence of indebtedness issued, assumed or guaranteed by the City.

2. No bankruptcy, insolvency or other similar proceeding or moratorium or similar legislation in respect of the City is pending or contemplated.

IN WITNESS WHEREOF, we have each set forth our hand this 30th day of November, 1978.

THE CITY OF NEW YORK

Approved as to form:

[Signature]
Corporation Counsel

By
First Deputy Comptroller

By
Director of Management and Budget
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
$250,000,000
1978 SERIES 10 BONDS

MEMORANDUM OF CLOSING ON NOVEMBER 30, 1978

At a closing held on November 30, 1978, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the Underwriters referred to in Schedule I to the Bond Purchase Agreement dated November 17, 1978 (the "Bond Purchase Agreement") among the Corporation and each of such underwriters (collectively, the "Underwriters") $250,000,000 aggregate principal amount of the Corporation's 1978 Series 10 Bonds maturing July 1, 2008, bearing an interest rate of 8-3/8 % (the "1978 Series 10 Bonds"); the 1978 Series 10 Bonds were issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act; each as further amended, being Titles I, II and III of Article 10 of the Public
Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the Second General Bond Resolution adopted by the Corporation on November 25, 1975 as amended, (the "Second General Bond Resolution") and the 1978 Series 10 Resolution adopted by the Corporation on November 16, 1978 (the "Series 10 Resolution") authorizing the 1978 Series 10 Bonds (the Second General Bond Resolution and the Series 10 Resolution are sometimes collectively referred to herein as the "Resolutions").

I

The Closing

A. On November 29, 1978, a preliminary closing was held at the offices of Hawkins, Delafield & Wood, 67 Wall Street, New York, New York. All papers to be delivered at the closing, to the extent practicable, were executed and approved, and such papers were packaged and placed in escrow.
B. The closing (the "Closing") was held at such offices of Hawkins, Delafield & Wood, on November 30, 1978 at 8:30 a.m. (the "Closing Date"). The persons present at the Closing are set forth in Schedule I hereto.

C. All the transactions enumerated in divisions II and III below are considered to have taken place simultaneously, and no delivery or payment was considered to have been made until all transactions to be taken at the Closing were completed.

II

Documents Delivered at the Closing

A. From the Corporation to the representatives of the Underwriters (the "Representatives") and their counsel:

1. Copy of the final Official Statement of the Corporation dated November 17, 1978 relating to the 1978 Series 10 Bonds executed by the Chairman of the Corporation (the "Official Statement").


4. Bond Purchase Agreement dated November 17, 1978 (the "Bond Purchase Agreement"), executed by the Corporation and Salomon Brothers as Representative of the Underwriters.
5. (a) Extracts of the Minutes of the Board of Directors Meeting held on November 3, 1978 showing approval of the distribution of the Preliminary Statement for use in connection with the offer and sale of the 1978 Series 10 Bonds by the Underwriters.

(b) Extracts of the Minutes of the Board of Directors Meeting held on November 14, 1978 with respect to adoption of amendments to the First General Bond Resolution, adopted by the Corporation on July 2, 1975, and the Second General Bond Resolution.

(c) Extracts of the Minutes of the Board of Directors Meeting held on November 16, 1978, showing:

(i) approval of the Official Statement and authorization of distribution of the Official Statement;

(ii) adoption of the Series 10 Resolution including authorization to execute the Bond Purchase Agreement and

(iii) authorization of the issuance and delivery of the 1978 Series 10 Bonds.

6. A copy of the Second General Bond Resolution.

7. A copy of the Series 10 Resolution.

8. Written order, dated the Closing Date, of the Corporation as to the delivery and authentication of the 1978 Series 10 Bonds.

9. A certificate, dated the Closing Date, of an appropriate officer of the Corporation, required pursuant to Section 3(a)(3) of the Bond Purchase Agreement. (See item 17)

10. A certificate, dated the Closing Date, of the Director of the Budget of the State of New York (the "State"), required pursuant to Section 3(a)(4) of the Bond Purchase Agreement.

11. A certificate of the Commissioner of Taxation and Finance of the State, dated the Closing Date, required pursuant to Section 3(a)(5) of the Bond Purchase Agreement. (Exhibit E to the Bond Purchase Agreement.)
12. Certificates, dated the Closing Date, of the Deputy Mayor for Finance and the First Deputy Comptroller of the City, required pursuant to Section 3(a)(6)(i) of the Bond Purchase Agreement.

13. A certificate dated the Closing Date, of the State Special Deputy Comptroller for the City required pursuant to Section 3(a)(6)(ii) of the Bond Purchase Agreement.

14. A certificate, dated the Closing Date, of the Executive Director of the Financial Control Board (the "Financial Control Board") required pursuant to Section 3(a)(6)(ii) of the Bond Purchase Agreement.

15. The approval, dated November 15, 1978 of the Comptroller of the State required pursuant to Section 3(d) of the Bond Purchase Agreement.

16. A letter, dated the Closing Date, furnished by Price Waterhouse & Co. required pursuant to Section 3(g) of the Bond Purchase Agreement. (Exhibit F to Bond Purchase Agreement.)

17. A general certificate of the Corporation, dated the Closing Date, as to Members, Officers, Terms of Office and other matters concerning the Corporation, including By-Laws, minutes, certain resolutions, litigations, signatures and certificates required pursuant to Section 202 of the Second General Bond Resolution.

18. A certificate of the Commissioner of Taxation and Finance of the State, dated the Closing Date, required pursuant to Section 202.3(1) of the Second General Bond Resolution.

19. A certificate of the Director of the Budget of the State, dated the Closing Date with respect to amount of Per Capita Aid required pursuant to Section 202.3(2) of the Second General Bond Resolution.

21. A certificate, dated the Closing Date, of the Executive Director of the Corporation, with respect to absence of defaults under various agreements and covenants, no bankruptcy of the Corporation, prospects for payment of the Bonds and absence of governmental action materially adversely affecting the Bonds.

22. A certificate, dated the Closing Date, of the First Deputy Comptroller of the City and the Director of Management and Budget of the City, as to no defaults in payments under various debt instruments and no bankruptcy of the City.

B. From the Corporation to the United States Trust Company of New York (the "Trustee") and its counsel, with copies to the Representatives and their counsel:

1. Copies of the following documents, all as required by Section 202 of the Second General Bond Resolution:

   (i) see item A.7 above;
   (ii) see item A.8 above;
   (iii) see item A.18 above;
   (iv) see item A.19 above;
   (v) see item D below;
   (vi) see items E and F.1 below;

C. From the Trustee to the Corporation, with executed copies to the Representatives and their counsel:

1. Trustee's certificate with attached copy of an excerpt of the by-laws showing authority for authorized officers to authenticate the 1978 Series 10 Bonds.
2. Opinion of Counsel for the Trustee, dated the Closing Date, with respect to the Trustee's authority to act as Trustee, (accompanied by a letter authorizing reliance thereon) to the Underwriters.

D. From Citibank, N.A. and Bank of America NT & SA to the Corporation: Acceptances of the Office of Paying Agent.

E. From Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, to the Representatives and their counsel: the opinion, dated the Closing Date, addressed to the Representatives furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit A thereto.

F. From Messrs. Hawkins, Delafield & Wood, Bond Counsel, to the Representatives and their counsel:

1. The opinion, dated the Closing Date, addressed to the Corporation furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit B thereto.

2. The opinion, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit C thereto.

3. An opinion dated November 17, 1978, with respect to the State Covenant.

5. An opinion, dated the Closing Date, addressed to the Corporation as to arbitrage.

6. A letter, dated the Closing Date, addressed to the Trustee authorizing reliance, as of the Closing Date, upon the opinions referred to in items F.1, F.3 and F.4.

G. From the Attorney General of the State to the Representatives and their counsel:

1. an opinion, dated the Closing Date, addressed to the Corporation furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit D thereto.

2. an opinion, dated the Closing Date, with respect to the Financial Emergency Act for the City of New York.

H. From Messrs. White & Case to the Representatives:

1. The opinion, dated the Closing Date, addressed to the Representatives furnished pursuant to Section 3(a)(2) of the Bond Purchase Agreement.

2. A survey of the applicable "Blue Sky" laws of various jurisdictions.


III
Delivery of the 1978 Series 10 Bonds and Checks at the Closing.

A. Coupon. Bonds in bearer form representing $250,000,000 aggregate principal amount of the Corporation's 1978 Series 10 Bonds maturing on July 1, 2008 were delivered to the Representatives.
B. The Representatives delivered to the Corporation a certified check in New York Clearing House funds in the amount of $244,809,895.83 which together with the deposit of $1,250,000 paid pursuant to Section 5 of the Bond Purchase Agreement constituted payment in full of the purchase price of the 1978 Series 10 Bonds and accrued interest thereon delivered to the Representatives.

C. Receipt of the Trustee as to Proceeds of the Sale was given to the Corporation.

D. Receipt of the Representatives for the 1978 Series 10 Bonds was given to the Corporation.

E. Order As To Deposit and Investment of the Proceeds of the Bonds was given to the Trustee.

IV Post Closing Matters

A. From the Corporation to the Representatives and their counsel:

1. Certificate of the Mayor of the City, pursuant to Section 3037 of the Municipal Assistance Corporation for the city of New York Act (the "Act").

2. Certificate of the Mayor of the City and the Comptroller of the City, pursuant to Section 3038 of the Act.

B. From the Corporation to Salomon Brothers and White & Case:

(i) the Bond Purchase Agreement, dated as of November 15, 1978, among the Corporation and each of the Financial Institutions and City Pension Funds listed on Schedule I thereto (the "Private Bond Purchase Agreement");
(ii) the Loan Agreement, dated as of November 15, 1978 among the City, the Commercial Banks that are among the Financial Institutions and the City Pension Funds for up to $750,000,000 of Seasonal Loans;

(iii) the Adherence Agreement, dated November 15, 1978, among the City, the Financial Institutions and the City Pension Funds (Exhibit A to the Private Bond Purchase Agreement);

(iv) the Agreement to Guarantee, dated November 15, 1978, among the United States of America, the City, the State, the Financial Control Board and the Corporation, constituting the Federal guarantee of the City's bonds; and

(v) the Guaranteed Bond Purchase Agreement, dated November 15, 1978, among the United States of America, the City and the City and State Pension Funds.
SCHEDULE I

For the Corporation:

Stephen Weinstein
Harris A. Decker
Marilyn Friedman, Esq.
Linda Seale, Esq.

For Messrs. Paul, Weiss, Rifkind, Wharton & Garrison:

Allen L. Thomas, Esq.
Anthony J. Horan, Esq.
Paul Pearlman, Esq.

For Messrs. Hawkins, Delafield & Wood:

Donald Robinson, Esq.
John J. Keohane, Esq.
Thornton R. Lurie, Esq.

For Messrs. Carter, Ledyard & Milburn:

R. Demarest Duckworth, III, Esq.
Amy S. Vance, Esq.

For United States Trust Company of New York:

Malcolm L. Hood
George Boswell
Pat V. Santivasci

For the Underwriters:

L. Eugene Crowley

For Messrs. White & Case:

Edward C. Schults, Esq.
David H. Blair, Esq.
Diane B. Kunz, Esq.
Kenneth F. Khoury, Esq.
ORDER AS TO DEPOSIT AND INVESTMENT
OF 1978 SERIES 10 BOND PROCEEDS

November 30, 1978

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

Gentlemen:

You have today received the amount of $244,809,895.83 from the Municipal Assistance Corporation For The City of New York (the Corporation) which, together with the good faith deposit of $1,250,000 received by you on November 17, 1978, constitutes the aggregate proceeds, including accrued interest, of the Corporation's sale of $250,000,000 aggregate principal amount of its 1978 Series 10 Bonds dated November 15, 1978 (the Proceeds). You are hereby requested, authorized and directed to deposit the Proceeds in the Corporation's Series 10 Proceeds Account (the Proceeds Account).

You are hereby further requested, authorized and ordered on December 1, 1978 (i) to deposit $16,850,000 of the Proceeds Account in the Capital Reserve Aid Fund under the Second General Bond Resolution adopted on November 25, 1975, as amended (the Second General Resolution), (ii) to deposit $872,395.83 of the Proceeds Account in the Bond Service Fund under the Second General Resolution, (iii) to pay over $94,119,250 of the Proceeds Account, by check payable in federal funds, to The City of New York (the City) for the purpose of reducing from the existing level the City's requirements for an advance by the State of New York (the State) in this fiscal year of State assistance moneys payable to the City, and (iv) to pay over to the City, upon direction of the Corporation, by check or checks payable in federal funds, the $134,218,250 balance of the Proceeds Account, for use by the City to pay expense items permitted to be included in its capital budget.

Pending directions as to the expenditure of the Capital Reserve Aid Fund and the Bond Service Fund for the purposes authorized by the Second General Resolution, you are hereby requested, authorized and directed to invest monies in the Capital Reserve Aid Fund and the Bond Service Fund, and any accrued interest thereon, in the manner provided in Section 702 of the Second General Resolution.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By /s/ [Signature]
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

1978 SERIES 10 BOND

CUSIP 626190 DW 9

DOLLARS

on the last day of July, 2008, unless redeemed prior thereto on notice thereof, and to pay to the registered owner thereof interest thereon at the rate of eight and three-eighths per centum (8 3/8%) per annum, payable on July 1, 1978 and semi-annually thereafter on January 1 and on July 1. In each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligations with regard to the payment of such principal sum shall be discharged, at the corporate trust office of the City of New York, New York, of the Trustee hereinafter mentioned. Such principal and interest payable, if any, at said 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 and the indenture under which it is issued shall be subject to redemption, in whole or in part, at the option of the Corporation at the corporate trust office of the City of New York, New York, of the Trustee hereinafter mentioned. Such principal and interest payable, if any, at said 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 contained on the reverse side hereof, and such contained terms and provisions shall, for all purposes, have the same effect as though fully set forth at this place.

The Bond of the Series of which this Bond is one (herein and on the reverse side hereof, designated "1978 Series 10 Bond") shall not be a debt of either the State of New York or the City of New York (herein and on the reverse side hereof, designated the "City") and neither the State of New York nor the City of New York shall be liable for the payment of any bond of either the State of New York or the City of New York (herein and on the reverse side hereof, designated the "City"), nor shall either the State of New York nor the City of New York be liable for the payment of any bond of either the State of New York or the City of New York (herein and on the reverse side hereof, designated the "City"), nor shall either the State of New York nor the City of New York (herein and on the reverse side hereof, designated the "City") be liable for the payment of any bond of either the State of New York or the City of New York (herein and on the reverse side hereof, designated the "City").

This Certificate of Authentication hereby certifies that the undersigned, the Trustee, authorized and empowered, on behalf of the Corporation, to issue and sell the said Bonds, does hereby make and issue the said Bonds and that the said Bonds have been authorized and issued in accordance with the terms and conditions of the indenture referred to in this Certificate of Authentication, and that the said Bonds are valid and binding obligations of the Corporation for the use and benefit of the holders thereof.

This Certificate of Authentication shall be used for the purpose of authenticating the said Bonds and no other certificate shall be issued in lieu hereof.

This Certificate of Authentication is executed this 1st day of July, 1978, by the Secretary of the Corporation and his corporate seal has been hereunto affixed, and the seal of the Corporation has been hereunto affixed.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By

Chairman

Secretary

Authorized Signature

SEAL

1975