I. BASIC DOCUMENTS AND CERTIFICATES OF THE CORPORATION:

1.1. (a) Copies of the preliminary Official Statements dated November 10, 1978 of the Municipal Assistance Corporation (the "Corporation") relating to the 1978 Series 11, 12 and 13 Bonds (collectively, the "Bonds").

(b) Copy of the final Official Statement dated November 17, 1978 of the Corporation relating to the Bonds (the "Official Statement").

1.2. The Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement"), executed by and among the Corporation and the Financial Institutions and New York City (the "City") Pension Funds named therein (collectively, the "Purchasers").

1.3. Copy of the Second General Bond Resolution of the Corporation adopted November 25, 1975, as amended (the "Resolution").

1.4. Copies of the 1978 Series 11, 12 and 13 Series Resolutions (collectively, the "Series Resolutions"), and the resolution adopted on November 16, 1978, supplementing the Series Resolutions.

1.5. Written order of the Corporation as to the authentication and delivery of the Bonds to the Purchasers, pursuant to Section 202.2(2) of the Resolution.

1.6. Extracts of the Minutes of the Board of Directors Meeting held on November 14, 1978, showing among other things: (a) authorization to execute the Bond Purchase Agreement; (b) approval of the final Official Statement relating to the Bonds and (c) adoption of the Series Resolutions; and of the Board of Directors Meeting held on November 16,
1978, showing approval of the interest rates and purchase price for the Bonds.

1.7. (a) Certificate of the Secretary of the Corporation as to members, officers, terms of office and other details of the Corporation, including attached by-laws, minutes, certain resolutions, specimen bonds, litigation, signatures and certificates required pursuant to Section 202.2(4) (no default) and 202.3(3)(4) (debt coverage) of the Resolution and Section 401(1) (debt service) and Section 401(2) (debt coverage) of the Series Resolutions.

(b) Certificate of the Executive Director of the Corporation pursuant to Section 3.10(a) of the Bond Purchase Agreement.

1.8. Certificate of the Commissioner of Taxation and Finance of the State of New York (the "State") pursuant to Section 202.3(1) of the Resolution.

1.9. Certificate of the Director of the Budget of the State pursuant to Section 202.3(2) of the Resolution.

1.10. The approval of the terms of the sale of the Comptroller of the State dated November 15, 1978.

1.11. Certificates of the Executive Director of the Financial Control Board with respect to the financial plan of the City pursuant to Sections 3.3(b) and 3.10(b) of the Bond Purchase Agreement and of the Deputy Mayor for Finance and First Deputy Comptroller of the City as to the borrowing schedule delivered pursuant to Section 3.3(a) of the Bond Purchase Agreement.

1.12. Certificate of the Comptroller of the State with respect to no default pursuant to Section 3.10(c) of the Bond Purchase Agreement.

1.13. Arbitrage certificate of the Corporation pursuant to Section 3.13(a) of the Bond Purchase Agreement.


1.15. Certificate of the First Deputy Comptroller of the City as to the Official Statement.
1.16. Certificate of the Executive Director of the Financial Control Board as to the Official Statement.

1.17. Certificate of the Special Deputy State Comptroller of the City as to the Official Statement.

1.18. Certificate of the Commissioner of Taxation and Finance of the State as to the Official Statement.

1.19. Certificate of the Director of the Budget of the State as to the Official Statement.


II. CITY DOCUMENTS:

2.1. The Adherence Agreement dated as of November 15, 1978, executed by the City.

2.2. The Agreement to Guarantee dated as of November 15, 1978, executed by and among the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary"), the State, the City, the Financial Control Board and the Corporation.

2.3. The Guaranteed Bond Purchase Agreement dated as of November 15, 1978, executed by and among the City, the United States, acting by and through the Secretary, and the City and State Pension Funds named therein.

2.4. The Loan Agreement dated as of November 15, 1978, executed by and among the City and the Banks and Pension Funds named therein.

2.5. Certificate of the First Deputy Comptroller and Director of Management and Budget of the City with respect to no default pursuant to Section 3.10(d) of the Bond Purchase Agreement.

2.6. Certificate of the Mayor and Comptroller of the City pursuant to Section 3038 of the Municipal Assistance Corporation for the city of New York Act (the "MAC Act").

2.7. Certificate of the Mayor of the City pursuant to Section 3037 of the MAC Act.
III. TRUSTEE AND PAYING AGENT DOCUMENTS:

3.1. Certificate as to acceptance of duties of Trustee and showing authority for Authorized Officers to authenticate the Bonds and the due authentication of the Bonds.


IV. OPINIONS:

4.1. Opinions of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation ("General Counsel"), addressed to the Purchasers, concerning the Official Statement.

4.2. Opinion of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation ("Bond Counsel"), addressed to the Purchasers, concerning the Official Statement.

4.3. Opinion of Messrs. Davis Polk & Wardwell, Special Counsel to the Financial Institutions ("Special Counsel to the Financial Institutions"), addressed to the Financial Institutions, concerning the Official Statement.

4.4. Opinion of General Counsel, addressed to the Purchasers, pursuant to Section 3.12(a) of the Bond Purchase Agreement, together with reliance opinion to the Trustee.

4.5. Opinions of Bond Counsel, addressed to the Corporation, pursuant to Section 3.12(b) of the Bond Purchase Agreement with respect to the Bonds, together with reliance opinions to the Trustee and the Purchasers with respect to the Bonds, and opinion of Bond Counsel, addressed to the Corporation, concerning the State Covenant.

4.6. Opinion of Bond Counsel, addressed to the Corporation, pursuant to Section 3.13(b) of the Bond Purchase Agreement, as to the Bonds not being arbitrage bonds.
4.7. Opinions of Attorney General of the State, addressed to the Chairman of the Corporation, pursuant to Section 3.12(c) of the Bond Purchase Agreement.

4.8. Opinion of City Corporation Counsel, addressed to the Purchasers, pursuant to Section 3.12(d) of the Bond Purchase Agreement.

4.9. Opinion of Messrs. Rogers & Wells, Bond Counsel to the City, addressed to the Purchasers, pursuant to Section 3.12(e) of the Bond Purchase Agreement.

4.10. Opinion of Messrs. Carter, Ledyard & Milburn, Counsel to the Trustee, addressed to the Corporation with respect to the Trustee's authority to act as Trustee and the authentication of the Bond.

4.11. Opinion of Special Counsel for the Financial Institutions, addressed to the Financial Institutions, pursuant to Section 3.12(f) of the Bond Purchase Agreement.

V. TREASURY DOCUMENTS:

5.1. Letters of the Secretary required pursuant to Section 3.18(a) of the Bond Purchase Agreement.

5.2. Determinations of the Secretary required pursuant to Section 3.18(b) of the Bond Purchase Agreement.

VI. MISCELLANEOUS:


6.2. Resolution adopted by the Corporation on November 14, 1978, which amended the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and the Resolution with respect to the issuance by the Corporation of bonds guaranteed by the United States.

6.3. Cross-Receipt of the Purchasers and the Corporation for the Bonds and the proceeds of sale, respectively, and Certificate of Trustee as to receipt of the proceeds of sale of the Bonds.
6.4. Notice by the Corporation to the Purchasers pursuant to Section 5.7 of the Bond Purchase Agreement.

6.5. Order as to deposit and investment of the proceeds of sale of the Bonds.

6.6. Letters delivered by the Corporation to Moody's Investors Service, Inc. and Standard & Poor's Corporation and acknowledgment of such rating agencies of receipt of Official Statement pursuant to Section 3.6(d) of the Bond Purchase Agreement.

6.7. Closing Memorandum.

VII. CERTAIN DOCUMENTS RELATED TO THE AGREEMENT TO GUARANTEE:

7.1. Extracts of the Minutes of the Board of Directors Meeting held on November 14, 1978 showing authorization to execute the Agreement to Guarantee (see item 1.6. above).

7.2. Certificate of the Secretary of the Corporation as to the authenticity of the resolution authorizing execution of the Agreement to Guarantee.


7.4. Certificate of the Corporation as to the authenticity of the Guaranty Fund Resolution and the Depository Resolution.

7.5. Acceptance of duties as Depository by Morgan for the Guaranty Fund.

7.7. Extracts of the Minutes of the Board of Directors Meeting held on November 14, 1978, showing adoption of the resolution authorizing the Trustee to surrender for cancellation all notes of the City, other than bond anticipation notes, held by the Corporation (the "Notes").

7.8. Order of the Corporation as to surrender of the Notes to the City.

7.9. Certificate of the Executive Director of the Corporation that Trustee has been directed to surrender to the City the Notes.

7.10. Certificate of the Trustee as to segregation of the Notes of the City.

7.11. Receipt of the City for the Notes surrendered by the Trustee.

VIII. CERTAIN OPINIONS RELATED TO THE AGREEMENT TO GUARANTEE:

8.1. Opinion of General Counsel pursuant to Section 3.2.3. of the Agreement to Guarantee.

8.2. Opinion of Bond Counsel pursuant to Section 3.2.3. of the Agreement to Guarantee.
ADHERENCE AGREEMENT

November 15, 1978

To each of the Purchasers
    Referred to Below

Dear Sirs:

The City of New York (the “City”) has been advised that the Municipal Assistance Corporation For The City of New York (the “Corporation”) is prepared to enter into a Bond Purchase Agreement dated as of the date hereof (the “Bond Purchase Agreement”) with each of the Purchasers named in Schedule I thereto (the “Purchasers”) pursuant to which the Purchasers will agree, severally, to purchase $1,799,700,000 in aggregate principal amount of the Corporation’s bonds (the “Bonds”) to be issued pursuant to its Second General Bond Resolution adopted November 25, 1975, as supplemented and amended from time to time. The Purchasers have required that this Agreement be executed and delivered as an essential condition to their entering into the Bond Purchase Agreement.

In order to induce the Purchasers to enter into the Bond Purchase Agreement and to purchase the Bonds pursuant to the terms thereof, the City hereby agrees as follows with and for the benefit of each of the Purchasers:

SECTION 1. Representations and Warranties. The City hereby represents and warrants that:

1.1. Authorization; Validity and Enforceability. The execution, delivery and performance of this Agreement has been duly authorized. This Agreement has been duly executed and delivered by the City and constitutes a valid and legally binding agreement of the City. The City is subject to suit by the Purchasers to enforce the City’s obligations under this Agreement.

1.2. No Conflict, etc. The execution, delivery and performance of this Agreement will not conflict with or constitute on the part of the City a breach of, or a default under, any law, ordinance, regulation, decree or order existing on the date as of which this representation and warranty is made, the City Charter, or (to the best of the knowledge of the City, after due investigation) any resolution, agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which it is bound.
1.3. Governmental Approvals. No authorization, consent or approval of, or filing or registration with, any legislative body or other governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation which has the jurisdiction and power to take the action it purports to take (a "Governmental Authority") or court is or will be necessary, under requirements of law existing on the date as of which this representation and warranty is made, for the valid execution, delivery or performance by the City of this Agreement, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made.

1.4. Pending or Threatened Litigation. There is no action, suit, proceeding or investigation before or by any court or Governmental Authority pending or (to the best of the knowledge of the City) overtly threatened against the City or (to the best of the knowledge of the City, no independent investigation having been made) any other person wherein an unfavorable decision, ruling or finding would have any of the effects described in clause (a), (b) or (c) of Section 2.9 of the Bond Purchase Agreement; except any such action, suit, proceeding or investigation (or any action, suit or proceeding which may be brought with respect to the subject matter of any such investigation) (i) which is referred to in Schedule IV to the Bond Purchase Agreement, or (ii) wherein an unfavorable decision, ruling or finding would have any of the effects described in (a), (b) or (c) of the Bond Purchase Agreement, but which is referred to in a certificate of the Chairman of the Corporation delivered on the Closing Date as of which this representation and warranty is made to the Purchasers and to each of the counsel delivering opinions pursuant to Section 3.12(b) and (e) thereof.

1.5. No Sovereign Immunity. In any proceeding by a Purchaser to enforce any of the obligations of the City under this Agreement in a court of competent jurisdiction, the City does not have and agrees not to assert the defense of sovereign immunity and consents to the initiation of any such proceedings.

1.6. FCB Act. The New York State Financial Emergency Act for The City of New York, as amended from time to time (the "FCB Act"), has been validly enacted and is in full force and effect. The pledge and agreement of the State of New York (the "State") in Section 3 hereof is duly authorized pursuant to Section 10-a.3 of the FCB Act.

1.7. Certificates to Constitute Representation and Warranty of the City. Any certificate signed by any official of the City and delivered to the Purchasers
pursuant to the Bond Purchase Agreement shall be deemed a representation and warranty by the City to each of the Purchasers as to the accuracy of the statements therein made.

SECTION 2. Covenants of the City. The City hereby covenants and agrees that:

2.1. Compliance with FCB Act. It will comply with (a) the provisions of the FCB Act applicable to the City, as the FCB Act may be amended from time to time without violation of the State Covenant and (b) the City’s then current four-year financial plan, together with any modifications thereof, prepared pursuant to the FCB Act and approved or formulated by the New York State Financial Control Board (the “Control Board”) for the City pursuant to the FCB Act.

2.2. Debt Service Fund and Short-Term Borrowing. It will comply with the provisions of Sections 9-a and 9-b of the FCB Act, and all definitions in Section 2 of the FCB Act applicable to Sections 9-a and 9-b, as in effect on the date hereof; provided, however, that it may instead comply with the provisions of any amendments to such Sections and definitions after the date hereof, that are consistent with the State Covenant, to the following extent:

(i) The City may act in accordance with an amendment to the definition of “Available Tax Levy” or Section 9-a.2 of the FCB Act if such amendment is consistent with the objectives, as reflected in Section 9-a of the FCB Act as in effect on the date hereof, that all monthly debt service, within the meaning of Section 9-a.2.a of the FCB Act as in effect on the date hereof, will be funded from actual collections of real estate taxes and assessments held in a separate account without commingling with other revenues and that such funding will occur in advance of such monthly debt service payments;

(ii) The City may renew tax anticipation notes to mature on the earlier of (A) the expected date of collection of the taxes or assessments in respect of which such notes were issued or (B) 20 days after the end of the fiscal year of the City (a “fiscal year”) in which such notes were issued, to the extent such taxes or assessments are properly accrued in the fiscal year in which such notes were issued in accordance with generally accepted accounting principles (“GAAP”);

(iii) The City may issue revenue anticipation notes with a maturity within four months after the fiscal year in which they were issued to the
extent (A) there is a change in the timing pattern for revenues of the City after the date hereof, (B) the revenues in respect of which such notes were issued are properly accrued in the fiscal year such notes were issued in accordance with GAAP and (C) the amount of any such revenues is included in the then current Financial Plan (as defined in the Bond Purchase Agreement); and

(iv) The City may renew, for two additional successive periods not to exceed 6 months each, bond anticipation notes which have been renewed once, to the extent that within 60 days before each such additional renewal, the City concluded in writing, and the Financial Advisor concurred in writing, that a sufficient principal amount of bonds of the City or the Corporation cannot be sold in the general public market for municipal securities. For purposes hereof the term “Financial Advisor” shall mean Dillon, Read & Co. Inc. or such other investment banking firm, financial institution or individual of national reputation with expertise in municipal finance, acceptable to the Purchasers, which has been retained by the City to advise it concerning its financial affairs.

2.3. Reports Under Guarantee Agreement. Each report, statement, certificate or other document delivered pursuant to the Agreement to Guarantee (as defined in the Bond Purchase Agreement) will be made available by the City for inspection by any Purchaser and, upon and in accordance with the written request of any Purchaser, a copy of each such report, statement, certificate or document will be delivered to such Purchaser concurrently with the delivery thereof pursuant to the Agreement to Guarantee (or, if previously delivered pursuant to the Agreement to Guarantee, promptly upon receipt of such request).

SECTION 3. Covenant of the State. In accordance with the provisions of Section 10-a.3 of the FCB Act, the City hereby includes in this Agreement the pledge and agreement of the State that the State will take no action that would impair the power of the City to comply with or perform its obligations under this Agreement or any right or remedy of the Purchasers to enforce the City's obligations under this Agreement.

SECTION 4. Miscellaneous.

4.1. Notices. All communications hereunder, if sent to the City, shall be addressed to the Mayor of the City, City Hall, New York, New York 10007, with a copy to the Comptroller of the City, Room 530, Municipal
Building, New York, New York 10007, or at such other address as the City shall hereafter notify each of the Purchasers in writing; and if sent to any Purchaser, shall be addressed as provided in Schedule I to the Bond Purchase Agreement, with a copy to Davis Polk & Wardwell, 1 Chase Manhattan Plaza, New York, New York 10005, or at such other address or to such other firm as such Purchaser shall hereafter advise the Corporation pursuant to Section 5.1 of the Bond Purchase Agreement. Any such notice shall be deemed to have been given when delivered or received by mail, or when both telephoned, telecopied, telegraphed or telexed and confirmed in writing by being mailed postage prepaid. Notwithstanding the foregoing to the contrary, until otherwise requested by the Purchaser in question, the City may deliver reports, statements, certificates or other documents pursuant to Section 2.3 by delivering sufficient quantities for each commercial bank to The New York Clearing House, 100 Broad Street, New York, New York 10004, Attention: Executive Vice President, sufficient quantities for each savings bank to the Savings Banks Association of New York State, 200 Park Avenue, New York, New York 10017, Attention: Director Community Development and Housing Finance, sufficient quantities for each insurance company to the Life Insurance Council of New York, Incorporated, 630 Fifth Avenue, New York, New York 10020, Attention: President, and sufficient quantities for each pension fund to the Third Deputy Comptroller of the City, Room 707, Municipal Building, New York, New York 10007.

4.2. Expenses. The Purchasers shall not be responsible for the City’s expenses in connection with this Agreement and the Bond Purchase Agreement, including the fees and disbursements of the City’s bond counsel.

4.3. Parties in Interest. This Agreement shall be legally binding upon the City, and inure solely to the benefit of the Purchasers (and any of their affiliates owning Bonds), and their respective successors, and no other person, partnership, association, corporation or governmental entity shall have or acquire any right under or by virtue of this Agreement. No purchaser of Bonds from any Purchaser shall be deemed to be a successor merely by reason of such purchase.

4.4. Amendments, Consents, Waivers. No failure or delay by any of the Purchasers in exercising any right, power or privilege hereunder or under any document or instrument contemplated hereby shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
None of the provisions of this Agreement may be modified or amended, nor may compliance therewith be waived, without the written consent required under Section 5.11(b) of the Bond Purchase Agreement for a modification, amendment or waiver of Section 4 of the Bond Purchase Agreement; the provisions of Section 5.11(e) and (f) shall be applicable to any such consent.

4.5. **Representations and Warranties to Survive Delivery.** All representations and warranties of the City hereunder or pursuant to the Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Purchasers, and shall survive delivery of the Bonds to the Purchasers.

4.6. **Separability.** In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

4.7. **Headings.** The headings of Sections in this Agreement are inserted for convenience only and shall not be deemed to be part of this Agreement.

4.8. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

4.9. **Term of Agreement.** This Agreement shall become effective simultaneously with the initial purchase of Bonds pursuant to the Bond Purchase Agreement. The term of this Agreement shall be from the effective date hereof until the earlier of (a) any termination by amendment pursuant to Section 4.4 or (b) the principal of and premium, if any, and interest on the Bonds are paid in full or duly provided for.

**THE CITY OF NEW YORK**

Approved as to form:

**By** EDWARD I. KOCH

Edward I. Koch,
Mayor

**ALLEN G. SCHWARTZ**

Allen G. Schwartz,
Corporation Counsel

**By** HARRISON J. GOLDMAN

Harrison J. Goldin,
Comptroller
UNITED STATES OF AMERICA

AGREEMENT TO GUARANTEE
For up to $1,650,000,000 of Bonds
of The City of New York

As of
November 15, 1978
# TABLE OF CONTENTS

**AGREEMENT TO GUARANTEE**

<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.1</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>1.2</td>
<td>Other Definitions</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>1.3</td>
<td>Interpretation</td>
<td>6</td>
</tr>
<tr>
<td>1</td>
<td>1.4</td>
<td>References and Headings</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>2.1</td>
<td>The Guarantee</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>2.2</td>
<td>Guaranteed City Indebtedness; Closings</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>2.3</td>
<td>Voluntary and Mandatory Prepayments of Guaranteed City Indebtedness</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>2.4</td>
<td>Use of Proceeds</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>2.5</td>
<td>Guarantee Fee</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>2.6</td>
<td>Termination of Guarantee</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>3.1</td>
<td>Conditions to Issuance of Guarantees</td>
<td>9</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.1</td>
<td>Determinations of the Secretary</td>
<td>9</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.2</td>
<td>Reasonable Prospect of Repayment</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.3</td>
<td>Credit Elsewhere</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.4</td>
<td>Interest Rate</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.5</td>
<td>Financing Agreements</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.6</td>
<td>Budgetary Practices</td>
<td>10</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.7</td>
<td>Authority of Board</td>
<td>12</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.8</td>
<td>MAC Guarantee Reserve Fund</td>
<td>12</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.9</td>
<td>Productivity Council</td>
<td>12</td>
</tr>
<tr>
<td>3.1</td>
<td>3.1.10</td>
<td>Audit Committee</td>
<td>12</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2</td>
<td>MAC Guarantee Reserve Fund</td>
<td>12</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.1</td>
<td>Productivity Council</td>
<td>12</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.2</td>
<td>Other Conditions Precedent</td>
<td>12</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.3</td>
<td>Guarantee Request</td>
<td>13</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.4</td>
<td>Opinion of Corporation Counsel</td>
<td>13</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.5</td>
<td>Opinion of State Attorney General</td>
<td>13</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.6</td>
<td>Required Consents and Approvals</td>
<td>13</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2.7</td>
<td>Certificates</td>
<td>13</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 2. 8</td>
<td>Legal Documentation</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3. 2. 9</td>
<td>Official Statement</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3. 2.10</td>
<td>City Notes Owned by MAC</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3. 2.11</td>
<td>Closings Under Financing Agreements</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3. 2.12</td>
<td>No Pending or Threatened Litigation or Adverse Decision</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3. 2.13</td>
<td>Legislation in Effect</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>3. 3</td>
<td>Conditions to Guarantees Issued After June 30, 1979</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>3. 3. 1</td>
<td>One House Veto</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>3. 3. 2</td>
<td>State Assistance</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>3. 3. 3</td>
<td>Standby Guarantees</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Reimbursement of United States</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Representations and Warranties</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Covenants with the United States</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>6. 1</td>
<td>General Obligations</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>6. 2</td>
<td>Payment of Guaranteed City Indebtedness</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>6. 3</td>
<td>Financial Plan</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>6. 4</td>
<td>Compliance with Applicable Laws and the Financing Agreements</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>6. 5</td>
<td>Restrictions on Liens and Borrowings</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>6. 6</td>
<td>Audits</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>6. 7</td>
<td>Reports</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>6. 7. 1</td>
<td>Monthly Certificate</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>6. 7. 2</td>
<td>Monthly Financial Plan Statements</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>6. 7. 3</td>
<td>Quarterly Financial Plan Statements</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>6. 7. 4</td>
<td>Annual Audits</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>6. 7. 5</td>
<td>Economic Reports</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>6. 7. 6</td>
<td>Collective Bargaining Agreements</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>6. 7. 7</td>
<td>Management and Productivity Improvements</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>6. 7. 8</td>
<td>Borrowing Schedule</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>6. 7. 9</td>
<td>Reports on Covered Organizations</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>6. 7.10</td>
<td>Publication of Plan Variances</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>6. 8</td>
<td>Reports of the Board</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>6. 8. 1</td>
<td>Board Reports</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>6. 8. 2</td>
<td>Staff Conferences</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>6. 9</td>
<td>Independent Audit and Accounting System</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>6.10</td>
<td>Additional Information</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>6.11</td>
<td>Further Assurances</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
<td>Pages</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>6.12</td>
<td>Signatures and Certifications</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>6.13</td>
<td>Budgets and Financial Plans</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>6.14</td>
<td>Audit Committee</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>6.15</td>
<td>Productivity Council</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>6.16</td>
<td>Public Distribution of Securities</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>6.17</td>
<td>Refunding Program</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>6.18</td>
<td>State Covenants</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>6.19</td>
<td>MAC Covenants</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>6.20</td>
<td>Amendments and Waivers to Financing Agreements</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>6.21</td>
<td>General Debt Service Fund</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>6.22</td>
<td>Prepayments</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Defaults and Demand for Payment</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Defaults</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Annulment of Defaults and Waivers by Secretary</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Waivers by Parties</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>7.4</td>
<td>Course of Dealing</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Consent to Suit</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Notices</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Miscellaneous</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>10.1</td>
<td>Amendments</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>10.2</td>
<td>Survival of Covenants</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>10.3</td>
<td>Execution and Assignability</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>10.4</td>
<td>Serverability</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Financing Plan</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Form of Guarantee</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Certificate of the City</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Certificate of the State</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Certificate of MAC</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Certificate of the Board</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>F-1</td>
<td>Certificate of the Board</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Guarantee Request</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Opinion of Messrs. Rogers &amp; Wells</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Opinion of Messrs. Hawkins, Delfield &amp; Wood</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Opinion of Messrs. Paul, Weiss, Rifkind, Wharton &amp; Garrison</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Opinion of Corporation Counsel</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>K-1</td>
<td>Opinion of Corporation Counsel</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Opinion of Attorney General of the State</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Litigation</td>
<td>86</td>
<td></td>
</tr>
</tbody>
</table>
AGREEMENT TO GUARANTEE

This agreement to guarantee is made and entered into as of the 15th
day of November, 1978, by and among the United States of America (the
“United States”), acting by and through the Secretary of the Treasury (the
“Secretary”), pursuant to the New York City Loan Guarantee Act of 1978,
P.L. 95-339 (the “Guarantee Act”), the State of New York (the “State”), The
City of New York (the “City”), the New York State Financial Control
Board (the “Board”), and the Municipal Assistance Corporation For The
City of New York (“MAC”) (the State, the City, the Board and MAC
being sometimes called the “obligors”).

RECITALS

1. The Guarantee Act authorizes the Secretary, upon request of the
City and the Governor of the State, to make, prior to June 30, 1982, guar-
antees of City Indebtedness, subject to the conditions set forth in the Guar-
antee Act.

2. The Guarantee Act authorizes the Secretary to guarantee the payment,
in whole or in part, of principal or interest or both on up to $1,650,000,000 of
principal amount of City Indebtedness and to withhold any payment from
the United States to the State or the City which may be, or may become
due, pursuant to any law and to offset the amount of any such withheld
payment against any claim the Secretary may have against the City pursuant
to the Guarantee Act.

3. The United States, the City, the State Pension Funds and the City
Pension Funds have entered into a Guaranteed Bond Purchase Agreement
dated as of November 15, 1978 (the “Guaranteed Bond Purchase Agreement”);
MAC, the Financial Institutions and the City Pension Funds have entered
into a Bond Purchase Agreement dated as of November 15, 1978 (the “Bond
Purchase Agreement”); the City has executed and delivered an Adherence
Agreement dated as of November 15, 1978 (the “Adherence Agreement”);
and the City has entered into a Loan Agreement dated as of November 15,
1978 with certain of the Financial Institutions and the City Pension Funds
(the “Loan Agreement”). The Guaranteed Bond Purchase Agreement, the
Bond Purchase Agreement, the Adherence Agreement and the Loan Agree-
ment, as such agreements may be amended from time to time with the con-
sent of the Secretary, are hereinafter collectively referred to as the “Financing
Agreements.”
ARTICLE 1.
DEFINITIONS.

SECTION 1.1. Definitions. The following terms shall have the following meanings:

"Agreement": this Agreement to Guarantee.


"Audit Committee": the Committee to be established pursuant to Section 103(7)(B) of the Guarantee Act by the City by executive order to assist the City in the determination of areas of inquiry for, to review the progress of, and evaluate the results of, the audits required to be conducted by the City's independent public accountants pursuant to Section 103(7)(A) of the Guarantee Act.

"Banking Days": days on which the Federal Reserve Bank of New York is open for business, and which are not holidays in the State.

"Borrowing Laws of the State": the Constitution and laws of the State authorizing, regulating and providing for the issuance and sale of notes and bonds of the City, including, without limitation, Article VIII of the Constitution of the State, the provisions of the Local Finance Law and the provisions of the State Financial Emergency Act.

"Chapter 890": Chapter 890 of the Laws of 1975 of the State, as in effect on the date hereof and as further amended in accordance with Section 3.20 of the Bond Purchase Agreement.

"City Indebtedness": indebtedness of the City for borrowed money.

"City Pension Fund": any of the following: the New York City Employees' Retirement System; the Teachers' Retirement System for The City of New York; the New York City Police Pension Fund, Article 2; and the Board of Education Retirement System for The City of New York.

"Committed Guarantees": Guarantees issued or to be issued pursuant to this Agreement during the 1979 Fiscal Year or the 1980 Fiscal Year.

"Covered Organization": a covered organization as defined in subdivision five of Section 2 of the State Financial Emergency Act as in effect on the date hereof and as hereafter amended from time to time, subject to the provisions of the State Covenant.
“Financial Advisor”: Dillon, Read and Co. Inc. or such other investment banking firm, financial institution or individual of national reputation with expertise in municipal finance acceptable to the Secretary which has been retained by the City to advise it concerning the Financing Agreements, the City’s issuance of bonds and notes and its financial affairs. The Financial Advisor shall not be an affiliate of any Pension Fund or Financial Institution.

“Financial Institutions”: the commercial banks, savings banks, and insurance companies that are parties to the Bond Purchase Agreement.

“Financing Agent”: any agency or instrumentality of the State duly authorized to issue bonds and notes and to act on behalf of or in the interest of the City, and no other subdivision of the State, with respect to the City’s financial affairs; as of the date of this Agreement, MAC is the only Financing Agent.

“Financing Agent Indebtedness”: indebtedness for borrowed money of MAC or any other Financing Agent for which the final Stated Maturity Date is one year or more from the date such indebtedness was issued, but only to the extent that the proceeds are advanced to, or applied for the benefit of, the City.

“Financial Plan”: the financial plan for the City covering the current Fiscal Year and the next succeeding three Fiscal Years and, to the extent required by the Board, for the Covered Organizations, as approved, modified, or formulated by the Board pursuant to the State Financial Emergency Act.

“Financing Plan”: the financing plan for the City providing for the issuance and sale of MAC Indebtedness and City Indebtedness pursuant to the Financing Agreements and in the public credit markets as described on Exhibit A, as such plan may be modified from time to time with the consent of the Secretary.

“Fiscal Year”: as applied to the City, the period from July 1 in any calendar year through June 30, of the next following calendar year; references to the 1979, 1980, 1981 and 1982 Fiscal Years are to the City’s Fiscal Year ending on June 30 of the year indicated.

“Governmental Authority”: any legislative body or other governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation (which has the jurisdiction and power to take the action it purports to take and where such action taken is effective to accomplish the intended purpose).
"Governor": the Governor of the State.

"Guarantee": a guarantee of the payment of the principal of and interest on a bond of the City, substantively identical to and substantially in the form of Exhibit B hereto, issued pursuant to the Guarantee Act and in accordance with the terms and conditions of this Agreement.

"Guaranteed City Indebtedness": any bond of the City as to which a Guarantee is in effect.

"Long Term City Indebtedness": any City Indebtedness for which the final Stated Maturity Date is one year or more from the date such City Indebtedness is issued or any City Indebtedness which is part of an issue of City Indebtedness for which the final Stated Maturity Date is one year or more from the date such City Indebtedness is issued.

"MAC Guarantee Reserve Fund": the reserve fund created pursuant to the MAC Guarantee Reserve Fund Resolution, as required by Section 103(8)(B) of the Guarantee Act.

"MAC Guarantee Reserve Fund Resolution": the resolution dated November 14, 1978 of the Board of Directors of MAC pursuant to which MAC has created, and authorized the deposit of funds in, the MAC Guarantee Reserve Fund.

"MAC Indebtedness": indebtedness for borrowed money of MAC for which the final Stated Maturity Date is one year or more from the date such indebtedness is issued, but only to the extent that the proceeds are advanced to or applied for the benefit of the City.

"Pension Funds": the State Pension Funds and the City Pension Funds.


"Productivity Council": the Council to be established pursuant to Section 103(9) of the Guarantee Act by the City by executive order to develop and seek to implement methods for enhancing the productivity of the City's labor force.

"Purchaser": any City Pension Fund or State Pension Fund which purchases Guaranteed City Indebtedness.

"Standby Guarantees": Guarantees issued or to be issued pursuant to this Agreement during the 1981 Fiscal Year or the 1982 Fiscal Year.
"State Agency": any agency, instrumentality or public benefit corporation of the City or the State referred to in Section 3.8(b) of the Bond Purchase Agreement.

"State Covenants": the covenants of the State set forth in Section 6.18 of this Agreement.

"State Financial Emergency Act": the New York State Financial Emergency Act for The City of New York as in effect on the date hereof, and as hereafter amended from time to time subject to the provisions of the State Covenants.

"State Pension Fund": any of the following: the New York State Employees' Retirement System or the New York State Policemen's and Firemen's Retirement System acting through the Comptroller of the State, as Trustee for the New York State Common Retirement Fund; and the New York State Teachers' Retirement System.

SECTION 1.2. Other Definitions. The terms set forth below are defined elsewhere in this Agreement, as indicated, and shall have the respective meanings so defined:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Adherence Agreement&quot;</td>
<td>Recitals</td>
</tr>
<tr>
<td>&quot;Board&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;Bond Purchase Agreement&quot;</td>
<td>Recitals</td>
</tr>
<tr>
<td>&quot;Borrowing Schedule&quot;</td>
<td>6.7.8</td>
</tr>
<tr>
<td>&quot;City&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;Closing Date&quot;</td>
<td>2.1</td>
</tr>
<tr>
<td>&quot;Events of Default&quot;</td>
<td>7.1</td>
</tr>
<tr>
<td>&quot;Financing Agreements&quot;</td>
<td>Recitals</td>
</tr>
<tr>
<td>&quot;Guarantee Act&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;Guarantee Request&quot;</td>
<td>3.2.1</td>
</tr>
<tr>
<td>&quot;Guaranteed Bond Purchase Agreement&quot;</td>
<td>Recitals</td>
</tr>
<tr>
<td>&quot;Loan Agreement&quot;</td>
<td>Recitals</td>
</tr>
<tr>
<td>&quot;MAC&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;obligors&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;Payment Date&quot;</td>
<td>6.21</td>
</tr>
<tr>
<td>&quot;Refunding Agreement&quot;</td>
<td>6.17</td>
</tr>
<tr>
<td>&quot;Secretary&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;State&quot;</td>
<td>Preamble</td>
</tr>
<tr>
<td>&quot;Stated Maturity Date&quot;</td>
<td>2.2</td>
</tr>
<tr>
<td>&quot;United States&quot;</td>
<td>Preamble</td>
</tr>
</tbody>
</table>
SECTION 1.3. Interpretation. As used in this Agreement the singular shall include the plural and the plural shall include the singular unless the context otherwise requires. The masculine gender shall include the feminine.

SECTION 1.4. References and Headings. References in this Agreement to Articles, Exhibits or Sections are to Articles, Exhibits or Sections of this Agreement unless the context otherwise requires. The headings of the Articles, Exhibits and Sections are inserted for convenience of reference only and are not a part of this Agreement.

ARTICLE 2.
THE GUARANTEE.

SECTION 2.1. The Guarantee. Subject to all of the terms and conditions of this Agreement and to all of the terms and conditions of the Guarantee Act, the Secretary agrees with the City to issue Guarantees on Banking Days designated by the City (each of which days shall be a “Closing Date”) with respect to such principal amounts of City Indebtedness and interest thereon as may be requested by the City in accordance with the Financing Plan at least 20 Banking Days prior to the Closing Date subject, except as otherwise provided below, to the following limitations as to principal amounts during the following periods:

$500 million—1979 Fiscal Year
$250 million—1980 Fiscal Year
$300 million—1981 Fiscal Year
$600 million—1982 Fiscal Year

At least four Banking Days prior to the Closing Date, the Comptroller of the City shall deliver to the Secretary a preliminary listing of the serial numbers, principal amounts, Stated Maturity Dates, interest rates and Purchasers of the City Indebtedness to be Guaranteed. There shall be no more than four Closing Dates in any Fiscal Year. Any Closing Date may be adjourned or otherwise rescheduled as provided in the Guaranteed Bond Purchase Agreement.

The principal amount of Guarantees provided for in any Fiscal Year and not used in such Fiscal Year may be used during the subsequent Fiscal Year to the extent provided in the Guaranteed Bond Purchase Agreement provided that, except in the circumstances contemplated by Section 4.9 of the Guaranteed Bond Purchase Agreement, the commitments of the Financial Institutions and the City Pension Funds for the preceding Fiscal Years pro-
vided for in the Bond Purchase Agreement shall have been taken down in amounts sufficient to meet the percentage limitations set forth in Section 3.2(a) thereof without regard to Section 3.2(b) thereof and MAC shall have issued MAC Indebtedness to the public in the amounts contemplated by the Financing Plan during such Fiscal Years. The amounts of Committed Guarantees which may be used during any Fiscal Year shall be reduced by the amount of Long Term City Indebtedness issued after the date of this Agreement to persons other than MAC on or before the Closing Date for such Committed Guarantees. Unless the Secretary shall otherwise agree, the amount of Standby Guarantees which may be used during any Fiscal Year shall be reduced by the amount of Long-Term City Indebtedness and MAC Indebtedness issued after June 30, 1980 other than under the Financing Agreements or to MAC and other than to holders of Long-Term City Indebtedness or MAC Indebtedness to refund such Indebtedness held by such holders.

Section 2.2. Guaranteed City Indebtedness; Closings. Each bond issued by the City and to be guaranteed by the Secretary pursuant to a Guarantee, (a) shall be a general obligation of the City for the payment of which the faith and credit of the City is pledged and all of the real property within the City subject to taxation by the City shall be subject to the levy of ad valorem taxes to pay principal and interest thereon, without limitation as to rate or amount, (b) shall be issued pursuant to the Borrowing Laws of the State and the Guaranteed Bond Purchase Agreement, (c) shall be evidenced by bond certificates registered in the name of the Purchaser, (d) shall be executed by the Mayor of the City and the Comptroller of the City by hand or by their respective facsimile signatures, (e) shall be in a form acceptable to the Secretary (his acceptance to be conclusively evidenced by the issuance of a Guarantee with respect to such bond), (f) shall be dated a date no more than 30 days prior to the Closing Date and shall bear interest at a rate determined pursuant to Section 1.3(g) of the Guaranteed Bond Purchase Agreement and approved by the Secretary pursuant to Section 3.1.3 hereof from the date of such bond through the date of payment in full, (g) shall be prepayable on any interest payment date thereof without premium or penalty after June 30, 1982 so long as it shall be guaranteed hereunder, and (h) shall mature on dates (the "Stated Maturity Dates") not later than the fifteenth anniversary of the date of issuance in the case of bonds issued during the 1979 Fiscal Year and not later than the fourteenth anniversary of the date of issuance in the case of bonds issued during the 1980 Fiscal Year. In the case of bonds issued during the 1981 Fiscal Year or the 1982 Fiscal Year, the Stated Maturity Dates shall be determined by mutual agreement between the Secretary and the City after consultation taking into account the financing needs
of the City, the bonding authority available to the City and the authority of the Secretary to issue Guarantees under the Guarantee Act, but in no event shall the date of the final annual installment be later than the fifteenth anniversary of the date of issuance of such bonds; provided, however, that in the event the Secretary and the City do not mutually agree, the Stated Maturity Dates shall be not later than the fifteenth anniversary nor earlier than the thirteenth anniversary of the date of issuance in the case of bonds issued during the 1981 Fiscal Year and not be later than the fifteenth anniversary nor earlier than the twelfth anniversary of the date of issuance in the case of bonds issued during the 1982 Fiscal Year, as determined by the Secretary.

Each closing hereunder shall take place at the Office of the Comptroller of the City at 11:00 o'clock in the forenoon on the Closing Date, or at such other time on such date or at such other place in the Borough of Manhattan as the City and the Secretary may agree.

SECTION 2.3. Voluntary and Mandatory Prepayments of Guaranteed City Indebtedness.

(a) Any voluntary prepayment of Guaranteed City Indebtedness shall be applied to the outstanding Guaranteed City Indebtedness in the inverse order of maturities on a pro rata basis within each such maturity.

(b) For each Fiscal Year commencing after June 30, 1982, so long as any Guaranteed City Indebtedness remains outstanding, on or before the last day of each such Fiscal Year the City will make, or make provision by depositing funds with a bank, trust company or other fiduciary with its principal office in the Borough of Manhattan in the City of New York and with combined capital and surplus in excess of $500 million on terms and conditions satisfactory to the Secretary for, a prepayment of the Guaranteed City Indebtedness at the earliest interest payment date permitted by law in an amount not less than 15 percent of the net proceeds received by the City of any Long-Term City Indebtedness or Financing Agent Indebtedness issued in the public credit markets during such Fiscal Year; provided, however, that the Secretary may modify or waive any such prepayment to the extent that he determines that the making of the mandatory prepayment (A) would substantially impair the City's ability to meet its essential capital needs, or (B) would substantially overburden the market for Long-Term City Indebtedness or Financing Agent Indebtedness, as the case may be. Any mandatory prepayment made pursuant to this subparagraph shall be applied to the Guaranteed City Indebtedness in the inverse order of maturities on a pro rata basis within each such maturity.

SECTION 2.4. Use of Proceeds. The City agrees that the proceeds of Guaranteed City Indebtedness shall be used by the City to finance its capital
expenditures or to reimburse the general fund of the City for capital expenditures previously made as set forth in the Guarantee Request. The proceeds shall not be used to finance expenditures included in the capital budget of the City pursuant to paragraph (c) of subdivision five of Section 3038 of the Public Authorities Law of the State or to refund outstanding Long Term City Indebtedness or indebtedness of MAC.

SECTION 2.5. Guarantee Fee. The City hereby agrees to pay to the United States a guarantee fee equal to 1/2 of one percent per annum of the outstanding principal amount of Guaranteed City Indebtedness. In addition, upon at least 20 Banking Days notice to the City, the Secretary may increase the guarantee fee by 1/2 of one percent per annum at any time and from time to time to induce the City to enter the public credit markets. The guarantee fee shall be paid quarterly on the last day of March, June, September, and December, commencing December 31, 1978, and shall be computed on the basis of the daily principal amount outstanding of Guaranteed City Indebtedness from the preceding date such payment was made (or the date of issuance of the Guarantee, if no such payment has been made) through the date such payment is required. All payments of the guarantee fee shall be made in federal funds by wire transfer to the Federal Reserve Bank of New York, for credit to the account of:

United States Treasury
New York, New York 021030004
Treasury NYC/(20180006)
Guarantee Fee New York City
Treasury Annex 1, Room 326
Washington, D. C. 20226

If a payment falls due on a date that is not a Banking Day, such payment shall be made on the next succeeding Banking Day.

SECTION 2.6. Termination of Guarantee. The obligations of the United States under any Guarantee of City Indebtedness issued under this Agreement shall terminate whenever such City Indebtedness is sold or otherwise disposed of by the Purchaser thereof (other than to a successor in interest not involving a change in beneficial ownership).

ARTICLE 3.

CONDITIONS TO ISSUANCE OF GUARanteES.

SECTION 3.1. Determinations of the Secretary. The issuance of any Guarantee pursuant to Article 2 shall be subject to the determination by the
Secretary as of the Closing Date (such determination to be conclusively evidenced by the execution and delivery of the Guarantee on such Closing Date) that the following conditions have been met as required in the Guarantee Act:

SECTION 3.1.1. *Reasonable Prospect of Repayment.* There is a reasonable prospect of repayment of the City Indebtedness requested to be guaranteed in the Guarantee Request in accordance with its terms and conditions.

SECTION 3.1.2. *Credit Elsewhere.* The City is effectively unable to obtain credit in the public credit markets or elsewhere in amounts and on terms sufficient to meet the City's financing needs as set forth in the Financial Plan and the Secretary shall have received a certificate of the Financial Advisor and the City to such effect.

SECTION 3.1.3. *Interest Rate.* The interest rate of the City Indebtedness requested to be guaranteed is reasonable, taking into consideration current average market yields for other obligations with comparable maturities guaranteed by the United States.

SECTION 3.1.4. *Financing Agreements.* During the period commencing on the Closing Date and ending June 30, 1982, the long-term and seasonal borrowing needs of the City (other than City Indebtedness guaranteed or to be guaranteed under this Agreement) will be met through commitments from the State, an agency of the State, private sources or through public credit markets, in amounts which will be sufficient to enable the City after June 30, 1982, to meet all of its long-term and seasonal borrowing needs through the public credit markets, and the Secretary shall have received a satisfactory certificate of the Financial Advisor as to the City's ability to obtain its seasonal financing in the public credit markets during the 1980, 1981 and 1982 Fiscal Years and certificates of the City, the State and MAC in the form attached hereto as Exhibits C, D, and E, respectively.

SECTION 3.1.5. *Budgetary Practices.*

(a) The Board is requiring the City to adopt and adhere to budgets covering all expenditures other than capital items, the results of which would not, for Fiscal Years of the City beginning after June 30, 1981, show a deficit when reported in accordance with generally accepted accounting principles; for Fiscal Years of the City beginning on or prior to June 30, 1981, but after June 30, 1978, the Board is requiring the City to make substantial
progress toward that goal; and for each Fiscal Year of the City beginning on or prior to June 30, 1981, but after June 30, 1978, the Board is requiring the City to adopt and adhere to budgets covering all expenditures other than capital items, the results of which would not show a deficit when reported in accordance with the accounting principles established under State law. For purposes of this Agreement, the accounting principles established under State law shall be those set forth in the State Comptroller’s uniform system of accounts for municipalities as modified by (i) the State Comptroller in consultation with the City Comptroller, (ii) the provisions of subdivision four of Section 3038 of the Public Authorities Law of the State, as in effect on the date hereof, with respect to contributions by the City or other public employer to any retirement system or pension fund, and (iii) the provisions of paragraph (c) of subdivision five of Section 3038 of the Public Authorities Law of the State, as in effect on the date hereof, with respect to expense items included in the capital budget of the City.

(b) The City has submitted to the Secretary, with the approval of the Board, in such detail and in accordance with such accounting principles as the Secretary may prescribe, a plan for bringing all of its expenditures other than capital items into balance with its revenues for each of the first three Fiscal Years beginning after June 30, 1978. For purposes of this subsection (b), the accounting principles prescribed by the Secretary shall be those set forth in the State Financial Emergency Act subject to the further limitation with respect to expenditures included in the capital budget of the City set forth in the last sentence of Section 6.13 of this Agreement.

(c) The City has submitted to the Secretary, with the approval of the Board, in such detail as the Secretary may prescribe and in accordance with generally accepted accounting principles, a plan for bringing all of its expenditures other than capital items into balance with its revenues no later than the Fiscal Year beginning July 1, 1981, and the City is required on or before the first day of each Fiscal Year commencing after June 30, 1978 during which any Guaranteed City Indebtedness is outstanding to have prepared and to have submitted a plan covering the four-year period beginning with such Fiscal Year which will result in budgets covering all expenditures other than capital items, the results of which would not show a deficit when reported in accordance with accounting principles set forth in Section 3.1.5(a).
(d) In connection with subparagraphs (a), (b) and (c) above, the Secretary shall have received a copy of the Financial Plan in effect on the Closing Date, together with certificates of the City and the Board in the form of Exhibits C and F hereto.

Section 3.1.6. Authority of Board. The Board demonstrates to the satisfaction of the Secretary that it has authority to control the fiscal affairs of the City for the entire period during which such Guarantee will be outstanding.

Section 3.1.7. Audit Committee. In the case of Guarantees issued after the initial Closing Date hereunder, the City shall have established the Audit Committee in accordance with Section 6.14 hereof.

Section 3.1.8. MAC Guarantee Reserve Fund. MAC shall have created, pursuant to applicable law and on terms and conditions satisfactory to the Secretary, the MAC Guarantee Reserve Fund, and an amount equal to five percent of the sum of the principal amount of and one year's interest on the outstanding Guaranteed City Indebtedness and the Guaranteed City Indebtedness then to be issued shall have been deposited in the MAC Guarantee Reserve Fund, and MAC shall have delivered to the Secretary a certificate to such effect.

Section 3.1.9. Productivity Council. In the case of Guarantees issued after the initial Closing Date hereunder, the City shall have established the Productivity Council as required by Section 6.15 of this Agreement.

Section 3.1.10. Pension Fund Legislation. In the case of Guarantees to be issued to any City Pension Fund, the Secretary shall have made all determinations required by Section 1(b)(1) of the Pension Fund Act and received all certifications required by Section 1(b)(2) of the Pension Fund Act and shall have received all reports and statements required pursuant to Section 2(c) of the Pension Fund Act.

Section 3.2. Other Conditions Precedent. In addition to the conditions precedent required by Section 3.1 of this Agreement, the issuance of any Guarantee pursuant to Article 2 shall be subject to the satisfaction on the Closing Date (such satisfaction to be conclusively evidenced by the execution and delivery of such Guarantee on such Closing Date) of the following conditions precedent:
SECTION 3.2.1. Guarantee Request. The Secretary shall have received a guarantee request in the form of Exhibit G (the "Guarantee Request") dated the Closing Date, signed by the City and the Governor, including a specimen of the bond certificate evidencing the City Indebtedness to be guaranteed, a listing of the serial numbers, principal amounts, Stated Maturity Dates, interest rates and the Purchasers thereof, together with a statement as to the proposed use of proceeds.

SECTION 3.2.2. Opinion of City Bond Counsel. The Secretary shall have received a favorable opinion of the firm of Rogers & Wells or other bond counsel to the City acceptable to the Secretary (which acceptance shall not be unreasonably withheld), substantially in the form of Exhibit H hereto, and as to such other matters as the Secretary may reasonably request.

SECTION 3.2.3. Opinion of MAC Counsel. The Secretary shall have received favorable opinions of the firm of Hawkins, Delafield & Wood and the firm of Paul, Weiss, Rifkind, Wharton & Garrison, or, in each case other counsel to MAC acceptable to the Secretary (which acceptance shall not be unreasonably withheld), substantially in the form of Exhibits I and J hereto, and as to such other matters with respect to MAC's obligations hereunder as the Secretary may reasonably request.

SECTION 3.2.4. Opinion of Corporation Counsel. The Secretary shall have received a favorable opinion of the Corporation Counsel to the City, substantially in the form of Exhibit K hereto, and as to such other matters as the Secretary may reasonably request.

SECTION 3.2.5. Opinion of State Attorney General. The Secretary shall have received a favorable opinion of the Attorney General of the State, substantially in the form of Exhibit L hereto.

SECTION 3.2.6. Required Consents and Approvals. All necessary consents, approvals and authorizations of any governmental or administrative officer or agency (including the Board) to or of any of the transactions contemplated hereby shall have been obtained and shall be in full force and effect, and copies evidencing such consents, approvals and authorizations shall have been delivered to the Secretary.

SECTION 3.2.7. Certificates. The representations and warranties contained in this Agreement shall be true and correct on and as of the Closing Date with the same force as though made on and as of such
Closing Date, and no event shall have occurred which constitutes an event of default or with the passage of time or the giving of notice or both would constitute an event of default, under this Agreement or any Guaranteed City Indebtedness; and the Secretary shall have received on the Closing Date a certificate or certificates to the foregoing effect from the City, the State, MAC and the Board substantially in the forms of Exhibits C, D, E and F, respectively.

Section 3.2.8. Legal Documentation. All instruments and legal proceedings in connection with the authorization and implementation of the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Secretary, and the Secretary shall have received copies of all documents, including records of proceedings and opinions of counsel satisfactory to the Secretary, which the Secretary may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper governmental or administrative authorities.

Section 3.2.9. Official Statement. The Secretary shall have received, at least five Banking Days prior to the Closing Date, an Official Statement of the City issued during the Fiscal Year in which the Closing Date shall occur, together with such supplementary information as the Secretary shall reasonably request. Subject to the qualifications contained therein, the Official Statement, as so supplemented, will not contain any untrue statement of a material fact or omit any statement of a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the Closing Date.

Section 3.2.10. City Notes Owned by MAC. MAC shall have surrendered for cancellation all notes issued by the City held by MAC on the date of this Agreement, except for bond anticipation notes held by MAC as referred to in Section 6.19(b).

Section 3.2.11. Closings Under Financing Agreements. On or prior to such Closing Date, MAC shall have issued under the Bond Purchase Agreement during such Fiscal Year an amount of MAC Indebtedness which bears the same or a greater ratio to the total commitments to purchase MAC Indebtedness for such Fiscal Year under the Bond Purchase Agreement as the principal amount of the Guarantees previously issued during such Fiscal Year and to be issued on such Closing Date bears to the total principal amount of Guarantees which could be issued during such Fiscal Year pursuant to Section 2.1 of this Agreement.
No closing which has been noticed under Section 1.6(c) of the Bond Purchase Agreement prior to the Closing Date but which has been postponed pursuant to the provisions of Section 1.6(d) of the Bond Purchase Agreement shall not have been completed. No Guarantees may be issued on any Closing Date to any Purchaser which has not purchased all the MAC Indebtedness scheduled to be purchased by it on a closing noticed pursuant to Section 1.6(c) of the Bond Purchase Agreement on or before such Closing Date until such Purchaser has completed all such purchases; provided, however, that the Secretary may agree to issue such Guarantees to other Purchasers if such other Purchasers agree to increase their commitments by the amount of such Guarantees, unless the Secretary determines that appropriate steps are not being taken to enforce the obligations of such Purchaser. In the event that any City Pension Fund or Financial Institution shall not have purchased all the MAC Indebtedness scheduled to be purchased by it on a closing noticed pursuant to Section 1.6(c) of the Bond Purchase Agreement but the percentage limitations in Section 3.2(a) thereof shall have been satisfied, the Secretary may refuse to issue the Guarantees if he determines that appropriate steps are not being taken to enforce the obligations of such City Pension Fund or Financial Institution which has failed to purchase the MAC Indebtedness as scheduled and, in the event substitute purchasers have been obtained as provided in Section 3.2(b) of the Bond Purchase Agreement, the Secretary may refuse to issue the Guarantees to the extent the sale of MAC Indebtedness to such purchasers would increase the amount of Guarantees which the Secretary would otherwise have issued under this Agreement during the Fiscal Year in which the Closing Date occurs if all the commitments under the Bond Purchase Agreement had been met.

SECTION 3.2.12. No Pending or Threatened Litigation or Adverse Decisions. (a) There is no action, suit, proceeding or investigation pending or overtly threatened before or by any court or Governmental Authority against any of the obligors or any other person, wherein an unfavorable decision, ruling or finding would (i) in any material respect declare this Agreement, the Guarantee Act, the Pension Fund Act, the MAC Guarantee Reserve Fund or the MAC Guarantee Reserve Fund Resolution invalid in whole or in material part, (ii) in any material respect impair the powers, limit the duties or shorten the duration of the Board, each as referred to in the State Covenants, (iii) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the State Financial Emergency Act or the obligations of the City under the State Financial Emergency
Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, (iv) declare the State Covenants invalid or unenforceable in whole or in material part; except any such action, suit, proceeding or investigation (or any action, suit or proceeding which may be brought with respect to the subject matter of any such investigation) (A) which is referred to in Schedule I hereto, or (B) wherein an unfavorable decision, ruling or finding would have any of the effects described in clause (ii), (iii) or (iv) above, but which is referred to in, but does not qualify, the appropriate opinions delivered pursuant to Section 3.2 on the Closing Date, or (C) wherein an unfavorable decision, ruling or finding would have any of the effects described in clause (i) above, but which, in the opinion (which opinion shall be addressed, and be in form and substance satisfactory, to the Secretary and shall be dated the Closing Date) of the firm of Rogers & Wells, the firm of Hawkins, Delafield & Wood, the firm of Paul, Weiss, Rifkind, Wharton & Garrison, the Corporation Counsel or the Attorney General of the State, as the case may be, or other counsel acceptable to the Secretary (which acceptance shall not be unreasonably withheld), the decision, ruling or finding of the court or Governmental Authority of final jurisdiction would not have any of the effects described in clause (i) above.

(b) No decision, ruling or finding shall have been entered by any court or Governmental Authority since the date of this Agreement (and not reversed on appeal or otherwise set aside) (i) which has any of the effects set forth in clauses (i) through (iv) of subsection (a) of this Section 3.2.12, (ii) which declares any Financing Agreement, the Appropriations Act, Chapter 890, the Pension Fund Act or subdivision four of Section 10-a of the State Financial Emergency Act to be invalid or unenforceable as an entirety, or which declares any provision thereof to be invalid or unenforceable if the deletion of such provision by amendment would cause the requirements of Section 3.2.13 of this Agreement not to be satisfied, (iii) which declares Chapter 890, the Pension Fund Act or subdivision four of Section 10-a of the State Financial Emergency Act to be inapplicable to the Financing Agreements or any purchase contemplated thereby, or (iv) to the effect that (A) any purchase or prospective purchase by a Pension Fund of any City Indebtedness or MAC indebtedness pursuant to the Financing Agreements or (B) the entry into any of the Financing Agreements by such Pension Fund has violated or will violate any applicable fiduciary obligation of any trustee, director or officer or any law (whether statutory or otherwise); unless (1) such
decision, ruling, or finding is stayed pending appeal, and (2) counsel reasonably acceptable to the Secretary shall deliver an opinion, addressed and in form and substance satisfactory to the Secretary and dated as of such Closing Date, to the effect, without qualification, that the decision, ruling or finding of the court or Governmental Authority having final jurisdiction in the matter will not have any of the effects described in such clauses.

SECTION 3.2.13. Legislation in Effect. The Guarantee Act, the Appropriations Act, the Pension Fund Act and Chapter 890 each as in effect on the date of this Agreement, shall be in full force and effect and since the date of this Agreement, shall not have been amended or modified in any respect which materially adversely affects (i) the ability of the Secretary to issue Guarantees pursuant to the Agreement to Guarantee, or (ii) the ability of the City Pension Funds to purchase City Indebtedness or MAC Indebtedness under the Financing Agreements or the qualified status under Section 401(a) of the Internal Revenue Code of the City Pension Funds.

SECTION 3.3. Conditions to Guarantees Issued After June 30, 1979. Commencing July 1, 1979, the issuance of any Guarantee pursuant to Article 2 shall be subject to the satisfaction on the Closing Date (such satisfaction to be conclusively evidenced by the execution and delivery of such Guarantee on such Closing Date) of the following additional conditions precedent:

SECTION 3.3.1. One House Veto. The Senate or the House of Representatives of the United States shall not have passed a resolution prior to the commencement of the Fiscal Year in which such Guarantees are to be issued stating in substance that such body disapproves such Guarantees.

SECTION 3.3.2. State Assistance. The State shall have furnished to the Secretary satisfactory assurances that the amount of financial assistance to be provided by the State to the City during the Fiscal Year in which such Guarantee is to be issued will be not less than the amount of financial assistance provided during the Fiscal Year ending June 30, 1979, unless the Secretary has determined, after certification to such effect by the Board, that the City has presented a budget for the Fiscal Year in which such Guarantee is to be issued covering all expenditures other than capital items the results of which would not show a deficit when reported in accordance with generally accepted accounting principles.
SECTION 3.3.3. Standby Guarantees. The issuance of the Standby Guarantees shall be subject to compliance by the City, the State and MAC with such other terms and conditions as the Secretary shall reasonably deem appropriate pursuant to the Guarantee Act, including the inability of MAC to sell MAC Indebtedness in the public or private credit markets on reasonable terms and conditions.

ARTICLE 4.

REIMBURSEMENT OF UNITED STATES.

The City covenants and agrees to reimburse the United States upon demand for any amounts paid by the United States pursuant to any Guarantees in payment of principal and interest on any Guaranteed City Indebtedness which the City has failed to pay when due. The amount payable by the City to the United States under this Article 4 shall bear interest at the rate specified in the Guaranteed City Indebtedness with respect to which such amounts were paid from the date such amount was paid to the date of payment in full. The City further covenants and agrees to make such payments regardless of any defense, claim, set-off or other right it may have against the Purchaser of such Guaranteed City Indebtedness, the United States or any other persons; provided, however, that nothing contained in this Agreement shall prevent the City from otherwise pursuing such defense, claim, set-off or other right.

The United States agrees to credit against the obligation of the City to make the payments referred to in the preceding paragraph, any amounts received and retained by the United States with respect to principal and interest on the Guaranteed City Indebtedness. Any such amounts shall be applied first to the payment of interest owed to the United States under this Article and then to the amounts paid pursuant to any Guarantees to be applied first to interest and then to principal on the Guaranteed City Indebtedness. Payments by the City hereunder shall be made in federal funds by wire transfer at the Federal Reserve Bank of New York, for credit to the account of:

United States Treasury
New York, New York
021030004
Treas NYC/ (20180006)
Reimbursement of Guarantees Paid
Treasury Annex 1 Room 326
Washington, D. C. 20226
ARTICLE 5.

REPRESENTATIONS AND WARRANTIES.

SECTION 5.1. The City hereby represents and warrants to the United States that:

SECTION 5.1.1. The City is validly existing as a municipal corporation under the laws of the State of New York, including the New York State Constitution, with the right and power to execute, deliver and perform its obligations under this Agreement and the Financing Agreements to which it is a party, to include the State Covenants in this Agreement, and to issue the Guaranteed City Indebtedness in accordance with the Borrowing Laws of the State.

SECTION 5.1.2. The State Financial Emergency Act has been validly enacted by the legislature of the State in accordance with the laws of the State, including the State Constitution, and is in full force and effect.

SECTION 5.1.3. When delivered to and paid for by the Purchasers, the Guaranteed City Indebtedness will have been duly authorized, executed and delivered and will constitute valid and legally binding obligations of the City, enforceable against the City in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium or other similar laws applicable generally to the enforcement of creditors' rights. The Guaranteed City Indebtedness will be secured by a pledge of the faith and credit of the City and all of the real property within the City subject to taxation by the City will be subject to the levy of ad valorem taxes without limitation as to rate or amount to pay principal and interest thereon.

SECTION 5.1.4. Except as disclosed on Schedule I or otherwise disclosed in writing to the Secretary, there is no action, suit, proceeding or investigation at law or in equity pending or (to the best knowledge of the City) overtly threatened before or by any court or Governmental Authority against the City or (to the best knowledge of the City, no independent investigation having been made) any other person wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect this Agreement, any Financing Agreement or the transactions contemplated by this Agreement or any Financing Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, Chapter 890, Section 10-a.4 of the State Financial Emergency Act,
the MAC Guarantee Reserve Fund or the MAC Guarantee Reserve Fund Resolution, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Board, each as referred to in the State Covenants, (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the State Financial Emergency Act or the obligations of the City under the State Financial Emergency Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

Section 5.1.5. This Agreement has been duly authorized, executed and delivered by the City and constitutes a valid and legally binding agreement of the City in accordance with its terms. The City is subject to suit on this Agreement and on the Guaranteed City Indebtedness.

Section 5.1.6. The execution, delivery and performance of this Agreement by the City and the issuance of the Guaranteed City Indebtedness and compliance by the City with the provisions thereof will not conflict with or constitute on the part of the City a breach of, or a default under, any law existing on the date as of which this representation and warranty is made, or administrative regulation, decree or order, or (to the best of the knowledge of the City, after due investigation) any agreement or other instrument to which the City is subject or by which it is bound.

Section 5.1.7. No authorization, consent or approval of, or filing or registration with, any court or Governmental Authority is or will be necessary under law existing on the date as of which this representation and warranty is made, for the valid execution, delivery or performance by the City of this Agreement, or any Guaranteed City Indebtedness, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made prior to the execution of this Agreement or the issuance of such Guaranteed City Indebtedness, as the case may be.

Section 5.2. The State hereby represents and warrants to the United States that:

Section 5.2.1. The State Financial Emergency Act has been validly enacted by the legislature of the State in accordance with the
laws of the State, including the State Constitution, and is in full force and effect. Pursuant to the State Financial Emergency Act, the Board has been created as an agency and instrumentality of the State, with right and power to execute, deliver and perform this Agreement and to control the fiscal affairs of the City so long as any Guarantees will be outstanding.

Section 5.2.2. The execution, delivery and performance of this Agreement by the State have been duly authorized and this Agreement constitutes a legally valid agreement of the State in accordance with its terms. The State is subject to suit on this Agreement.

Section 5.2.3. The execution, delivery and performance of this Agreement by the State and compliance with the provisions hereof by the State, will not violate any legal requirement of the State existing on the date as of which this representation and warranty is given to which the State is subject or by which it is bound.

Section 5.2.4. No authorization, consent or approval of, or filing or registration with, any court or Governmental Authority is or will be necessary under the law of the State existing on the date as of which this representation and warranty is given for the valid execution, delivery or performance by the State of this Agreement, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made.

Section 5.2.5. Except as disclosed on Schedule I or otherwise disclosed in writing to the Secretary, there is no action, suit, proceeding or investigation at law or in equity pending or (to the best knowledge of the State) overtly threatened before or by any court or Governmental Authority against the State, or (to the best knowledge of the State, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect this Agreement, any Financing Agreement, or the transactions contemplated by this Agreement or any Financing Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, Chapter 890, Section 10-a.4 of the State Financial Emergency Act, the MAC Guarantee Reserve Fund or the MAC Guarantee Reserve Fund Resolution, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Board, each as referred to in the State Covenants, (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of
the State Financial Emergency Act or the obligations of the City under the State Financial Emergency Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

SECTION 5.3. MAC hereby represents and warrants to the United States that:

SECTION 5.3.1. MAC is validly existing as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, duly created by and validly existing under the laws of the State, including the State Constitution, duly authorized by the laws of the State to act on behalf of or in the interest of the City and no other subdivision of the State and with the right and power to execute, deliver and perform this Agreement and to adopt the MAC Guarantee Reserve Fund Resolution and to create the MAC Guarantee Reserve Fund.

SECTION 5.3.2. The State Financial Emergency Act has been validly enacted by the legislature of the State in accordance with the laws of the State, including the State Constitution, and is in full force and effect.

SECTION 5.3.3. The execution, delivery and performance of this Agreement by MAC and the adoption of the MAC Guarantee Reserve Fund Resolution, the creation of the MAC Guarantee Reserve Fund and the performance of the provisions thereof required to be performed by MAC have been duly authorized by proper proceedings. This Agreement and the MAC Guarantee Reserve Fund constitute valid and legally binding agreements of MAC enforceable against MAC in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws applicable to the rights created thereunder. MAC is subject to suit on this Agreement and on the MAC Guarantee Reserve Fund Resolution. The monies in the MAC Guarantee Reserve Fund are pledged to the payment of principal and interest on the Guaranteed City Indebtedness and to the reimbursement of the United States for any amount paid pursuant to a Guarantee, subject to the terms and conditions of the MAC Guarantee Reserve Fund Resolution.

SECTION 5.3.4. The execution, delivery and performance of this Agreement by MAC and the adoption of the MAC Guarantee Reserve Fund Resolution and the creation of the MAC Guarantee Reserve Fund and compliance with the provisions thereof, will not conflict with
or constitute on the part of MAC a breach of, or default under, any law existing on the date as of which this representation and warranty is given, or administrative regulation, decree or order, or any agreement or other instrument to which MAC is subject or by which it is bound.

SECTION 5.3.5. No authorization, consent or approval of, or filing or registration with, any court or Governmental Authority is or will be necessary under law existing on the date as of which this representation and warranty is given, for the valid execution, delivery or performance by MAC of this Agreement, the adoption by MAC of the MAC Guarantee Reserve Fund Resolution or the creation of the MAC Guarantee Reserve Fund or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made prior to the execution of this Agreement or the creation of the MAC Guarantee Reserve Fund, as the case may be.

SECTION 5.3.6. Except as disclosed on Schedule I or otherwise disclosed in writing to the Secretary, there is no action, suit, proceeding or investigation at law or in equity pending or (to the best knowledge of MAC) overtly threatened before or by any court or Governmental Authority against MAC or (to the best knowledge of MAC, no independent investigation having been made) any other person wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect this Agreement, any Financing Agreement or the transactions contemplated by this Agreement or any Financing Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, Chapter 890, Section 10-a.4 of the State Financial Emergency Act, the MAC Guarantee Reserve Fund or the MAC Guarantee Reserve Fund Resolution, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Board, each as referred to in the State Covenants, (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the State Financial Emergency Act or the obligations of the City under the State Financial Emergency Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

SECTION 5.3.7. The representations and warranties of MAC contained in the Financing Agreements are true and accurate on and as of the date hereof.
SECTION 5.4. The Board hereby represents and warrants to the United States that:

SECTION 5.4.1. The Board validly exists as an agency and instrumentality of the State of New York under the laws of the State of New York, including the State Constitution and the State Financial Emergency Act, with right and power to execute, deliver and perform this Agreement. This Agreement constitutes a legally valid agreement of the Board in accordance with its terms. The Board is subject to suit on this Agreement.

SECTION 5.4.2. The State Financial Emergency Act has been validly enacted by the legislature of the State in accordance with the laws of the State, including the State Constitution, and is in full force and effect.

SECTION 5.4.3. The execution, delivery and performance of this Agreement by the Board under the circumstances contemplated hereby and compliance with the provisions hereof by the Board, will not violate any legal requirement of the State existing on the date as of which this representation and warranty is given, to which the Board is subject or any agreement or other instrument by which the Board is bound.

SECTION 5.4.4. No authorization, consent or approval of, or filing or registration with, any court or Governmental Authority is or will be necessary under the law of the State existing on the date as of which this representation and warranty is given, for the valid execution, delivery or performance by the Board of this Agreement, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made.

SECTION 5.4.5. Except as disclosed on Schedule I or otherwise disclosed in writing to the Secretary, there is no action, suit, proceeding or investigation at law or in equity pending or (to the best knowledge of the Board) overtly threatened, before or by any court or Governmental Authority against the Board or (to the best knowledge of the Board, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect this Agreement, any Financing Agreement or the transactions contemplated by this Agreement or any Financing Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, Chapter 890, Section 10-a.4 of the State Financial Emergency Act, the MAC Guarantee Reserve Fund Resolution or the MAC Guarantee Reserve Fund, (b) in any material respect impair the powers,
limit the duties or shorten the duration of the Board, each as referred to in the State Covenants, (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the State Financial Emergency Act or the obligations of the City under the State Financial Emergency Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

ARTICLE 6.

COVENANTS WITH THE UNITED STATES.

So long as any Guarantees are outstanding, each obligor hereby covenants and agrees with the United States as hereinafter provided as to such obligor:

SECTION 6.1. General Obligations. The City covenants and agrees that all Guaranteed City Indebtedness will be general obligations of the City, and the faith and credit of the City will, upon the issuance of such Guaranteed City Indebtedness, be pledged to the payment of the principal of and interest on such Guaranteed City Indebtedness.

SECTION 6.2. Payment of Guaranteed City Indebtedness. The City covenants and agrees to make all payments on Guaranteed City Indebtedness and under this Agreement when and as due. The City further covenants and agrees to assess and levy taxes (a) in an amount sufficient to provide for the payment of principal of and interest on the Guaranteed City Indebtedness (after taking into account taxes estimated to be uncollected and all other items of City Indebtedness then due) and (b) to the extent permitted under existing law, to pay all obligations of the City to the United States hereunder. The City agrees that upon any payment by the United States under any Guarantee, the United States shall be subrogated to all rights of the holder of the Guaranteed City Indebtedness with respect to which the United States shall have made payments under the Guarantees.

SECTION 6.3. Financial Plan. The City and the Board severally covenant and agree that they will not modify or amend the Financial Plan except upon written notice to the Secretary, in advance when feasible and in any event promptly thereafter. The City covenants that it will comply with the Financial Plan, and will use its best efforts to fulfill the assumptions contained in the Financial Plan.
SECTION 6.4. Compliance with Applicable Laws and the Financing Agreements. (a) The City covenants and agrees to comply with the provisions of the State Financial Emergency Act and the Borrowing Laws of the State and the terms and conditions of the Financing Agreements applicable to it. The City further covenants and agrees to comply with the provisions of Sections 9-a and 9-b of the State Financial Emergency Act, and all definitions in Section 2 of the State Financial Emergency Act applicable to Sections 9-a and 9-b, as in effect on the date hereof; provided, however, that it may instead comply with the provisions of any amendments to such Sections and definitions after the date hereof, that are consistent with the State Covenants, to the following extent:

(i) The City may act in accordance with an amendment to the definition of “Available Tax Levy” or Section 9-a.2 of the State Financial Emergency Act if such amendment is consistent with the objectives, as reflected in Section 9-a of the State Financial Emergency Act as in effect on the date hereof, that all monthly debt service, within the meaning of Section 9-a.2.a of the State Financial Emergency Act as in effect on the date hereof, will be funded from actual collections of real estate taxes and assessments held in a separate account without commingling with other revenues and that such funding will occur in advance of such monthly debt service payments;

(ii) The City may renew tax anticipation notes to mature on the earlier of (A) the expected date of collection of the taxes or assessments in respect of which such notes were issued or (B) 20 days after the end of the Fiscal Year in which such notes were issued, to the extent such taxes or assessments are properly accrued in the Fiscal Year in which such notes were issued in accordance with generally accepted accounting principles (“GAAP”);

(iii) The City may issue revenue anticipation notes with a maturity within four months after the Fiscal Year in which they were issued to the extent (A) there is a change in the timing pattern for revenues of the City after the date hereof, (B) the revenues in respect of which such notes were issued are properly accrued in the Fiscal Year such notes were issued in accordance with GAAP and (C) the amount of any such revenues is included in the Financial Plan; and

(iv) The City may renew, for two additional successive periods not to exceed 6 months each, bond anticipation notes which have been renewed once, to the extent that within 60 days before each such addi-
tional renewal, the City concluded in writing, and the Financial Advisor concurred in writing, that a sufficient principal amount of Long Term City Indebtedness or MAC Indebtedness cannot be sold in the general public market for municipal securities.

(b) The Board covenants and agrees to fulfill its functions and obligations under the State Financial Emergency Act, and, to the extent authorized by law, to use its best efforts to require the City to comply with the terms and conditions of the Financing Agreements and this Agreement.

(c) MAC hereby covenants and agrees to comply with and, to the extent permitted by law, to use its best efforts (i) to enforce the provisions of the Financing Agreements and the MAC Guarantee Reserve Fund, and (ii) to require the City to comply with the terms and conditions of the Financing Agreements and this Agreement.

SECTION 6.5. Restrictions on Liens and Borrowings. The City covenants and agrees, to the extent permitted by law, that no lien or assignment will be made by the City which in any way restricts or subjects to any prior claim the funds or property of the City required to be deposited in the general debt service fund pursuant to Section 9-a of the State Financial Emergency Act, except for those in existence on the date of this Agreement.

SECTION 6.6. Audits. Each of the obligors hereby authorizes the General Accounting Office, the Secretary or any representative of either to make such audits and review such financial and other information (and to make copies thereof) relating to the financial affairs of the City and MAC as may be deemed appropriate by either the Secretary or the General Accounting Office, including all accounts, books, records, transactions, memoranda, correspondence and other documents of such obligor or any agency or instrumentality of such obligor which relate to the financial affairs of the City or MAC, and consents that the results of any such audits and reviews may be reported to the Secretary and the Congress.

SECTION 6.7. Reports. The City covenants and agrees to furnish to the Secretary the following:

SECTION 6.7.1. Monthly Certificate. As soon as available and in any event prior to the end of each calendar month, a certificate signed by the City and approved by the Board certifying as of the end of the preceding calendar month (i) that there has been no material
modification to the Financial Plan and (ii) that there have been no material adverse developments in pending litigation, and no new litigation challenging the State Financial Emergency Act, the MAC Guarantee Reserve Fund, the MAC Guarantee Reserve Fund Resolution, this Agreement or any transaction contemplated by this Agreement in which litigation the City or the Board is named a party or of which the Board or the City has knowledge; or if there has been any such modification, material adverse development or new litigation, specifying the same and giving a reasonably precise description thereof.

Section 6.7.2. Monthly Financial Plan Statements. As soon as available, and in any event no later than the end of each calendar month, a statement of the results of the operations of the City and the Covered Organizations for the preceding calendar month (except in the case of June) and for the expired portion of the Fiscal Year then ended, showing the Financial Plan summary, the changes in Fiscal Year forecast, revenues, obligations and unrestricted cash flow on a monthly and year-to-date basis and such other information in such form as may be agreed upon by the City and the Secretary, certified by the City.

Section 6.7.3. Quarterly Financial Plan Statements. Commencing January 31, 1979, as soon as available and in any event not later than the last day of October, January and April in each year, a statement of results of operations of the City for the preceding fiscal quarter in a form as may mutually be agreed upon among the Secretary, the Board and the City and certified by the City.

Section 6.7.4. Annual Audits. As soon as available and in any event by October 31 of each Fiscal Year, a statement of financial position and results of operations of the City as of the end of the immediately preceding Fiscal Year, certified by a firm of nationally recognized independent certified public accountants or a consortium of firms headed by a firm of nationally recognized independent certified public accountants acceptable to the Secretary. The report of such accountants shall state whether there was any deviation in the preparation of such statements from generally accepted accounting principles and shall state whether the audit of such 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 were considered necessary under the circumstances. The City shall also transmit to the Secretary and to the Audit Committee a compliance letter prepared by its independent auditors which shall state whether, in the
course of such audit, anything came to the attention of such auditors which would indicate that the City was not in compliance with certain terms and conditions of this Agreement with respect to financial matters and budgetary matters as may be mutually agreed upon between the Secretary and such auditors and a copy of the management letter prepared by the City’s independent auditors in connection with the annual audit together with a statement by the City on each recommendation contained in the management letter. The results of the audit shall be submitted to the Audit Committee for review and evaluation.

Section 6.7.5. Economic Reports. Commencing March 15, 1979 and on each September 15 and March 15 thereafter or such other dates as shall be agreed between the City and the Secretary, a written statement on behalf of the City by the Mayor evaluating the then current overall economic condition of the City, including, without limitation, the following, in such detail as the Secretary may reasonably request: (i) a summary of economic conditions showing trends over the six-month period (ending December 30 in the case of a March 15 report and June 30 in the case of a September 15 report) in New York City as compared with the rest of the nation and with reference to the state of the national business cycle; (ii) an analysis of trends in economic activity by major industry sector and identifying those factors which are the principal causes of such trends; (iii) an analysis of labor market conditions including an examination of the unemployment rate; (iv) an analysis of competitive factors, such as prices, wage rates and energy costs in comparison to the nation; (v) an analysis of other long-term trends, statistics and studies that have particular relevance to the City’s economy not analyzed in (i) to (iv) above; and (vi) an analysis of the effects of local economic conditions on the finances, taxes and services of the City.

Section 6.7.6. Collective Bargaining Agreements. As soon as available and in any event upon submission to the Board by the Mayor of a collective bargaining agreement, a copy thereof together with a statement by the Mayor setting forth the projected costs of the contract and a certification by the Mayor that performance thereof will be consistent with the Financial Plan, together with copies of such other information as may be submitted to the Board.

Section 6.7.7. Management and Productivity Improvements. Commencing February 20, 1979 and on each February 20 and August 20 thereafter, or on such other dates as the City Charter shall provide and as the Secretary shall agree, the written statement by the Mayor required
pursuant to Section 12 of the City Charter. The statement submitted by the Mayor shall discuss steps taken to enhance the productivity of the City’s labor force.

**Section 6.7.8. Borrowing Schedule.** Prior to the commencement of each Fiscal Year, a Borrowing Schedule prepared by the City and consistent with the Financial Plan, setting forth in reasonable detail, based on available information, estimates of borrowing for such Fiscal Year (a) in the case of seasonal borrowings; (i) the amount and months of anticipated borrowings, (ii) the amount and months of anticipated repayments of such borrowings, and (iii) the source of such borrowings, and (b) in the case of Long-Term City Indebtedness and MAC Indebtedness: (i) the amount and months of anticipated borrowings, and (ii) the source of such borrowings. For the 1979, 1980, 1981 and 1982 Fiscal Years the City shall also submit, in the case of Long-Term City Indebtedness and MAC Indebtedness, where applicable, estimates of (i) the capital expenditures supporting such borrowings, (ii) the periods of probable usefulness for such capital expenditures, and (iii) the effect of such borrowings upon compliance with the debt restrictions imposed by the Borrowing Laws of the State.

**Section 6.7.9. Reports of Covered Organizations.** As soon as available and to the extent required pursuant to the State Financial Emergency Act and made available to the City, an annual statement of financial position and results of operations of each of the Covered Organizations as of the end of each of their fiscal years certified by a firm of independent certified public accountants or a consortium of firms of independent certified public accountants, such report to state whether there was any deviation in the preparation of such statements from generally accepted accounting principles and whether the audits of such statements were made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as were necessary under the circumstances. As soon as and to the extent available to the City, the City shall submit a copy of the management letter prepared by the Covered Organization’s independent accountants in connection with the annual audit together with a statement by the Covered Organization on each recommendation contained in the management letter.

**Section 6.7.10. Publication of Plan Variances.** The City covenants and agrees to publish in the City Record, within five months after the completion of each of the 1979, 1980 and 1981 Fiscal Years, an analysis reconciling its actual revenues and expenditures for such Fiscal Year with projected revenues and expenditures in the initial Financial
Plan for such Fiscal Year and the last modification thereto approved by the Board covering such Fiscal Year, and containing projections which reflect the impact of such plan on tax rates.

**Section 6.8. Reports of the Board.** The Board covenants and agrees to furnish to the Secretary the following:

**Section 6.8.1. Board Reports.** (a) As soon as available, and in any event not later than March 15, 1979, and thereafter as soon as available, and in any event not later than June 15, December 15, and March 15 of each Fiscal Year, a report on the status of the Financial Plan. Each report submitted pursuant to this Section shall contain a narrative description of any modifications to the Financial Plan that have been submitted to or approved by the Board during the period covered by the report and of any determination of the Board, during such period, concerning the need for further modifications to the Financial Plan. Each report shall discuss the reasons for the actions or determinations of the Board which are described in the report and shall describe any actions that have been or are proposed to be taken by either the City or the Covered Organizations in connection with such actions or determinations. The first report shall cover the period from November 9 to the date of such report and each subsequent report shall cover the period since the submission of the prior report.

(b) As soon as available and in any event not more than 45 days after the submission of a Financial Plan by the City to the Board, a report advising the Secretary whether the Board will approve or has approved the Financial Plan submission, discussing the reasons for such action and describing any actions that have been or are proposed to be taken by either the City or the Covered Organizations in connection with such action.

(c) As soon as publicly available, a copy of any other report issued by the Board.

**Section 6.8.2. Staff Conferences.** At least monthly, upon reasonable notice from the Secretary, the Executive Director of the Board shall meet with representatives of the Secretary to discuss the status of the Financial Plan and such other matters concerning the financial condition of the City as the Secretary shall request. A representative of the City may be present at such meetings.

**Section 6.9. Independent Audit and Accounting System.** (a) The City hereby agrees to obtain an independent audit as required by Section 103
(7)(A) of the Guarantee Act and Section 6.7.4 for its Fiscal Year ended June 30, 1979 and for each Fiscal Year thereafter.

(b) The City and, to the extent authorized by law, the Board severally agree to use their best efforts continuously to improve the reliability of the City's financial records, reports and controls. This shall include, but is not necessarily limited to, the establishment of a fixed asset group of accounts and the preparation of quarterly statements of financial position and results of operations of the City as well as improvements to and enhancements of the City's present systems of internal controls over the receipt and expenditure of City funds, the present Integrated Financial Management System (IFMS) and the design and development of new systems, subsystems or independent systems.

The City further agrees to give careful consideration to the recommendations as to the maintenance, improvement and integration of its financial recording, reporting and planning and controls systems by the Secretary, the General Accounting Office, the Board or the independent public accountants then responsible for the annual audit of the City.

SECTION 6.10. Additional Information. Each of the obligors severally covenants and agrees to furnish to the Secretary such documents or other information in the possession of such obligor as the Secretary may from time to time reasonably request that are related to the finances or accounting matters of the City or MAC, or to the ability of the City or such obligor to perform its obligations hereunder. Within ten days after receipt of a written request by the Secretary (or such longer time as the Secretary may provide), the obligor of whom such request is made shall cause to be furnished to the Secretary, by the officer or officers so requested, the information sought, or a statement as to why the information is not readily available and, if such information is in the possession of and reasonably available to such obligor, a commitment to furnish the same within a reasonable time. Each of the obligors further severally covenants and agrees that the officers and representatives of each will be available, upon reasonable notice, to discuss with the Secretary and his representatives the affairs, finances and accounts of such obligor as they relate to the finances or accounting matters of the City or MAC and, to the best of their knowledge, to advise them as to the same.

SECTION 6.11. Further Assurances. Each of the obligors severally covenants and agrees, subject to applicable provisions of law, to make, execute, acknowledge and deliver such further instruments as the Secretary may reasonably request, from time to time, in connection with this Agreement in order
to implement the provisions of this Agreement applicable to it, and shall file and record, if appropriate, in the proper filing and recording places, any and all such instruments; provided, however, that nothing contained herein shall impose upon such obligor any obligations other than those set forth in this Agreement.

SECTION 6.12. Signatures and Certifications. Guarantee Requests, certificates, reports, notices, communications, financial statements and budgets required under this Agreement shall be signed and certified as correct by the authorized officers of each of the appropriate obligors, as follows (except as herein otherwise specifically provided): in the case of the City, by the Mayor and the Comptroller of the City or such other appropriate City official as the Secretary may require; in the case of the Board, by its Chairman or its Executive Director; in the case of the State, by the Governor and such other appropriate State official as the Secretary may require; in the case of MAC, by its Chairman or its Executive Director; and in the case of any other person, such officer or officers as the Secretary may designate. Guaranteed City Indebtedness issued by the City shall be signed (manually or by facsimile) by the Mayor and the Comptroller of the City and attested by the City Clerk. Any officer required to sign or certify as aforesaid may delegate such responsibility to another authorized person with the approval of the Secretary. With respect to the certification of information to be furnished pursuant hereto by two or more officers of an obligor, each of such officers may disclaim information in the certification which is not within his responsibility so long as all information so disclaimed is certified by another officer competent to do so.

SECTION 6.13. Budgets and Financial Plans. The City covenants and agrees (a) to adopt and adhere to budgets covering all expenditures other than capital items, the results of which would not for Fiscal Years beginning after June 30, 1981 show a deficit when reported in accordance with generally accepted accounting principles, (b) for Fiscal Years beginning on or prior to June 30, 1981, but after June 30, 1978, to make substantial progress toward that goal, and (c) for each Fiscal Year beginning prior to June 30, 1981, but after June 30, 1978, to adopt and adhere to budgets covering all expenditures other than capital items, the results of which would not show a deficit when reported in accordance with accounting principles established under State law and (d) to adopt and adhere to Financial Plans as required by the State Financial Emergency Act. The City further covenants and agrees that the maximum aggregate amount of all expenditures included in the City's capital budgets pursuant to the provisions of paragraph (c) of subdivision five of
Section 3038 of the Public Authorities Law of the State shall not exceed $450 million, $300 million and $150 million for the Fiscal Years ending June 30, 1979, June 30, 1980 and June 30, 1981, respectively.

Section 6.14. Audit Committee. The City covenants and agrees (a) to establish and maintain the Audit Committee as required by Section 103(7)(B) of the Guarantee Act, (b) to consider carefully the recommendations of the Audit Committee, and (c) to forward all reports of the Audit Committee to the Secretary. The City further covenants and agrees that, as required by the Guarantee Act, the Audit Committee shall consist of the Mayor of the City, the Comptroller of the City and the President of the City Council, two individuals with expertise in municipal finance selected by the Board, and an officer or employee of two different firms of independent public accountants which are not engaged by the City or by the Comptroller of the City and who are selected by the Board.

Section 6.15. Productivity Council. The City covenants and agrees (a) to establish and maintain the Productivity Council as required by Section 103(9) of the Guarantee Act and (b) to consider carefully the recommendations of the Productivity Council. The City covenants and agrees that, as required by the Guarantee Act, the Productivity Council shall consist of representatives of the City government and the City employee unions and shall include a representative of the Board who shall serve as an observer, and shall develop and seek to implement methods for enhancing the productivity of the City’s labor force. The Board covenants and agrees to review and report upon the development and implementation of methods for enhancing the productivity of the City’s labor force. The City agrees to publish such report in the City Record and to transmit such report to the Secretary prior to January 1 of each year.

Section 6.16. Public Distribution of Securities. The City covenants and agrees to offer to sell for distribution to the public during the 1980, 1981 and 1982 Fiscal Years its short-term notes in amounts contemplated by the Financing Plan then in effect and not provided for by the Financing Agreements, and during the 1981 and 1982 Fiscal Years, its long-term bonds in amounts contemplated by the Financing Plan then in effect and not provided for by the Financing Agreements, or such other amounts as the Secretary and the City after consultation with the Financial Advisor shall determine to be appropriate prior to the commencement of such Fiscal Year; provided, however, that the Secretary may waive such requirements to the extent he
determines that any such offer would be inconsistent with the financial interests of the City. The City shall use its best efforts in consultation with its Financial Advisor to meet its borrowing needs on reasonable terms and conditions without resort to Guarantees under this Agreement.

Section 6.17. Refunding Program. As soon as practicable after the Secretary determines that the City has demonstrated its ability to meet its long-term credit needs through public credit markets, the City covenants and agrees that it will implement a program satisfactory to the Secretary of refunding any outstanding Guaranteed City Indebtedness for the purpose of achieving complete repayment of such Guaranteed City Indebtedness at the earliest practicable date, taking into consideration such factors as the Secretary deems appropriate (after consultation with the City’s Financial Advisor) including the effect of such refunding on the City’s need to maintain the City’s continued access to public credit markets for its long-term credit needs. The City covenants and agrees to enter into an agreement with the Secretary (the “Refunding Agreement”) evidencing such program within 90 days of the date the Secretary has notified the City of such determination.

Section 6.18. State Covenants. In accordance with the provisions of Section 10-a.1 of the State Financial Emergency Act, the City hereby includes in this Agreement the pledge and agreement of the State under such Section that the State will not take any action which will (a) substantially impair the authority of the Board during a control period (as defined in the State Financial Emergency Act as in effect on the date such Guaranteed City Indebtedness is 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 State Financial Emergency Act as in effect on the date such Guaranteed City Indebtedness is issued and paragraph (b) of such subdivision as in effect from time to time, (ii) to disapprove a contract of the City or a Covered Organization 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 State Financial Emergency Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the State Financial Emergency Act as in effect from time to time) 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; 
(e) terminate the existence of the Board prior to the time to be determined 
in accordance with Section thirteen of the State Financial Emergency Act 
as in effect on the date such Guaranteed City Indebtedness is 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 sub-
division twelve of Section two of the State Financial Emergency Act as in 
effect on the date such Guaranteed City Indebtedness is issued, or substantially 
alter the authority of the Board, as set forth in such subdivision 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 monies or direct obligations of the United States or obliga-
tions guaranteed by the United States, the principal of and/or interest on 
which will provide monies 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 Guaranteed City Indebtedness and irrevocable 
instructions from the City to such bank, trust company or other fiduciary for 
such payment of such principal and interest with such monies shall have been 
given, or (ii) such Guaranteed City Indebtedness, together with interest 
thereon, have been paid in full at maturity or have otherwise been refunded, 
redeemed, defeased, or discharged.

In accordance with the provisions of Section 10-a.3 of the State Financial 
Emergency Act, the City hereby includes in this Agreement the pledge and 
agreement of the State that the State will take no action that would impair the 
power of the City to comply with or to perform any covenant or agreement 
made pursuant to this Agreement, or any right or remedy of the United 
States to enforce such covenant or agreement.

SECTION 6.19. MAC Covenants. (a) MAC covenants and agrees not 
to waive, amend or modify the MAC Guarantee Reserve Fund Resolution, 
without the consent of the Secretary, and not to take any action inconsistent 
with the rights of the Secretary thereunder. The monies held in the MAC 
Guarantee Reserve Fund shall be invested in obligations of the United States 
or obligations guaranteed by the United States.
(b) MAC covenants and agrees that, on or before March 31, 1979 or such later date as the Secretary shall agree, MAC will surrender for cancellation without payment of principal or will exchange for Long-Term City Indebtedness, all bond anticipation notes of the City held by it on the date of this Agreement unless the City and MAC enter into an agreement satisfactory to the Secretary as to the payment of such bond anticipation notes. MAC further covenants and agrees that such notes shall not otherwise be presented for payment of principal.

Section 6.20. Amendments and Waivers to Financing Agreements. Each obligor hereby severally agrees not to consent to any amendment, waiver, or other modification of any of the Financing Agreements to which it is a party without the consent of the Secretary, to comply with the terms and conditions of the Financing Agreements applicable to it (and, in the case of the State, to use its best efforts to cause the State Agencies to comply with said terms and conditions to the extent permitted by law) and to use its best efforts, including the institution of legal proceedings where appropriate, to enforce compliance with the terms and conditions of such Financing Agreements to the extent permitted by law.

Section 6.21. General Debt Service Fund. At least 30 days prior to any payment date for principal of or interest on Guaranteed City Indebtedness ("Payment Date"), the Board covenants and agrees that it will advise the Secretary whether projected real estate tax receipts to be retained in the general debt service fund established pursuant to Section 9-a of the State Financial Emergency Act will be sufficient to make such payment or whether other monies will be required to make such payment. The City covenants and agrees that prior to the fifth Banking Day preceding each Payment Date, it will pay into the general debt service fund such other monies as the Board determines are necessary to provide for any payment of principal of or interest on outstanding notes or bonds of the City, including Guaranteed City Indebtedness, that is due during the period beginning with the fifth Banking Day preceding the Payment Date and continuing through the Payment Date. The Board covenants and agrees that, in connection with its consideration or review of any criteria for calculating a proportion of real estate tax receipts to be retained in the general debt service fund pursuant to Section 9-a(3) of the State Financial Emergency Act, no criteria will be approved or continued in effect unless the Board determines that such criteria are reasonably calculated to provide adequate monies for payment of monthly debt service from real estate tax payments retained in the fund, without the need for additional payments by the City in any monthly or bi-monthly period in which such criteria shall apply.
SECTION 6.22. Prepayments. (a) The City covenants and agrees that it will not prepay any City Indebtedness (other than the Guaranteed City Indebtedness) or sinking fund obligations and will not otherwise make any preferential payment to any holder of any City Indebtedness, except (i) to the extent required by law in connection with a prepayment of Guaranteed City Indebtedness, (ii) out of funds deposited in its sinking funds (iii) that after the Refunding Agreement has been entered into, the City may repay Long Term City Indebtedness so long as the City and MAC are in compliance with the terms of the Refunding Agreement, or (iv) City notes as contemplated by the Loan Agreement.

(b) MAC covenants and agrees that it will not prepay any MAC Indebtedness, notes or sinking fund obligations or otherwise make a preferential payment to any holder of MAC Indebtedness or Notes other than (i) with the proceeds of a refunding issue of MAC Indebtedness or by the exchange of MAC Indebtedness for other MAC Indebtedness having a longer average life than the MAC Indebtedness being surrendered, (ii) with funds deposited in its sinking funds, (iii) as required by any resolution pursuant to which MAC Indebtedness has been issued, or (iv) after the Refunding Agreement has been entered into, as permitted by the terms of the Refunding Agreement. Notwithstanding the foregoing, MAC may purchase MAC Indebtedness in the open market to satisfy its mandatory sinking fund requirements no more than one year in advance provided that the purchase of such MAC Indebtedness will result in a net saving to the City.

ARTICLE 7.

DEFAULTS AND DEMAND FOR PAYMENT.

SECTION 7.1. Defaults. If any one or more of the following events (herein termed “events of default”) shall happen:

SECTION 7.1.1. Any payment of principal or interest on any Guaranteed City Indebtedness is not made when due or any payment required under this Agreement to be made to the United States is not made when due;

SECTION 7.1.2. Any representation or warranty made by any obligor (or any of their respective officers) in this Agreement or in any certificate delivered pursuant hereto, or in any Guaranteed City Indebtedness shall prove to have been incorrect in any material respect when made;

SECTION 7.1.3. Either the City or MAC shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by the City, the Board
or MAC seeking to adjudicate the City or MAC a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its indebtedness under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or an order adjudging the City or MAC bankrupt or insolvent shall be entered in any such proceeding instituted by any third party and such order shall not be stayed on appeal or expunged within 90 days of the date of entry of such order; or the City or MAC shall take any action to authorize any of the actions set forth above;

Section 7.1.4. The City or MAC shall (i) fail to pay any indebtedness for borrowed money (including any required sinking fund payment) or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or (ii) any such indebtedness shall be declared to be due and payable, or required to be prepaid pursuant to its terms (other than pursuant to a regularly scheduled required prepayment or pursuant to this Agreement, to the Refunding Agreement or to the Loan Agreement) prior to the stated maturity thereof;

Section 7.1.5. A court of competent jurisdiction shall have entered an order (which has not been stayed or reversed on appeal) declaring the State Financial Emergency Act to be invalid in whole or in part in any material respect whether in a case pending on the date of this Agreement or subsequently brought, and steps necessary to correct any such invalidity or to provide a substitute reasonably satisfactory to the Secretary shall not have been completed within 90 days of notice thereof from the Secretary; or the City or the State shall institute any proceedings attacking the validity of the State Financial Emergency Act which are not dismissed or withdrawn within 30 days;

Section 7.1.6. A court of competent jurisdiction shall have entered an order (which has not been stayed or reversed on appeal) declaring the MAC Guarantee Reserve Fund to be invalid in whole or in part in any material respect whether in a case pending on the date of this Agreement or subsequently brought and steps necessary to correct any such invalidity or to provide a substitute reasonably satisfactory to the Secretary shall not have been completed within 90 days of notice thereof
from the Secretary; or the City or the State shall institute any proceedings attacking the validity of the MAC Guarantee Reserve Fund which are not dismissed or withdrawn within 30 days; or MAC shall institute any legal proceedings to repudiate the MAC Guarantee Reserve Fund Resolution or the provisions thereof;

Section 7.1.7. A court of competent jurisdiction shall have entered an order (which has not been stayed or reversed on appeal) declaring the covenants of the State contained in Section 6.18 of this Agreement invalid in whole or in part in any material respect whether in a case pending on the date of this Agreement or subsequently brought, and steps necessary to correct any such invalidity or to provide a substitute reasonably satisfactory to the Secretary shall not have been completed within 90 days of notice thereof from the Secretary; or the City or the State shall institute any proceeding attacking the validity of such State Covenants which are not dismissed or withdrawn within 30 days; or the State shall take any action in violation of the terms of such State covenants;

Section 7.1.8. Any of the obligors shall fail to perform or observe any covenant, agreement or provision contained in Sections 2, 4, 6.1, 6.2, 6.6, 6.7.4., 6.7.10., 6.8, 6.9, 6.13, 6.14, 6.15, 6.16, 6.17, 6.19(a), 6.21, or 6.22 of this Agreement and such default shall not have been cured within 30 days after written notice of such default has been given from the Secretary to such obligor; or any of the obligors shall fail to perform or observe any other covenant, agreement or provision to be performed or observed by it under this Agreement in any material respect, and such default shall not have been cured within 30 days after written notice of such default has been given from the Secretary to such obligor;

then, in each and every such event, the Secretary may proceed to protect and enforce the rights of the United States by suit in equity, action at law or other appropriate proceeding, (a) by bringing suit against the City for any principal or interest then due with respect to the Guaranteed City Indebtedness (or against MAC with respect to the MAC Guarantee Reserve Fund) and any other amounts then payable under this Agreement; (b) by mandamus, original or ancillary, mandatory or other injunction, or any other order, process or decree, or by any other suit, action or proceeding at law or in equity to (i) enforce the obligations of any obligor under this Agreement or of the City under the Guaranteed City Indebtedness, (ii) enforce any pro-
visions of applicable law, including without limitation, the State Financial Emergency Act, (iii) require the City to account with respect to the disposition of revenues in the event the principal of or interest on Guaranteed City Indebtedness is not paid when due or in the event there are insufficient funds in the general debt service fund established pursuant to Section 9-a the State Financial Emergency Act to pay principal of or interest on City obligations when due, or (iv) enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such Guaranteed City Indebtedness or the United States under this Agreement; or (c) by requiring the City to deposit into an account at the Federal Reserve Bank of New York for so long as such event of default has occurred and is continuing an amount equal to the maximum semi-annual debt service on the Guaranteed City Indebtedness then outstanding, such requirement to constitute a claim against the City. The United States may institute any such proceedings either on its own behalf or on behalf of all persons similarly situated against the obligor with respect to which such event of default has occurred and its respective officials; provided, however, that the United States shall not be entitled to assert any claim against any funds in the MAC debt service funds, the MAC capital reserve funds, notes or bonds issued by MAC, the Municipal Assistance Tax Fund, Municipal Assistance State Aid Fund or the special accounts therein or the Stock Transfer Tax Fund or which would otherwise violate the rights of the holders of notes or bonds issued by MAC under the resolution of MAC pursuant to which they were issued. To the extent practicable, the Secretary agrees to give the City and the State at least twenty days' advance notice of his intention to exercise his rights pursuant to Section 105(e) of the Guarantee Act and agrees to discuss with the City and the State the manner in which such rights may be exercised. In exercising such rights, the Secretary agrees to take into account, among other factors, the nature of the event of default and the obligor responsible for such default. It is understood that any withholding of Federal payments would be solely pursuant to the Congressional mandate under Section 105(e) of the Guarantee Act and nothing herein shall be deemed to constitute an agreement, consent or acquiescence in any withholding of Federal payments in satisfaction of any claim of the Secretary. If such a withholding were to occur notwithstanding the absence of agreement, consent or acquiescence, (a) the City shall pay to the State an amount equal to the amount of funds withheld by the Secretary to the extent, but only to such extent, that the funds withheld were funds to be paid to the State not for the benefit of the City, provided however, that such payment shall be made only if the default giving rise to the withholding
by the Secretary is a default of the City, and (b) the State shall pay to the City an amount equal to the amount of funds withheld by the Secretary to the extent, but only to such extent, that the funds withheld were funds to be paid to the City or to the State for the benefit of the City, provided however, that such payment shall be made only if the default giving rise to the withholding by the Secretary is a default of the State and such withholding does not result in a discharge of any Guaranteed City Indebtedness; and provided further that if such funds so withheld are deposited into an account at the Federal Reserve Bank of New York, as above provided, the City shall assign to the State all of its right, title and interest to said deposit. Notwithstanding the foregoing, either the State or the City may pursue any remedies available to it against the other. The payment required pursuant to the foregoing sentence shall be made within 30 days after the funds withheld by the Secretary were to have been paid by the United States. Neither the Secretary nor the United States shall have any claim under this Agreement or the Guarantee Act on account of any purchase of Guaranteed City Indebtedness from a Pension Fund until by its terms the principal of or interest on such Guaranteed City Indebtedness becomes due and payable.

The remedies prescribed in this Agreement shall be cumulative and not in limitation of or substitution for any other remedies available to the Secretary or to the United States.

Any default by any obligor may be cured by any other obligor to the extent permitted by applicable law.

Section 7.2. Annulment of Defaults and Waivers by Secretary. The Secretary may waive any provision of this Agreement or any Guarantee or any Guaranteed City Indebtedness which is intended for the benefit of the United States and may consent to any modification of any term hereof or thereof which is intended for the benefit of the United States as he may deem appropriate. An event of default shall be deemed not to be in existence for any purpose of this Agreement if the Secretary shall have waived such event in writing either before or after the occurrence, or stated in writing that the same has been cured to his reasonable satisfaction, but no such waiver shall extend to or affect any prior or subsequent event of default or impair any right of the Secretary upon the occurrence thereof except as expressly provided in such waiver.

Section 7.3. Waivers by Parties. To the extent permitted by applicable law, the obligors each hereby agrees to waive, and does hereby absolutely and
irrevocably waive and relinquish, the benefit and advantage of, and does hereby covenant not to assert against the Secretary any stay, extension, or redemption laws (other than in connection with an order of a court of competent jurisdiction) which may exist now or hereafter which, but for this provision, might be applicable to any right under this Agreement and also any requirement for presentation, protest or further demand or notice with respect to any Guaranteed City Indebtedness already due by its terms.

SECTION 7.4. Course of Dealing. No course of dealing by the Secretary shall operate as a waiver of any rights in respect of this Agreement or any Guarantee or any Guaranteed City Indebtedness. No delay or omission on the part of the Secretary in exercising any right in respect of this Agreement or any Guarantee or any Guaranteed City Indebtedness shall operate as a waiver of such right or any other right thereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding unless it is in writing. The issuance of any Guarantee hereunder during the existence of an event of default shall not constitute a waiver of such event of default.

ARTICLE 8.

CONSENT TO SUIT.

To the extent that any obligor or any of its officials has or hereafter may acquire any immunity from suit and/or execution on the grounds of sovereignty, such obligor hereby irrevocably waives such right of sovereign immunity for itself and, to the extent permitted by law, its officials in respect of its obligations under this Agreement, and, in the case of MAC, the MAC Guarantee Reserve Fund. For purposes of any legal actions or proceedings brought by the United States in respect of this Agreement, the MAC Guarantee Reserve Fund, or any instruments, agreements or documents mentioned or contemplated hereunder, each obligor hereby irrevocably submits during the term of this Agreement to the jurisdiction of the courts of the United States located in the State of New York, and of courts of competent jurisdiction of the State of New York in and for the County of New York or the County of Albany. Final judgment against any obligor or any such official in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions in the State or in the District of Columbia by suit on the judgment.
ARTICLE 9.

NOTICES.

Any notice, demand, request, or other communication in connection with this Agreement shall be deemed to be given if in writing (which may be in the form of a telegram) and delivered at the respective addresses shown below or at such other addresses as may be specified in writing:

If to the Secretary, to him at

The Secretary of the Treasury
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D. C. 20220

with a copy to

The General Counsel of the Treasury
Room 3000
15th Street and Pennsylvania Avenue
Washington, D. C. 20220

If to the City, to

Mayor of The City of New York
City Hall
New York, New York 10007

and to

Comptroller of The City of New York
Room 530
Municipal Building
New York, New York 10007

with copies to

Corporation Counsel
Room 6-A-11
One Hundred Church Street
New York, New York 10007

and to

Deputy Mayor for Finance
Room 1401
250 Broadway
New York, New York 10007
If to the State to
Governor of the State of New York
Executive Chamber
Capitol Building
Albany, New York 12224

and to
Comptroller of the State of New York
Alfred E. Smith Building
Albany, New York 12236

with copies to
Attorney General of the State of New York
Capitol Building
Albany, New York 12224

If to the Board, to
Financial Control Board
270 Broadway
New York, New York 10007

with a copy to
Office of the Special Deputy Comptroller for
City of New York
270 Broadway
New York, N. Y. 10007

If to MAC, to
Executive Director
Municipal Assistance Corporation for
The City of New York
Room 4540
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
Attention: Allen Thomas, Esq.

Copies of notices shall contemporaneously be sent to all other parties, if not the direct giver or recipient of the notice.
ARTICLE 10.

MISCELLANEOUS.

SECTION 10.1. Amendments. Amendments to this Agreement shall be made only upon the written consent of the Secretary and each party affected by such amendment.

SECTION 10.2. Survival of Covenants. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and shall remain in full force and effect until repayment in full of the Guaranteed City Indebtedness. No investigation by or on behalf of the Secretary or audit by the Secretary or his representatives or by the General Accounting Office shall impair or waive the materiality of any such covenant, agreement, representation or warranty or the right of any person to rely thereon.

SECTION 10.3. Execution and Assignability. This Agreement may be executed in any number of counterparts which shall together constitute one instrument and shall inure only to the benefit of the Secretary and the parties hereto. This Agreement shall take effect upon delivery to each of the parties and other signatories, or their representatives, of copies hereof signed by the Secretary, he having previously received a copy or copies from and executed by each of the parties and other signatories.

SECTION 10.4. Severability. The provisions of this Agreement are separate and severable and if any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

UNITED STATES OF AMERICA

By W. MICHAEL BLUMENTHAL

W. Michael Blumenthal,
Secretary of the Treasury
Approved:

ARTHUR LEVITT
Arthur Levitt,
Comptroller

STATE OF NEW YORK

By HUGH L. CAREY
Hugh L. Carey,
Governor

Approved as to form:

LOUIS J. LEFKOWITZ
Louis J. Lefkowitz,
Attorney General

THE CITY OF NEW YORK

By EDWARD I. KOCH
Edward I. Koch,
Mayor

and

HARRISON J. GOLDS
Harrison J. Goldin,
Comptroller

NEW YORK STATE FINANCIAL
CONTROL BOARD

By HUGH L. CAREY
Hugh L. Carey,
Chairman

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By FELIX ROHATYN
Felix Rohatyn,
Chairman
### Financing Plan

(In Millions)

<table>
<thead>
<tr>
<th>MAC Indebtedness</th>
<th>Fiscal Year 1979</th>
<th>Fiscal Year 1980</th>
<th>Fiscal Year 1981</th>
<th>Fiscal Year 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Markets</td>
<td>500</td>
<td>500</td>
<td>300(5)</td>
<td>650(5)</td>
</tr>
<tr>
<td>Financial Institutions(1)</td>
<td>340.575</td>
<td>314.760</td>
<td>314.760</td>
<td>204.605</td>
</tr>
<tr>
<td>City Pension Funds(1)</td>
<td>60.425</td>
<td>222.240</td>
<td>222.240</td>
<td>120.095</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

### Long Term City Indebtedness

| Public Markets   | —     | —              | 300(4)          | 650(4)          |
| Financial Institutions | —     | —              | —               | —               |
| City Pension Funds(2) | 250   | 125             | 150(6)          | 300(6)          |
| State Pension Funds(2) | 250   | 125             | 150(6)          | 300(6)          |

### Seasonal Loans

| Public Markets(4) | —     | 900             | 900             | 900             |
| City Pension Funds(3) | 375   | —              | —               | —               |
| Banks(3)          | 375   | —              | —               | —               |

---

1. Pursuant to the Bond Purchase Agreement.
2. Pursuant to the Guaranteed Bond Purchase Agreement.
3. Pursuant to the Loan Agreement, to be reduced by any Notes sold in the public market.
4. Pursuant to Section 6.16 of this Agreement.
5. To be issued to the extent the City is unable to issue Long Term City Indebtedness in Public Markets in 1981 or 1982, as per the Financing Plan.
6. To be issued to the extent the City is unable to issue Long Term City Indebtedness in Public Markets in 1981 or 1982 or MAC is unable to issue MAC Indebtedness in 1981 or 1982 on reasonable terms and conditions, as per the Financing Plan.
EXHIBIT B
To the Agreement
to Guarantee

[Form of Guarantee]

GUARANTEE, dated , 19 , made, pursuant to the New York City Loan Guarantee Act of 1978, Public Law 95-339, by the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary"), in favor of (the "Purchaser").

Pursuant to the terms of this Guarantee, the United States hereby irrevocably and unconditionally guarantees the payment when due of the principal of and interest on those certain bonds of The City of New York (the "City"), bearing the serial numbers, in the principal amounts, and maturing on the dates set forth below, which are registered in the name of the Purchaser, and any definitive or other bonds of the City registered in the name of the Purchaser issued to such Purchaser in exchange therefore pursuant to the Guaranteed Bond Purchase Agreement (as defined below) (the "Guaranteed Bonds"). Payments by the United States hereunder shall be made in federal funds at the Federal Reserve Bank of New York as provided in this Guarantee.

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Principal Amount</th>
<th>Maturity</th>
</tr>
</thead>
</table>

The Purchaser hereby agrees as follows:

1. To give written or telegraphic notice of any failure of the City to pay principal or interest when due on the Guaranteed Bonds to the Secretary at United States Department of the Treasury, 15th Street and Pennsylvania Avenue, N.W., Washington, D. C. 20220, Attention: Secretary of the Treasury, with a copy to the General Counsel of the Department of the Treasury.

2. Not to demand payment from the United States hereunder unless at least five days shall have elapsed from the date on which the Purchaser shall have given notice to the Secretary that the City has failed to pay when due any of the principal or interest on the Guaranteed Bonds and such failure has not been remedied by the City, the Municipal Assistance Corporation for The City of New York ("MAC"), the State of New York (the "State") or any other party.
3. Not to institute legal proceedings against the City for the payment of principal and/or interest on any Guaranteed Bond or exercise any of its remedies pursuant to any Guaranteed Bond prior to or within 30 days of the delivery to the United States of the certificate and the assignment referred to below without the advance written consent of the Secretary.

4. So long as an event of default, as defined in the Agreement to Guarantee (as defined below), has occurred and is continuing, the United States may from time to time purchase one or more of the Guaranteed Bonds for an amount equal to 100% of the unpaid principal amount thereof and accrued interest thereon to the date of purchase upon not less than five days written notice given by the Secretary to the Purchaser at the address set forth below beneath its signature. Payment of such amount shall be made in federal funds at the Federal Reserve Bank of New York on the date specified in the notice.

5. No amendment, renewal or extension of any Guaranteed Bond or any modification or waiver of any right of the Purchaser thereunder may be consented to by the Purchaser without the prior written consent of the Secretary.

6. No claim of waiver, modification, consent or acquiescence with respect to any of the provisions of this Guarantee shall be made against the United States except on the basis of a written instrument signed by the Secretary.

7. Upon the making of any payment hereunder, the United States shall be subrogated to all the rights of the Purchaser to the extent of the amounts of principal and/or interest for which payment has been made under this Guarantee. Any amounts received by the Purchaser with respect to principal and/or interest for which payment has been made under this Guarantee from any party other than the United States under this Guarantee shall be promptly paid over to the Secretary.

In the event that there shall have been a failure to pay any of the principal of and/or interest on any Guaranteed Bond and such failure shall have continued for five days from the date on which the Purchaser shall have given the Secretary notice of such failure, then the United States shall pay to the Purchaser the unpaid principal amount of and/or interest on such Guaranteed Bond due on such date and interest on the unpaid principal accrued at the Stated rate from the date of such failure to pay to the date of payment of such
principal. The United States shall make payment hereunder upon the delivery to the United States, c/o the Federal Reserve Bank of New York, Attention: Government Bond and Safekeeping Department of (i) a certificate of the Purchaser stating that the Guaranteed Bond with respect to which demand is made for payment has not been sold or otherwise disposed of by the Purchaser (other than to a successor in interest not involving a change in beneficial ownership), and (ii) an assignment to the Secretary of all of the Purchaser's right, title and interest in and to such Guaranteed Bond to the extent of the payments of principal and/or interest for which payment is made under this Guarantee. In the event that the Purchaser shall make delivery of the aforementioned certificate more than 30 days after the date on which a failure to pay any of the principal of or interest on said Guaranteed Bond shall have occurred, then the United States shall pay to the Purchaser the unpaid principal amount of and/or interest on the Guaranteed Bond due on such date and interest on the unpaid principal accrued at the stated rate from the date of such failure to pay only to the 30th day after such failure to pay.

The obligations of the United States under this Guarantee shall automatically terminate with respect to any Guaranteed Bond which is sold or otherwise disposed of by the Purchaser (other than to a successor in interest not involving a change in beneficial ownership) and shall terminate in accordance with the provisions of paragraph 8.4 of the Guaranteed Bond Purchase Agreement (as defined below).

The obligations of the United States hereunder shall be irrevocable and unconditional irrespective of the validity, legality or enforceability of (i) the Guaranteed Bonds, (ii) the Guaranteed Bond Purchase Agreement dated as of November 15, 1978 (the "Guaranteed Bond Purchase Agreement"), by and among the City, certain City pension funds and State pension funds and the United States, (iii) the Agreement to Guarantee dated as of November 15, 1978 (the "Agreement to Guarantee"), by and among the United States, the State, the City, the New York State Financial Control Board and MAC, (iv) the Bond Purchase Agreement (as defined in the Agreement to Guarantee), or (v) the Loan Agreement (as defined in the Agreement to Guarantee), or any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor, and the full faith and credit of the United States is hereby pledged for the full payment and performance of the obligations of the United States hereunder.
The validity of this Guarantee shall be incontestable in the hands of the Purchaser, except for fraud or material misrepresentation on the part of the Purchaser. Except as otherwise expressly provided herein, the United States hereby waives presentment, demand, protest, and promptness in making any claim or demand hereunder.

IN WITNESS WHEREOF, the Secretary, on behalf of the United States, and the Purchaser have signed this Guarantee, on the date first above written.

UNITED STATES OF AMERICA

By .........................
Secretary of the Treasury

..............................
[Purchaser]
[Address]
EXHIBIT C
To The Agreement
To Guarantee

CERTIFICATE OF THE CITY OF NEW YORK

, the Mayor and Comptroller of The City of New York (the “City”) hereby certify on behalf of the City as follows:

1. Reference is made to the Agreement to Guarantee (the “Agreement”) dated as of November 15, 1978, by and among the United States of America (the “United States”), acting by and through the Secretary of the Treasury (the “Secretary”) with the State of New York, The City of New York, the New York State Financial Control Board and the Municipal Assistance Corporation for The City of New York. Terms which are therein defined are used herein with the same meanings, except as otherwise provided herein.

2. The City is as of the date hereof in compliance with the Agreement and the Financing Agreements. Each of the Conditions specified in Sections 3.3(a), 3.7, 3.8, 3.12, 3.17 and 3.20 of the Bond Purchase Agreement and Section 3 of the Loan Agreement to the extent such sections are applicable to the City has been satisfied or waived pursuant to such agreement as of the date hereof.

3. The representations and warranties of the City in Section 5.1 of the Agreement and Section 1 of the Adherence Agreement are true and correct on and as of the date hereof as if made on and as of the date hereof.

4. No event or condition which constitutes an event of default under the Agreement with respect to the City or under Sections 7.1.5 through 7.1.7, and no event or condition which, with the passage of time (as provided in the Agreement) or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

5. In its judgment, during the period commencing on the date of this Certificate and ending June 30, 1982, the long-term and seasonal borrowing needs of the City (other than City indebtedness guaranteed or to be guaranteed under the Agreement) will be met through commitments from the State, an agency of the State, private sources or public credit markets, in amounts which will be sufficient to enable the City after June 30, 1982, to meet all of its long-term and seasonal borrowing needs through the public credit markets. The judgment assumes the continuation of a public market for municipal securities similar in structure and operation to the public market for municipal securities now prevailing, the absence of conditions not reasonably foreseeable and beyond the control of any one or more
parties to the Financing Agreements and this Agreement which would materially adversely affect the assumptions underlying the Financial Plan, and the willingness and ability of the parties to the Financing Agreements and this Agreement to fulfill their respective commitments and obligations thereunder. These factors and other matters relevant to this judgment are described in the Official Statement(s) of the City [and MAC] delivered in connection with the issuance of Guarantees on the date hereof.

6. No bankruptcy, insolvency or other similar proceedings or moratorium or similar legislation in respect of the City or its obligations is pending and, to the best of the knowledge of the undersigned, no action or decision has been taken to initiate any such proceeding.

7. Subject to the qualifications contained therein, the Official Statement of the City does not contain any untrue statement of a material fact with respect to the City or omit any statement of such a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

8. On , the Board approved a financial plan for the City and [to a more limited extent] the covered organizations (as defined in the New York State Financial Emergency Act for the City of New York, as amended [the “Act”]), which it determined was consistent with applicable provisions of Section 8 of the Act and which covers Fiscal Year [fiscal year of closing] through Fiscal Year [fiscal year three years thereafter] [On (insert the date of approval of each subsequent financial plan modification) the Control Board approved modifications to such financial plan and determined that such financial plan, as modified, was consistent with applicable provisions of Section 8 of the Act] (such financial plan [, as modified] is hereafter referred to as the “Financial Plan”). The Financial Plan satisfies the applicable standards of Sections 103(5)(B) and 103(5)(C) of the Guarantee Act.

9. *The Monthly Financial Plan Statements of the City are based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which are reasonable and appropriate for purposes of such statements (including the availability of financing under the Financing Agreements). The actual and forecast expenditures of the City excluding capital items, as such expenditures were presented in the most recent Monthly Financial Plan Statements.

* In the event that the Closing Date occurs in the first two months of a Fiscal Year, these paragraphs shall refer to the Financial Plans of the City approved by the Board instead of the Monthly Financial Plan Statements.
of the City for the current Fiscal Year, do not project aggregate expenditures in excess of those contained in the Financial Plan. The most recent Monthly Financial Plan Statement of the City forecast (a) that Total Revenues (as defined in the Bond Purchase Agreement) of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit (as defined in the Bond Purchase Agreement) [or, when applicable, that the City will incur a Deficit in the current Fiscal Year of $ which is equal to % of such Total Revenues] and (b) that actual and anticipated seasonal borrowings obtained through the sale of City obligations which shall mature prior to the end of the current Fiscal Year will aggregate $ , which is equal to % of projected Total Revenues.

10. The City has adopted and is adhering to a budget for the current Fiscal Year which is consistent with the standards set forth in Section 103 (5) (A) of the Guarantee Act. The amount included in the City's capital budget for the current Fiscal Year to fund expense items is in accordance with paragraph (c) of subdivision five of Section 3038 of the Public Authorities Law and consistent with Section 6.13 of the Agreement.

11. The City is, as of this date, effectively unable to obtain long-term credit in the public markets or elsewhere in amounts and on terms sufficient to meet the City's financing needs as of the Closing Sale for the current Fiscal Year as set forth in the Financial Plan.

This certificate is rendered solely for your use in connection with the requirements imposed by the Agreement to Guarantee regarding your finding with respect to conditions of eligibility under the Guarantee Act. It may not be used or quoted and should not be relied upon for any purpose other than the performance by the Secretary of his responsibilities under the Agreement and the Guarantee Act.

IN WITNESS WHEREOF, the undersigned have hereunto set forth their hands this day of , 19 .

THE CITY OF NEW YORK

By ........................................
    Mayor

By ........................................
    Comptroller

Approved as to Form:

........................................
Corporation Counsel
CERTIFICATE OF THE GOVERNOR

, the Governor of the State of New York (the "State"), does hereby certify on behalf of the State that:

1. Reference is made to that certain Agreement to Guarantee (the "Agreement") dated as of November 15, 1978, by and among the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary") with the State of New York, The City of New York, the New York State Financial Control Board and the Municipal Assistance Corporation for the City of New York. Terms which are therein defined are used herein with the same meanings, except as otherwise provided herein.

2. The State has performed all of its agreements to be performed on or prior to the date hereof pursuant to the Agreement. Each of the conditions specified in Section 3 of the Bond Purchase Agreement or Section 3 of the Loan Agreement applicable to the State or any State Agency has been satisfied or waived pursuant to such agreements on the date hereof.

3. The representations and warranties of the State in Section 5.2 of the Agreement are true and correct on and as of the date hereof as if made on and as of the date hereof.

4. No event or condition which constitutes an event of default under the Agreement with respect to the State or any State Agency, and no event or condition which, with the passage of time (as provided in the Agreement) or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

5. In its judgment, during the period commencing on the date of this Certificate and ending June 30, 1982, the long-term and seasonal borrowing needs of the City (other than City indebtedness guaranteed or to be guaranteed under the Agreement) will be met through commitments from the State, an agency of the State, private sources or public credit markets, in amounts which will be sufficient to enable the City after
June 30, 1982, to meet all of its long-term and seasonal borrowing needs through the public credit markets. The judgment assumes the continuation of a public market for municipal securities similar in structure and operations to the public market for municipal securities now prevailing, the absence of conditions not reasonably foreseeable and beyond the control of any one or more parties to the Financing Agreements and this Agreement which would materially adversely affect the assumptions underlying the Financial Plan, and the willingness and ability of the parties to the Financing Agreements and this Agreement to fulfill their respective commitments and obligations thereunder. These factors and other matters relevant to this judgment are described in the Official Statement(s) of the City [and MAC] delivered in connection with the issuance of Guarantees on the date hereof.

IN WITNESS WHEREOF, I have set forth my hand this ______day of ______, 19______.

Governor
EXHIBIT E
To The Agreement
To Guarantee

CERTIFICATE OF THE CHAIRMAN OF THE MUNICIPAL
ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

, the Chairman of the Municipal Assistance
Corporation For The City of New York (the “MAC”) hereby certifies on
behalf of the Corporation that:

1. Reference is made to that certain Agreement to Guarantee
(the “Agreement”) dated as of November 15, 1978, by and among the
United States of America (the “United States”), acting by and through
the Secretary of the Treasury (the “Secretary”) with the State of New
York, The City of New York, the New York State Financial Control
Board and the Municipal Assistance Corporation for the City of New
York. Terms which are therein defined are used herein with the same
meanings, except as otherwise provided herein.

2. MAC has performed all of its agreements to be performed on
or prior to the date hereof pursuant to the Agreement and the Bond
Purchase Agreement. Each of the conditions specified in Section 3 of
the Bond Purchase Agreement or Section 3 of the Loan Agreement
applicable to MAC are satisfied or waived pursuant to such agreements
as of the date hereof.

3. The representations and warranties of MAC in Section 5.3
of the Agreement and Section 2 of the Bond Purchase Agreement are
true and correct on and as of the date hereof as if made on and as of
the date hereof.

4. No event or condition which constitutes an event of default
under the Agreement with respect to MAC, and no event or condition
which, with the passage of time (as provided in the Agreement) or the
giving of notice or both, would constitute such an event of default, has
occurred and is continuing.

5. In its judgment, during the period commencing on the date of
this Certificate and ending June 30, 1982, the long-term and seasonal
borrowing needs of the City (other than City indebtedness guaranteed
or to be guaranteed under the Agreement) will be met through commit-
ments from the State, an agency of the State, private sources or public
credit markets, in amounts which will be sufficient to enable the City
after June 30, 1982, to meet all of its long-term and seasonal borrowing needs through the public credit markets. The judgment assumes the continuation of a public market for municipal securities similar in structure and operations to the public market for municipal securities now prevailing, the absence of conditions not reasonably foreseeable and beyond the control of one or more parties to the Financing Agreements and this Agreement which would materially adversely affect the assumptions underlying the Financial Plan, and the willingness and ability of the parties to the Financing Agreements and this Agreement to fulfill their respective commitments and obligations thereunder. These factors and other matters relevant to this judgment are described in the Official Statement(s) of the City [and MAC] delivered in connection with the issuance of Guarantees on the date hereof.

6. No bankruptcy, insolvency or other similar proceedings or moratorium or similar legislation in respect of MAC or its obligations is pending or, to the best of my knowledge, contemplated by MAC or overtly threatened by any other person.

7. The Official Statement of the City does not contain any untrue statement of a material fact with respect to MAC or omit any statement of such a material fact necessary to make the statements therein with respect to MAC, in light of the circumstances under which they were made, not misleading.

8. MAC has deposited in the MAC Guarantee Reserve Fund an amount equal to five percent of the sum of the principal amount of and one year's interest on the outstanding Guaranteed City Indebtedness and on the Guaranteed City Indebtedness to be issued on the date hereof. The MAC Guarantee Reserve Fund Resolution has not been amended or modified in any respect. Attached hereto is a copy of the MAC Guarantee Reserve Fund Resolution which is true, accurate and complete.

IN WITNESS WHEREOF, I have set forth my hand this day of , 19 .

Chairman of the
Municipal Assistance Corporation
For The City of New York
NEW YORK STATE FINANCIAL CONTROL BOARD

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

1. Reference is made to that certain Agreement to Guarantee (the "Agreement") dated as of November 15, 1978, by and among the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary") with the State of New York, The City of New York, the New York State Financial Control Board and the Municipal Assistance Corporation for the City of New York. Terms which are therein defined are used herein with the same meanings, except as otherwise provided herein, and except that the terms "Deficit" and "Total Revenues" as used herein are defined in the Bond Purchase Agreement.

2. On , the Board approved a financial plan (the "Financial Plan") which (i) with respect to the City and the Board of Education of the City covers Fiscal Year 1979 through Fiscal Year 1982 and was determined by the Control Board to be consistent with applicable provisions of Section 8 of the New York State Financial Emergency Act for the City of New York, as amended (the "Act"), and (ii) with respect to the covered organizations (as defined in the Act) other than the Board of Education of the City, covers Fiscal Year 1979 and, to that extent, was determined by the Board to be consistent with applicable provisions of Section 8 of the Act. In the judgment of the Board, the adoption of the Financial Plan and the submission of the Financial Plan to the Secretary with the approval of the Control Board, satisfies the requirements of Section 103(5)(A), (B) and (C) of the New York City Loan Guarantee Act of 1978 applicable to the Board. A true and accurate copy of the Financial Plan is attached hereto.

3. The Financial Plan is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters (including the availability of financing under the Financing Agreements) which the Board has determined are reasonable and appropriate for purposes of fulfilling its statutory obligations under the Act.
to review and approve or disapprove a financial plan and financial plan modifications. On the basis of such assumptions and methods of estimation, the Financial Plan currently projects (a) that Total Revenues of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit during the current Fiscal Year and (b) that actual and anticipated seasonal borrowings of the City during the current Fiscal Year will aggregate up to $, which is equal to __% of projected Total Revenues. In addition, in accordance with paragraph (c) of subdivision five of Section 3038 of the Public Authorities Law, the Financial Plan includes transfers from the capital budget to fund expense items of $ and $, and $, for Fiscal Years 1979, 1980 and 1981, respectively, and does not include any such transfers for Fiscal Year 1982. [As of (insert date which is within 10 days of the Closing Date) the Board determined, pursuant to its statutory obligations under the Act, that no further modification of the Financial Plan would then be required.]*

4. In the judgment of the Board, the City is in substantial compliance with all outstanding orders of the Board.

5. The Board is not aware of any violation of the Act by the City which would substantially impair the ability of the City to adopt or maintain a budget balanced in accordance with the provisions of the Act during each of the fiscal years covered by the Financial Plan.

6. The representations and warranties of the Board in Section 5.4 of the Agreement are true and correct on and as of the date hereof as if made on and as of the date hereof.

7. No event or condition which constitutes an event of default under the Agreement with respect to the Board, and no event or condition which, with the passage of time (as provided in the Agreement) or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

8. The issuance and sale of $ principal amount of bonds by the City pursuant to the Guaranteed Bond Purchase Agreement on the date hereof has been approved by the Board pursuant to Section 7 of the Act.

* This sentence to be included only if the Financial Plan was not approved by the Control Board with 10 days of the Closing Date.
9. In the judgment of the Board, (i) actual and projected borrowings during the current Fiscal Year, as set forth on the attached borrowing schedule, are consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the Financial Plan, and (ii) actual and projected borrowings as set forth on the attached borrowing schedule have been taken into consideration by the Board in determining that the cash flow projections included in the Financial Plan are based on reasonable and appropriate assumptions as to sources and uses of cash for the entire period covered by the Financial Plan.

IN WITNESS WHEREOF, I have hereunto set forth my hand this day of , 19.

NEW YORK STATE FINANCIAL CONTROL BOARD

By ........................................
   Executive Director
NEW YORK STATE FINANCIAL CONTROL BOARD

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

1. Reference is made to that certain Agreement to Guarantee (the "Agreement") dated as of November 15, 1978, by and among the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary") with the State of New York, The City of New York, the New York State Financial Control Board and the Municipal Assistance Corporation for the City of New York. Terms which are therein defined are used herein with the same meanings, except as otherwise provided herein, and except that the terms "Deficit" and "Total Revenues" as used herein are defined in the Bond Purchase Agreement.

2. On , the Board approved a financial plan for the City and the covered organizations (as defined in the New York State Financial Emergency Act for the City of New York, as amended [the "Act"]), which it determined was consistent with applicable provisions of Section 8 of the Act and which covers Fiscal Year [fiscal year of closing] through Fiscal Year [fiscal year three years thereafter]. [On (insert the date of approval of each subsequent financial plan modification) the Control Board approved modifications to such financial plan and determined that such financial plan, as modified, was consistent with applicable provisions of Section 8 of the Act] (such financial plan [ , as modified] is hereafter referred to as the "Financial Plan"). In the judgment of the Board, the adoption of the Financial Plan and the submission of the Financial Plan to the Secretary with the approval of the Control Board satisfies the applicable requirements of Section 103(5)(A), (B) and (C) of the New York City Loan Guarantee Act of 1978 applicable to the Board. A true and accurate copy of the Financial Plan is attached hereto.

3. The Financial Plan is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other
matters (including the availability of financing under the Financing Agreements) which the Board has determined are reasonable and appropriate for purposes of fulfilling its statutory obligations under the Act to review and approve or disapprove a financial plan and financial plan modifications. On the basis of such assumptions and methods of estimation, the Financial Plan currently projects up to (a) that Total Revenues of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit during the current Fiscal Year and (b) that actual and anticipated seasonal borrowings of the City during the current Fiscal Year will aggregate $, which is equal to % of projected Total Revenues. In addition, in accordance with paragraph (c) of subdivision five of Section 3038 of the Public Authorities Law, the Financial Plan includes transfers from the capital budget to fund expense items of $, $, and $, for Fiscal Years 1979, 1980 and 1981, respectively, and does not include any such transfers for Fiscal Year 1982. [As of (insert date which is within 10 days of the Closing Date) the Board determined, pursuant to its statutory obligations under the Act, that no further modification of the Financial Plan would then be required.]*

4. In the judgment of the Board, the City is in substantial compliance with all outstanding orders of the Board.

5. The Board is not aware of any violation of the Act by the City which would substantially impair the ability of the City to adopt or maintain a budget balanced in accordance with the provisions of the Act during each of the fiscal years covered by the Financial Plan.

6. The representations and warranties of the Board in Section 5.4 of the Agreement are true and correct on and as of the date hereof as if made on and as of the date hereof.

7. No event or condition which constitutes an event of default under the Agreement with respect to the Board, and no event or condition which, with the passage of time (as provided in the Agreement) or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

8. The issuance and sale of $ principal amount of bonds by the City pursuant to the Guaranteed Bond Purchase Agreement on the date hereof has been approved by the Board pursuant to Section 7 of the Act.

* This sentence to be included only if the Financial Plan was not approved by the Control Board within 10 days of the Closing Date.
9. In the judgment of the Board, (i) the borrowings during the preceding Fiscal Year [applicable to the most recent completed Fiscal Year after Fiscal Year 1978], as set forth on the attached borrowing schedule, were consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the Financial Plan as in effect at the end of such Fiscal Year, (ii) actual and projected borrowings during the current Fiscal Year, as set forth on the attached borrowing schedule, are consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the Financial Plan and (iii) actual and projected borrowings as set forth on the attached borrowing schedule have been taken into consideration by the Board in determining that the cash flow projections included in the Financial Plan are based on reasonable and appropriate assumptions as to sources and uses of cash for the entire period covered by the Financial Plan.

IN WITNESS WHEREOF, I have hereunto set forth my hand this day of __________, 19__.

NEW YORK STATE FINANCIAL
CONTROL BOARD

By ______________________
Executive Director
GUARANTEE REQUEST

Pursuant to Section 102(a) of the New York City Loan Guarantee Act of 1978, P.L.95-339 (the "Guarantee Act") and Section 3.2.1 of the Agreement to Guarantee, dated as of November 15, 1978 (the "Agreement") by and among the United States of America, acting by and through the Secretary of the Treasury (the "Secretary"), the State of New York, the City of New York (the "City"), the New York State Financial Control Board and the Municipal Assistance Corporation For The City of New York, we hereby respectfully request that the Secretary provide for the guarantee of $ principal amount of bonds to be issued by the City on the date hereof (the "Bonds").

The City hereby represents and warrants that the Bonds will be evidenced by certificates substantially in the form of Exhibit A hereto and that the information set forth as Exhibit B hereto, regarding (a) the serial numbers, principal amounts, Stated Maturity Dates (as that term is defined in Section 2.2 of the Agreement), and interest rates of the Bonds, (b) the purchasers of the Bonds and (c) the proposed use of proceeds of the Bonds, is true and accurate as of the date hereof.

It is understood that the Governor has joined in this request solely to comply with Section 102(a) of the Guarantee Act.

........................................
Governor

........................................
Mayor

........................................
Comptroller of City
EXHIBIT II
To The Agreement
To Guarantee

[Closing Date]

Secretary of the Treasury
United States Department of the Treasury
Washington, D. C.

Dear Mr. Secretary:

We have acted as bond counsel in connection with the sale on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), of $ aggregate principal amount of its % serial bonds, dated 19 (the "Bonds"), to the New York City Employees' Retirement System, the Board of Education Retirement System for The City of New York, the Teachers' Retirement System for The City of New York, the New York City Police Pension Fund, Article 2, the New York State Teachers' Retirement System and the Comptroller of the State of New York, as Trustee for the New York State Common Retirement Fund (the "Purchasers"), pursuant to the Guaranteed Bond Purchase Agreement (the "Purchase Agreement"), dated as of November 15, 1978, among the United States of America (the "United States") acting by and through the Secretary of the Treasury, the City and the Purchasers.

The Bonds provide that interest thereon is payable from 19 , at the rate of % per centum per annum, on 19 , and semiannually thereafter on and in each year until maturity. The Bonds are payable in installments on in each year beginning in 19 , in the following aggregate principal amounts:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

|$ |
The Bonds shall not be redeemable at the option of the City on or prior to June 30, 1982. Thereafter, the Bonds shall be redeemable in whole or in part on any interest payment date at the option of the City, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed at 100% of the principal amount of the Bonds redeemed plus accrued interest to the date of redemption; provided, however, that in the event applicable law permits the redemption of only those bonds of an issue of bonds of the City which continue to be guaranteed by the United States but does not require the redemption of any bonds in the same issue which are no longer guaranteed by the United States, Bonds sold or otherwise disposed of by any Purchaser (other than to a successor in interest not involving a change in beneficial ownership) shall not be redeemable prior to the eleventh anniversary of their date of issuance.

Pursuant to an Agreement to Guarantee, dated as of November 15, 1978, among the United States, the City, the State, the New York State Financial Control Board (the "Board") and the Municipal Assistance Corporation For The City of New York (the "Agreement to Guarantee"), which, among other things, contains certain covenants and agreements of the City with the United States (the "City Covenants"), the United States has entered into an agreement (the "Guarantee") with each of the Purchasers in which the United States guarantees payment to such Purchaser (but not to any other holder of a Bond, other than a successor in interest to such Purchaser in a transaction not involving a change in beneficial ownership) of the full amount of the principal of and interest on the Bonds sold to such Purchaser by the City on the date hereof.

As authorized by subdivision one of Section 10-a of the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Control Board Act"), the City has included in Section 6.18 of the Agreement to Guarantee a pledge and agreement of the State relating to the Control Board Act (the "Pledge and Agreement") and a pledge and agreement of the State relating to the City Covenants (the "Additional Pledge and Agreement").

We have examined such portions of the Constitution and statutes of the United States, the Constitution and statutes of the State and the Charter of the City, and such applicable court decisions as we have deemed necessary or relevant for the purposes of the opinions set forth below. We have also examined such records and made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates by
officials and officers of the City and the State pursuant to which the Bonds have been authorized and issued and as to certain factual matters. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the punctual payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the Bonds and the interest thereon.

2. The Board has been duly created under the Control Board Act and has lawfully been granted and may exercise the power to:

   (a) consult with the City and the covered organizations, as defined in the Control Board Act (the “Covered Organizations”), in the preparation of financial plans, specify the form of and information to be contained in financial plans, specify the supporting information required in connection therewith, and review and state its approval of any financial plan or of any modification of a financial plan, or state its disapproval of any financial plan or of any modification which it determines is incomplete or does not comply with the standards set forth in the Control Board Act; and

   (b) review and make reports and recommendations relating to the operations of the City and the Covered Organizations, audit compliance with any financial plan and obtain information from the City and the Covered Organizations relating to their respective financial conditions and needs.

3. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Control Board Act in addition to those enumerated in paragraph 2 above, and the Control Board Act and the Constitution of the State permit the exercise, at the times contemplated in the Control Board Act, of any of those powers in accordance with the procedures of the Control Board Act, including subdivision 3 of Section 8 thereof, to the extent required to assure that, as required by the Control Board Act, (a) the City will have a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act, (b) contracts entered into by the City, and borrowings of the City, will be in compliance with a financial plan which in all material
respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act, and (c) the disbursement of funds by the City, or by the Board for the account of the City in accordance with subdivision 3 of Section 9 of the Control Board Act, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act.

4. The Control Board Act validly requires that (a) the City develop financial plans in the form, and containing the information, specified by the Board, which conform to the standards set forth in subdivision 1 of Section 8 of the Control Board Act and modify those financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the budgets and operations of the City and the Covered Organizations at all times be in conformance and compliance with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers), (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Control Board Act and deposit certain monies in that fund and the Comptroller of the State administer and maintain that fund and disburse monies in that fund in accordance with Section 9-a of the Control Board Act, (f) the Comptroller of the State establish and maintain a TAN debt service account and a RAN debt service account (as those terms are defined in the Control Board Act) within the general debt service fund, pay certain sums into those accounts and make payments of the principal of tax anticipation notes and revenue anticipation notes out of those accounts, and (g) the officials of the City comply with any orders of the Board issued to those officials in the lawful exercise by the Board of its powers.

5. The Control Board Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers) in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Control Board Act.
6. The Pledge and Agreement and the Additional Pledge and Agreement are each a valid and legally binding pledge and agreement of the State which the City is authorized to include in the Agreement to Guarantee.

7. The Agreement to Guarantee has been duly executed and delivered by the Mayor and Comptroller of the City on behalf of the City.

8. The City is authorized to include the City Covenants in the Agreement to Guarantee.

9. The Agreement to Guarantee is a valid agreement of the City, and the City Covenants are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Control Board Act includes compliance with actions taken by the Board pursuant to the Control Board Act, our opinion as to such covenant and agreement of the City is limited to the same extent as our opinion in paragraph 3 as to the exercise by the Board of the powers granted to it by the Control Board Act.

We call your attention to certain factors relating to enforceability as follows:

(a) the enforceability of the terms and conditions of the Bonds and of the payment of principal and interest on the Bonds is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to creditors’ rights; and

(b) the enforceability of the City Covenants, the Pledge and Agreement and the Additional Pledge and Agreement may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State.

We wish to advise you that, with the exception of the opinion attributed to us under the caption "Legal Opinions", we did not act as counsel in connection with the Official Statement of The City of New York, dated , 19 , which we understand has been delivered to you and made available to the Purchasers in connection with the sale of the Bonds, and we express no opinion on the accuracy or completeness of the statements contained in such Official Statement.

Very truly yours,
EXHIBIT I
To The Agreement
To Guarantee

OPINION OF MESSRS. HAWKINS, DELAFIELD & WOOD

We have examined a record of proceedings relating to the establishment by 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 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”), of the City of New York Bond Guaranty Fund (the “Fund”) pursuant to a resolution of the Corporation entitled “Resolution of the Municipal Assistance Corporation for The City of New York Establishing The City of New York Bond Guaranty Fund” (the “Resolution”). The Fund has been established by the Corporation to comply with a condition to the guarantee of the payment of the principal of and interest on certain bonds of the City as set forth in The New York City Loan Guarantee Act of 1978, Public Law 95-339 (the “Guarantee Act”) and an agreement made pursuant thereto by and among the United States of America, acting by and through the Secretary of the Treasury, the State of New York, the New York State Emergency Financial Control Board and the Corporation (the “Guarantee Agreement”).

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 Resolution, to establish the Fund thereunder, and to perform the obligations and covenants contained in the Resolution. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.
2. The Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and valid and binding on the Corporation and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge and lien which it purports to create of the revenues, moneys, securities and funds held or set aside under the Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolution. The lien created by the Resolution on such revenues, monies, securities and funds in the Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, as and when received in the Fund in accordance with the Resolution, will be validly subjected to the pledge and lien created by the Resolution.

3. The Corporation has the good right and lawful authority to deposit monies into the Fund for the purpose of complying with the Guarantee Agreement as required by the Guarantee Act, but the Corporation is not bound or obligated to make any such deposit.

4. Monies on deposit in the Fund may be used for the purposes and in the manner set forth in the Resolution.

5. The adoption and performance of, and compliance by the Corporation with, all of the terms and conditions of the Resolution will not result in a violation of or be in conflict with any term or provision of any existing law.

Very truly yours,
EXHIBIT J
To The Agreement
To Guarantee

OPINION OF MESSRS PAUL, WEISS,
RIFKIND, WHARTON & GARRISON

[Closing Date]

The Secretary of the Treasury of the
United States of America
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Sir:

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 an agreement to guarantee, dated as of November 15, 1978 (the "Agreement to Guarantee"), by and among the Corporation, the State of New York (the "State"), The City of New York (the "City"), the New York State Financial Control Board (the "Control Board") and the United States of America (the "United States"), acting by and through the Secretary of the Treasury, and in connection with the creation by the Corporation of a guarantee reserve fund (the "Guarantee Reserve Fund") required pursuant to the Agreement to Guarantee. Unless the context otherwise requires, all capitalized terms used herein have the same meaning ascribed to them in the Agreement to Guarantee.

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 New York State Financial Emergency Act For The City of New York, as amended (the "FCB Act"), the By-laws of the Corporation, records of its corporate proceedings, including the Guarantee Reserve Fund Resolution adopted by the Board of Directors of the Corporation on November 14, 1978 and supplemented on November 14, 1978 (the "Guarantee Resolution") and the Agreement to Guarantee, and have made such further examinations of law and fact as we considered necessary to the opinion herein expressed.
Based on the foregoing, we are of the opinion that:

1. The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, duly created by and validly existing under the laws of the State, including the State Constitution, duly authorized by the laws of the State to act on behalf of or in the interest of the City and no other subdivision of the State, and with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement to Guarantee, to adopt the Guarantee Resolution and to create the Guarantee Reserve Fund.

2. The execution and delivery of, and the performance of the obligations under, the Agreement to Guarantee, and the adoption of the Guarantee Resolution, the creation of the Guarantee Reserve Fund and the performance of the provisions thereof, have been duly authorized by proper corporate proceedings of the Corporation and no other authorization or consent for, or approval of or filing or recording of, the Agreement to Guarantee or the Guarantee Resolution is required. The Agreement to Guarantee and the Guarantee Reserve Fund constitute valid and legally binding agreements of the Corporation enforceable against the Corporation in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws applicable to rights created pursuant to the Agreement to Guarantee. The monies in the Guarantee Reserve Fund are, subject to the terms and conditions of the Guarantee Resolution, pledged to the payment of the principal of and interest on outstanding indebtedness of the City, the payment of the principal of and interest on which is guaranteed by the United States pursuant to the Agreement to Guarantee, and to the reimbursement of the United States for any amount paid pursuant to a guarantee given by the United States pursuant to the Agreement to Guarantee.

3. The execution, delivery and performance of the Agreement to Guarantee by the Corporation, under the circumstances contemplated by the Agreement to Guarantee, the adoption of the MAC Guarantee Reserve Fund Resolution, the creation by the Corporation of the Guarantee Reserve Fund and, in both cases, 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 or other instrument, in each
such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

4. Except as referred to in Schedule I of the Agreement to Guarantee or in Annex I to this opinion, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity pending or overtly threatened before or by any court or public board or body against the Corporation wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect the Agreement to Guarantee, the Bond Purchase Agreement, the transactions contemplated by the Agreement to Guarantee or the Bond Purchase Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, the Guarantee Reserve Fund or the Guarantee Resolution, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the covenants of the State authorized by Sections 10-a.1 and 10-a.3 of the FCB Act (the “State Covenants”), (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the FCB Act or the obligations of the City under the FCB Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or comply with orders of the Control Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

All opinions rendered herein relating to the effect of the Constitution of the State, or state or local finance laws, upon the validity, binding effect or enforceability of the Guarantee Resolution or the Guarantee Reserve Fund, are rendered in reliance upon the opinion of Hawkins, Delafield & Wood, Bond Counsel, to the Corporation, of even date herewith addressed and delivered to you in accordance with the Agreement to Guarantee 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,
EXHIBIT K
To The Agreement
To Guarantee

OPINION OF CORPORATION COUNSEL

(Closing Date)

Hon. W. Michael Blumenthal
Secretary of the Treasury
United States Department of the Treasury
Washington, D. C. 20220

Dear Sir:

Reference is made to an agreement to guarantee, made and entered into as of November 15, 1978 (the "Agreement to Guarantee"), among the United States of America, acting by and through the Secretary of the Treasury, pursuant to the New York City Loan Guarantee Act of 1978, the State of New York (the "State"), The City of New York (the "City"), the New York State Financial Control Board (the "Board"), and the Municipal Assistance Corporation for The City of New York pursuant to which you have requested my opinion as to certain matters concerning the Agreement to Guarantee, and concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Act").

I have examined such portions of the Constitution and statutes of the United States of America, the Constitution and statutes of the State and the Charter of the City, and such applicable court decisions as I have deemed necessary or relevant for the purposes of the opinion set forth below. Based upon the foregoing, I advise you that in my opinion under existing law:

1. The Act has been duly enacted and the Board has been duly created under the Act.

2. While there is no judicial authority directly in point, the Board has been lawfully granted the powers set forth in the Act, including without limitation, the grant of power to approve, disapprove or modify financial plans submitted by the City to ensure compliance with the standards set forth in subdivision 1 of Section 8 of the Act. Such powers may be validly exercised by the Board as necessary in the interests of the State during the control period as defined in the Act.
3. The Act validly requires that (a) the City develop financial plans which conform to the standards set forth in subdivision 1 of Section 8 of the Act and modify those financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the operations under the budgets of the City be in conformance and compliance with the City's financial plan, (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Act and deposit certain monies in that fund and the Comptroller of the State administer and maintain that fund and disburse monies in that fund in accordance with Section 9-a of the Act, (f) the Comptroller of the State establish and maintain a TAN debt service account and a RAN debt service account (as those terms are defined in the Act) within the general debt service fund, pay certain sums into those accounts and make payments of principal of tax anticipation notes and revenue anticipation notes out of those accounts.

4. The Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the City's financial plan at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the limitations set forth in subdivisions one through five of Section 9-b of the Act.

5. The Agreement to Guarantee has been duly executed and is a valid agreement of the City in accordance with its terms except that to the extent the covenant and agreement by the City to comply with the provisions of the Act includes compliance with actions taken by the Board pursuant to the Act, my opinion as to such covenant and agreement of the City is limited to the same extent as my opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Act.

6. The execution, delivery and performance of the Agreement to Guarantee and compliance by the City with the provisions thereof will not conflict with or constitute on the part of the City a breach of, or a default under, any law or administrative regulation, decree or order, or, to the best of my knowledge after due investigation, any agreement or other instrument to which the City is subject or by which it is bound,
in existence as of the date hereof, except that my opinion as to the performance of and compliance by the City with the provisions of the Agreement to Guarantee is limited to the same extent as my opinion in paragraph 5 as to the extent to which the Agreement to Guarantee is a valid agreement of the City.

7. The execution, delivery or performance by the City of the Agreement to Guarantee does not require the authorization, consent or approval of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality under existing law for the valid execution, delivery or performance by the City of the Agreement to Guarantee except as such authorization, consent, approval, filing or registration has been duly obtained or made prior to the execution of the Agreement to Guarantee.

8. Enforcement of the covenants contained in the Agreement to Guarantee is subject at all times to the overriding State interest in promoting the health, safety and welfare of the people of the State.

I have rendered this opinion solely for your use in connection with the requirements imposed by the Agreement to Guarantee with respect to the receipt by the Secretary of the Treasury of a favorable opinion as to the matters addressed herein and such other matters as the Secretary may reasonably request as a condition precedent to the issuance of the guarantees by the United States to the purchasers of certain City obligations. This opinion is not to be employed, or referred to by any other person and should not be relied upon for any other purpose. I have not considered and express no opinion on any matter not specifically opined upon herein.

Very truly yours,
EXHIBIT K-1
To The Agreement
To Guarantee

OPINION OF CORPORATION COUNSEL

(Closing Date)

Hon. W. Michael Blumenthal
Secretary of the Treasury
United States Department of the Treasury
Washington, D. C. 20220

Dear Sir:

This opinion is being given to you with reference to an agreement to guarantee, made and entered into as of November 15, 1978 (the "Agreement"), by and among the United States of America, acting by and through the Secretary of Treasury, pursuant to the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the "Guarantee Act"), the State of New York (the "State"), The City of New York (the "City"), the New York State Financial Control Board (the "Board"), and the Municipal Assistance Corporation for The City of New York.

Except as disclosed on Schedule I to the Agreement and in the Official Statement of the City, dated as of the date hereof, and by this reference made a part hereof, there is no action, suit, proceeding or investigation at law or in equity pending or (to the best knowledge of the City) overtly threatened before or by any court or Governmental Authority, as defined in the Agreement, against the City or (to the best knowledge of the City, no independent investigation having been made) any other person wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect the Agreement, any Financing Agreement, as referred to in the Agreement, or the transactions contemplated by the Agreement or any Financing Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, Chapter 890, Section 10-a.4 of the State Financial Emergency Act, the MAC Guarantee Reserve Fund or the MAC Guarantee Reserve Fund Resolution, each as defined in the Agreement, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Board, each as referred to in the covenants of the State set forth in Section 6.18 of the Agreement (the "State Covenants"), (c) in any material respect limit the obligations of the City referred to in the State Covenants or
contained in Section 9-a or 9-b of the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Act") or the obligations of the City under the Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

Very truly yours,
OPINION OF ATTORNEY GENERAL OF STATE

Dear Governor Carey:

In connection with the guarantee by the United States pursuant to the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the "Guarantee Act"), of the repayment of certain indebtedness of The City of New York, my staff and I have examined such portions of the Constitution and the laws of the State of New York, and such court decisions and have done such research as we have deemed necessary or relevant for the purposes of the opinions set forth below. Based upon the foregoing, 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 a “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 any guarantees by the United States on the City's indebtedness pursuant to the Guarantee Act will be outstanding, as provided by Section 13 of the Act.

4. The Act as amended by Chapter 777, Sections 19 and 32, authorizes the Board and the Governor of the State of New York, respectively, to enter into an agreement or agreements with the United States containing terms and conditions required by the Secretary of the Treasury pursuant to the Guarantee Act with respect to the guarantee of the payment of the principal of or interest on bonds or notes issued by The City of New York or any matters related thereto and to comply with such terms and conditions. Based upon such statutory authorization and on my opinion set forth in paragraph "2" above, it is my opinion that the Agreement to Guarantee dated as of November 15, 1978 is a legally valid agreement of the State and of the Board, in accordance with its terms, when approved by the Comptroller of the State pursuant to State Finance Law § 112, which approval has been furnished. It is my opinion that no other approval, consent, authorization or filing is required under the laws of the State of New York, in connection with the execution, delivery and performance of the Agreement by the State or the Board.

5. Section 10-a of the Act authorizes the City to include the pledge of the State of New York therein set forth in the Agreement to Guarantee and in the Guaranteed Bond Purchase Agreement (as defined in the Agreement to Guarantee).

6. By virtue of Section 32 of Chapter 777 of the Laws of 1978 the State and the Board are subject to the initiation of legal proceedings by the Secretary of the Treasury in the Supreme Court of the State of New York in and for the County of New York or, where a money judgment is sought, in the Court of Claims of the State of New York, to obtain a court order or other relief in connection with the Agreement to Guarantee dated as of November 15, 1978. By virtue of said Agreement to Guarantee, the State and the Board are also subject to the initiation of legal proceedings by the Secretary of the Treasury in the courts of the United States located in the State of New York.

7. The execution, delivery and performance of the Agreement to Guarantee dated as of November 15, 1978 by the State of New York and the
Board will not violate any existing legal requirements under the laws of the State of New York to which the State of New York or the Board is subject or by which they are bound.

8. As previously indicated, an action is pending in the Supreme Court of the State of New York, County of New York (DeMelia v. State), challenging the validity of Chapter 201 of the Laws of 1978. An action is also pending (Basile v. Patrolmen's Benevolent Association, Supreme Court, New York County) which challenges the validity of Section 23 of said Chapter, amending the Act relative to collective bargaining by municipal employees; however, a motion to dismiss such action was granted on October 26, 1978. 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, of the guarantee reserve fund created pursuant to subparagraph 18 of Section 3010 of the Public Authorities Law, or of any agreement or agreements with the United States, to which the State or the Board is a party, which is required by the Secretary of the Treasury pursuant to the Guarantee Act.

This is my sole opinion rendered in connection with the closing on the date hereof pursuant to said Agreement to Guarantee dated as of November 15, 1978. It is my understanding that the United States of America will also rely on this opinion. It is not to be used, circulated, quoted or referred to for any other purpose.

Very truly yours,

Attorney General
LITIGATION

Reference is made to the litigation described under the caption "Litigation" in the Preliminary Official Statement of the City dated November 10, 1978.
THE CITY OF NEW YORK

GUARANTEED BOND PURCHASE AGREEMENT
For up to $1,650,000,000 of Bonds
of The City of New York

As of
November 15, 1978
# GUARANTEED BOND PURCHASE AGREEMENT

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recitals</td>
<td>1</td>
</tr>
<tr>
<td><strong>SECTION 1. Purchase of Bonds; Guarantees; Terms of Bonds; Closings</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Purchase of Bonds</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Guarantees</td>
<td>1</td>
</tr>
<tr>
<td>1.3 Terms of Bonds</td>
<td>1</td>
</tr>
<tr>
<td>1.4 Closings</td>
<td>5</td>
</tr>
<tr>
<td><strong>SECTION 2. Transfer and Exchange of Bonds</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Transfer of Bonds</td>
<td>9</td>
</tr>
<tr>
<td>2.2 Exchange of Bonds</td>
<td>9</td>
</tr>
<tr>
<td><strong>SECTION 3. Representations and Warranties</strong></td>
<td>10</td>
</tr>
<tr>
<td>3.1 Representations and Warranties of the City</td>
<td>10</td>
</tr>
<tr>
<td>3.2 Representations and Warranties of the United States</td>
<td>11</td>
</tr>
<tr>
<td>3.3 Representations and Warranties of the Pension Funds</td>
<td>11</td>
</tr>
<tr>
<td><strong>SECTION 4. Closing Conditions</strong></td>
<td>11</td>
</tr>
<tr>
<td>4.1 Aggregate Amounts</td>
<td>12</td>
</tr>
<tr>
<td>4.2 Legislation and Agreement in Effect</td>
<td>12</td>
</tr>
<tr>
<td>4.3 No Prohibited Transactions</td>
<td>13</td>
</tr>
<tr>
<td>4.4 Qualified Status</td>
<td>14</td>
</tr>
<tr>
<td>4.5 Representations and Warranties; Covenants</td>
<td>15</td>
</tr>
<tr>
<td>4.6 Opinions of Counsel</td>
<td>15</td>
</tr>
<tr>
<td>4.7 Guarantee by the United States</td>
<td>15</td>
</tr>
<tr>
<td>4.8 Arbitrage Certificate</td>
<td>16</td>
</tr>
<tr>
<td>4.9 No Adverse Decision</td>
<td>16</td>
</tr>
<tr>
<td>4.10 Expenditure of Proceeds</td>
<td>17</td>
</tr>
<tr>
<td><strong>SECTION 5. Purchase of Bonds by the United States</strong></td>
<td>17</td>
</tr>
<tr>
<td><strong>SECTION 6. Pledge and Agreement of the State</strong></td>
<td>18</td>
</tr>
<tr>
<td><strong>SECTION 7. City Covenants</strong></td>
<td>19</td>
</tr>
<tr>
<td><strong>SECTION 8. Miscellaneous</strong></td>
<td>21</td>
</tr>
<tr>
<td>8.1 Notices</td>
<td>21</td>
</tr>
<tr>
<td>8.2 No Waivers</td>
<td>21</td>
</tr>
<tr>
<td>8.3 City Pension Fund Covenant</td>
<td>21</td>
</tr>
<tr>
<td>8.4 Deceaseance</td>
<td>22</td>
</tr>
<tr>
<td>8.5 Enforceability by Secretary</td>
<td>22</td>
</tr>
<tr>
<td>8.6 Amendments</td>
<td>23</td>
</tr>
<tr>
<td>Heading</td>
<td>Page</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>8.7 Headings</td>
<td>23</td>
</tr>
<tr>
<td>8.8 Applicable Law</td>
<td>23</td>
</tr>
<tr>
<td>8.9 Counterparts</td>
<td>23</td>
</tr>
<tr>
<td>8.10 Expenses</td>
<td>23</td>
</tr>
<tr>
<td>Schedule I—Maximum Commitments of Pension Funds</td>
<td>25</td>
</tr>
<tr>
<td>Schedule II—Addresses of Parties</td>
<td>26</td>
</tr>
<tr>
<td>Exhibit A—Form of Guarantee</td>
<td>29</td>
</tr>
<tr>
<td>Exhibit B—Form of Registered Bond</td>
<td>33</td>
</tr>
<tr>
<td>Exhibit B-1—Form of Coupon Bond</td>
<td>38</td>
</tr>
<tr>
<td>Exhibit C—Form of Opinion of Bond Counsel to the City as to the Validity of the Bonds</td>
<td>43</td>
</tr>
<tr>
<td>Exhibit D—Form of Opinion of Bond Counsel to the City as to the Guarantees</td>
<td>48</td>
</tr>
<tr>
<td>Exhibit E—Form of Letter of Bond Counsel to the City Transmitting Opinion as to Validity of the Bonds</td>
<td>50</td>
</tr>
<tr>
<td>Exhibit F—Form of Opinion of General Counsel of the Department of the Treasury</td>
<td>51</td>
</tr>
</tbody>
</table>
# Table of Defined Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act</td>
<td>4.2(b)</td>
</tr>
<tr>
<td>Adjourned Closing Date</td>
<td>1.4(d)</td>
</tr>
<tr>
<td>Agreement to Guarantee</td>
<td>5</td>
</tr>
<tr>
<td>Average Life Date</td>
<td>1.3(g)(i)</td>
</tr>
<tr>
<td>Board</td>
<td>5</td>
</tr>
<tr>
<td>board fund</td>
<td>6.3</td>
</tr>
<tr>
<td>Bond Purchase Agreement</td>
<td>1.4(c)</td>
</tr>
<tr>
<td>Bonds</td>
<td>1.1</td>
</tr>
<tr>
<td>Chapter 890</td>
<td>4.2(b)</td>
</tr>
<tr>
<td>City</td>
<td>Recitals</td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>Recitals</td>
</tr>
<tr>
<td>Closing Date</td>
<td>1.4(a)</td>
</tr>
<tr>
<td>Code</td>
<td>3.1(e)</td>
</tr>
<tr>
<td>covered organization</td>
<td>6.3</td>
</tr>
<tr>
<td>Federal Appropriations Act</td>
<td>4.2(b)</td>
</tr>
<tr>
<td>Financial Plan</td>
<td>7(b)</td>
</tr>
<tr>
<td>fiscal year</td>
<td>1.1</td>
</tr>
<tr>
<td>Governmental Authority</td>
<td>4.4(b)</td>
</tr>
<tr>
<td>Guarantee</td>
<td>1.2</td>
</tr>
<tr>
<td>Guarantee Act</td>
<td>1.2</td>
</tr>
<tr>
<td>MAC</td>
<td>1.4(c)</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>Recitals</td>
</tr>
<tr>
<td>Pension Legislation</td>
<td>4.2(b)</td>
</tr>
<tr>
<td>Secretary</td>
<td>Recitals</td>
</tr>
<tr>
<td>State</td>
<td>1.3(a)</td>
</tr>
<tr>
<td>State Covenant</td>
<td>6.1</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>Recitals</td>
</tr>
<tr>
<td>United States</td>
<td>Recitals</td>
</tr>
<tr>
<td>Yield of Federal Securities</td>
<td>1.3(g)(ii)</td>
</tr>
</tbody>
</table>
GUARANTEED BOND PURCHASE AGREEMENT

AGREEMENT dated as of November 15, 1978 by and among The City of New York (the "City"), each of the undersigned City pension funds (the "City Pension Funds"), each of the undersigned New York State pension funds (the "State Pension Funds"), and the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary"). The City Pension Funds and the State Pension Funds are herein collectively referred to as the "Pension Funds."

SECTION 1. Purchase of Bonds; Guarantees; Terms of Bonds; Closings.

1.1 Purchase of Bonds. In reliance on the representations and warranties of the City and of the United States, and in reliance on the Guarantees (as defined below) to be issued by the United States which are an integral and essential condition to the purchase of bonds under this Agreement, the Pension Funds hereby agree, severally and not jointly, to purchase during the 1979, 1980, 1981 and 1982 fiscal years (references to a "fiscal year" being to the fiscal year of the City ending June 30 in the calendar year indicated) $1,650,000,000 aggregate principal amount of serial bonds of the City (the "Bonds") or such lesser amount as the City shall request. The maximum principal amount of Bonds that each Pension Fund shall be obligated to purchase in each such fiscal year is set forth in Schedule I hereto, except that such amount may be increased pursuant to paragraph 1.4 or paragraph 4.9 of this Agreement.

1.2 Guarantees. At the time of each purchase hereunder, the United States will irrevocably and unconditionally guarantee the payment when due of the principal of and interest on each Bond pursuant to the New York City Loan Guarantee Act of 1978, Public Law 95-339 (the "Guarantee Act"). Each such guarantee shall be evidenced by the execution and delivery by the Secretary of a guarantee which is substantively identical to and substantially in the form of Exhibit A hereto (the "Guarantee"). The validity of each such Guarantee shall be incontestable in the hands of the holder, except for fraud or material misrepresentation on the part of the holder. The Guarantee shall automatically terminate with respect to any Bond which is sold or otherwise disposed of by any Pension Fund (other than to a successor in interest not involving a change in beneficial ownership) and shall terminate in accordance with the provisions of paragraph 8.4 of this Agreement.

1.3 Terms of Bonds.

(a) General Obligation Serial Bonds. The Bonds shall be general obligation serial bonds of the City issued pursuant to the Charter of the City
and the laws of the State of New York (the "State"), as such laws may be amended from time to time, for the payment of which the faith and credit of the City shall be pledged.

(b) **Date of Bonds and Interest Payment Dates.** The Bonds shall be dated the Closing Date (as defined below) or a date not more than 30 days prior to such Closing Date. Interest on the Bonds shall be payable semi-annually by check mailed to the addresses of the registered holders thereof as such addresses shall appear in the Bond Register to be maintained at the Office of the Comptroller of the City pursuant to paragraph 2.1 of this Agreement or as otherwise may be agreed between a holder from time to time of the Bonds and the Comptroller of the City; provided, however, that interest on Bonds received in coupon form upon exchange pursuant to Section 2 hereof shall be payable at the office of Manufacturers Hanover Trust Company, Corporate Trust Department, 4 New York Plaza, New York, New York, upon presentation and surrender of the applicable coupon.

(c) **Payments of Principal.** The City shall make payments of the principal of each issue of Bonds in annual installments. The first such installment of each issue of Bonds shall be paid not later than 18 months from the date of the Bonds, and no annual installment shall be more than 50% in excess of the smallest prior installment. The principal of the Bonds shall be payable at the office of Manufacturers Hanover Trust Company, Corporate Trust Department, 4 New York Plaza, New York, New York, upon presentation and surrender of the Bonds.

(d) **Maturity Dates.** The final annual installment of any Bonds issued in the 1979 fiscal year shall mature not later than the fifteenth anniversary of the date of issuance of such Bonds, and the final annual installment of any Bonds issued in the 1980 fiscal year shall mature not later than the fourteenth anniversary of the date of issuance of such Bonds. In the case of Bonds issued during the 1981 fiscal year or the 1982 fiscal year, the year of the final annual installment shall be determined by mutual agreement between the Secretary and the City after consultation taking into account the financing needs of the City, the bonding authority available to the City and the authority of the Secretary to issue Guarantees under the Guarantee Act, but in no event shall the date of the final annual installment be later than the fifteenth anniversary of the date of issuance of such Bonds; provided, however, that in the event the Secretary and the City do not agree, the date of the final annual installment shall be not later than the fifteenth anniversary nor earlier than the thirteenth anniversary of the date of issuance of the Bonds in the case of Bonds issued during the 1981 fiscal year and not later than fifteenth anniver-
sary nor earlier than the twelfth anniversary of the date of issuance of the Bonds in the case of Bonds issued during the 1982 fiscal year, as may be determined by the Secretary.

(e) Redemption. The Bonds shall not be redeemable at the option of the City on or prior to June 30, 1982. Thereafter, the Bonds shall be redeemable in whole or in part on any interest payment date at the option of the City, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, upon at least 30 days’ prior written notice to the holders, at 100% of the principal amount of the Bonds redeemed plus accrued interest to the date of redemption; provided, however, that in the event applicable law permits the redemption of only those Bonds of an issue of Bonds which continue to be guaranteed by the United States but does not require the redemption of any Bonds in the same issue which are no longer guaranteed by the United States (the enactment of which law the City agrees to seek in good faith and with its best efforts), Bonds sold or otherwise disposed of by any Pension Fund (other than to a successor in interest not involving a change in beneficial ownership) shall not be redeemable prior to the eleventh anniversary of their date of issuance. After such eleventh anniversary, the Bonds so sold or otherwise disposed of shall be redeemable in whole or in part on any interest payment date at the option of the City, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, upon at least 30 days’ prior written notice to the holders, at 100% of the principal amount of the Bonds redeemed plus accrued interest to the date of redemption. In the event the City shall have issued a notice of redemption with respect to Bonds then guaranteed by the United States, each Pension Fund agrees that it will not sell or otherwise dispose of the Bonds which are the subject of such notice of redemption from and after the date of such notice unless and until the City shall have failed to redeem such Bonds on the date of redemption specified in the notice of redemption. If notice of redemption shall have been given as stated above, the Bonds to be redeemed shall become due and payable on the redemption date stated in such notice. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the City shall deliver to the holder a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

(f) Form of Bond. Each Bond shall be registered with respect to principal and interest and shall be in substantially the form set forth in Exhibit B hereto, or in such other form as the City and the purchasers thereof may agree, so long as such Bond is owned by a Pension Fund, and, if exchanged pursuant to Section 2 of this Agreement, shall be either (i) in registered form or (ii) in coupon form in substantially the form set forth in Exhibit B-1 hereto.
(g) **Interest Rate.** The annual rate of interest on the Bonds issued on the initial Closing Date shall be 8.90 per cent. The annual rate of interest on Bonds issued on each Closing Date subsequent to the initial Closing Date shall be calculated as follows:

(i) The annual rate of interest on each Bond to be issued on a Closing Date other than the initial Closing Date shall be determined on the fifth business day immediately preceding the Closing Date and shall be 45 basis points higher than the interest rate, rounded to the nearest .0005, payable on certificates of indebtedness, notes and bonds that mature on the date closest to the Average Life Date (as such term is defined below) of the Bonds issued on such Closing Date, as such interest rate is set forth in the Table of Maximum Interest Rates Payable on United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series subscribed for during the calendar week immediately preceding the date of determination of the interest rate, or if not published for such calendar week, for the most recent calendar week preceding such determination, subject to subparagraph (ii) below. For purposes of this subparagraph and subparagraph (ii) below, the term “Average Life Date” of an issue of Bonds shall mean the date determined by first calculating the average life of such issue expressed in years and computed to three decimal places, by a method prescribed in *Fundamentals of Municipal Bonds* or such other method as may be prescribed by the Public Securities Association, converting the resulting fractional year to whole days, and then counting forward from the date of such Bonds by such number of years and days.

(ii) In the event that the Table referred to in subparagraph (i) above shall not have been published for at least one of the two calendar weeks immediately preceding the date of determination of the interest rate as provided in subparagraph (i) above prior to a Closing Date, the annual rate of interest on Bonds issued on each Closing Date subsequent to the initial Closing Date shall be determined on the fifth business day immediately preceding the Closing Date for such issue and shall be 45 basis points higher than the arithmetical mean, rounded to the nearest .0005, of (A) the Yield of Federal Securities (as such terms are defined below) that mature on the date closest to but prior to the Average Life Date of such issue, (B) the Yield of Federal Securities that mature on the date closest to but later than the Average Life Date of such issue, and (C) the Yield of Federal Securities, if any, that mature on the Average Life Date of such issue. For purposes of this subparagraph, the term "Federal
Security” shall mean a United States Treasury note or bond which is not callable prior to maturity and is not redeemable by its terms in whole or in part prior to maturity by operation of a sinking fund, provided that there shall also be excluded from such definition (x) any note or bond which is of the type generally known as a “flower bond” and (y) every United States Treasury note or bond which, on the date of the determination required to be made by this subparagraph, or at any time during the 20-business day period immediately preceding such date, is offered for sale to the public at a price less than 90 per cent or more than 110 per cent of the principal amount thereof as published in The Wall Street Journal or, if such newspaper shall cease to publish such information, published in such other newspaper of general circulation in the City to be agreed upon by the City and the purchasers of Bonds to be issued on such Closing Date. For purposes of this subparagraph, the term “Yield” shall mean the average of the yields to maturity at the close of business on each of the 20 business days immediately preceding the fifth business day prior to the Closing Date, as determined by the Federal Reserve Bank of New York and published in The Wall Street Journal or, if such newspaper shall cease to publish such information, published in such other newspaper of general circulation in the City to be agreed upon by the City and the purchasers of Bonds to be issued on such Closing Date.

1.4 Closings.

(a) Definition. Each date on which Bonds are purchased hereunder, including dates on which purchases take place in accordance with paragraph 1.4(c) and paragraph 4.9(b), shall be referred to as a “Closing Date.” Each closing hereunder shall take place at the Office of the Comptroller of the City at 11:00 o’clock in the forenoon on the Closing Date, or at such other time on such date and at such other place in the Borough of Manhattan as the City and the Secretary may determine.

(b) Schedule of Closing Dates. The City shall sell $200,000,000 aggregate principal amount of the Bonds on the initial Closing Date which shall be November 1, 1978. During the remainder of the 1979 fiscal year, there shall be two additional Closing Dates; on February 15, 1979 the City shall sell $150,000,000 aggregate principal amount of Bonds and on May 24, 1979 the City shall sell $150,000,000 aggregate principal amount of Bonds. Prior to the beginning of each subsequent fiscal year, the City shall deliver to each of the Pension Funds a schedule setting forth the Closing Dates for such fiscal year, including the aggregate principal amount of Bonds to be pur-
chased by each Pension Fund on each Closing Date. Notwithstanding the foregoing, the City shall give at least 30 days' prior written notice to each of the Pension Funds of any Closing Date scheduled to occur within the first 30 days of any fiscal year.

(c) **Adjournments.** (i) The City may adjourn, by oral notice to each Pension Fund given prior to 5:00 P.M. on the scheduled Closing Date, confirmed in writing within 24 hours after such oral notice, the purchase of Bonds by any such Pension Fund or Pension Funds on any scheduled Closing Date in the event that the Secretary shall refuse to issue Guarantees to any such Pension Fund or Pension Funds with respect to Bonds to be purchased on such scheduled Closing Date. In addition, the City may adjourn, by 30 days' prior written notice to each City Pension Fund, the purchase of Bonds by the City Pension Funds on any scheduled Closing Date in the event that the City determines in its judgment that actual or projected expenditures for capital purposes do not warrant the sale of Bonds to the City Pension Funds on such scheduled Closing Date. Any notice given by the City pursuant to this paragraph shall state the date to which the purchase of Bonds shall be adjourned. Any purchase of Bonds adjourned under the first or second sentence of this paragraph 1.4(c) may be further adjourned from time to time in the manner and for the reasons set forth in the first sentence of this paragraph 1.4(c). (ii) Notwithstanding the foregoing, the purchase of Bonds originally scheduled on a Closing Date in one fiscal year shall not be adjourned beyond June 30 of the next succeeding fiscal year and in no event shall any purchase of Bonds be adjourned to a date beyond June 30, 1982; except that any purchase of Bonds which is adjourned with respect to any City Pension Fund because the Secretary has refused to issue Guarantees to such Pension Fund solely by reason of the wrongful failure of such Pension Fund to purchase bonds scheduled to be issued by The Municipal Assistance Corporation For The City of New York ("MAC") at a closing scheduled pursuant to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") by and among MAC, certain commercial banks, savings banks and insurance companies, and the City Pension Funds at which closing the other City Pension Funds have purchased MAC bonds in accordance with the Bond Purchase Agreement may be adjourned beyond June 30 of the next succeeding fiscal year, but in no event beyond June 30, 1982. Within 60 days following a final determination that the failure by such City Pension Fund to purchase the MAC bonds was wrongful, the City shall deliver to such City Pension Fund a schedule setting forth the Closing Date, or Closing Dates, and the amount, or amounts, of such Bonds to be purchased by such City Pension Fund. The annual rate of interest on
Bonds to be issued on an Adjourned Closing Date (as such term is defined below) or on a Closing Date scheduled pursuant to paragraph 4.9(b) shall be determined on the fifth business day immediately preceding such Closing Date and shall be calculated as provided in paragraph 1.3(g).

(d) Number of Closing Dates and Amounts to be Purchased. The City shall determine the number of Closing Dates to be scheduled during a fiscal year, provided, however, that in no event shall there be more than four Closing Dates, including Closing Dates on which adjourned purchases are consummated (an “Adjourned Closing Date”) and including Closing Dates scheduled pursuant to paragraph 4.9(b), during any one fiscal year, and the City may in its discretion schedule one Closing Date in any fiscal year for purchase of all the Bonds to be purchased in such fiscal year. On each Closing Date, except an Adjourned Closing Date, at least $50,000,000 aggregate principal amount of Bonds shall be scheduled to be purchased, provided that in no event shall the State Pension Funds or the City Pension Funds be scheduled to purchase, severally as provided in Schedule I, in the aggregate for each such group of Pension Funds less than $25,000,000 aggregate principal amount of Bonds on any Closing Date, including an Adjourned Closing Date. On the initial Closing Date, the City Pension Funds shall purchase, severally as provided in Schedule I, an aggregate of $50,000,000 principal amount of Bonds and the New York State Teachers’ Retirement System shall purchase $150,000,000 principal amount of Bonds. On each subsequent Closing Date in the 1979 fiscal year, subject to the provisions of paragraph 1.4(c) and paragraph 4.9, the City Pension Funds shall purchase, severally as provided in Schedule I, an aggregate of two-thirds of the aggregate principal amount of the Bonds scheduled to be purchased on such Closing Date and the Comptroller of the State, as Trustee for the New York State Common Retirement Fund, shall purchase one-third of the aggregate principal amount of the Bonds scheduled to be purchased on such Closing Date. In each fiscal year thereafter, subject to the provisions of paragraph 1.4(c) and paragraph 4.9, the City Pension Funds shall purchase, severally as provided in Schedule I, in the aggregate on each Closing Date 50 per cent of the aggregate principal amount of the Bonds scheduled to be purchased on such Closing Date. In the 1980 fiscal year, subject to the provisions of paragraph 1.4(c) and paragraph 4.9, the Comptroller of the State, as Trustee for the New York State Common Retirement Fund, shall purchase on each Closing Date 50 per cent of the aggregate principal amount of the Bonds scheduled to be purchased on such Closing Date, and in the 1981 and 1982 fiscal years, subject to the provisions of paragraph 1.4(c) and paragraph 4.9, the State Pension Funds shall purchase, severally as provided in Schedule I,
in the aggregate on each Closing Date 50 per cent of the aggregate principal amount of the Bonds so scheduled to be purchased on such Closing Date, of which 60 per cent shall be purchased by the Comptroller of the State, as Trustee for the New York State Common Retirement Fund, and 40 per cent shall be purchased by the New York State Teachers’ Retirement System. Notwithstanding the foregoing, (i) if Bonds scheduled to be purchased by a Pension Fund in one fiscal year are scheduled to be purchased in a subsequent fiscal year because of the adjournment of a Closing Date pursuant to paragraph 1.4(c) or paragraph 4.9, the amounts so scheduled to be purchased shall be added, without regard to the percentages set forth above, to the amount of Bonds scheduled in accordance with this paragraph 1.4(d) to be purchased in the subsequent fiscal year by such Pension Fund and (ii) if the scheduled purchase of Bonds by the City Pension Funds on any Closing Date is adjourned without a corresponding adjournment of the scheduled purchase of Bonds by the State Pension Fund or Funds scheduled to purchase Bonds on such Closing Date, then on any such Adjourned Closing Date, the City Pension Funds shall purchase the Bonds which were the subject of the adjournment, severally as provided in Schedule I.

(e) Purchase Price. The purchase price for the Bonds shall be paid in New York Clearing House funds and shall be equal to 100% of the principal amount of the Bonds to be purchased plus accrued interest from the date of such Bonds to the date of purchase (such period not to exceed 30 days).

(f) Interim Bonds. The City, at its own expense, shall prepare, execute and deliver the Bonds in definitive form, and such Bonds shall be lithographed or printed on steel-engraved borders, provided that the City may execute and deliver on any Closing Date one or more interim Bonds pending the delivery of the Bonds in definitive form. Such interim Bonds shall be of substantially the same form and tenor as the definitive Bonds, with such omissions, insertions and variations as may be appropriate to interim Bonds, except that such interim Bonds shall also provide that they are exchangeable without any expense to the holder at the Office of the Comptroller of the City when the Bonds in definitive form are available for delivery. Bonds in definitive form shall be available no later than sixty (60) days following the Closing Date.

(g) Breach by One Pension Fund. It is agreed by the parties hereto that the breach of this Agreement by any one Pension Fund shall not be deemed to be a breach by any other Pension Fund if such other Pension Fund is in compliance with its obligations hereunder.
SECTION 2. Transfer and Exchange of Bonds.

2.1 Transfer of Bonds. The Bonds, including Bonds obtained upon an exchange pursuant to paragraph 2.2 below (unless such Bonds are in coupon form), shall be transferable at the Office of the Comptroller of the City, where a Bond Register shall be maintained, and no sale or other disposition of any Bond shall be effective until such transfer is entered upon the Bond Register, at which time, if the Bond was guaranteed by the United States immediately prior to such transfer, the City and the Pension Fund making such transfer shall give written notice to the Secretary of such sale or other disposition of such Bond; provided, however, that any sale or other disposition of any Bond by a Pension Fund (other than to a successor in interest not involving a change in beneficial ownership) shall cause the Guarantee of the United States with respect to the payment of principal and interest on such Bond to terminate pursuant to the terms of the Guarantee; and provided further, that Bonds in coupon form received upon an exchange pursuant to paragraph 2.2 below shall be negotiable and transferable by delivery. The Secretary and each of the Pension Funds shall have the right, during normal business hours and upon reasonable notice to the City, to review the Bond Register with respect to the sale or other disposition of any Bond as to which a Guarantee is or was in effect.

2.2 Exchange of Bonds. In connection with the sale or other disposition of all or a portion of any Bond, Bonds registered in the name of a Pension Fund may be exchanged at any time at the request of such Pension Fund for Bonds either (a) registered as to principal and interest and substantially in the form of the Bonds originally issued and in a like aggregate principal amount in smaller denominations, provided, however, that such Bonds shall be in minimum denominations of $25,000 and in integral multiples of $1,000 for denominations in excess thereof, or (b) in coupon form in substantially the form of Exhibit B-1 hereto, and in like aggregate principal amount in denominations of $1,000 or $5,000; provided, however, that if applicable law has been changed as set forth in paragraph 1.3(e) Bonds issued upon exchange shall reflect such change in law. Bonds to be exchanged shall be surrendered at the Office of the Comptroller of the City and shall be accompanied by a written request for such exchange by an authorized person, specifying the denominations and number of the Bonds to be delivered in exchange for the Bonds surrendered and whether such Bonds should be in registered or coupon form. No charge shall be made to any Pension Fund which exchanges its Bond or Bonds pursuant to this paragraph 2.2. A Bond or Bonds registered in the name of a Pension Fund received upon an exchange
pursuant to this paragraph 2.2 shall not be deemed to be a Bond or Bonds received in a sale or other disposition of any Bond or Bonds for purposes of paragraph 2.1 of this Agreement.

SECTION 3. Representations and Warranties.

3.1 Representations and Warranties of the City. The City hereby represents and warrants to each Pension Fund that:

(a) The City is validly existing as a municipal corporation under the laws of the State, including the State Constitution, with the right and power to execute, deliver and perform its obligations under this Agreement, and to issue the Bonds.

(b) When delivered to and paid for by the Pension Funds, the Bonds will have been duly authorized, executed and delivered and will constitute valid and legally binding obligations of the City, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws applicable to the enforcement of creditors' rights or may be affected by the valid exercise of the police powers of the State, and the faith and credit of the City will be irrevocably pledged for the punctual payment of the principal of and interest on the Bonds. All of the real property within the City subject to taxation by the City will be subject to the levy of ad valorem taxes without limitation as to rate or amount to pay principal of and interest on the Bonds.

(c) The City is authorized to enter into this Agreement and perform its obligations hereunder, and this Agreement has been duly executed and delivered by the City and constitutes a valid and legally binding agreement of the City in accordance with its terms. The City is subject to suit on this Agreement.

(d) The City has been duly authorized to include as a term of the Bonds the pledge and agreement of the State as set forth in paragraphs 6.1 and 6.2 of this Agreement. The Bonds delivered pursuant to this Agreement will contain such pledge and agreement of the State.

(e) The City will not use the proceeds of the Bonds in a manner which would cause the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended (the “Code”), and the applicable regulations from time to time promulgated or proposed thereunder.
(f) The issuance of the Bonds and the execution, delivery and performance of this Agreement and the Bonds by the City and compliance with the provisions hereof and thereof do not and will not conflict with, or constitute on the part of the City a breach of, or a default under, any existing law, charter, ordinance, regulation, decree, order or resolution, or (to the best of the knowledge of the City, after due investigation) any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which it is bound.

(g) 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 under existing law for the valid execution, delivery or performance by the City of this Agreement, or the Bonds, or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made prior to the execution of this Agreement or the issuance of the Bonds, as the case may be.

3.2 Representations and Warranties of the United States. The United States hereby represents and warrants to each Pension Fund that:

(a) This Agreement has been duly authorized, executed and delivered on behalf of the United States.

(b) The United States is subject to suit by each Pension Fund under existing law to enforce any Guarantee issued to such Pension Fund.

3.3 Representations and Warranties of the Pension Funds. Each of the Pension Funds hereby severally represents and warrants to the City and to the United States that:

(a) This Agreement has been duly authorized, executed and delivered on behalf of such Pension Fund.

(b) This Agreement constitutes a valid and legally binding agreement of such Pension Fund in accordance with its terms.

Section 4. Closing Conditions.

The obligations of each Pension Fund to purchase Bonds hereunder shall be subject to the satisfaction, on each Closing Date, of the following conditions:
4.1 *Aggregate Amounts.* On the initial Closing Date, each of the Pension Funds scheduled to purchase Bonds shall purchase the Bonds scheduled to be purchased by it on such Closing Date. On each subsequent Closing Date, at least 90 per cent in aggregate principal amount of Bonds scheduled pursuant to this Agreement to have been purchased by the Pension Funds prior to such Closing Date shall have been purchased by the Pension Funds, and on such Closing Date at least 80 per cent in aggregate principal amount of Bonds scheduled to be purchased by the Pension Funds shall be purchased. For purposes of this paragraph, where the purchase of any Bonds has not been consummated as a result of the operation of paragraph 4.9 or has been adjourned pursuant to paragraph 1.4(c), such Bonds shall be excluded from the calculations required by this paragraph, except that, after the Adjourned Closing Date for the purchase of such Bonds or after the Closing Date scheduled pursuant to paragraph 4.9(b), the Bonds so excluded shall be included in such calculations unless there is subsequently an adjournment of the purchase of such Bonds pursuant to paragraph 1.4(c).

4.2 *Legislation and Agreement in Effect.*

(a) This Agreement shall be in full force and effect, with such modifications, amendments and waivers as may have been made by the parties hereto.

(b) The Guarantee Act, the Federal appropriations act in connection with the Guarantee Act, Public Law 95-415 (the “Federal Appropriations Act”), Chapter 890 of the Laws of 1975 of the State, as amended by Chapter 448 of the Laws of 1978 of the State (“Chapter 890”), an act in relation to the tax treatment of specified transactions by New York public employee retirement systems, Public Law 95-497 (the “Pension Legislation”), and subdivision four of Section 10-a of the New York State Financial Emergency Act for The City of New York (the “Act”), each as in effect on the date of this Agreement, shall be in full force and effect and, since the date of this Agreement, shall not have been amended or modified in any respect which materially adversely affects (i) the ability of the Secretary to issue Guarantees, (ii) the ability of the City to satisfy the requirements of this Agreement or to issue the Bonds, or (iii) the ability of the City and State Pension Funds to purchase the Bonds or the qualified status of the City or State Pension Funds under Section 401(a) of the Code. Neither the Senate nor the House of Representatives of the Congress of the United States shall have agreed to any resolution referred to in Section 104(a) of the Guarantee Act stating in substance that it disapproves of any part of the Guarantees to be provided under such Act.
(c) Each Pension Fund purchasing Bonds on such Closing Date shall have received an executed copy of a certificate of an Assistant Secretary of the Treasury, dated the Closing Date, to the effect that attached to such certificate are true and complete copies of the Guarantee Act and the Federal Appropriations Act, and any amendments thereto, except that subsequent to the initial Closing Date for each Pension Fund, such certificate shall be to the effect that (i) there have been no amendments to such statutes since the most recent certificate furnished to each such Pension Fund pursuant to this paragraph 4.2(c), or (ii) attached to such certificate are true and complete copies of each amendment to such statutes since the most recent certificate furnished to each such Pension Fund pursuant to this paragraph 4.2(c).

4.3 No Prohibited Transactions. The purchase of Bonds scheduled to be purchased by a City Pension Fund on a Closing Date shall not cause such City Pension Fund to be considered to fail to satisfy the requirements of Section 401(a) of the Code, or to have engaged in a prohibited transaction described in Section 503(b) of the Code. Unless the Internal Revenue Service shall have determined that a City Pension Fund has engaged in a prohibited transaction in connection with the purchase of obligations of the City or MAC made since August 20, 1975, or the Secretary or his delegate shall have given notification pursuant to Section 3(a) of the Pension Legislation, this condition shall be deemed to be satisfied on such Closing Date with respect to each City Pension Fund purchasing Bonds on such Closing Date if the following requirements are met:

(a) Prior to the execution of this Agreement, or of any modification, amendment or waiver of the provisions hereof, as contemplated by Section 1(c) of the Pension Legislation, each City Pension Fund shall have notified the Secretary of the proposed Agreement, modification, amendment or waiver, as the case may be, and within 60 days after the date of submission of such Agreement, modification, amendment or waiver or such shorter period as the Secretary shall have established, the Secretary shall have advised each City Pension Fund in writing that he does not disapprove the Agreement, modification, amendment or waiver, as the case may be;

(b) On or before such Closing Date, the Secretary has made the determinations contemplated by Sections 2(c) and 2(f) of the Pension Legislation and has notified in writing each City Pension Fund that he has made such determinations;
(c) On such Closing Date, the requirement with respect to the percentage limitations set forth in Section 2(a) of the Pension Legislation (as adjusted below) shall have been met. For purposes of this paragraph 4.3(c), the applicable percentage limitations set forth in Section 2(a) of the Pension Legislation shall each be reduced by three-quarters of one per cent;

(d) On such Closing Date, the requirement with respect to the absence of negative cash flow set forth in Section 2(d) of the Pension Legislation (as adjusted below) shall have been met. For purposes of this paragraph 4.3(d), negative cash flow shall be deemed absent if cash receipts shall exceed cash expenditures (both as determined in accordance with the applicable provisions of the Pension Legislation) by at least three-quarters of one per cent; and

(e) The report contemplated by Section 2(e) of the Pension Legislation to be submitted by each City Pension Fund shall have been submitted by such City Pension Fund to the Secretary and the appropriate committees of the Congress.

Anything herein to the contrary notwithstanding, the Secretary need not have made any determination contemplated by Section 2(c) of the Pension Legislation and the report contemplated by Section 2(e) of the Pension Legislation need not have been submitted on or prior to any Closing Date if the Pension Legislation does not provide that such requirement need be met as of such Closing Date.

4.4 Qualified Status.

(a) The Internal Revenue Service shall not have withdrawn its favorable determination with respect to the qualified status of such Pension Fund under Section 401(a) of the Code, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund of any obligation of the City or of MAC made since August 20, 1975 or the entry of the Pension Fund into this Agreement or the execution of any modification, amendment or waiver of the provisions hereof.

(b) There shall not be any action, suit or proceeding before any court or Governmental Authority (as such term is defined below) brought by the Federal Government or any agency or department thereof with jurisdiction pending with respect to such Pension Fund, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund of any obligation of the City or of MAC made since August 20, 1975 or the entry
by the Pension Fund into this Agreement or the execution of any modification, amendment or waiver of the provisions hereof, wherein an unfavorable decision would result in the loss of the qualified status of such Pension Fund under Section 401(a) of the Code. As used in this Agreement the term "Governmental Authority" shall refer to any legislature or governmental official, department, commission, board, bureau, agency, instrumentality or body or public benefit corporation (which has the jurisdiction and power to take the action it purports to take).

(c) Legislation shall not have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or an order, rule or regulation (final, temporary or proposed) shall not have been made by any Governmental Authority with the purpose or effect, directly or indirectly, of causing such Pension Fund to lose its qualified status under Section 401(a) of the Code, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund of any obligation of the City or of MAC made since August 20, 1975 or the entry by the Pension Fund into this Agreement or the execution of any modification, amendment or waiver of the provisions hereof.

4.5 Representations and Warranties; Covenants. The representations and warranties of the City and of the United States contained in this Agreement shall be true and correct on and as of each Closing Date with the same force as though made on and as of such Closing Date, and, except with respect to the initial Closing Date hereunder, the City and the United States each shall have delivered to each Pension Fund purchasing Bonds on such Closing Date a certificate to such effect. The City shall be in compliance with any covenant made by it in this Agreement.

4.6 Opinions of Counsel. There shall be delivered to and for the benefit of each Pension Fund purchasing Bonds on such Closing Date (a) opinions from Rogers & Wells or such other bond counsel to the City acceptable to such Pension Funds (which acceptance shall not be unreasonably withheld), substantially in the forms annexed hereto as Exhibits C and D, together with the letter of such counsel substantially in the form annexed hereto as Exhibit E, and (b) an opinion of the General Counsel of the Department of the Treasury substantially in the form annexed hereto as Exhibit F.

4.7 Guarantee by the United States. The Secretary shall have executed and delivered to each Pension Fund purchasing Bonds on such Closing Date, on behalf of the United States, a Guarantee with respect to each Bond to be
purchased by such Pension Fund, and in no event shall any Pension Fund be obligated under this Agreement to purchase any bonds of the City which are not guaranteed by the United States.

4.8 *Arbitrage Certificate.* Each Pension Fund purchasing Bonds on such Closing Date shall have received an executed copy of a certificate of an appropriate officer of the City, dated the Closing Date, setting forth sufficient facts, estimates and circumstances to support the conclusion that on the date of issue it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Code, and stating that, to the best of the knowledge and belief of the certifying officer, such facts, estimates and circumstances are reasonable.

4.9 *No Adverse Decision.*

(a) No decision, ruling or finding shall have been entered by any court or Governmental Authority since the date of this Agreement (and not reversed on appeal or otherwise set aside) (i) which declares the Guarantee Act, the Federal Appropriations Act, the Pension Legislation or subdivision four of Section 10-a of the Act, each as in effect on the date hereof, or Chapter 890 as in effect on the date hereof or as amended to read substantially and in all material respects as printed as Schedule V to the Bond Purchase Agreement, to be invalid or unenforceable as an entirety, or which declares any provision thereof to be invalid or unenforceable if the deletion of such provision by amendment would cause the requirements of paragraph 4.2 not to be satisfied, (ii) which declares the Guarantee Act, the Federal Appropriations Act, the Pension Legislation, subdivision four of Section 10-a of the Act or Chapter 890, as so amended, to be inapplicable to this Agreement or any purchase contemplated hereby, or (iii) to the effect that (A) any purchase or prospective purchase by a Pension Fund of any Bonds pursuant to this Agreement, or (B) the entry into this Agreement by such Pension Fund, has violated or will violate any applicable fiduciary obligation of any trustee, director or officer or any law (whether statutory or otherwise); unless (1) such decision, ruling or finding is stayed pending appeal, and (2) the firm of Rogers & Wells or other counsel reasonably acceptable to the Pension Funds purchasing Bonds on such Closing Date (which acceptance shall not be unreasonably withheld) shall deliver an opinion, addressed and in form and substance reasonably satisfactory to such Pension Funds and dated such Closing Date, to the effect, without qualification, that the decision, ruling or finding of the court
or Governmental Authority having final jurisdiction in the matter will not have any of the effects described in such clauses.

(b) If any Pension Fund shall not purchase any Bonds scheduled to be purchased on a Closing Date as a result of the operation of paragraph 4.9(a) above, and such decision, ruling or finding is subsequently reversed on appeal or otherwise set aside, such Pension Fund shall be obligated to purchase all Bonds which were not purchased on such scheduled Closing Date because of the operation of said paragraph 4.9(a), except that no Pension Fund shall be required to purchase such Bonds subsequent to June 30 of the fiscal year following the fiscal year in which such Closing Date had been scheduled and in no event subsequent to June 30, 1982. Not later than 60 days following the date on which such decision, ruling or finding is reversed on appeal or otherwise set aside, the City shall deliver to such Pension Fund a schedule setting forth the Closing Date, or Closing Dates, and the amount, or amounts, of such Bonds to be purchased by such Pension Fund.

4.10. Expenditure of Proceeds. In the event that not all of the proceeds from any sale of Bonds are to be used to reimburse the general fund of the City for expenditures advanced from the general fund prior to the Closing Date for the purposes for which the Bonds are issued, (a) the City shall furnish to the Secretary and to each City Pension Fund purchasing Bonds on such Closing Date a statement that in the reasonable expectation of the City, which shall take into consideration its experience in making capital expenditures, that the portion of the proceeds not used to reimburse the general fund of the City as set forth above will be expended for such purposes within one year from the Closing Date (except that if the requirements of applicable law or regulations provide that a particular capital project must be financed in its entirety in one financing, then such proceeds may be held by the City for the period required to complete such project which shall be indicated in such statement) and (b) the City shall furnish to the Secretary and to each such City Pension Fund a schedule showing the length of time any proceeds of a prior sale of Bonds not used to reimburse the general fund were held if such proceeds were held for more than one year.

SECTION 5. Purchase of Bonds by the United States.

If an event of default shall have occurred and be continuing under the Agreement to Guarantee dated as of November 15, 1978 (the "Agreement to Guarantee"), by and among the United States, the State, the City, the New York State Financial Control Board (the "Board") and MAC, the United
States may purchase, and each Pension Fund agrees to sell, at any time one or more of the Bonds then held by such Pension Fund, as requested by the Secretary upon five days' written notice to such Pension Fund, at 100% of the principal amount thereof plus accrued interest to the date of such purchase. Payments by the United States under this Section 5 shall be made in federal funds at the Federal Reserve Bank of New York on the date specified in the notice.

SECTION 6. Pledge and Agreement of the State.

6.1 In accordance with the provisions of subdivision one of Section 10-a of the Act as in effect on the date of this Agreement, the City hereby includes in this Agreement the pledge and agreement of the State with the United States and with the holders from time to time of Bonds (hereinafter called the "State Covenant") that the State will not take any action which will (a) substantially impair the authority of the Board during a control period (as such term is defined in subdivision twelve of Section 2 of the Act as in effect on the date of this Agreement) (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 8 of the Act as in effect on the date of this Agreement and paragraph b of such subdivision as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowings of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section 7 of the Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund 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 13 of the Act as in effect on the date of this Agreement; (f) substantially modify the requirement that the financial statements of the City 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 subdivision twelve of Section 2 of the Act, as in effect on the date of this Agreement, or substantially alter the authority of the Board, as set forth in said subdivision 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 monies or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide monies 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 Bonds and irrevocable instructions from the City to such bank, trust company or other fiduciary for such payment of such principal and interest with such monies shall have been given, or (ii) such Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged.

6.2 In accordance with the provisions of subdivision three of Section 10-a of the Act as in effect on the date of this Agreement, the City hereby includes in this Agreement the pledge and agreement of the State with the holders from time to time of Bonds that the State will not take any action which would impair the power of the City to comply with or perform the covenants made by the City in Section 7 of this Agreement, or any right or remedy of such Pension Fund to enforce such covenants.

6.3 The terms “covered organization” and “board fund”, as used in this Section, have the respective meanings set forth in the Act as in effect from time to time.

SECTION 7. City Covenants.

The City hereby covenants and agrees with each holder from time to time of Bonds that:

(a) The City shall punctually pay the principal of and interest on the Bonds as set forth in the Bonds, and the City shall assess and levy taxes in an amount sufficient to provide for the payment of principal of and interest on the Bonds (after taking into account taxes estimated to be uncollected and all items of City indebtedness then due).

(b) The City shall formulate a financial plan which shall be in the form and contain the information required by the Act, as the Act
may be amended from time to time without violation of the State Covenant, and which is in compliance with the standards set forth in subdivision one of Section 8 of the Act, as the Act may be amended from time to time without violation of the State Covenant. The City shall submit such financial plan (the "Financial Plan") to the Board and shall formulate and submit to the Board such modifications of the Financial Plan in accordance with the procedures and standards set forth in the Act, as the Act may be amended from time to time without violation of the State Covenant. The budgets of the City at the time of the adoption of the Financial Plan and the operations of the City shall be in compliance with the Financial Plan.

(c) The terms of all contracts entered into by the City and the terms of all borrowings by the City shall be in compliance with the Financial Plan of the City, including any modifications thereof, formulated as provided in paragraph 7(b) above, as the Act may be amended from time to time without violation of the State Covenant. The disbursement of funds by the City shall be in compliance with the Financial Plan of the City, including any modifications thereof, formulated as provided in paragraph 7(b) above.

(d) As required by the Act, as the Act may be amended from time to time without violation of the State Covenant, the City shall maintain a separate fund with the State Comptroller or, subject to the approval of the State Comptroller, with a trust company or bank, for the payment of debt service on bonds or notes of the City.

(e) The City shall comply with the provisions of Sections 9-a and 9-b of the Act, as the Act may be amended from time to time without violation of the State Covenant. The City shall not adopt any criteria providing for the retention of less than all initial real estate tax receipts in the general debt service fund unless the City determines that such criteria are reasonably calculated to provide adequate monies for payment of monthly debt service from real estate tax payments retained in the fund, without the need for additional payments by the City.

(f) The City will keep, or cause to be kept, proper books and records.

(g) The City shall take such action as may be necessary to enable a nationally recognized independent certified public accounting firm or consortium of firms, one of which at least is a nationally recognized independent certified public accounting firm, to perform an annual audit in accordance with generally accepted auditing standards and to furnish to
the Board the report on such audit prepared by such firm or consortium of firms, which report shall include an opinion as to whether the City's financial statements have been prepared in accordance with generally accepted accounting principles, subject to the provisions of Section 8.2-a of the Act, as the Act may be amended from time to time without violation of the State Covenant, and shall state whether the audit of such financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other accounting procedures as were considered necessary under the circumstances.

(h) The City shall comply with lawful actions of the Board.

SECTION 8. Miscellaneous.

8.1 Notices. All communications hereunder shall be in writing and shall be mailed or delivered to the parties hereto at the address set forth opposite the name of each such party in Schedule II hereto or at such other address as any such party shall hereafter advise each of the other parties hereto in writing. Notice shall be deemed to have been given when delivered or, if mailed, when mailed first class, postage prepaid, except that notice that a Closing Date shall be adjourned because of a refusal by the Secretary to issue Guarantees shall be communicated orally to each Pension Fund scheduled to purchase Bonds on such Closing Date no later than 5:00 P.M. on such Closing Date and shall be confirmed in writing delivered to such Pension Fund within 24 hours after such oral notice.

8.2 No Waivers. No failure or delay by any party hereto in exercising any right, power or privilege hereunder or under any document or instrument contemplated hereby shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.3 City Pension Fund Covenant. Each of the City Pension Funds hereby covenants for itself to the extent necessary to meet the requirements of the Pension Legislation in accordance with the obligation of each such Pension Fund (a) to use its best efforts to obtain the report referred to in paragraph (e) of Section 4.3, (b) to make the certification to the Secretary contemplated by Section 1(b)(2) of the Pension Legislation, provided, however, that such certification need not be made if (i) the report referred to above cannot be obtained or (ii) the percentage limitation requirements or absence of negative cash flow referred to in paragraphs (c) and (d) of Section 4.3, the
computation as to which shall be prepared by the actuary of each Pension Fund, shall not have been met, in which case a copy of such computation, accompanied by such supporting documentation as the Secretary may reasonably request, shall be delivered to the Secretary, and (c) to deliver the statement required by Section 2(e)(1)(B) of the Pension Legislation in accordance with the provisions of such Section.

8.4 *Defeasance*. An issue of Bonds shall be fully defeased and the obligations of the City thereon and hereunder, including the obligation of the City to make future payments of principal and interest with respect to such issue of Bonds, and the obligations of the State as set forth in paragraph 6.2, and the Guarantee of the United States, shall be fully discharged and of no further force and effect at such time as (i) notice of redemption of such issue of Bonds shall have been given in accordance with the terms of such Bonds and (ii) there is on deposit with a bank, trust company or other fiduciary, located in the Borough of Manhattan in the City and with stated capital and surplus in excess of $500,000,000, in a separate trust account, which shall not be reachable by any creditor of said bank, trust company or other fiduciary and which shall be used only for the benefit of the holders of outstanding Bonds of such issue, sufficient monies, or direct obligations of the United States or obligations fully guaranteed by the United States as to principal and interest, the principal of and/or interest on which will provide sufficient monies, to pay punctually when due prior to maturity by redemption at the earliest time such issue of Bonds may be redeemed in accordance with their terms (or at maturity if there remain no interest payment dates prior to maturity), all principal of and interest on all outstanding Bonds of such issue and (iii) irrevocable instructions from the City to such bank, trust company or other fiduciary to make such payment of such principal and interest with such monies shall have been given, or at such time as all principal of and interest on all outstanding Bonds of such issue shall have been paid by the City as and when the same shall have become due and payable. No Bonds shall be defeased and no obligation of the City or covenant of the State as aforesaid and no Guarantee of the United States shall be discharged by the operation of this paragraph 8.4 unless all of the requirements of this paragraph 8.4 shall have been met.

8.5 *Enforceability by Secretary*. The obligations of any Pension Fund under this Agreement shall be enforceable by the Secretary, and the Secretary may institute legal proceedings to enforce such obligations in any United States District Court located in the State of New York or in any court of competent jurisdiction of the State of New York in and for the County of New York or the County of Albany.
8.6 Amendments. No modification, amendment, consent or waiver of any provision of this Agreement may be made or given by any Pension Fund without prior written consent of the Secretary.

8.7 Headings. The headings of Sections and paragraphs in this Agreement are inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

8.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely in such State.

8.9 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

8.10 Expenses. The City shall pay the fees of and expenses incurred by counsel retained by the Pension Funds and the State in connection with the preparation, execution and delivery of this Agreement and the Agreement to Guarantee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their behalf by their respective authorized representatives as of the date first above written.

Approved as to Form:

THE CITY OF NEW YORK

ALLEN G. SCHWARTZ
Allen G. Schwartz, Corporation Counsel

By EDWARD I. KOCH
Edward I. Koch, Mayor

By HARRISON J. GOLDIN
Harrison J. Goldin, Comptroller

UNITED STATES OF AMERICA

By W. MICHAEL BLUMENTHAL
W. Michael Blumenthal, Secretary of the Treasury
CITY PENSION FUNDS

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
By Harold E. Herkommer
Harold E. Herkommer,
Executive Director

TEACHERS' RETIREMENT SYSTEM FOR THE CITY OF NEW YORK
By Wallace F. Sullivan
Wallace F. Sullivan,
Executive Director

BOARD OF EDUCATION RETIREMENT SYSTEM FOR THE CITY OF NEW YORK
By John LaCarrubba
John LaCarrubba,
Executive Director

NEW YORK CITY POLICE PENSION FUND, ARTICLE 2
By Patrick W. Lehane
Patrick W. Lehane,
Chief Administrative Officer

STATE PENSION FUNDS

COMPTROLLER OF THE STATE OF NEW YORK, AS TRUSTEE FOR THE NEW YORK STATE COMMON RETIREMENT FUND
By Arthur Levitt
Arthur Levitt,
Comptroller of the State of New York

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
By Harry L. DuBrin
Harry L. DuBrin,
Assistant Executive Director and Legal Advisor
By Edward J. Reno, Jr.
Edward J. Reno, Jr.,
Securities Investment Officer
SCHEDULE I

Maximum Commitments of Pension Funds

References to a fiscal year ("FY") are to the twelve-month period ending June 30 of such year.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Pension Funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comptroller of the State of New York, As Trustee for the New York State Common Retirement Fund</td>
<td>$100,000,000</td>
<td>$125,000,000</td>
<td>$90,000,000</td>
<td>$180,000,000</td>
</tr>
<tr>
<td>New York State Teachers' Retirement System</td>
<td>150,000,000</td>
<td>—</td>
<td>60,000,000</td>
<td>120,000,000</td>
</tr>
<tr>
<td>Totals for State Pension Funds:</td>
<td>$250,000,000</td>
<td>$125,000,000</td>
<td>$150,000,000</td>
<td>$300,000,000</td>
</tr>
<tr>
<td>Totals for City Pension Funds:*</td>
<td>$250,000,000</td>
<td>$125,000,000</td>
<td>$150,000,000</td>
<td>$300,000,000</td>
</tr>
</tbody>
</table>

* For each fiscal year and on each Closing Date in a fiscal year, each City Pension Fund shall be scheduled to purchase the percentage listed opposite its name below of the aggregate principal amount of Bonds to be purchased by the City Pension Funds during such fiscal year and on such Closing Date:

- New York City Employees' Retirement System: 49.1%
- Board of Education Retirement System for The City of New York: 1.8%
- Teachers' Retirement System for The City of New York: 32.9%
- New York City Police Pension Fund, Article 2: 16.2%
SCHEDULE II
Addresses of Parties

If to the City, to

Mayor of the City of New York
City Hall
New York, New York 10007

and to

Comptroller of the City of New York
Room 530
Municipal Building
New York, New York 10007

with copies to

Corporation Counsel
Room 6-A-11
One Hundred Church Street
New York, New York 10007

and to

Deputy Mayor for Finance
Room 1401
250 Broadway
New York, New York 10007

If to the Secretary, to

The Secretary of the Treasury
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

with a copy to

The General Counsel of the Department of the Treasury
Room 3000
15th Street and Pennsylvania Avenue
Washington, D.C. 20220
If to the New York City Employees' Retirement System, to

New York City Employees' Retirement System
220 Church Street
New York, N. Y. 10013
Attention: Harold E. Herkommer
Executive Director

If to the Teachers' Retirement System for The City of New York, to

Teachers' Retirement System for The City of New York
40 Worth Street
New York, N. Y. 10013
Attention: Wallace F. Sullivan
Executive Director

If to the Board of Education Retirement System for The City of New York, to

Board of Education Retirement System for The City of New York
65 Court Street
Brooklyn, N. Y. 11201
Attention: John La Carrubba
Executive Director

If to the New York City Police Pension Fund, Article 2, to

New York City Police Pension Fund, Article 2
1 Police Plaza
New York, N. Y. 10038
Attention: Paul Dickstein
Deputy Commissioner
If to the Comptroller of the State of New York, as Trustee for the New York State Common Retirement Fund, to

The Comptroller of the State of New York,
as Trustee for the New York State Common Retirement Fund
Alfred E. Smith State Office Building
Albany, New York 12236

If to the New York State Teachers' Retirement System, to

New York State Teachers' Retirement System
143 Washington Avenue
Albany, New York 12210
Attention: Harold Langlitz
EXHIBIT A
Form of Guarantee

GUARANTEE, dated __________, 19__, made, pursuant to the New York City Loan Guarantee Act of 1978, Public Law 95-339, by the United States of America (the “United States”), acting by and through the Secretary of the Treasury (the “Secretary”), in favor of (the “Purchaser”).

Pursuant to the terms of this Guarantee, the United States hereby irrevocably and unconditionally guarantees the payment when due of the principal of and interest on those certain bonds of The City of New York (the “City”), bearing the serial numbers, in the principal amounts, and maturing on the dates set forth below, which are registered in the name of the Purchaser, and any definitive or other bonds of the City registered in the name of the Purchaser issued to such Purchaser in exchange therefor pursuant to the Guaranteed Bond Purchase Agreement (as defined below) (the “Guaranteed Bonds”). Payments by the United States hereunder shall be made in federal funds at the Federal Reserve Bank of New York as provided in this Guarantee.

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Principal Amount</th>
<th>Maturity</th>
</tr>
</thead>
</table>

The Purchaser hereby agrees as follows:

1. To give written or telegraphic notice of any failure of the City to pay principal or interest when due on the Guaranteed Bonds to the Secretary at United States Department of the Treasury, 15th Street and
Pennsylvania Avenue, N.W., Washington, D. C. 20220, Attention: Secretary of the Treasury, with a copy to the General Counsel of the Department of the Treasury.

2. Not to demand payment from the United States hereunder unless at least five days shall have elapsed from the date on which the Purchaser shall have given notice to the Secretary that the City has failed to pay when due any of the principal or interest on the Guaranteed Bonds and such failure has not been remedied by the City, the Municipal Assistance Corporation For The City of New York ("MAC"), the State of New York (the "State") or any other party.

3. Not to institute legal proceedings against the City for the payment of principal and/or interest on any Guaranteed Bond or exercise any of its remedies pursuant to any Guaranteed Bond prior to or within 30 days of the delivery to the United States of the certificate and the assignment referred to below without the advance written consent of the Secretary.

4. So long as an event of default, as defined in the Agreement to Guarantee (as defined below), has occurred and is continuing, the United States may from time to time purchase one or more of the Guaranteed Bonds for an amount equal to 100% of the unpaid principal amount thereof and accrued interest thereon to the date of purchase upon not less than five days written notice given by the Secretary to the Purchaser at the address set forth below beneath its signature. Payment of such amount shall be made in federal funds at the Federal Reserve Bank of New York on the date specified in the notice.

5. No amendment, renewal or extension of any Guaranteed Bond or any modification or waiver of any right of the Purchaser thereunder may be consented to by the Purchaser without the prior written consent of the Secretary.

6. No claim of waiver, modification, consent or acquiescence with respect to any of the provisions of this Guarantee shall be made against the United States except on the basis of a written instrument signed by the Secretary.

7. Upon the making of any payment hereunder, the United States shall be subrogated to all the rights of the Purchaser to the extent of the amounts of principal and/or interest for which payment has been made under this Guarantee. Any amounts received by the Purchaser with re-
spect to principal and/or interest for which payment has been made under this Guarantee from any party other than the United States under this Guarantee shall be promptly paid over to the Secretary.

In the event that there shall have been a failure to pay any of the principal of and/or interest on any Guaranteed Bond and such failure shall have continued for five days from the date on which the Purchaser shall have given the Secretary notice of such failure, then the United States shall pay to the Purchaser the unpaid principal amount of and/or interest on such Guaranteed Bond due on such date and interest on the unpaid principal accrued at the stated rate from the date of such failure to pay to the date of payment of such principal. The United States shall make payment hereunder upon the delivery to the United States, c/o The Federal Reserve Bank of New York, Attention: Government Bond and Safekeeping Department of (i) a certificate of the Purchaser stating that the Guaranteed Bond with respect to which demand is made for payment has not been sold or otherwise disposed of by the Purchaser (other than to a successor in interest not involving a change in beneficial ownership), and (ii) an assignment to the Secretary of all of the Purchaser's right, title and interest in and to such Guaranteed Bond to the extent of the payments of principal and/or interest for which payment is made under this Guarantee. In the event that the Purchaser shall make delivery of the aforementioned certificate more than 30 days after the date on which a failure to pay any of the principal of or interest on said Guaranteed Bond shall have occurred, then the United States shall pay to the Purchaser the unpaid principal amount of and/or interest on the Guaranteed Bond due on such date and interest on the unpaid principal accrued at the stated rate from the date of such failure to pay only to the 30th day after such failure to pay.

The obligations of the United States under this Guarantee shall automatically terminate with respect to any Guaranteed Bond which is sold or otherwise disposed of by the Purchaser (other than to a successor in interest not involving a change in beneficial ownership) and shall terminate in accordance with the provisions of paragraph 8.4 of the Guaranteed Bond Purchase Agreement (as defined below).

The obligations of the United States hereunder shall be irrevocable and unconditional irrespective of the validity, legality or enforceability of (i) the Guaranteed Bonds, (ii) the Guaranteed Bond Purchase Agreement dated as of November 15, 1978 (the "Guaranteed Bond Purchase Agreement"), by and among the City, certain City pension funds and State pension funds and the United States, (iii) the Agreement to Guarantee dated as of Novem-
ber 15, 1978 (the "Agreement to Guarantee"), by and among the United States, the State, the City, the New York State Financial Control Board and MAC, (iv) the Bond Purchase Agreement (as defined in the Agreement to Guarantee), or (v) the Loan Agreement (as defined in the Agreement to Guarantee), or any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor, and the full faith and credit of the United States is hereby pledged for the full payment and performance of the obligations of the United States hereunder.

The validity of this Guarantee shall be incontestable in the hands of the Purchaser, except for fraud or material misrepresentation on the part of the Purchaser. Except as otherwise expressly provided herein, the United States hereby waives presentment, demand, protest, and promptness in making any claim or demand hereunder.

IN WITNESS WHEREOF, the Secretary, on behalf of the United States, and the Purchaser have signed this Guarantee, on the date first above written.

UNITED STATES OF AMERICA

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

Secretary of the Treasury

[Purchaser]

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

[Address]
EXHIBIT B
Form of Registered Bond

No. $ 

SERIAL BOND OF
THE CITY OF NEW YORK

Issue of Principal payable

Authorized Issue $ 

The City of New York, a municipal corporation of the State of New York, hereby acknowledges itself indebted and for value received promises to pay to , or registered assigns, the sum of Dollars ($ ) on the day of , 19 , and to pay interest thereon from the date of this bond until the principal sum hereof shall be paid, at the rate of per cent ( % ) per annum, semi-annually on and in each year. Both principal of and interest on this bond will be paid in such 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 principal of this bond is payable at the office of Manufacturers Hanover Trust Company, Corporate Trust Department, 40 Wall Street, New York, New York, and interest on this bond is payable by check mailed to the address of the registered holder hereof as such address appears in the Bond Register maintained at the Office of the Comptroller in The City of New York or by such other means as may be agreed between such holder and the Comptroller.

The faith and credit of The City of New York are hereby irrevocably pledged to the punctual payment of the principal of and interest on this bond according to its terms.

The proceedings authorizing the issuance of the issue of bonds of which this bond is a part contain certain covenants of The City of New York with the holders from time to time of this bond and certain pledges and agreements of the State of New York. Reference is made to such proceedings for a description of the nature and extent of such covenants, pledges and agreements and to the conditions under which such covenants, pledges and agreements may be defeased.
This bond is transferable by the registered holder hereof, in person or by duly authorized attorney, at the Office of the Comptroller in The City of New York, upon surrender and cancellation of this bond, and thereupon a new bond or bonds will be issued to the transferee in exchange herefor.

No transfer of this bond shall be effective until such transfer is entered upon the Bond Register maintained at the Office of the Comptroller in The City of New York. In the hands of the original registered holder only, and in connection with the sale or other disposition of all or a portion of this bond, this bond may be exchanged at any time at the request of such holder for bonds either (a) registered as to principal and interest and in like principal amount in smaller denominations, provided, however, that such bonds shall be in minimum denominations of $25,000 and in integral multiples of $1,000 for denominations in excess thereof; or (b) in coupon form in substantially the form of this bond, but with changes appropriate to coupon bonds, including provisions for the publication of notice in the case of redemption and for the payment of interest upon the presentation and surrender of the applicable coupon, and in like principal amount in denominations of $1,000 or $5,000. To exchange this bond, the bond shall be surrendered at the Office of the Comptroller of the City and shall be accompanied by a written request for such exchange by an authorized person specifying the denominations and the number of bonds to be delivered in exchange for this bond and whether such bonds should be in registered or coupon form, and no charge shall be made to the original registered holder of this bond for such exchange.

This bond is one of an authorized issue of serial bonds of The City of New York having an aggregate principal amount of $ all of which are of like tenor except as to number, maturity and denomination. The bonds shall not be redeemable at the option of The City of New York on or prior to June 30, 1982. Thereafter, the bonds shall be redeemable in whole or in part on any interest payment date at the option of The City of New York, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, upon at least 30 days' prior written notice to the holders, at 100% of the principal amount of the bonds redeemed plus accrued interest to the date of redemption.

[Bonds sold or otherwise disposed of by the original registered holder (other than to a successor in interest not involving a change in beneficial ownership) shall not be redeemable prior to the eleventh anniversary of their date of issuance. After such eleventh anniversary, the bonds so sold]
or otherwise disposed of shall be redeemable in whole or in part on any interest payment date at the option of The City of New York, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, upon at least 30 days' prior written notice to the holders, at 100% of the principal amount of the bonds redeemed plus accrued interest to the date of redemption.]

If notice of redemption shall have been given as aforesaid, the bonds to be redeemed shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, monies for payment of the redemption price of all the bonds to be redeemed, together with interest to the redemption date, shall be available and either shall be applied to such payment on such redemption date, or shall be segregated by The City of New York and held in trust for the benefit of the holders of the bonds for a period of three years from such redemption date, then from and after the redemption date interest on such bonds shall cease to accrue.

The issue of bonds of which this bond is a part shall be fully defeased and the obligations of The City of New York thereon and hereunder, including the obligation of The City of New York to make future payments of principal and interest with respect to such issue of bonds, shall be fully discharged and of no further force and effect at such time as (i) notice of redemption of such issue of bonds shall have been given in accordance with the terms of such bonds and (ii) there is on deposit with a bank, trust company or other fiduciary, located in the Borough of Manhattan in The City of New York and with stated capital and surplus in excess of $500,000,000, in a separate trust account, which shall not be reachable by any creditor of said bank, trust company or other fiduciary and which shall be used only for the benefit of the holders of outstanding bonds of such issue, sufficient monies, or direct obligations of the United States or obligations fully guaranteed by the United States as to principal and interest, the principal of and/or interest on which will provide sufficient monies, to pay punctually when due prior to maturity by redemption at the earliest time such issue of bonds may be redeemed in accordance with their terms (or at maturity if there remain no interest payment dates prior to maturity), all principal of and interest on all outstanding bonds of such issue and (iii) irrevocable instructions from The City of New York.

* This provision shall be inserted in the bonds in the event applicable law permits the redemption of only those bonds of an issue of bonds which continue to be guaranteed by the United States of America but does not require the redemption of any bonds in the same issue which are no longer guaranteed by the United States of America.
to such bank, trust company or other fiduciary to make such payment of such principal and interest with such monies shall have been given, or at such time as all principal of and interest on all outstanding bonds of such issue shall have been paid by The City of New York as and when the same shall have become due.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State of New York to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of The City of New York, is within every debt and other limit prescribed by the Constitution and laws of the State of New York.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this bond to be executed in its name by the manual or facsimile signature of its Mayor and by the manual or facsimile signature of its Comptroller and its common seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon and attested by its City Clerk or his Deputy, and this bond to be dated the . . . day of . . . . . . . . . . . . , 19 . . .

THE CITY OF NEW YORK

By . . . . . . . . . . . . . . . . . . .
Mayor

By . . . . . . . . . . . . . . . . . . .
Comptroller

[SEAL]

ATTEST:

. . . . . . . . . . . . . . . . . . .
City Clerk
37

[FORM OF REVERSE OF BOND]

No. .................

SERIAL BOND

OF THE

CITY OF NEW YORK

$  

INTEREST AT

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

PER ANNUM

PAYABLE SEMI-ANNUALLY

ON ................................ AND ................................

PRINCIPAL DUE

.........................., 19...
EXHIBIT B-1

Form of Coupon Bond

No. $ 

SERIAL BOND OF
THE CITY OF NEW YORK

Issue of Principal payable

Authorized Issue $

The City of New York, a municipal corporation of the State of New York, hereby acknowledges itself indebted and for value received promises to pay to bearer the sum of Dollars ($ ), on the day of , 19 , and to pay interest thereon from the date of this bond until the principal sum hereof shall be paid, at the rate of per cent (%) per annum, semi-annually on and in each year, upon presentation and surrender of the annexed interest coupons as they severally become due. Both principal of and interest on this bond will be paid in such 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 at the office of Manufacturers Hanover Trust Company, Corporate Trust Department, 40 Wall Street, New York, New York.

The faith and credit of The City of New York are hereby irrevocably pledged to the punctual payment of the principal of and interest on this bond according to its terms.

The proceedings authorizing the issuance of the issue of bonds of which this bond is a part contain certain covenants of The City of New York with the holders from time to time of this bond and certain pledges and agreements of the State of New York. Reference is made to such proceedings for a description of the nature and extent of such covenants, pledges and agreements and to the conditions under which such covenants, pledges and agreements may be defeased.

This bond and appurtenant coupons are negotiable and transferable by delivery.

This bond is one of an authorized issue of serial bonds of The City of New York having an aggregate principal amount of $ , all of which are of like tenor except as to number, maturity and denomi-
nation. The bonds shall not be redeemable at the option of The City of New York on or prior to June 30, 1982. Thereafter, the bonds shall be redeemable in whole or in part on any interest payment date at the option of The City of New York, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, at 100% of the principal amount of the bonds redeemed plus accrued interest to the date of redemption.

[Bonds of this issue that are not guaranteed by the United States of America shall not be redeemable prior to the eleventh anniversary of their original date of issuance. After such eleventh anniversary, such bonds shall be redeemable in whole or in part on any interest payment date at the option of The City of New York, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed, at 100% of the principal amount of the bonds redeemed plus accrued interest to the date of redemption.]*

Notice of redemption, identifying the bonds or portions thereof to be redeemed, shall be given by The City of New York by publication at least three times in a financial newspaper published and circulated in The City of New York, and in the City Record, the first such publication to occur at least 30 days prior to the redemption date. If notice of redemption shall have been given as aforesaid, the bonds to be redeemed shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, monies for payment of the redemption price of all the bonds to be redeemed, together with interest to the redemption date, shall be available and either shall be applied to such payment on such redemption date, or shall be segregated by The City of New York and held in trust for the benefit of the holders of the bonds for a period of three years from such redemption date, then from and after the redemption date interest on such bonds shall cease to accrue.

The issue of bonds of which this bond is a part shall be fully defeased and the obligations of The City of New York thereon and hereunder, including the obligation of The City of New York to make future payments of principal and interest with respect to such issue of bonds, shall be fully discharged and of no further force and effect at such times as (i) notice of redemption of such issue of bonds shall have been given in accordance with the terms of such bonds and (ii) there is on deposit with a bank, trust company or other fiduciary, located in the Borough of Manhattan in The City of New York and with stated capital and surplus in excess of $500,000,000, in a separate trust account, which shall not be reachable by any creditor of said bank, trust company or other fiduciary and which shall be used only for the benefit of the

* This provision shall be inserted in the bonds in the event applicable law permits the redemption of only those bonds of an issue of bonds which continue to be guaranteed by the United States of America but does not require the redemption of any bonds in the same issue which are no longer guaranteed by the United States of America.
holders of outstanding bonds of such issue, sufficient monies, or direct obligations of the United States or obligations fully guaranteed by the United States as to principal and interest, the principal of and/or interest on which will provide sufficient monies, to pay punctually when due prior to maturity by redemption at the earliest time such issue of bonds may be redeemed in accordance with their terms (or at maturity if there remain no interest payment dates prior to maturity), all principal of and interest on all outstanding bonds of such issue and (iii) irrevocable instructions from The City of New York to such bank, trust company or other fiduciary to make such payment of such principal and interest with such monies shall have been given, or at such time as all principal of and interest on all outstanding bonds of such issue shall have been paid by The City of New York as and when the same shall have become due and payable.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State of New York to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of The City of New York, is within every debt and other limit prescribed by the Constitution and laws of the State of New York.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this bond to be executed in its name by the manual or facsimile signature of its Mayor and by the manual or facsimile signature of its Comptroller and its common seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon and attested by its City Clerk or his Deputy, and the coupons hereto attached to be authenticated by the manual or facsimile signature of its Comptroller, and this bond to be dated the ... day of ... , 19...

**THE CITY OF NEW YORK**

By ........................................
Mayor

By ........................................
Comptroller

[Seal]
ATTEST:

........................................
City Clerk
[FORM OF REVERSE OF BOND]

No. .................

SERIAL BOND

OF THE

CITY OF NEW YORK

$ .................

INTEREST AT

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

PER ANNUM

PAYABLE SEMI-ANNUALLY

ON ................. AND .................

PRINCIPAL DUE

................., 19...
[FORM OF INTEREST COUPON]

No.  $   

On the day of , The City of New York (unless the bond to which this coupon appertains shall have been duly called for redemption and the redemption price paid or duly provided for) will pay, in such coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts, to bearer, upon presentation and surrender of this coupon at the office of Manufacturers Hanover Trust Company, Corporate Trust Department, 40 Wall Street, New York, New York, the amount shown hereon, being semi-annual interest then due on its Serial Bond, No. , dated , 19 .

THE CITY OF NEW YORK

By ........................................
Comptroller
Exhibit C

Rogers & Wells
Two Hundred Park Avenue
New York, N.Y. 10017

Telephone (212) 972-7000
International Telex RCA 224493

[Closing Date]

Comptroller
The City of New York
New York, New York 10007

Dear Sir:

We have acted as bond counsel in connection with the sale on this date by The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), of $ aggregate principal amount of its % serial bonds, dated 19 , (the "Bonds"), to the New York City Employees' Retirement System, the Board of Education Retirement System for The City of New York, the Teachers' Retirement System for The City of New York, the New York City Police Pension Fund, Article 2, the New York State Teachers' Retirement System and the Comptroller of the State of New York, as Trustee for the New York State Common Retirement Fund (the "Purchasers"), pursuant to the Guaranteed Bond Purchase Agreement (the "Purchase Agreement"), dated as of November 15, 1978, among the United States of America (the "United States"), acting by and through the Secretary of the Treasury, the City and the Purchasers.

The Bonds provide that interest thereon is payable from 19 , at the rate of per centum per annum, on , 19 , and semi-annually thereafter on and in each year until maturity.
The Bonds are payable in installments on
in 19 in the following aggregate principal amounts:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Installment</th>
<th>Year</th>
<th>Amount of Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

The Bonds shall not be redeemable at the option of the City on or prior to June 30, 1982. Thereafter the Bonds shall be redeemable in whole or in part on any interest payment date at the option of the City, in inverse order of maturity and pro rata among the holders thereof within each maturity redeemed at 100% of the principal amount of the Bonds redeemed plus accrued interest to the date of redemption; provided, however, that in the event applicable law permits the redemption of only those bonds of an issue of bonds of the City which continue to be guaranteed by the United States but does not require the redemption of any bonds in the same issue which are no longer guaranteed by the United States, Bonds sold or otherwise disposed of by any Purchaser (other than to a successor in interest not involving a change in beneficial ownership) shall not be redeemable prior to the eleventh anniversary of their date of issuance.

As authorized by subdivision one of Section 10-a of the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Control Board Act"), the City has included in Section 6.1 of the Purchase Agreement a pledge and agreement of the State relating to the Control Board Act (the "Pledge and Agreement"). In addition, as authorized by subdivision three of Section 10-a of the Control Board Act, the City has included in Section 7 of the Purchase Agreement certain covenants and agreements of the City (the "City Covenants") and in Section 6.2 of the Purchase Agreement a pledge and agreement of the State relating to the City Covenants (the "Additional Pledge and Agreement").

We have examined such portions of the Constitution and statutes of the United States, the Constitution and statutes of the State and the Charter of the City, and such applicable court decisions, regulations and rulings as we have deemed necessary or relevant for the purposes of the opinions set forth below. We have also examined such records and made such investigation as we have deemed necessary for the purposes of such opinions,
and relied upon certificates by officials and officers of the City and the State pursuant to which the Bonds have been authorized and issued and as to certain factual matters. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the punctual payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the Bonds and interest thereon.

2. Interest on the Bonds accrued after payment of principal and interest on the Bonds is no longer guaranteed by the United States pursuant to the New York City Loan Guarantee Act of 1978, Public Law 95-339 (the “Guarantee Act”), will be exempt from Federal income taxes and from State and City personal income taxes. We render no opinion as to the tax treatment of the interest on the Bonds for Federal, State or City income tax purposes as long as payment of principal and interest on such Bonds is guaranteed by the United States pursuant to the Guarantee Act. In rendering the opinion expressed in this paragraph 2, we have concluded, based on the facts, estimates and expectations set forth in a certification as to arbitrage executed by a City official, that the Bonds are not “arbitrage bonds” within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended.

3. The New York State Financial Control Board (the “Board”) has been duly created under the Control Board Act and has lawfully been granted and may exercise the power to:

   (a) consult with the City and the covered organizations, as defined in the Control Board Act (the “Covered Organizations”), in the preparation of financial plans, specify the form of and information to be contained in financial plans, specify the supporting information required in connection therewith, and review and state its approval of any financial plan or of any modification of a financial plan, or state its disapproval of any financial plan or of any modification which it determines is incomplete or does not comply with the standards set forth in the Control Board Act; and

   (b) review and make reports and recommendations relating to the operations of the City and the Covered Organizations, audit compliance with any financial plan and obtain information from the City and the Covered Organizations relating to their respective financial conditions and needs.
4. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Control Board Act in addition to those enumerated in paragraph 3 above, and the Control Board Act and the Constitution of the State permit the exercise, at the times contemplated in the Control Board Act, of any of those powers in accordance with the procedures of the Control Board Act, including subdivision 3 of Section 8 thereof, to the extent required to assure that, as required by the Control Board Act, (a) the City will have a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act, (b) contracts entered into by the City, and borrowings of the City, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act, and (c) the disbursement of funds by the City, or by the Board for the account of the City in accordance with subdivision 3 of Section 9 of the Control Board Act, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act.

5. The Control Board Act validly requires that (a) the City develop financial plans in the form, and containing the information, specified by the Board, which conform to the standards set forth in subdivision 1 of Section 8 of the Control Board Act and modify those financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the budgets and operations of the City and the Covered Organizations at all times be in conformance and compliance with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers), (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Control Board Act and deposit certain monies in that fund and the Comptroller of the State administer and maintain that fund and disburse monies in that fund in accordance with Section 9-a of the Control Board Act, (f) the Comptroller of the State establish and maintain a TAN debt service account and a RAN debt service account (as those terms are defined in the Control Board Act) within the general debt service fund, pay certain sums into those accounts and make payments of the principal of tax anticipation notes and revenue anticipation notes out of those accounts, and (g) the officials of the City comply with any orders of the Board issued to those officials in the lawful exercise by the Board of its powers.
6. The Control Board Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers) in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Control Board Act.

7. The Pledge and Agreement and the Additional Pledge and Agreement are each a valid and legally binding pledge and agreement of the State which the City is authorized to include in the Purchase Agreement and as a term of the Bonds.

8. The City is authorized to include the City Covenants in the Purchase Agreement and as a term of the Bonds.

9. The Purchase Agreement has been duly executed and delivered on behalf of the City and is a valid and legally binding agreement of the City. The City Covenants are valid and legally binding on the City.

We call your attention to certain factors relating to enforceability as follows:

(a) the enforceability of the terms and conditions of the Bonds and of the payment of principal and interest on the Bonds is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to creditors' rights; and

(b) the enforceability of the City Covenants, the Pledge and Agreement and the Additional Pledge and Agreement may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State.

We wish to advise you that, with the exception of the opinion attributed to us under the caption “Legal Opinions”, we did not act as counsel in connection with the Official Statement of The City of New York, dated 19 , which we understand has been made available to the Purchasers in connection with the sale of the Bonds, and we express no opinion on the accuracy or completeness of the statements contained in such Official Statement.

Very truly yours,
EXHIBIT D

Rogers & Wells
Two Hundred Park Avenue
New York, N.Y. 10017

TELEPHONE (212) 972-7000
INTERNATIONAL TELEX
RCA 23492
ITT 424463

[Closing Date]

The New York City Employees' Retirement System,
The Board of Education Retirement System for The City of
New York,
The Teachers' Retirement System for The City of New York,
The New York City Police Pension Fund, Article 2,
The New York State Teachers' Retirement System, and
The Comptroller of the State of New York, as Trustee
for the New York State Common Retirement Fund

Dear Sirs:

We have acted as bond counsel in connection with the sale on this date
by The City of New York (the "City"), a municipal corporation of the
State of New York (the "State"), of $ aggregate principal amount
of its % serial bonds, dated 1991 (the "Bonds"), to the
New York City Employees' Retirement System, the Board of Education
Retirement System for The City of New York, the Teachers' Retirement
System for The City of New York, the New York City Police Pension Fund,
Article 2, the New York State Teachers' Retirement System and the Comptroller of the State of New York, as Trustee for the New York State Common
Retirement Fund (the "Purchasers") pursuant to the Guaranteed Bond Purchase Agreement (the "Purchase Agreement"), dated as of November 15, 1978, among the United States of America (the "United States"), acting by and through the Secretary of the Treasury, the City and the Purchasers.

Pursuant to the New York City Loan Guarantee Act of 1978, Public Law 95-339, and in accordance with an Agreement to Guarantee (the "Agreement to Guarantee"), dated as of November 15, 1978, among the United States, the City, the State, the New York State Financial Control Board and the Municipal Assistance Corporation For The City of New York, the United States has entered into an agreement with each of the Purchasers (referred to collectively herein as the "Guarantees") in which the United States guarantees payment to each Purchaser (but not to any other holder of a Bond, other than a successor in interest to such Purchaser not involving a change in beneficial ownership) of the full amount of the principal of and interest on the Bonds sold to such Purchaser by the City on the date hereof.

We have examined such portions of the Constitution and statutes of the United States and such applicable court decisions as we have deemed necessary or relevant for the purposes of the opinions set forth below. We have also examined an opinion, dated the date hereof, of the General Counsel of the Department of the Treasury relating to the Guarantees and such certificates by officials of the Department of the Treasury relating to the Guarantees as we have deemed necessary. Based upon the foregoing, we advise you that in our opinion under existing law:

1. Payment of the full amount of the principal of and interest on the Bonds has been guaranteed by the United States to each Purchaser; provided, however, that the Guarantees are effective only with respect to the Bonds while the Bonds are held by the Purchaser thereof and shall terminate if the Bonds are sold or otherwise disposed of by the Purchaser thereof (other than to a successor in interest not involving a change in beneficial ownership).

2. The Guarantees have been duly authorized, executed and delivered and are valid and legally binding obligations of the United States in accordance with their terms, are secured by the full faith and credit of the United States and are incontestable in the hands of each Purchaser, except for fraud or material misrepresentation on the part of such Purchaser.

3. The Bonds are exempted securities under the Securities Act of 1933, as amended, and, as such, are exempt from the registration requirements of Section 5 of such Act.

Very truly yours,
The New York City Employees' Retirement System,
The Board of Education Retirement System for
The City of New York,
The Teachers' Retirement System for The City of New York,
The New York City Police Pension Fund, Article 2,
The New York State Teachers' Retirement System, and
The Comptroller of the State of New York, as Trustee
for the New York State Common Retirement Fund

Dear Sirs:

We are bond counsel to The City of New York (the “City”), a municipal
corporation in The State of New York, and on the date hereof we have
delivered to the Comptroller of the City an opinion, a copy of which is enclosed
herewith, dated the date hereof, in connection with the issuance and sale by
the City of $ aggregate principal amount of its % serial
bonds. You are entitled to rely on said opinion as though it were addressed
to you.

Very truly yours,
EXHIBIT F

[LETTERHEAD OF GENERAL COUNSEL OF
THE DEPARTMENT OF THE TREASURY]

[Closing Date]

To Each of the Purchasers
Listed on the Attached
Schedule of Purchasers

Dear Sirs:

I am the General Counsel of the Department of the Treasury. I am delivering this opinion in connection with the purchase on the date hereof of $ aggregate principal amount of % Serial Bonds (the "Bonds") issued by The City of New York (the "City") pursuant to a Guaranteed Bond Purchase Agreement, dated as of November 15, 1978 by and among the City, you and each of the other pension funds named therein (the "Purchasers"), and the United States of America (the "United States"), acting by and through the Secretary of the Treasury (the "Secretary"). The Bonds will be guaranteed by the United States pursuant to Guarantees, dated the date hereof (the "Guarantees"), made by the Secretary pursuant to the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the "Act").

In this connection, I have examined such portions of the Constitution and laws of the United States and such certificates, documents and materials as I consider necessary and appropriate to the rendering of this opinion.
Based on the foregoing, it is my opinion that:

1. Payment of the full amount of the principal of and interest on the Bonds to each Purchaser thereof has been guaranteed by the United States; provided, however, that the Guarantees, as provided therein and in the Act, are effective only with respect to the Bonds while the Bonds are held by the Purchaser thereof and shall terminate if the Bonds are sold or otherwise disposed of by the Purchaser thereof (other than to a successor in interest not involving a change in beneficial ownership).

2. The Guarantees have been duly authorized, executed, and delivered by the United States and are valid and legally binding obligations of the United States in accordance with their terms, are secured by the full faith and credit of the United States, and are incontestable in the hands of each Purchaser, except for fraud or material misrepresentation on the part of such Purchaser.

Very truly yours,
THE CITY OF NEW YORK

LOAN AGREEMENT

providing for up to
$750,000,000
of Loans evidenced by
Revenue Anticipation Notes

Dated as of
November 15, 1978
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section 1.</th>
<th>Representations and Warranties of the City</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 The City</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>1.2 Authorization; Validity</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>1.3 Pledge of Faith and Credit</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>1.4 Anticipated Revenues</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.5 No Liens</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.6 Debt Service Fund; RAN Account</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.7 State Covenant and Pledge and Agreement; FCB Act</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.8 No Conflict, etc.</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.9 Governmental Approvals</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>1.10 Documents Delivered Prior to Execution; Official Statement</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>1.11 Financial Statements; Forecasts</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>1.12 Pending or Threatened Litigation</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>1.13 Use of Proceeds</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>1.14 No Sovereign Immunity</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>1.15 Certificates to Constitute Representation and Warranty of the City</td>
<td></td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section 2.</th>
<th>The Loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Several Commitments of the Lenders</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>2.2 Closings</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>2.3 The Notes</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>2.4 Reduction of the Aggregate Available Commitment</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>2.5 Prepayments</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>2.6 Commitment Fee</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>2.7 Federal Funds</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section 3.</th>
<th>Conditions to Loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 First Loan</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>(A) Official Statement</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>(B) Opinions</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>(C) Certificate of Mayor and City Comptroller</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>(D) Federal Priority Waiver</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>(E) Cash Flow Statement</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>3.2 All Loans</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>(A) Notice</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>(B) Executed Notes</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>(C) Simultaneous Loans</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>(D) Purchases Pursuant to Guaranteed Bond Purchase Agreement</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>(E) Agreements and Legislation in Effect</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>(F) No Adverse Decision</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>(G) No Specified Adverse Changes in City's Affairs</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>(H) No Event or Change in Circumstances</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>(I) Updated City Cash Flow Statement; Revenue Amounts; Seasonal Borrowing Needs</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>(J) No Default of the City, MAC, State or Certain Agencies; No Bankruptcy, etc.</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>(K) Representations and Warranties at Prior Closings</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>(L) Compliance with FCB Act</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Section</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>------</td>
</tr>
<tr>
<td>(M)</td>
<td>Tax Exemption</td>
<td>17</td>
</tr>
<tr>
<td>(N)</td>
<td>Arbitrage Certificate and Opinion</td>
<td>18</td>
</tr>
<tr>
<td>(O)</td>
<td>Opinions</td>
<td>18</td>
</tr>
<tr>
<td>(P)</td>
<td>Certificates</td>
<td>18</td>
</tr>
<tr>
<td>(Q)</td>
<td>Amendment or Supplement of Official Statement</td>
<td>19</td>
</tr>
<tr>
<td>(R)</td>
<td>Loan not Prohibited</td>
<td>19</td>
</tr>
<tr>
<td>(S)</td>
<td>No Prohibited Transactions, etc.</td>
<td>19</td>
</tr>
<tr>
<td>(T)</td>
<td>Legislative Amendments</td>
<td>20</td>
</tr>
<tr>
<td>(U)</td>
<td>Qualified Status</td>
<td>20</td>
</tr>
<tr>
<td>(V)</td>
<td>Additional Certificates, etc.</td>
<td>20</td>
</tr>
<tr>
<td>Section 4.</td>
<td>COVENANTS</td>
<td>21</td>
</tr>
<tr>
<td>4.1</td>
<td>Compliance with FCB Act</td>
<td>21</td>
</tr>
<tr>
<td>4.2</td>
<td>Public Sales</td>
<td>21</td>
</tr>
<tr>
<td>4.3</td>
<td>Restriction on Pledges of Anticipated Revenues; No other maturities; Revenue Amounts on Other Issues</td>
<td>22</td>
</tr>
<tr>
<td>4.4</td>
<td>Receipt of and Rights to Anticipated Revenues</td>
<td>22</td>
</tr>
<tr>
<td>4.5</td>
<td>Financial and Other Information</td>
<td>23</td>
</tr>
<tr>
<td>4.6</td>
<td>Determination of Commencement of Retention of Anticipated Revenues in the RAN Account</td>
<td>23</td>
</tr>
<tr>
<td>4.7</td>
<td>Investment of Monies in the RAN Account</td>
<td>23</td>
</tr>
<tr>
<td>4.8</td>
<td>Retention Criteria for Debt Service Fund</td>
<td>24</td>
</tr>
<tr>
<td>Section 5.</td>
<td>EXCHANGE OF JUNE NOTES</td>
<td>24</td>
</tr>
<tr>
<td>5.1</td>
<td>Election to Exchange</td>
<td>24</td>
</tr>
<tr>
<td>5.2</td>
<td>Exchange Notes</td>
<td>25</td>
</tr>
<tr>
<td>5.3</td>
<td>Exchange Note Official Statement</td>
<td>25</td>
</tr>
<tr>
<td>Section 6.</td>
<td>STATE PLEDGE AND AGREEMENT</td>
<td>26</td>
</tr>
<tr>
<td>Section 7.</td>
<td>MISCELLANEOUS</td>
<td>26</td>
</tr>
<tr>
<td>7.1</td>
<td>Notices</td>
<td>26</td>
</tr>
<tr>
<td>7.2</td>
<td>Expenses</td>
<td>27</td>
</tr>
<tr>
<td>7.3</td>
<td>Amendments, Consents, Waivers</td>
<td>27</td>
</tr>
<tr>
<td>7.4</td>
<td>No Implied Waivers</td>
<td>27</td>
</tr>
<tr>
<td>7.5</td>
<td>Representations and Warranties to Survive</td>
<td>27</td>
</tr>
<tr>
<td>7.6</td>
<td>Independent Credit Decisions</td>
<td>27</td>
</tr>
<tr>
<td>7.7</td>
<td>Pension Fund Covenant</td>
<td>28</td>
</tr>
<tr>
<td>7.8</td>
<td>Collateral</td>
<td>28</td>
</tr>
<tr>
<td>7.9</td>
<td>Applicable Law; Headings; Calendar Days</td>
<td>28</td>
</tr>
<tr>
<td>7.10</td>
<td>Term of Agreement</td>
<td>28</td>
</tr>
<tr>
<td>7.11</td>
<td>Parties in Interest</td>
<td>28</td>
</tr>
<tr>
<td>7.12</td>
<td>Counterparts</td>
<td>28</td>
</tr>
</tbody>
</table>
### Schedules

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Commitment Percentages of Bank Lenders</td>
<td>31</td>
</tr>
<tr>
<td>II Commitment Percentages of Pension Fund Lenders</td>
<td>33</td>
</tr>
<tr>
<td>III Anticipated Dates of Receipt and Amounts of Anticipated Revenues in the City's 1979 Fiscal Year</td>
<td>34</td>
</tr>
<tr>
<td>IV Prior Statutory Withholdings as to Anticipated Revenues</td>
<td>35</td>
</tr>
<tr>
<td>V Existing Litigation</td>
<td>41</td>
</tr>
<tr>
<td>VI Determination of Initial Interest Rate</td>
<td>42</td>
</tr>
</tbody>
</table>

### Exhibits

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of April Notes</td>
<td>B</td>
</tr>
<tr>
<td>Form of June Notes Upon Issuance</td>
<td>C</td>
</tr>
<tr>
<td>Form of Exchange Notes</td>
<td>D</td>
</tr>
<tr>
<td>Opinion of Lord, Day &amp; Lord at First Closing</td>
<td>E</td>
</tr>
<tr>
<td>Opinion of City Corporation Counsel at First Closing</td>
<td>F</td>
</tr>
<tr>
<td>Opinion of State Attorney General at First Closing</td>
<td>G</td>
</tr>
<tr>
<td>Certificate of Mayor and City Comptroller</td>
<td>H</td>
</tr>
<tr>
<td>Opinion of Rogers &amp; Wells at all Closings (arbitrage)</td>
<td>I-1 through I-3</td>
</tr>
<tr>
<td>Opinion of Rogers &amp; Wells at all Closings</td>
<td>J</td>
</tr>
<tr>
<td>Opinion of City Corporation Counsel at all Closings</td>
<td>K</td>
</tr>
<tr>
<td>Opinion of Davis Polk &amp; Wardwell at all Closings</td>
<td>L</td>
</tr>
<tr>
<td>Certificate of First Deputy Comptroller and the Director of the Office of the Management and Budget of The City</td>
<td>M</td>
</tr>
<tr>
<td>Certificate of Executive Director of Control Board</td>
<td>N</td>
</tr>
<tr>
<td>Certificate of Executive Director of MAC</td>
<td>O</td>
</tr>
<tr>
<td>Certificate of State Comptroller</td>
<td>P</td>
</tr>
<tr>
<td>Legislative Amendments Required by Section 3.2(T)</td>
<td></td>
</tr>
</tbody>
</table>

### Definitions

<table>
<thead>
<tr>
<th>Definition</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Available Commitment</td>
<td>7</td>
</tr>
<tr>
<td>Aggregate Commitment</td>
<td>10</td>
</tr>
<tr>
<td>Aggregate Loan Requested</td>
<td>7</td>
</tr>
<tr>
<td>Agreement to Guarantee</td>
<td>5</td>
</tr>
<tr>
<td>Anticipated Revenue Legislation</td>
<td>6</td>
</tr>
<tr>
<td>Anticipated Revenues</td>
<td>1</td>
</tr>
<tr>
<td>April Notes</td>
<td>8</td>
</tr>
<tr>
<td>April Revenue Amount</td>
<td>16</td>
</tr>
<tr>
<td>April Revenues</td>
<td>8</td>
</tr>
<tr>
<td>Authorized Denominations</td>
<td>24</td>
</tr>
<tr>
<td>Bank Lenders</td>
<td>1</td>
</tr>
<tr>
<td>Bond Purchase Agreement</td>
<td>5</td>
</tr>
<tr>
<td>Chapter 890</td>
<td>13</td>
</tr>
<tr>
<td>City</td>
<td>1</td>
</tr>
<tr>
<td>Closing Date</td>
<td>7</td>
</tr>
<tr>
<td>Term</td>
<td>Page</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Code</td>
<td>6</td>
</tr>
<tr>
<td>Commitment Amount</td>
<td>10</td>
</tr>
<tr>
<td>Commitment Percentage</td>
<td>7</td>
</tr>
<tr>
<td>Committee</td>
<td>25</td>
</tr>
<tr>
<td>Comptroller</td>
<td>1</td>
</tr>
<tr>
<td>Control Board</td>
<td>1</td>
</tr>
<tr>
<td>Current Federal Funds Rate</td>
<td>8</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>1</td>
</tr>
<tr>
<td>Deficit</td>
<td>14</td>
</tr>
<tr>
<td>Determination Date</td>
<td>24</td>
</tr>
<tr>
<td>Exchange Date</td>
<td>25</td>
</tr>
<tr>
<td>Exchange Interest Rate</td>
<td>24</td>
</tr>
<tr>
<td>Exchange Notes Official Statement</td>
<td>26</td>
</tr>
<tr>
<td>Exchange Notes</td>
<td>8</td>
</tr>
<tr>
<td>Exchange Notice</td>
<td>24</td>
</tr>
<tr>
<td>FCB Act</td>
<td>1</td>
</tr>
<tr>
<td>Federal Appropriation Act</td>
<td>5</td>
</tr>
<tr>
<td>Federal Guaranty Act</td>
<td>5</td>
</tr>
<tr>
<td>Federal Priority Waiver</td>
<td>11</td>
</tr>
<tr>
<td>Financial Plan</td>
<td>5</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>1</td>
</tr>
<tr>
<td>Governmental Authority</td>
<td>4</td>
</tr>
<tr>
<td>Guaranteed Bond Purchase Agreement</td>
<td>6</td>
</tr>
<tr>
<td>Initial Interest Rate</td>
<td>8</td>
</tr>
<tr>
<td>June Notes</td>
<td>8</td>
</tr>
<tr>
<td>June Revenue Amount</td>
<td>16</td>
</tr>
<tr>
<td>June Revenues</td>
<td>8</td>
</tr>
<tr>
<td>Lenders</td>
<td>1</td>
</tr>
<tr>
<td>MAC</td>
<td>5</td>
</tr>
<tr>
<td>MAC Act</td>
<td>5</td>
</tr>
<tr>
<td>MAC Resolutions</td>
<td>5</td>
</tr>
<tr>
<td>Minimum Amount</td>
<td>24</td>
</tr>
<tr>
<td>Notes</td>
<td>1</td>
</tr>
<tr>
<td>Official Statement</td>
<td>4</td>
</tr>
<tr>
<td>Pension Fund Lenders</td>
<td>1</td>
</tr>
<tr>
<td>Pension Legislation</td>
<td>1</td>
</tr>
<tr>
<td>Public Sale</td>
<td>21</td>
</tr>
<tr>
<td>RAN Account</td>
<td>1</td>
</tr>
<tr>
<td>Recognized Brokers or Dealers</td>
<td>23</td>
</tr>
<tr>
<td>Secretary</td>
<td>12</td>
</tr>
<tr>
<td>State</td>
<td>1</td>
</tr>
<tr>
<td>State Covenant</td>
<td>1</td>
</tr>
<tr>
<td>State Pledge and Agreement</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Operations</td>
<td>14</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>14</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>14</td>
</tr>
</tbody>
</table>
LOAN AGREEMENT

LOAN AGREEMENT dated as of November 15, 1978 between THE CITY OF NEW YORK (the "City") and, severally, each of the banks named in Schedule I hereto (the "Bank Lenders") and each of the pension funds named in Schedule II hereto (the "Pension Fund Lenders").

WITNESSETH:

WHEREAS, the City has requested the Bank Lenders and Pension Fund Lenders (collectively herein the "Lenders") to make loans to the City aggregating up to $750 million in the amounts and at the times herein set forth during the City's 1979 Fiscal Year (references to a "Fiscal Year" are to the 12-month period ending June 30 of the calendar year indicated);

WHEREAS, in order to evidence the loans made under this Agreement, the City is prepared to issue revenue anticipation notes to the Lenders (the "Notes") in anticipation of the receipt of the revenues described in Schedule III (collectively the "Anticipated Revenues");

WHEREAS, the City contemplates offering its revenue anticipation notes for public sale during its 1979 Fiscal Year, and is prepared to reduce the commitments of the Lenders herein in an aggregate amount equal to the amount of its revenue anticipation notes publicly sold;

WHEREAS, the Anticipated Revenues shall, as required by § 9-a of the New York State Financial Emergency Act for The City of New York, as amended (the "FCB Act"), be deposited by the Comptroller of the State of New York (the "Comptroller") in the revenue anticipation note debt service account (the "RAN Account") within the general debt service fund (the "Debt Service Fund") to be established pursuant to such § 9-a, and retained therein in accordance with such § 9-a in amounts sufficient to provide for the payment of principal on the Notes when due;

WHEREAS, real estate taxes of the City will be deposited and retained in the Debt Service Fund in amounts sufficient to provide for the payment of "monthly debt service" on City bonds and notes in accordance with § 9-a of the FCB Act, including interest on the Notes when due;

WHEREAS, pursuant to § 10-a.1 of the FCB Act, the City has been authorized to include in City notes a covenant (the "State Covenant") of the State of New York (the "State") that the State will not substantially impair the authority of the New York State Financial Control Board (the "Control Board") for the City in specified respects to be an independent monitor of the fiscal affairs of the City;
and pursuant to § 10-a.3 of the FCB Act, the City has been authorized to include in this Agreement a pledge and agreement of the State (the "State Pledge and Agreement") that it will take no action that would impair the power of the City to comply with or perform its covenants and agreements contained in Section 4 (other than Section 4.2(A)) of this Agreement, or any right or remedy of the Lenders to enforce such covenants or agreements; and the Lenders have informed the State and the City, and the City acknowledges, that the enactment and amendment to date of the FCB Act and the inclusion of the State Covenant in the Notes to be issued hereunder and the inclusion of the State Pledge and Agreement in this Agreement are essential prerequisites to the execution and delivery of this Agreement and the making of loans hereunder by the Lenders;

Whereas, the several Lenders are prepared, severally (and not jointly), subject to the terms and conditions herein, and in reliance on the covenants and agreements of the City herein and the State Covenant and the State Pledge and Agreement, to make the aforementioned loans to the City;

Now, Therefore, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. Representations and Warranties of the City.

The City hereby represents and warrants to each of the Lenders that:

1.1. The City. The City is validly existing as a municipal corporation under the laws of the State, including the State Constitution, with right and power to issue the Notes and to execute, deliver and perform its obligations under this Agreement and the Notes.

1.2. Authorization; Validity. When the Notes are delivered to the Lenders to evidence loans hereunder, the execution, delivery and performance of the City's obligations under the Notes will have been duly authorized, and such Notes will constitute valid and legally binding general obligations of the City enforceable against the City in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws validly enacted and applicable to the enforcement of creditor's rights. The City is authorized to enter into and perform this Agreement, and this Agreement has been duly executed and delivered on behalf of the City and constitutes a valid and legally binding agreement of the City. The City is subject to suit by the Lenders to enforce the City's obligations under this Agreement and the Notes.

1.3. Pledge of Faith and Credit. Each of the Notes will be secured by a pledge of the faith and credit of the City, and all the real property within the City which is subject to taxation by the City is subject to the levy of ad valorem taxes (without limitation as to rate or amount) to pay the principal of and interest on the Notes.
1.4. **Anticipated Revenues.** The City reasonably anticipates that it will receive the Anticipated Revenues in amounts within the ranges and by the respective dates indicated on **Schedule III.** As of each Closing Date, the City will have taken all action to be taken by such date required by law, regulation or administrative order or directive, or in its judgment necessary and feasible, in order to quality for and receive the Anticipated Revenues in such amounts and by such dates.

1.5. **No Liens.** To the best knowledge of the City after reasonable and diligent investigation, except as set forth on **Schedule IV** hereto and except as provided in § 9-a of the FCB Act, the Anticipated Revenues are not subject to any pledge, charge or other encumbrance.

1.6. **Debt Service Fund; RAN Account.** Effective January 1, 1979, the City will have validly established the Debt Service Fund in accordance with § 9-a of the FCB Act, and the Comptroller is validly authorized and required to maintain such Fund as therein provided. On the first Closing Date described in Section 2, the Comptroller will have validly established, and is validly authorized and required to maintain, the RAN Account in accordance with § 9-a of the FCB Act. The provisions of § 9-a.8 of the FCB Act are enforceable in accordance with their terms in courts of competent jurisdiction for the benefit of holders of the Notes, except as such enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws validly enacted and applicable to the enforcement of creditors' rights.

1.7. **State Covenant and State Pledge and Agreement; FCB Act.** The City has been duly authorized pursuant to § 10-a of the FCB Act to include the State Covenant in the Notes and to include the State Pledge and Agreement in this Agreement. The FCB Act has been validly enacted by the State Legislature in accordance with the laws of the State, including the State Constitution, and is in full force and effect.

1.8. **No Conflict, etc.** The issuance of the Notes, the execution, delivery and performance of this Agreement, the performance of the City's obligations under the Notes and compliance with the provisions hereof and thereof by the City, do not and will not conflict with or constitute on the part of the City a breach of, or a default under, any existing law, charter, ordinance, regulation, decree, order or resolution, or (to the best knowledge of the City, after due investigation) any agreement, indenture, mortgage, lease or other instrument, to which the City is subject or by which it is bound.

1.9. **Governmental Approvals.** Pursuant to § 7.1.e of the FCB Act, the Control Board has approved the terms and conditions of this Agreement and such approval is in full force and effect. No other authorization, consent or approval of, or filing or registration with, any Governmental Authority or court is, or under existing requirements of law will be, necessary for the valid execution, delivery or
performance by the City of this Agreement, other than any authorization, consent, approval, filing or registration relating to the issuance of the Notes. All authorizations, consents or approvals of, or filings or registrations with any Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under, the Notes will have been duly obtained or made (and disclosed to the Lenders) prior to the issuance of the Notes. As used in this Agreement, the term "Governmental Authority" refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation.

1.10. Documents Delivered Prior to Execution; Official Statement. (A) The City has delivered to each Lender prior to the execution hereof (i) the official statement of the City dated November 17, 1978 relating to the first bonds issued by the City pursuant to the Guaranteed Bond Purchase Agreement (which is expressly delivered in connection with the Lenders entering into this Agreement notwithstanding the statements at the top of the table of contents thereof) and (ii) a memorandum of even date with such official statement, describing the Notes and the Anticipated Revenues. Such documents are publicly available. As of the date hereof, such documents, taken as a whole, do not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(B) The official statement delivered to the Lenders pursuant to Section 3.1(A) will not as of the first or any subsequent Closing Date, or as of the date of any supplement or amendment, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As used herein, the term "Official Statement" refers to such official statement and to such official statement as it may from time to time be amended or supplemented.

1.11. Financial Statements; Forecasts. (A) Subject to the effects thereon of the ultimate resolution of the real estate issue described in Note K thereto, the audited Financial Statements of the General, Capital Projects and Debt Service Funds and the Statement of Long-Term Obligations of the City as of and for the Fiscal Year ended June 30, 1978 as set forth in the official statement referred to in Section 1.10(A)(i) and audited by a consortium of independent certified public accountants headed by Peat, Marwick, Mitchell & Co., present fairly the financial position of the City at June 30, 1978 and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

(B) Prior to the date hereof the City has delivered to each of the Lenders a month-by-month revenue and obligation forecast and a month-by-month cash flow forecast for each of the 1978 and 1979 Fiscal Years. Such forecasts are parts of a report submitted to the United States Treasury Department which is publicly
available. The forecasts for the 1978 Fiscal Year dated June 1978 together show the City's monthly aggregate sources and uses of cash on an actual basis for July 1977 through May 1978 and on a projected basis for the balance of such Fiscal Year. The forecasts for the 1979 Fiscal Year dated November 1978 together show the City's monthly aggregate sources and uses of cash on an actual basis for July 1978 through September 1978 and on a projected basis for the balance of such Fiscal Year. The actual and projected aggregate sources and uses of cash in each such forecast are based on the best information available to the City at the date of its preparation and are based on reasonable and appropriate assumptions as of such date. The average amount of Anticipated Revenues set forth in Schedule III is included in, and consistent with, the projected aggregate sources of cash included in the City's cash flow statement for the 1979 Fiscal Year. Anticipated receipt of proceeds from long and short-term City and MAC borrowings in the cash flow forecast are consistent with the range of borrowings in the Financial Plan and such cash flow forecast does not project short-term borrowing needs for the 1979 Fiscal Year in excess of $750 million. The revenue and obligation forecast for the 1979 Fiscal Year does not project 1979 obligations (expenditures, encumbrances and transfers) in excess of the expenditures approved in the Financial Plan for the 1979 Fiscal Year. As used in this Agreement, the term "Financial Plan" shall mean the City's four-year financial plan, as modified from time to time, provided that such plan and any such modification have been approved by the Control Board pursuant to the FCB Act.

1.12. Pending or Threatened Litigation. There is no action, suit, proceeding or investigation before or by any court or Governmental Authority pending or (to the knowledge of the City) overtly threatened against the City or (to the best of the knowledge of the City, no independent investigation having been made) any other person wherein a decision, ruling or finding would (A) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the State Covenant, (B) in any material respect limit the legal obligations of the City referred to in the State Covenant or contained in § 9-b of the FCB Act or the legal obligations of the City under the FCB Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Control Board, (C) declare the State Covenant or State Pledge and Agreement invalid or unenforceable in whole or in material part, (D) in any other manner adversely affect provisions for or materially adversely affect the sources for payment of principal of or interest on the Notes as described in the documents delivered to the Lenders pursuant to Sections 1.10, 1.11, 3.1(A), 3.1(E) and 3.2(I) and in Schedule III, (E) declare this Agreement, the Bond Purchase Agreement dated as of November 15, 1978 between the Municipal Assistance Corporation For The City of New York ("MAC") and the Purchasers named on Schedule I thereto (the "Bond Purchase Agreement") or the MAC Act, the Federal Guarantee Act, the Federal Appropriation Act, the Pension Legislation, the MAC Resolutions, the Agreement to
Guarantee or the Guaranteed Bond Purchase Agreement (each as defined in the Bond Purchase Agreement) or any provision of § 9-a of the FCB Act relating to the RAN Account or the provisions for payment of interest on the Notes from the Debt Service Fund to be invalid or unenforceable in whole or in material part or (F) interpret or declare invalid any provision of the Anticipated Revenue Legislation in any manner which would materially adversely affect the prospects that any of the Anticipated Revenues will be received in amounts substantially within the ranges and by the times set forth in Schedule III; except (i) to the extent described in Schedule V hereto or (ii) wherein an unfavorable decision, ruling or finding would have any of the effects described in (A), (B) or (C) above, but which is referred to in a certificate of the Corporation Counsel of the City delivered, on the date as of which this representation and warranty is made, to the Lenders and to counsel delivering opinions on such date pursuant to Section 3.2(O), or (iii) wherein an unfavorable decision, ruling or finding would have any of the effects described in (D), (E) or (F) above, but which, in the opinion (which opinion shall be addressed, and be in form and substance satisfactory, to the Lenders and shall be dated the date as of which this representation and warranty is made) of Rogers & Wells or other counsel acceptable to the Lenders (which acceptance shall not be unreasonably withheld), the decision, ruling or finding of the court or Governmental Authority of final jurisdiction would not have any of the effects described in (D), (E) or (F) above. For purposes of this Agreement “Anticipated Revenue Legislation” shall mean Article 73 of the State Education Law, Title 2 of the State Social Services Law, Article 28 of the State Tax Law, Article 12 of the State Tax Law, Article 4-a of the State Finance Law, and Articles 125 and 126 of the State Education Law.

1.13. Use of Proceeds. The City will apply the proceeds of the loans hereunder as described in the Official Statement. Such proceeds will not be used in a manner that would cause the Notes to be “arbitrage bonds” within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended (the “Code”), and the applicable regulations from time to time promulgated or proposed thereunder. The proceeds of the sale of the Notes will not be used directly or indirectly for the purpose, whether immediate, incidental or ultimate, of “purchasing” or “carrying” any “margin stock” or “margin security” as defined in Regulations G and U, respectively, of the Board of Governors of the Federal Reserve System, as amended from time to time.

1.14. No Sovereign Immunity. The defense of sovereign immunity is not available to the City in any proceedings by a Lender to enforce any of the obligations of the City under this Agreement or the Notes and, to the fullest extent permitted by law, the City consents to the initiation of any such proceedings in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.
1.15. *Certificates to Constitute Representations and Warranties of the City.* Any certificate signed by any official or other representative of the City and delivered to the Lenders pursuant to this Agreement shall be deemed a representation and warranty by the City to each of the Lenders as to the truth of the statements therein made.

**SECTION 2. The Loans.**

2.1. *Several Commitments of the Lenders.* Subject to the terms and conditions hereof, and in reliance upon the representations, warranties and covenants of the City in this Agreement and upon the State Covenant and the State Pledge and Agreement, each of which represents an integral and essential undertaking to the Lenders, each Lender severally (and not jointly) agrees to lend to the City on any date or dates from the date of this Agreement to and including March 30, 1979 (a “Closing Date”) an amount equal to the product of (A) the Commitment Percentage set forth opposite the name of such Lender on Schedule I or Schedule II hereto, as the case may be, and (B) the Aggregate Loan Requested. With respect to each Closing Date, the “Aggregate Loan Requested” shall be the aggregate amount of the loans requested by the City from all Lenders on such Closing Date as set forth in the notice to Lenders pursuant to Section 3.2(A); provided, that the Aggregate Loan Requested shall in no event exceed the Aggregate Available Commitment immediately prior to the closing on such Closing Date or be less than $100 million except where the City has stated in the notice to Lenders pursuant to Section 3.2(A) that such closing is the final closing required under this Agreement, in which case the Aggregate Loan Requested shall not be less than $50 million. The “Aggregate Available Commitment” shall be (i) $500 million on and after the date of this Agreement, (ii) increased on and after January 1, 1979 by $250 million, (iii) reduced from time to time as provided in Section 2.4 and (iv) terminated at the close of business on March 30, 1979. No Lender shall in any event be obligated under this Agreement on any Closing Date to lend an amount in excess of the product of its Commitment Percentage and the Aggregate Available Commitment then in effect.

2.2. *Closings.* On each Closing Date designated by the City in accordance with Section 3.2(A) and upon satisfaction of the conditions contained in Section 3, each Lender shall make available to the City the amount to be loaned to the City by such Lender at 11:00 A.M. (New York City time) at the offices of the Comptroller of the City of New York, Municipal Building, 1 Centre Street, New York, New York (or at such other time and place as the parties hereto shall agree) in Federal or other immediately available funds. No more than four closings shall be held under this Agreement, and no more than one closing may be held in any 15-day period.
2.3. **The Notes.** (A) The obligation of the City to repay loans made by any Lender pursuant to Section 2.1 shall be evidenced by April Notes and June Notes as provided in this Section 2.3. Up to $150 million aggregate principal amount of Notes shall mature on April 16, 1979 (the "April Notes"), and up to $600 million aggregate principal amount of Notes shall mature on June 29, 1979 (the "June Notes"). Not less than $50 million aggregate principal amount of April Notes shall be issued to the Lenders to evidence loans made by the Lenders on the first Closing Date. April Notes shall be substantially in the form of Exhibit A and June Notes shall be substantially in the form of Exhibit B; provided, however, that if any Lender shall so elect in accordance with the provisions of Section 5, the June Notes shall be exchangeable for June Notes substantially in the form of Exhibit C ("Exchange Notes"). All Notes delivered on each Closing Date shall have the blanks thereon appropriately completed, shall be dated such Closing Date, shall be in principal amounts as provided in Section 2.3(D), shall be payable to the Lender making such loan, and shall bear interest as provided in Section 2.3(B). No Lender shall receive more than one April Note and one June Note on any Closing Date.

(B) The rate of interest on Notes issued to evidence the loans made on each Closing Date shall be a rate per annum (the "Initial Interest Rate") equal to the sum of (i) the Current Federal Funds Rate plus (ii) the percentage appearing directly opposite such Current Federal Funds Rate under the heading "Addition" on Schedule VI; provided, that if the Current Federal Funds Rate is 9.50% or more, the Initial Interest Rate shall be 9.50% per annum, and if the Current Federal Funds Rate is 7.00% or less, the Initial Interest Rate shall be 7.50% per annum; and provided, further, that the rate of interest on June Notes may be reduced effective from the Exchange Date to the date of payment in accordance with Section 5.1(B). The "Current Federal Funds Rate" shall mean as of each Closing Date the weekly average Federal Funds Rate announced by the Federal Reserve Bank of New York on the Thursday next preceding such Closing Date, rounded to the nearest 0.05%.

(C) The April Notes shall be issued in anticipation of the receipt of revenues anticipated to be paid to the City in April 1979 as set forth in Schedule III (the "April Revenues"), and June Notes shall be issued in anticipation of the receipt of revenues anticipated to be paid to the City in June 1979 as set forth in Schedule III (the "June Revenues").

(D) The principal amount of each April Note or June Note, as the case may be, to be delivered to each Lender on any Closing Date shall be an amount equal to the product of (i) the applicable Commitment Percentage of such Lender set forth in Schedule I or Schedule II, and (ii) the aggregate principal amount of April Notes or June Notes, as the case may be, to be delivered to all Lenders on such Closing
2.4. Reduction of the Aggregate Available Commitment. The Aggregate Available Commitment shall from time to time be reduced (A) in an amount equal to the amount of the Aggregate Loan Requested in respect of each Closing Date, upon the making of loans on such Closing Date, (B) in an amount equal to the amount of any notes or other obligations maturing prior to July 1, 1979 issued either (i) by the City other than under this Agreement and other than to MAC or (ii) by MAC to satisfy the City's seasonal financing needs, upon the issuance thereof, in either case excluding from such amount an amount equal to the proceeds of any such issuance to the extent used to repay or prepay loans made under this Agreement, and (C) in an amount equal to the amount or amounts by which the City may from time to time elect to reduce the Aggregate Available Commitment by irrevocable notice to the Lenders, upon the giving of such notice to the Lenders. The Aggregate Available Commitment, once reduced, shall not be increased upon repayment or prepayment of the Notes or otherwise.

2.5. Prepayments. (A) Except as otherwise provided in Section 5, upon five business days' notice to each of the Lenders, the City may prepay outstanding Notes, in whole or in part at any time or from time to time upon payment of the principal amount to be prepaid plus accrued interest thereon to the date of prepayment; provided, however, that no prepayment of loans under this Agreement shall be made (and the City agrees that it will not make any such prepayment) unless loans of each of the Lenders are prepaid pro rata in proportion to the respective principal amounts of April Notes (in the case of prepayment of April Notes) or June Notes (in the case of prepayment of June Notes) held by such Lender and then subject to prepayment.

(B) If at any time after the date hereof the City shall issue notes or other obligations maturing before July 1, 1979 (other than under this Agreement) or MAC shall issue notes or other obligations maturing before July 1, 1979 to satisfy the City's seasonal financing needs, and if the Aggregate Available Commitment has terminated or, if the principal amount of such notes or other obligations exceeds the Aggregate Available Commitment immediately prior to such issuance, the City shall prepay Notes then subject to prepayment, in an amount equal to the net proceeds to the City of such issue, if the Aggregate Available Commitment is terminated, or, if not, the amount by which the net proceeds of such notes or other obligations exceeds the Aggregate Available Commitment immediately prior to such issuance, pro rata in proportion to the respective principal amounts of June Notes held by each Lender and then subject to prepayment. Such prepayment shall be made not later than the time of the issuance of such notes or other obligations by the City or MAC.

2.6. Commitment Fee. In consideration of the commitments of the several Lenders to make loans under this Agreement, the City will pay to each
Lender a commitment fee payable on December 31, 1978, March 30, 1979 and June 29, 1979 at the rate of 0.5% per annum from the date hereof to June 29, 1979 on an amount equal to the product (the "Commitment Amount") of the Commitment Percentage of such Lender set forth on Schedule I or Schedule II, as the case may be, and the Aggregate Commitment. From and after the date hereof the City will have encumbered budgeted funds in an amount equal to the maximum amount of commitment fees to be thereafter payable. The "Aggregate Commitment" shall be $750 million from and after the date hereof and shall from time to time be reduced (A) in an amount equal to the principal amount of revenue anticipation notes or other short-term obligations of the City sold in a Public Sale (as defined in Section 4.2(A)), on and after the date of closing in respect of such sale, and (B) in an amount equal to the reduction in the Aggregate Available Commitment as provided in Section 2.4(C), on and after the date the notice therein provided for is given. In addition, if such Lender shall have exchanged all or any part of the June Notes held by such Lender, the Commitment Amount as to such Lender shall be reduced, on and after the Exchange Date referred to in Section 5, by an amount equal to the principal amount of June Notes so exchanged by such Lender.

2.7. Federal Funds. All loans, and all payments and prepayments of principal of or interest on the Notes (including interest payments pursuant to Section 5.2(B)), and the commitment fees pursuant to Section 2.6, shall be made in Federal or other immediately available funds.

2.8. Registered Form. The Lenders will not seek to obtain any Notes in bearer form other than Exchange Notes.

SECTION 3. Conditions to Loans.

The obligation of each Lender to make the loan to be made by it hereunder on each Closing Date is subject to (A) the performance or observance by the City of all of the covenants and agreements to be performed by it under this Agreement on or prior to such Closing Date, (B) the accuracy on such Closing Date of the representations and warranties of the City in or pursuant to this Agreement on and as of such Closing Date as if made on and as of such Closing Date, and (C) the satisfaction on the Closing Date of each of the following conditions:

3.1. First Loan. In the case of the first loan hereunder:

(A) Official Statement. On or before the first Closing Date, such Lender shall have received an Official Statement dated the first Closing Date which contains material information relating to the Notes and the City.
(B) Opinions. Such Lender shall have received opinions, dated the first Closing Date and addressed to the Lenders (except that the opinion of the State Attorney General may be addressed to the Mayor of the City), of the following counsel or other counsel acceptable to the Lenders (which acceptance shall not be unreasonably withheld): (i) Lord, Day & Lord, special disclosure counsel for the City, substantially in the form attached hereto as Exhibit D (it being understood that such counsel may attach to such opinion a memorandum of investigation substantially comparable in form, scope and substance to the memorandum attached to the opinion of such counsel delivered to Lenders prior to the execution hereof as to the official statement described in Section 1.10(A)(i)), (ii) City Corporation Counsel, substantially in the form attached hereto as Exhibit E, and (iii) the Attorney General of the State, substantially in the form attached hereto as Exhibit F, in each case with such changes, and with such annexed opinions (not otherwise delivered) of other counsel referred to therein, if any, as such Lender shall approve.

(C) Certificate of Mayor and City Comptroller. A certificate of the Mayor and Comptroller of the City, substantially in the form attached hereto as Exhibit G, with respect to the Official Statement, with such changes, if any, as the Lenders shall approve.

(D) Federal Priority Waiver. The Secretary of the Treasury shall, as provided in Section 105(e) of the Federal Guarantee Act, have waived (the Federal Priority Waiver") any priority of the United States under Section 3466 of the Revised Statutes (31 U.S.C. 191) in respect of all Notes issued or to be issued hereunder, as contemplated in Section 105(e) of the Federal Guarantee Act.

(E) Cash Flow Statement. Such Lender shall have received a month-by-month cash flow statement for the City's 1978 Fiscal Year which shall be unaudited but shall be reconciled to the City's audited financial statements for the 1978 Fiscal Year, in substantially the same form and containing substantially the same type of information and level of detail as the forecasts delivered pursuant to Section 1.11(B) hereof, suitably identified by the First Deputy Comptroller and the Director of Management and Budget of the City.

3.2. All Loans. In the case of the first and all other loans hereunder:

(A) Notice. (i) Such Lender shall have received at least five business days' prior written notice from the City specifying the Closing Date, the Aggregate Loan Requested, and, subject to Section 2.3, the respective aggregate principal amounts of April Notes and June Notes to be issued by the City to evidence loans made on such Closing Date.
(B) *Executed Notes.* Such Lender shall have received a duly executed Note or Notes in the form and in the principal amounts and maturities provided in Section 2.3(D), completed as provided in Section 2.3(A).

(C) *Simultaneous Loans.* Loans aggregating at least 90% in aggregate principal amount of the Aggregate Loan Requested in the City's notice to the Lenders pursuant to Section 3.2(A) in respect of such Closing Date shall be made simultaneously by Lenders on such Closing Date.

(D) *Purchases Pursuant to Guaranteed Bond Purchase Agreement.* The City and State Pension Funds referred to in the Guaranteed Bond Purchase Agreement shall have purchased at least 90% of the aggregate principal amount of guaranteed City bonds required pursuant to Section 1.4 of such Agreement to have been purchased before the Closing Date; the obligation of each such Pension Fund to purchase the balance of such guaranteed City bonds in accordance with such Agreement shall be in full force and effect; and there shall have been no adjournment of any closing under the Guaranteed Bond Purchase Agreement by reason of the refusal of the Secretary of the Treasury (the "Secretary") to issue guarantees pursuant to the Agreement to Guarantee, unless such refusal shall have been cured by the holding of a subsequent closing, or unless such refusal is solely because the Secretary is unable to make the determination required by Section 103(a) of the Federal Guarantee Act.

(E) *Agreements and Legislation in Effect.* (i) This Agreement shall be in full force and effect, with such modifications, amendments and waivers as may have been made in accordance with the provisions of Section 7.3.

(ii) The provisions of §§ 9-a and 9-b of the FCB Act, as in effect on the date of this Agreement, shall be in full force and effect and shall not have been amended, except as to amendments which are technical in nature and which are not in any way adverse to the interests of the Lenders (and which shall be confirmed as being technical and not so adverse by opinion of bond counsel for the City addressed to the Lenders), and all of the other provisions of the FCB Act, as in effect on the date of this Agreement, the repeal of which would have any of the effects described in clauses (A) or (B) of Section 1.12 and the State Covenant and State Pledge and Agreement shall be in full force and effect and, since the date of this Agreement shall not have been amended or modified in any respect which is materially adverse to the interests of the Lenders. The Anticipated Revenues Legislation shall be in full force and effect and shall not have been amended in any respect that would materially adversely affect the prospects that any of the Anticipated Revenues will be deposited in the RAN Account in amounts within the ranges and by the times set forth in *Schedule III.* The Federal Priority Waiver shall be in full force and effect.
(iii) The Federal Guarantee Act, the Federal Appropriation Act, the MAC Act, the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement, the MAC Resolutions, the Bond Purchase Agreement, Section 10-a.4 of the FCB Act, Chapter 890 of the Laws of 1975 of the State as amended by Chapter 448 of the Laws of 1978 of the State and as further amended as contemplated by Section 3.2(T) of this Agreement ("Chapter 890"), and the Pension Legislation, each as in effect on the date of this Agreement, shall be in full force and effect and, since the date of this Agreement, shall not have been amended or modified in any respect which materially adversely affects (a) the ability of the Secretary to issue guarantees pursuant to the Agreement to Guarantee as in effect on the date hereof, (b) the ability of the City to satisfy the requirements of the Agreement to Guarantee or the Guaranteed Bond Purchase Agreement or to issue guaranteed City bonds, (c) the ability of MAC to satisfy the requirements of the Bond Purchase Agreement or to issue bonds under the MAC Resolutions or (d) the ability of the City and State Pension Funds referred to in the Guaranteed Bond Purchase Agreement and the Bond Purchase Agreement to purchase guaranteed City bonds or MAC bonds, as the case may be, or the ability of the Pension Fund Lenders to make loans hereunder, or (e) the qualified status of the Pension Fund Lenders under Section 401(a) of the Code.

(F) No Adverse Decision. No decision, ruling or finding shall have been entered by any court or Governmental Authority since the date of this Agreement (and not reversed on appeal or otherwise set aside) (i) which has any of the effects described in clauses (A) through (F) of Section 1.12, or (ii) which declares this Agreement to be invalid or unenforceable in whole or in material part, or (iii) which declares the Bond Purchase Agreement, the MAC Act, the Federal Guarantee Act, the Federal Appropriation Act, the Pension Legislation, Section 10-a.4 of the FCB Act, Chapter 890, the MAC Resolutions, the Agreement to Guarantee or the Guaranteed Bond Purchase Agreement to be invalid or unenforceable as an entirety, or which declares any provision thereof to be invalid or unenforceable if the deletion of such provision by amendment would cause the requirements of Section 3.2(E) not to be satisfied, or (iv) which declares Section 10-a.4 of the FCB Act, Chapter 890 or the Pension Legislation to be inapplicable to this Agreement or any loan contemplated hereby, or (v) to the effect that (a) any loan or prospective loan by such Lender pursuant to this Agreement or (b) the entry into this Agreement by such Lender has violated or will violate any applicable fiduciary obligation of any trustee, director or officer under any law (whether statutory or otherwise); unless, solely with respect to the matters referred to in clauses (A), (B) and (C) of Section 1.12, (x) such decision, ruling, or finding is stayed pending appeal, and (y) Rogers & Wells or other counsel reasonably acceptable to the Lenders, shall deliver opinions, addressed and in form and substance satisfactory to the Lenders and dated
as of such Closing Date, to the effect, without qualification, that the decision, ruling or finding of the court or Governmental Authority having final jurisdiction in the matter will not have any of the effects described in such clauses.

(G) **No Specified Adverse Changes in City's Affairs.** Neither the Certificate of the First Deputy Comptroller and the Director of Management and Budget of the City nor the Certificate of the Executive Director of the Control Board delivered pursuant to Section 3.2(P) shall project that there will be a Deficit for the City's 1979 Fiscal Year in excess of 2% of Total Revenues. For the purposes of this Section 3.2(G), "Total Revenues" shall mean all revenues required, by generally accepted accounting principles as modified or adjusted by the Control Board pursuant to Section 8.2-a of the FCB Act, to be reported by the City on an accounting basis in its Statement of Operations for its 1979 Fiscal Year, plus (i) transfers from the capital budget to fund expense items, but not in excess of the amount set forth in the Financial Plan for such Fiscal Year, and (ii) transfers, pursuant to inter-fund agreements, to fund items in the expense budget which have been determined, in accordance with generally accepted accounting principles, to be capital items, but not in excess of the amount set forth in the Financial Plan for such Fiscal Year; "Total Expenditures" shall mean all expenditures, encumbrances and transfers and other payments to debt service funds required, by generally accepted accounting principles as modified or adjusted by the Control Board pursuant to Section 8.2-a of the FCB Act, to be reported by the City on an accounting basis in its Statement of Operations for its 1979 Fiscal Year, provided that (x) pension costs shall be accounted for on a cash, rather than accrual, basis, but only to the extent set forth in the Financial Plan for such Fiscal Year, and (y) said expenditures, encumbrances and transfers shall include any capital item included in the expense budget and funded by transfers pursuant to inter-fund agreements, but only to the extent such transfers are included in Total Revenues for such Fiscal Year; "Deficit" shall mean the excess of Total Expenditures over Total Revenues for the 1979 Fiscal Year; and "Statement of Operations" shall mean the City's General Fund Statement of Revenues, Expenditures, Encumbrances and Transfers for the 1979 Fiscal Year.

(H) **No Event or Change in Circumstances.** No event or events or change in circumstances has occurred that materially increases the possibility that the principal of and interest on the Notes will not be paid when due.

(I) **Updated City Cash Flow Statement; Revenue Amounts; Seasonal Borrowing Needs.** (1) Such Lender shall have received a month-by-month revenue and obligation statement and a month-by-month cash flow statement for the City's 1979 Fiscal Year which shall be unaudited and shall
reflect the City's audited financial statements for its 1978 Fiscal Year referred to in Section 1.11(A). Such statements shall (a) be in substantially the same form and contain substantially the same type of information and level of detail as the forecasts delivered under Section 1.11(B), (b) include actual data through a month ending not more than sixty days prior to such Closing Date and projected data for the remainder of the 1979 Fiscal Year and (c) be accompanied by the certificate referred to in Section 3.2(P)(i).

(ii) If as of such Closing Date there shall have been any change in the expected range of amounts or dates of receipt of the Anticipated Revenues as set forth on Schedule III hereto, the City shall have delivered to the Lenders a revised Schedule III reflecting such change. Such a revised Schedule III may not include any revenues of the City other than those described on Schedule III as in effect on the date of this Agreement, except that at any time prior to the first Public Sale of revenue anticipation notes of the City after the date of this Agreement, the City may include on such revised Schedule III additional revenues anticipated to be received by the City prior to July 1, 1979; provided, however, that the Lenders shall have received (a) a description of the additional revenues so included comparable to that delivered pursuant to Section 1.10(A)(ii), (b) a proposed revised Schedule III including the additional revenues so included, (c) proposed revised Schedules IV and V including relevant information concerning such additional revenues; and provided, further, that Lenders whose Commitment Percentage as set forth on Schedule I and Schedule II is at least equal to 80% shall have agreed in writing to the inclusion of such additional revenues. On and after the effective date of revision of Schedule III, any reference to Schedule III, IV and V in this agreement shall be to Schedules III, IV and V, respectively, as then most recently revised and, if required, as agreed to by the Lenders pursuant to the proviso in the preceding sentence. On and after the effective date of revision of Schedule III, the term "Anticipated Revenues" shall mean the revenues described on such revised Schedule III, and the term "Anticipated Revenue Legislation" shall include the legislation providing for the payment of such additional revenues to the City.

(iii) As of such Closing Date, (a) the April Revenue Amount shall be equal to at least 1.4 times the aggregate principal amount of April Notes to be outstanding after the making of the loans to be made on such Closing Date plus the aggregate principal amount of any revenue anticipation notes issued by the City (other than under this Agreement) in anticipation of the April Revenues and outstanding on such Closing Date, and (b) the June Revenue Amount shall be equal to at least 1.4 times the aggregate principal amount of the June Notes to be outstanding after the making of the loans to be made
on such Closing Date plus the aggregate principal amount of any revenue anticipation notes issued by the City (other than under this Agreement) in anticipation of the June Revenues and outstanding on such Closing Date. The "April Revenue Amount" and the "June Revenue Amount" at any date shall be the average amount of the total high and total low amounts of the April Revenues and the June Revenues, respectively, as set forth on Schedule III as in effect on such Closing Date.

(iv) The cash flow statement referred to in (i) above shall not show actual and anticipated seasonal borrowings of the City during the 1979 Fiscal Year in excess of $750 million. The Certificate of the Executive Director of the Control Board delivered pursuant to Section 3.2(P)(ii) shall not show an average of the minimum and maximum amounts in the range of actual and anticipated seasonal borrowings of the City during the 1979 Fiscal Year in excess of $750 million.

(J) No Default of the City, MAC, State or Certain Agencies; No Bankruptcy, etc. (i) No default by the City, MAC or the State shall have occurred and be continuing (a) in the payment of principal or premium, if any, or interest on any bond, note or other evidence of indebtedness issued, assumed or guaranteed by the City, MAC or the State or (b) in the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing, with the consent of the City, MAC or the State, as the case may be, the payment of any indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money (except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or interest on the secured indebtedness), or (c) in the performance or observance of any covenant or condition in the Bond Purchase Agreement, the Adherence Agreement (as defined in the Bond Purchase Agreement), the State Covenant, the State Pledge and Agreement or the Agreement to Guarantee or the Guaranteed Bond Purchase Agreement. For all purposes of this Agreement a default shall not be deemed to be continuing if it has been cured, waived or otherwise remedied.

(ii) No default shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness constituting a general obligation of an agency, instrumentality or public benefit corporation of the City or the State as to which statutory provision has been made whereby the City or the State may appropriate funds to be paid into a capital reserve or similar fund in order to provide moneys for the payment of any bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation
(whether or not the securities which have the benefit of such provision are outstanding or are the securities as to which a default has occurred).

(iii) No bankruptcy, insolvency or other similar proceedings in respect of the City, MAC, the State or any agency, instrumentality or public benefit corporation of the City or the State described in paragraph (ii) of this Section shall be pending or to the knowledge of the City (no independent investigation having been made) contemplated, and there shall not have been enacted since the date of this Agreement any moratorium or similar legislation with respect to any obligation described in paragraph (i) or (ii) of this Section.

(iv) No event or condition shall have occurred and be continuing which constitutes an event of default under the MAC Resolutions, or which, with the giving of notice or the passage of time or both, would constitute such an event of default.

(K) Representations and Warranties at Prior Closings. Neither the representations and warranties (including certifications) of the City nor the certifications delivered by other parties on any previous Closing Date shall have been materially incorrect or inaccurate when made in a manner adverse to the Lenders in any respect.

(L) Compliance with FCB Act. The City shall be in substantial compliance with the provisions of the FCB Act. The State shall be in compliance with the State Covenant and the State Pledge and Agreement.

(M) Tax Exemption. The exclusion from gross income for Federal income tax purposes of interest on the Notes shall not be threatened by reason of the fact that between the date of this Agreement and the Closing Date:

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

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

(iii) an order, ruling or regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service and published in the Federal Register, with the purpose or effect, directly or indirectly, of imposing Federal income taxation (including without limitation, the minimum tax on tax preference
items under Sections 56-58 of the Code) upon such interest as would be
received by the holders of the Notes.

(N) Arbitrage Certificate and Opinion. Such Lender shall have re-
ceived (i) a certificate, satisfactory in form to special counsel for the Lenders,
of an appropriate City official satisfactory to such counsel, dated the Closing
Date, setting forth sufficient facts, estimates and circumstances to support the
conclusion that on the date of issue it is not expected that the proceeds of
the Notes will be used in a manner that will cause the Notes to be arbitrage
bonds within the meaning of Section 103(c) of the Code, and stating that to
the best of the knowledge and belief of the certifying officer such facts, esti-
mates or circumstances are reasonable; (ii) an opinion, dated the Closing
Date and addressed to the City and the Lenders, of Rogers & Wells sub-
stantially in the form of Exhibit H hereto; and (iii) such other certificates
and opinions as may be required or deemed advisable by the Lenders under
any amendments to the Code or applicable regulations or proposed regu-
lations thereunder.

(O) Opinions. Such Lender shall have received opinions, dated the
Closing Date and addressed to the Lenders (except that the opinion of Davis
Polk & Wardwell shall be addressed and delivered only to the Bank Lenders)
of the following counsel or other counsel acceptable to the Lenders (which
acceptance shall not be unreasonably withheld): (i) Rogers & Wells, bond
counsel for the City, substantially in the form attached hereto as Exhibits I-1,
I-2 and I-3, (ii) City Corporation Counsel substantially in the form attached
hereto as Exhibit J, and (iii) Davis Polk & Wardwell, special counsel for the
Bank Lenders, substantially in the form attached hereto as Exhibit K, in each
case with such changes, and with such annexed opinions (not otherwise de-
ivered) of other counsel referred to therein, if any, as such Lender shall
approve, provided that each of the foregoing opinions shall include favorable
opinions as to such additional matters as such Lender (or, in the case of (iii)
above, such Bank Lender) may reasonably request.

(P) Certificates. Such Lender shall have received certificates, dated the
Closing Date, of each of the following officials or any deputy acceptable
to such Lender (which acceptance shall not be unreasonably withheld): (i)
the First Deputy Comptroller and the Director of Management and Budget
of the City substantially in the form attached hereto as Exhibit L, (ii) the
Executive Director of the Control Board substantially in the form attached
hereto as Exhibit M, (iii) the Executive Director of MAC substantially in the
form attached hereto as Exhibit N, and (iv) the Comptroller substantially in
the form attached hereto as Exhibit O, in each case with such changes as the
Lenders shall approve.
(Q) Amendment or Supplement of Official Statement. Such Lender shall have received from the City promptly, and in any event on or before such Closing Date, such amendment or supplement, if any, to the Official Statement, so that as of such Closing Date the Official Statement shall 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.

(R) Loan not Prohibited. Such Lender shall not be prohibited by any applicable law or governmental regulation from making the loan to be made by it on such Closing Date.

(S) No Prohibited Transactions, etc. If such Lender is a Pension Fund Lender, the making of the loan scheduled to be made by it on such Closing Date shall not cause such Pension Fund Lender to be considered to fail to satisfy the requirements of Section 401(a) of the Code or to have engaged in a prohibited transaction described in section 503(b) of the Code. Unless the Internal Revenue Service shall have determined that a Pension Fund Lender has engaged in a prohibited transaction in connection with the purchase of obligations of MAC or the City made since August 20, 1975, or the Secretary or his delegate shall have given notification pursuant to Section 3(a) of the Pension Legislation, this condition shall be deemed to be satisfied on such Closing Date if the following requirements are met:

(a) prior to the execution of this Agreement, or of any modification, amendment or waiver of the provisions hereof, as contemplated by Section 1(c) of the Pension Legislation, each Pension Fund Lender shall have notified the Secretary of the proposed Agreement, modification, amendment or waiver, as the case may be, and within 60 days after the date of submission of this Agreement, or of any modification, amendment or waiver or such shorter period as the Secretary shall have established, the Secretary shall have advised each Pension Fund Lender in writing that he does not disapprove this Agreement, or such modification, amendment or waiver, as the case may be;

(b) on or before such Closing Date, the Secretary shall have made the determinations contemplated by Sections 2(c) and 2(f) of the Pension Legislation and shall have notified each Pension Fund Lender in writing that he has made such determinations;

(c) on such Closing Date, the requirement with respect to the paragraph (c) the applicable percentage limitations set forth in Section 2(a) of the Pension Legislation.
2(a) of the Pension Legislation shall each be reduced by three-quarters of one percent;

(d) on such Closing Date, the requirement with respect to the absence of negative cash flow set forth in Section 2(d) of the Pension Legislation (as adjusted below) shall have been met; for purposes of this paragraph the negative cash flow shall be deemed absent if cash receipts shall exceed expenditures, both as determined in accordance with the applicable provisions of the Pension Legislation, by at least three-quarters of one percent; and

(e) the report contemplated by Section 2(e) of the Pension Legislation shall have been submitted to the Secretary and the appropriate committees of the Congress.

Anything herein to the contrary notwithstanding, the Secretary need not have made any determination contemplated by Section 2(e) of the Pension Legislation and the report contemplated by Section 2(e) of the Pension Legislation need not have been submitted on or prior to any Closing Date if the Pension Legislation does not provide that such requirement need be met as of such Closing Date.

(T) Legislative Amendments. If such Lender is a Pension Fund Lender, prior to any Closing Date occurring on and after January 1, 1979, Chapter 890 of the Laws of 1975 of the State as amended by Chapter 448 of the Laws of 1978 of the State and Section B3-21.0, B18-27.0, B19-7.68 and B20-30.0 of the Administrative Code of the City and subdivision 16 of Section 2575 of the State Education Law shall have been duly amended to read substantially and in all material respects as provided in the proposed bill in the form attached as Exhibit P hereto.

(U) Qualified Status. If such Lender is a Pension Fund Lender, (a) the Internal Revenue Service shall not have withdrawn its favorable determination with respect to the qualified status of such Pension Fund Lender under Section 401(a) of the Code, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund Lender of any obligation of MAC or the City made since August 20, 1975 or the entry by such Pension Fund Lender into this Agreement or the execution of any modification, amendment or waiver of the provisions hereof, (b) there shall not be any action, suit or proceeding before any court or Governmental Authority brought by the Federal Government or any agency or department thereof with jurisdiction, pending with respect to such Pension Fund Lender, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund Lender of any obligation of MAC or the City made since August 20, 1975 or the entry by the Pension Fund Lender into this
Agreement or the execution of any modification, amendment or waiver of the provisions hereof, wherein an unfavorable decision would result in the loss of the qualified status of such Pension Fund Lender under Section 401(a) of the Code, or (c) legislation shall not have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or an order, rule or regulation (final, temporary or proposed) shall not have been made by any Governmental Authority, with the purpose or effect, directly or indirectly, of causing such Pension Fund Lender to lose its qualified status under Section 401(a) of the Code, by reason of or with respect to any prior purchase or prospective purchase by such Pension Fund Lender of any obligation of MAC or the City made since August 20, 1975 or the entry by the Pension Fund Lender into this Agreement or the execution of any modification, amendment or waiver of the provisions hereof.

(V) Additional Certificates, etc. Such Lender shall have received additional certificates, instruments and other documents as such Lender or special counsel for the Lenders may reasonably request to evidence the truth and accuracy, as of such Closing Date, of the representations and warranties of the City herein, or in connection with, this Agreement or the Official Statement (including in connection therewith on the first Closing Date, certificates of governmental officials or entities as to the accuracy and completeness of statements therein referring to such officials or entities, or reports made or actions taken by them), the availability of the Anticipated Revenues in the amounts and on the dates set forth on Schedule III and the due performance and satisfaction at or prior to such Closing Date of all agreements to be performed and all conditions then to be satisfied in connection with the transactions contemplated hereby or by the Official Statement.

Section 4. Covenants.

The City hereby covenants and agrees with each of the Lenders that, during the term of this Agreement:

4.1. Compliance with FCB Act. It will comply with (A) the provisions applicable to the City of the FCB Act, as such Act may from time to time be amended without violation of the State Covenant, (B) the Financial Plan and, (C) the provisions of §§9-a and 9-b of the FCB Act as in effect on the date of this Agreement or as such provisions may from time to time be amended as permitted by Section 3.2(E)(ii) of this Agreement.

4.2. Public Sales. (A) It will employ its best efforts to satisfy the maximum practicable amount (taking into account yield, maturity and other similar considerations) of its seasonal borrowing requirements through Public Sales. "Public
Sale" shall mean in this Agreement any public offering by the City of its revenue anticipation notes or other short-term obligations, or any sale of its revenue anticipation notes or other short-term obligations to underwriters for resale by public offering.

(B) It will not issue any revenue anticipation notes or other short-term obligations in a Public Sale which have the benefit of any covenant or agreement of the City more favorable to the holder thereof than the covenants and agreements of the City in this Agreement or the Notes, unless prior thereto the City has executed and delivered to each of the Lenders an instrument satisfactory to the Lenders providing that the Lenders shall have the benefit of any such covenant or agreement equally and ratably with respect to the Notes and that, if requested by any Lender in its Exchange Notice pursuant to Section 5, Exchange Notes delivered to such Lender will have the benefit of such covenant or agreement, provided, however, that nothing herein shall prevent the City from issuing any revenue anticipation notes or other short-term obligations in a Public Sale which bear interest at a rate higher than the Initial Interest Rate or Rates on the Notes or which are not subject to redemption prior to maturity, and the Lenders shall not be entitled to the benefit of such provisions as to interest rate and redemption.

(C) It will after each Public Sale deliver to each Lender (i) a copy of the City's official statement relating to such sale together with any supplements or amendments thereto and (ii) signed copies of the opinion delivered by special disclosure counsel for the City in connection therewith as to disclosure in such official statement (including any supplements or amendments thereto) and the opinion delivered as to litigation by the City Corporation Counsel, if any. If requested by any Lender, the City shall deliver to such Lender from any such counsel a letter stating that it may rely on such opinion as if addressed to such Lender.

4.3. Restriction on Pledges of Anticipated Revenues; No Other Maturities; Revenue Amounts on Other Issues. (A) Except as otherwise required by law, it will not take any action which purports to give any person a claim, fixed or contingent, to the Anticipated Revenues ranking prior to or pari passu with that of holders of the Notes or revenue anticipation notes of the City issued in a Public Sale; provided, however, that certifications by the Mayor of the City to MAC pursuant to § 3037 of the MAC Act for purposes of receiving payments from MAC, and recommendations by the City to the Control Board pursuant to § 7.1.f of the FCB Act with respect to borrowings by Covered Organizations, shall not be deemed to be actions by the City within the meaning of this Section.

(B) It will not issue any revenue anticipation notes or other obligations in anticipation of any of the Anticipated Revenues (i) having a maturity other than April 16 or June 29, 1979 and (ii) unless at the date of issuance of such notes or other obligations and after giving effect thereto, the City satisfies the conditions set forth in Section 3.2(f)(iii).
4.4. Receipt of and Rights to Anticipated Revenues. It will use its best efforts to assure the receipt of the Anticipated Revenues in time to pay the principal of the Notes when due; and, to the extent permitted by law, execute such documents, certificates and other instruments, and take such other actions as may be necessary to confirm, preserve and protect the rights set forth in the FCB Act of the holders of the Notes to the Anticipated Revenues in amounts sufficient to pay principal of the Notes when due.

4.5. Financial and Other Information. It will promptly provide each Lender with and make publicly available (A) each modification of its Financial Plan and information related thereto reasonably requested by such Lender, (B) each order, resolution or other evidence of action by the Control Board reflecting approval of (i) the phasing-in of a change of a new generally accepted accounting principle or a change in the application of a generally accepted accounting principle pursuant to § 8.2-a of the FCB Act or (ii) any modification pursuant to the last two sentences of § 8.3.e of the FCB Act as in effect on the date of this Agreement, (C) quarterly and monthly financial statements of the City delivered to the Control Board, (D) upon request of any Lender, reports furnished under the Agreement to Guarantee, (E) to the extent not otherwise provided, monthly actual and projected cash flow forecasts substantially comparable in form and level of detail to that delivered to the Lenders pursuant to Section 1.11(B) prior to execution of this Agreement, (F) information in reasonable detail regarding any material adverse change in the aggregate anticipated ranges or dates of receipt of the Anticipated Revenues, and (G) such additional information as such Lender may reasonably request relating to the City's compliance with this Agreement. It shall make each Official Statement, including each amendment or supplement thereto, publicly available and will provide for a sufficient number of copies thereof to be printed or otherwise duplicated for such purpose.

4.6. Determination of Commencement of Retention of Anticipated Revenues in RAN Account. It will make the determinations to be made by it under § 9-a.8 of the FCB Act promptly and in a manner not inconsistent with the revenue projections for the 1979 Fiscal Year included in the Financial Plan, and forthwith report such determination to the Comptroller. For the purposes of such determination, the City will aggregate the principal amount of all outstanding revenue anticipation notes of the City due April 16, 1979, as against April Revenues, and the principal amount of all outstanding revenue anticipation notes of the City due June 29, 1979, as against June Revenues.

4.7. Investment of Monies in the RAN Account. Pursuant to § 9-a.10 of the FCB Act, during the term of this Agreement, any debt service monies on deposit in the Debt Service Fund (including the RAN Account) shall be invested only in obligations of, or guaranteed by, the United States of America.
4.8.Retention Criteria for Debt Service Fund. During the term of this Agreement, in accordance with § 9-a.2 of the FCB Act, the full amount of all real estate tax payments received during each month shall be deposited in the Debt Service Fund and retained until “total monthly debt service” as defined therein for the succeeding month or months, as the case may be, pursuant to such section, shall have been retained, and no other criteria will be adopted or used pursuant to the provisions of § 9-a.3 of the FCB Act which provide for proportional retention of such receipts in lieu of the retention of all initial receipts.

SECTION 5. Exchange of June Notes

5.1. Election to Exchange. (A) If the City has prior thereto made a Public Sale, any Lender may elect to exchange on the Exchange Date determined pursuant to Section 5.1(C) all or any portion of the June Notes then held by such Lender into Exchange Notes evidencing the same loan or loans. Such Lender may exercise such election by giving notice (the “Exchange Notice”) to the City not less than fifteen nor more than thirty business days prior to the Exchange Date, which notice shall specify the principal amount of June Notes to be exchanged, the Authorized Denominations in which Exchange Notes shall be delivered and whether such Exchange Notes are to be in registered or bearer form. Any Lender may revoke its Exchange Notice at any time up to five business days prior to the Exchange Date or thereafter as provided below. “Authorized Denominations” shall mean denominations of $25,000 and $100,000. Notwithstanding the foregoing, the City shall not be obligated to effect any such exchange unless the aggregate principal amount of all June Notes to be so exchanged shall equal at least $50 million on the fifteenth business day prior to the Exchange Date (the “Minimum Amount”). If the City determines on the fourteenth business day prior to the Exchange Date that the aggregate principal amount of June Notes for which timely Exchange Notices have been given is less than the Minimum Amount, the City may elect not to effect any exchanges, in which case it shall promptly notify the Lenders of such election. Notwithstanding the provisions of Section 2.5(A), the City may not prepay the portion of the principal amount of any June Note held by a Lender with respect to which an Exchange Notice has been delivered to the City pursuant to this Section 5.1(A), unless the holder of such June Note elects to revoke such Exchange Notice at any time up to the Exchange Date and accept such prepayment in lieu of exchange.

(B) Exchange Notes shall be in the form attached hereto as Exhibit C, and shall bear interest from the Exchange Date at a rate per annum (the “Exchange Interest Rate”), calculated on a 365-day year basis, determined as provided in this Section 5.1.(B). The Exchange Interest Rate shall be equal (subject to rounding to the next higher 0.05%) to the market yield at the close of business on the second trading day prior to the Exchange Date (the “Determination Date”) on outstanding revenue anticipation notes of the City previously sold in a Public Sale and maturing on June 29, 1979, as such market yield is determined.
by the committee of experts established pursuant to Schedule III of the Bond Purchase Agreement (the "Committee") on the basis of the offered prices on the Determination Date for such notes quoted to the Committee by at least three recognized brokers or dealers in such notes who are not, and are not affiliated with, managing underwriters of obligations of or financial advisors to the City ("Recognized Brokers or Dealers"); provided, however, that if less than $75 million aggregate principal amount of revenue anticipation notes of the City maturing on June 29, 1979, and sold in a Public Sale are outstanding on the Determination Date, then the determination made by the Committee shall be on the basis of the offered prices for any revenue anticipation notes of the City sold in a Public Sale quoted to the Committee on the Determination Date by at least three Recognized Brokers or Dealers and the Committee shall take into account the maturities of such notes; and provided, further, that the Exchange Interest Rate shall in no event exceed the Initial Interest Rate on June Notes being exchanged.

(C) The "Exchange Date" shall be March 30, 1979 or such other date determined in accordance with the following procedures: (i) If at any time prior to March 1, 1979, the City determines that it will not make or attempt any Public Sale during the remainder of its 1979 Fiscal Year, the City shall promptly so notify each of the Lenders and, if the most recent Public Sale during such year was prior to March 1, 1979, Lenders whose aggregate Commitment Percentage set forth on Schedule I and Schedule II hereto exceeds 25% may by notice in writing to the City and to the other Lenders designate as the Exchange Date a date prior to March 30, 1979 which is not less than thirty days after the most recent Public Sale and eighteen business days after the date of such notice; and (ii) Lenders whose aggregate Commitment Percentage set forth on Schedule I and Schedule II hereto exceeds 25% may postpone the Exchange Date (including the Exchange Date as changed in accordance with (i) above) and designate a new Exchange Date one or more times by notice to the City and the other Lenders in writing at least ten days prior to the Exchange Date then in effect. There shall only be one Exchange Date on which June Notes may be exchanged under this Agreement.

5.2. Exchange Notes. On the Exchange Date, upon delivery by any Lender to the City of the June Notes to be exchanged in accordance with such Lender's Exchange Notice, the City shall deliver to such Lender:

(A) duly executed Exchange Notes substantially in the form of Exhibit C, appropriately completed, in the respective principal amounts and Authorized Denominations requested in the Exchange Notice, provided that such Exchange Notes may be delivered in bearer form, at the request of the Lender;

(B) an amount equal to interest accrued on the principal amount of June Notes to be exchanged by such Lender, from the date of such June Notes to but not including the Exchange Date;
(C) June Notes substantially in the form of, and completed as indicated on Exhibit B, in the principal amount or amounts of the June Notes of such Lender not so exchanged; and

(D) if requested by such Lender, an opinion of Rogers & Wells, bond counsel for the City, or other bond counsel reasonably acceptable to the Lenders, in substantially the same form and of substantially the same substance as the opinion of bond counsel for the City delivered in connection with the most recent Public Sale.

5.3. *Exchange Note Official Statement.*

(A) The City shall furnish to each Lender on the Exchange Date such reasonable quantities as shall be requested of the City’s official statement for its most recent Public Sale, together with any supplements or amendments thereto necessary so that, as of the date of delivery of such official statement to such Lender and in connection with sales of Exchange Notes by Lenders, such official statement, as supplemented or amended (the “Exchange Note Official Statement”), will not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(B) Upon the request of any Lender, the City will deliver to such Lender on the Exchange Date, a certificate, dated on and as of the Exchange Date, of the Mayor and City Comptroller, substantially in the form attached hereto as Exhibit H, with respect to the Exchange Note Official Statement.

(C) The City covenants and agrees that for a period of twenty days after the Exchange Date, it will promptly make such supplements or amendments to the Exchange Note Official Statement so that it will not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and will promptly furnish such amendments and supplements to the Lenders in such quantities as they shall reasonably request.

**SECTION 6. State Pledge and Agreement.**

Section 10-a.3 of the FCB Act authorizes the City to include, and the City hereby includes, in this Agreement the pledge and agreement of the State that it will take no action that would impair the power of the City to comply with and perform any covenant or agreement in Section 4 (other than Section 4.2(A)) of this Agreement or any right or remedy of the Lenders to enforce such covenants or agreements.

**SECTION 7. Miscellaneous.**

7.1. *Notices.* All communications hereunder shall be in writing and, if sent to the City, shall be addressed to the Third Deputy Comptroller of the City, Municipal Building, New York, New York 10007, with a copy to Rogers & Wells, 200 Park Avenue, New York, New York 10017, or at such other address or to such other firm as the City shall hereafter advise each of the Lenders in writing; and, if sent to any Lender, shall be addressed as provided in Schedule I or Schedule II.
hereeto, as the case may be, with a copy to Davis Polk & Wardwell, 1 Chase Manhattan Plaza, New York, New York 10005, or at such other address or to such other firm as such Lender shall hereafter advise the City in writing. Any such notice shall be deemed to have been given when received by mail or delivered or when telephoned or telexed and confirmed in writing by delivery or mail postage prepaid.

7.2. Expenses. Whether or not any of the transactions hereunder are consummated, the City shall pay all of its costs and expenses in connection with the preparation, authorization, execution, delivery and performance of this Agreement, the Notes, the Official Statement, the Exchange Note Official Statement and any amendments or supplements to any of the foregoing, and in connection with the closings and exchanges of Notes hereunder, including without limitation, printing costs, the fees and disbursements of its bond counsel and of its disclosure counsel. The City shall also pay the fees and disbursements in connection with the foregoing of Davis Polk & Wardwell, special counsel for the Bank Lenders, and of Fried, Frank, Harris, Shriver & Jacobson and Shea, Gould, Climenko & Casey, each special counsel, respectively, for certain of the Pension Fund Lenders.

7.3. Amendments, Consents, Waivers. None of the provisions of this Agreement may be modified or amended, nor may compliance therewith be waived, without the written consent of each of the Lenders, except that (A) any of the provisions of Section 3 (other than Section 3.2(H)) may be waived or amended on behalf of all Lenders with the written consent of Lenders whose aggregate Commitment Percentage as set forth on Schedule I and Schedule II exceeds 90%, (B) Section 3.2(H) may be waived or amended on behalf of all Lenders with the written consent of Lenders whose aggregate Commitment Percentage as set forth on Schedule I and Schedule II exceeds 80%, and (C) the provisions of Sections 4.1, 4.5, 4.8, 5.1, 5.2 and 5.3 may be waived or amended on behalf of all Lenders with the written consent of Lenders who hold at least 75% of the aggregate outstanding principal amount of the Notes, except that prior to the first Closing Date such provisions may be waived or amended with the written consent of Lenders whose aggregate Commitment Percentage as set forth on Schedule I and Schedule II exceeds 75%.

7.4. No Implied Waivers. No failure or delay by any of the Lenders in exercising any right, power or privilege hereunder or under any document or instrument contemplated hereby shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.5. Representations and Warranties to Survive. All representations and warranties of the City hereunder pursuant hereto shall remain operative and in full force and effect regardless of any investigation or statement in respect thereof made by or on behalf of any of the Lenders, and shall survive delivery of the Notes to the Lenders.

7.6. Independent Credit Decisions. Each Lender has made and will make its own independent investment decision concerning its commitments hereunder, without relying upon any other Lender with respect thereto or with respect to the
Official Statement or the provisions of this Agreement, the Notes or the agreements, instruments, legislation or other matters referred to herein.

7.7. Pension Fund Covenant. Each of the Pension Fund Lenders hereby covenants for itself to the extent necessary to meet the requirements of the Pension Legislation in accordance with the obligation of each such Pension Fund Lender (A) to use its best efforts to obtain the report referred to in paragraph (c) of Section 3.2(S), (B) to make the certification to the Secretary contemplated by Section 1(b)(2) of the Pension Legislation; provided, however, that such certification need not be made if (i) the report referred to above cannot be obtained or (ii) the percentage limitation requirements or absence of negative cash flow referred to in paragraphs (c) and (d) of Section 3.2(S), the computation as to which shall be prepared by the actuary of each Pension Fund Lender, shall not have been met, in which case a copy of such computation, accompanied by such supporting documentation as the Secretary shall reasonably request, shall be delivered to the Secretary, and (C) to deliver the statement required by Section 2(e)(1)(B) of the Pension Legislation in accordance with the terms of such Section.

7.8. Collateral. Each Bank Lender represents to each other Bank Lender that it in good faith is not relying upon any “stock”, as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System, as collateral in the extension or maintenance of the credit provided in this Agreement.

7.9. Applicable Law; Headings; Calendar Days. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. The table of contents and the headings of Sections, Schedules and Exhibits in this Agreement are inserted for convenience only and shall not be deemed to be part of this Agreement. Unless otherwise stated, all references herein to periods measured in days shall refer to calendar days.

7.10. Term of Agreement. The term of this Agreement shall be from the date hereof until the payment in full of the principal of, and premium, if any, and interest on the Notes and all other amounts due hereunder.

7.11. Parties in Interest. This Agreement shall be binding upon, and inure solely to the benefit of, the Lenders and the City and their respective successors, and no other person, partnership, association, corporation or governmental entity shall have or acquire any right under or by virtue of this Agreement; provided, however, that the parties hereto acknowledge that they are subject to the enforcement provisions of Section 105(f) of the Federal Guarantee Act. No purchaser of Notes from any Lender shall be deemed to be a successor merely by reason of such purchase; provided that prior to the Exchange Date defined in Section 5.1(C), purchasers of June Notes shall be entitled to the benefits of Section 5 of this Agreement.

7.12. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their behalf by their respective authorized representatives as of the date first above written.

Approved as to form:

ALLEN G. SCHWARTZ
Allen G. Schwartz, 
Corporation Counsel

THE CITY OF NEW YORK
By EDWARD I. KOCH
Edward I. Koch, Mayor

By HARRISON J. GOLDIN
Harrison J. Goldin, 
City Comptroller

Bank Lenders

Bankers Trust Company
By HOWARD M. SCHNEIDER
Howard M. Schneider, 
Vice President

The Chase Manhattan Bank, N.A.
By PALMER TURNHEIM
Palmer Turnheim, 
Senior Vice President

Citibank, N.A.
By JAC FRIEDGUT
Jac Friedgut, Vice President

Manufacturers Hanover Trust
Company
By RUSSELL K. POPE
Russell K. Pope, 
Vice President

Morgan Guaranty Trust Company
of New York
By N. ROSS MATTHEWS
N. Ross Matthews, 
Vice President

United States Trust Company
of New York
By CHARLES A. FRANK III
Charles A. Frank III, 
Vice President

The Bank of New York
By ROGER S. PHELPS, JR.
Roger S. Phelps, Jr., 
Vice President

Chemical Bank
By HERMAN R. CHARBONNEAU
Herman R. Charbonneau, 
Vice President

Irving Trust Company
By JOHN R. WINDELER
John R. Windele, 
Senior Vice President

Marine Midland Bank
By DAVID H. WOODRUFF
David H. Woodruff, 
Vice President

National Bank of North America
By GERARD P. DOUGHERTY
Gerard P. Dougherty, 
Vice President
Pension Fund Lenders

New York City Employees' Retirement System
By HAROLD E. HERKOMMER
Harold E. Herkommer, Executive Director

Board of Education Retirement System for the City of New York
By JOHN LACARRUBBA
John LaCarrubba, Executive Director

Teachers' Retirement System for the City of New York
By WALLACE F. SULLIVAN
Wallace F. Sullivan, Executive Director

New York City Police Pension Fund, Article 2
By PATRICK W. LEHANE
Patrick W. Lehane, Chief Administrative Officer
### COMMITMENT PERCENTAGES OF BANK LENDERS

<table>
<thead>
<tr>
<th>Bank Lender</th>
<th>Commitment Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers Trust Company</td>
<td>4.32%</td>
</tr>
<tr>
<td>16 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10017</td>
<td></td>
</tr>
<tr>
<td>Attention: Kim Engelbert</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>1.86</td>
</tr>
<tr>
<td>48 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Landon Peters</td>
<td></td>
</tr>
<tr>
<td>Executive Vice President and Treasurer</td>
<td></td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>8.40</td>
</tr>
<tr>
<td>1 Chase Manhattan Plaza</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Palmer Turnheim</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>6.73</td>
</tr>
<tr>
<td>20 Pine Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Herman R. Charbonneau</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>9.93</td>
</tr>
<tr>
<td>399 Park Avenue</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10043</td>
<td></td>
</tr>
<tr>
<td>Attention: William F. Dore</td>
<td></td>
</tr>
<tr>
<td>Assistant Vice President</td>
<td></td>
</tr>
<tr>
<td>Investment Portfolio</td>
<td></td>
</tr>
<tr>
<td>6th Floor</td>
<td></td>
</tr>
<tr>
<td>Irving Trust Company</td>
<td>2.00</td>
</tr>
<tr>
<td>One Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: John R. Windeler</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>Bank Lender</td>
<td>Commitment Percentage</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Manufacturers Hanover Trust Company</td>
<td>6.14%</td>
</tr>
<tr>
<td>44 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Russell K. Pope</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>9th Floor</td>
<td></td>
</tr>
<tr>
<td>Marine Midland Bank</td>
<td>3.22</td>
</tr>
<tr>
<td>140 Broadway</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>16th Floor</td>
<td></td>
</tr>
<tr>
<td>Money Management Division</td>
<td></td>
</tr>
<tr>
<td>Attention: Richard C. Keller</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>5.56</td>
</tr>
<tr>
<td>23 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Amos T. Beason</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>National Bank of North America</td>
<td>1.33</td>
</tr>
<tr>
<td>44 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10015</td>
<td></td>
</tr>
<tr>
<td>Attention: Gerard Dougherty</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td>0.51</td>
</tr>
<tr>
<td>45 Wall Street</td>
<td></td>
</tr>
<tr>
<td>New York, New York 10005</td>
<td></td>
</tr>
<tr>
<td>Attention: Edwin A. Heard</td>
<td></td>
</tr>
<tr>
<td>Vice Chairman</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50.00%</td>
</tr>
</tbody>
</table>
### SCHEDULE II

#### COMMITMENT PERCENTAGES OF PENSION FUND LENDERS

<table>
<thead>
<tr>
<th>Pension Fund Lender</th>
<th>Commitment Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City Employees' Retirement System</td>
<td>24.55%</td>
</tr>
<tr>
<td>220 Church Street</td>
<td></td>
</tr>
<tr>
<td>New York, N. Y. 10013</td>
<td></td>
</tr>
<tr>
<td><em>Attention:</em> Harold E. Herkommer</td>
<td></td>
</tr>
<tr>
<td><em>Executive Director</em></td>
<td></td>
</tr>
<tr>
<td>Teachers' Retirement System for The City of New York</td>
<td>16.45</td>
</tr>
<tr>
<td>40 Worth Street</td>
<td></td>
</tr>
<tr>
<td>New York, N. Y. 10013</td>
<td></td>
</tr>
<tr>
<td><em>Attention:</em> Wallace F. Sullivan</td>
<td></td>
</tr>
<tr>
<td><em>Executive Director</em></td>
<td></td>
</tr>
<tr>
<td>Board of Education Retirement System for The City of New York</td>
<td>0.90</td>
</tr>
<tr>
<td>65 Court Street</td>
<td></td>
</tr>
<tr>
<td>Brooklyn, N. Y. 11201</td>
<td></td>
</tr>
<tr>
<td><em>Attention:</em> John La Carrubba</td>
<td></td>
</tr>
<tr>
<td><em>Executive Director</em></td>
<td></td>
</tr>
<tr>
<td>New York City Police Pension Fund, Article 2</td>
<td>8.10</td>
</tr>
<tr>
<td>1 Police Plaza</td>
<td></td>
</tr>
<tr>
<td>New York, N. Y. 10038</td>
<td></td>
</tr>
<tr>
<td><em>Attention:</em> Patrick Lehane</td>
<td></td>
</tr>
<tr>
<td><em>Deputy Inspector</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50.00%</td>
</tr>
<tr>
<td>Revenue Description</td>
<td>April 1979 Revenue</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>State Education Aid pursuant to Article 73 of the State Education Law</td>
<td>$215</td>
</tr>
<tr>
<td>State Welfare Advance pursuant to Title 2 of the State Social Services Law</td>
<td>$35-$45</td>
</tr>
<tr>
<td>Per Capita State Aid pursuant to Article 4-a of the State Finance Law (after MAC funding requirements)</td>
<td></td>
</tr>
<tr>
<td>Aid to Higher Education pursuant to Articles 125 and 126 of the State Education Law</td>
<td></td>
</tr>
<tr>
<td>Sales and compensating use tax pursuant to Article 28 of the State Tax Law (after MAC funding requirements)</td>
<td></td>
</tr>
<tr>
<td>Tax on transfers of stock and other corporate certificates pursuant to Article 12 of the State Tax Law (after MAC funding requirements)</td>
<td></td>
</tr>
</tbody>
</table>

| Total Anticipated Revenues in 1979 Fiscal Year                                      | $250-$260          |                              | $878-$1,005       |
STATUTORY LIENS ON
ANTICIPATED REVENUES

The following Schedule sets forth statutory liens known to the City at this
time which may affect the Anticipated Revenues. Appropriation of Anticipated
Revenues is assumed and rights of creditors in the event of a proceeding under
Chapter IX of the Federal Bankruptcy Act are not addressed.

A. **Liens which May Affect**
   **All Anticipated Revenues**

1. Holders of bonds and notes of the City, in the event of failure to pay
   interest on or principal of such bonds or notes, may have a claim against City
   revenues pursuant to Article VIII, Section 2 of the State Constitution. In addition,
   holders of bonds and certain notes of the City may have a claim against City
   revenues for any amounts due for interest or principal not appropriated by the City.

2. Holders of any State obligations may have a claim against State revenues
   pursuant to Article VII, Section 16 of the State Constitution for any amounts due
   for interest or principal not appropriated by the State.

3. Section 55 of the State Finance Law provides that holders of tax and
   revenue anticipation notes issued by the State may have a claim against revenues
   of the State which might be necessary to make timely payment of aid to the City.
   Pursuant to Section 55, the State Comptroller is directed, at any time in which
   the outstanding principal amount of any issue of tax and revenue anticipation
   notes issued pursuant to Section 55 and the interest due thereon equals ninety-five
   percent of the amount of taxes and revenues receivable by the State during the
   period ending on the maturity date of such issue, to set aside all taxes and revenues
   received by the State in a separate note repayment account until the balance in such
   account is sufficient to pay the principal of and interest on such issue and on any
   other notes maturing on or before the maturity date of the Section 55 issue.

B. **Liens which May Affect**
   **State Aid to Education**

1. Pursuant to Section 99-b of the State Finance Law, the State shall withhold
   State aid to education in the amount necessary to cure defaults by the City in the
   payment of the principal of or interest on City bonds or notes issued for school
   purposes.
2. Pursuant to Section 462 of the Education Law, the State shall withhold aid to education in any year in which a deficiency in the capital reserve fund of the New York City Educational Construction Fund exists on August 1, in the amount necessary to restore such fund to the amount required to be on deposit.

3. Although the statutory language is ambiguous, it is possible that pursuant to Section 54-a of the State Finance Law, the State may withhold aid to education in the amount by which the City has levied real property taxes in excess of the limitations prescribed by Article VIII, Section 10 of the State Constitution.

4. Pursuant to Section 306 of the Education Law, the Commissioner of Education may withhold State aid to education if the City school district willfully disobeys any provision of law or any decision, order, or regulation of the Board of Regents or of the Commissioner.

5. Pursuant to Section 801(3) of the Education Law, the Commissioner of Education may withhold State aid to education if he determines that the City has failed to provide adequate instruction in patriotism, citizenship, the history and meaning of the United States and New York Constitutions, and related subjects pursuant to the requirements of Section 801(3) and such rules as the Board of Regents may adopt under this Section.

6. Pursuant to Section 805 of the Education Law, State education aid shall not be paid to the City until the Superintendent of schools has filed affidavits with the City and with the Commissioner of Education that statutory provisions requiring instruction in the nature and effect of alcoholic drinks (Section 804) and the nature and effect of narcotics and habit-forming drugs (Section 804-a) have been complied with in all City schools during the preceding school year.

7. Pursuant to Section 806(2) of the Education Law, the Commissioner of Education may withhold State school aid if the City fails to provide such instruction in highway safety and traffic regulation as the Board of Regents may require pursuant to this section.

8. Pursuant to Section 809 of the Education Law, the State shall withhold education aid for any public elementary school which fails to provide required instruction in the humane treatment of birds and animals.

9. Pursuant to Section 911 of the Education Law, the Commissioner of Education may withhold State education aid if the City fails to comply with the provisions of Sections 901-910 of the Education Law which enumerate certain health services to be provided by State school districts.
10. Pursuant to Section 3604(2), the Commissioner of Education may withhold State education aid if the City fails to comply with statutory provisions governing the salaries of teachers and supervisors, fails to place a teacher in a position in the salary schedule to which he is justly entitled, or fails to comply with the statutory provisions regulating the apportionment of State education aid set forth in Section 3604.

C. Liens Which May Affect Aid to Higher Education

1. The State Comptroller is required, pursuant to Section 6216 of the Education Law, to withhold from the next State aid payment on behalf of senior colleges any excess in such payments which becomes apparent upon audit of amounts paid by the City for senior colleges in a Fiscal Year.

2. Pursuant to regulations of the Trustees of the State University of New York promulgated under Section 6304 of the Education Law, in the event that the amount of State aid paid to the City in any Fiscal Year on behalf of the City's community colleges was in excess of the amount which an audit by the State Comptroller determines should have been paid, then the amount of such excess shall be withheld from subsequent State aid payments to the City on behalf of the community colleges.

D. Liens Which May Affect State Welfare Payments

1. Pursuant to Section 20(3)(e) of the Social Services Law, the State Social Services Department is authorized to withhold or deny, in whole or in part, State reimbursement otherwise payable to the City for certain City social services expenditures in the event the City fails to comply with law, rules or regulations of the Department relating to public assistance and care or the administration thereof. Such withholding or denial could result from any past or present violation by the City of the Department's regulations and there is no limitation on the amount which may be withheld with respect to any period. Among numerous other possible grounds for such withholding or denial is failure by the City to pay to the State its share of the State's expenditures for medical assistance to needy persons pursuant to Section 367-b(6) of the Social Services Law.

2. The Department of Social Services Regulations at § 347.22 provide that, if the City fails to meet each quarterly installment of its portion of the Statewide Child support goal, the Commissioner of the Department of Social Services shall withhold reimbursement to the City for the aid to dependent children program in an amount equal to the difference between the amount of non-federal funds the City is required to repay to the State out of collections actually made and the
amount of non-federal funds the City would have been required to repay the State had it met its quarterly collections goal.

3. Pursuant to Section 47-d(4)(b) of the Private Housing Finance Law, if the City does not make required rental payments in a timely fashion under its leases with the New York State Housing Finance Agency, any deficiency may be made up from the next payment of State aid for medical assistance to needy persons under Section 368-a of the Social Services Law. If certain proposed legislation, now known as S.10479, is enacted, any such deficiency may be made up from the next payments of any State aid under the Social Services Law.

4. Section 54-a of the State Finance Law provides that the State Comptroller shall withhold local assistance, which includes State welfare payments, in any amount by which taxes upon real property levied by the City exceed the limitation imposed by Article VIII, Section 10 of the State Constitution.

E. Liens Which May Affect Payment of Per Capita Aid

There are three groups of prior liens which may affect the City's receipt of State per capita aid pursuant to Section 54 of the State Finance Law.

(A) The first group of liens is found in Section 54(7)(c) of the State Finance Law:

1. Pursuant to Section 54(7)(c)(i), the State Comptroller is directed to pay up to $65 million in any one Fiscal Year from the City's per capita aid to the City University Construction Fund to cover any deficiencies in the amount the City is required to pay to the Fund pursuant to Section 6279 of the Education Law with respect to rentals and other payments due to the State Dormitory Authority from the Fund.

2. Pursuant to Section 54(7)(c)(ii), the State Comptroller is directed to pay to the Housing Development Corporation for deposit in such Corporation's capital reserve fund such portion of the City's per capita aid as may be necessary to restore the capital reserve fund to its maximum capital reserve fund requirement if the City fails to make such payment itself by April 1 pursuant to Section 656 of the Private Housing Finance Law.

3. Pursuant to Section 54(7)(c)(iii), the State Comptroller is directed to pay to the New York City Transit Authority from the City's allocation of per capita aid any sum required to be paid by the City to the Authority pursuant to Chapter Seven of the Session Laws of 1972 if the City fails to make such payment. Funds may be applied to this purpose, however, only upon satisfaction of liens 1 and 2 above.
4. Pursuant to Section 54(7)(c)(iv), the State may withhold the City's per capita aid to the extent that the City has failed to make repayments on the advance made by the State in 1974 to subsidize the fare of the New York City Transit Authority.

5. Pursuant to Section 54(7)(c)(v), the State is directed to pay $500,000 of the City's per capita aid to the City Comptroller for payment to the trustees of the Police Pension Fund.

6. Pursuant to Sections 54(7)(c)(vii) and 92-e of the State Finance Law, the State is directed to pay the balance of the City's per capita aid to MAC to the extent necessary to enable MAC to fulfill the terms of any agreements made with holders of its bonds and notes and to carry out its corporate purposes.

(B) Following satisfaction of the foregoing level of claims, the City's per capita aid is subject to the following claims, also pursuant to Section 54(7)(c) of the State Finance Law:

1. Pursuant to Section 54(7)(c)(B) of the State Finance Law and Section 2436 of the Public Authorities Law, the State Comptroller is directed to pay the City's per capita aid to the State Municipal Bond Bank Agency to the extent that the City has failed to make any payment of interest or principal on its municipal bonds purchased by the Agency.

2. Pursuant to Section 54(7)(c)(C) of the State Finance Law and Section 2473 of the Public Authorities Law, the State Comptroller is directed to pay the City's per capita aid to the State Sports Facilities Income Account to the extent that the City has failed to meet its obligations to the State Sports Authority.

3. Pursuant to Section 54(7)(c)(D) of the State Finance Law and Section 1225-i of the Public Authorities Law, the State Comptroller is directed to pay to the Transit Construction Fund or its designee any amount of the City's per capita aid necessary to fulfill the City's responsibilities to the Fund for the aggregate of all rentals and other payments due from the Fund to the Transportation Authority, if the City has failed to pay all or part of such sum by the fifteenth day of September.

(C) Two prior liens are found in other statutory provisions:

1. Pursuant to Section 18-b of the State Transportation Law, the State Comptroller is directed to withhold from the City's per capita aid and other
State aid allocated to the City from highway aid, the motor fuel tax, and the motor vehicle registration fee an amount equivalent to that which the City fails to provide for the operating expenses of its public transportation system in order to match payments to the system made by the Statewide Mass Transportation Operating Assistance Program. Any amounts due to the State Municipal Bond Agency, the New York City Housing Development Corporation, the City University Construction Fund, and the Transit Construction Fund from the City's per capita aid must be paid in full before this lien may be asserted.

2. Pursuant to Section 54-a of the State Finance Law, the State Controller is directed to withhold payments of per capita aid to the extent that the City has levied real property taxes in excess of the limitations of Article VIII, Section 10 of the State Constitution.

F. Liens which May Affect
   Stock Transfer Tax Revenues

   1. Pursuant to State Finance Law Section 92-b, stock transfer tax revenues, after deduction of costs incurred by the State Tax Commission in administering, collecting and distributing the tax (collectively, the "Administration Expenses") must be paid to MAC to the extent necessary to enable MAC to fulfill terms of agreements with holders of its notes and bonds and to carry out its corporate purposes.

   2. Pursuant to Section 92-i of the State Finance Law, after deduction of Administration expenses and payment to MAC of amounts required to fulfill terms of agreements with holders of notes and bonds issued by MAC and to carry out its corporate purposes, stock transfer tax revenues must be paid to a stock transfer tax incentive fund to the extent necessary for payment of allowable rebates of stock transfer tax payments, as provided in Tax Law Section 280-a.

G. Liens Which May Affect
   Sales Tax Revenues

   Pursuant to State Finance Law Section 92-d, sales tax revenues, after deduction of costs incurred by the State Tax Commission in administering, collecting and distributing the tax, are paid to MAC to the extent necessary to enable it to fulfill the terms of agreements with holders of its notes and bonds and to carry out its corporate purposes.
EXISTING LITIGATION


The only litigation which comes within subdivisions (A), (B), or (C) of Section 1.12 is:

DeMilia v. The State of New York, et al., Supreme Court of the State of New York, County of New York, Index No. 9683/78; and

Basile v. Patrolmen's Benevolent Association of the City of New York, Inc., et al., Supreme Court of the State of New York, County of New York, Index No. 14393/78.

The litigation which comes within subdivision (D) of Section 1.12 is described in the Official Statement at the pages set forth above.

There is no litigation which comes within subdivision (E) of Section 1.12.

There is no litigation which comes within subdivision (F) of Section 1.12 except the suit described at pages 54-55 of the Official Statement, supra.
## DETERMINATION OF INITIAL INTEREST RATE

<table>
<thead>
<tr>
<th>Current Federal Funds Rate</th>
<th>Addition</th>
<th>Initial Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.00%</td>
<td>.50%</td>
<td>7.50%</td>
</tr>
<tr>
<td>7.05</td>
<td>.50</td>
<td>7.55</td>
</tr>
<tr>
<td>7.10</td>
<td>.50</td>
<td>7.60</td>
</tr>
<tr>
<td>7.15</td>
<td>.50</td>
<td>7.65</td>
</tr>
<tr>
<td>7.20</td>
<td>.50</td>
<td>7.70</td>
</tr>
<tr>
<td>7.25</td>
<td>.50</td>
<td>7.75</td>
</tr>
<tr>
<td>7.30</td>
<td>.50</td>
<td>7.80</td>
</tr>
<tr>
<td>7.35</td>
<td>.50</td>
<td>7.85</td>
</tr>
<tr>
<td>7.40</td>
<td>.50</td>
<td>7.90</td>
</tr>
<tr>
<td>7.45</td>
<td>.50</td>
<td>7.95</td>
</tr>
<tr>
<td>7.50</td>
<td>.50</td>
<td>8.00</td>
</tr>
<tr>
<td>7.55</td>
<td>.50</td>
<td>8.05</td>
</tr>
<tr>
<td>7.60</td>
<td>.50</td>
<td>8.10</td>
</tr>
<tr>
<td>7.65</td>
<td>.50</td>
<td>8.15</td>
</tr>
<tr>
<td>7.70</td>
<td>.50</td>
<td>8.20</td>
</tr>
<tr>
<td>7.75</td>
<td>.50</td>
<td>8.25</td>
</tr>
<tr>
<td>7.80</td>
<td>.50</td>
<td>8.30</td>
</tr>
<tr>
<td>7.85</td>
<td>.50</td>
<td>8.35</td>
</tr>
<tr>
<td>7.90</td>
<td>.50</td>
<td>8.40</td>
</tr>
<tr>
<td>7.95</td>
<td>.50</td>
<td>8.45</td>
</tr>
<tr>
<td>8.00</td>
<td>.50</td>
<td>8.50</td>
</tr>
<tr>
<td>8.05</td>
<td>.48</td>
<td>8.53</td>
</tr>
<tr>
<td>8.10</td>
<td>.46</td>
<td>8.56</td>
</tr>
<tr>
<td>8.15</td>
<td>.44</td>
<td>8.59</td>
</tr>
<tr>
<td>8.20</td>
<td>.42</td>
<td>8.62</td>
</tr>
<tr>
<td>8.25</td>
<td>.40</td>
<td>8.65</td>
</tr>
<tr>
<td>8.30</td>
<td>.38</td>
<td>8.68</td>
</tr>
<tr>
<td>8.35</td>
<td>.36</td>
<td>8.71</td>
</tr>
<tr>
<td>Current Federal Funds Rate</td>
<td>Addition</td>
<td>Initial Interest Rate</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>8.40%</td>
<td>.34%</td>
<td>8.74%</td>
</tr>
<tr>
<td>8.45</td>
<td>.32</td>
<td>8.77</td>
</tr>
<tr>
<td>8.50</td>
<td>.30</td>
<td>8.80</td>
</tr>
<tr>
<td>8.55</td>
<td>.28</td>
<td>8.83</td>
</tr>
<tr>
<td>8.60</td>
<td>.26</td>
<td>8.86</td>
</tr>
<tr>
<td>8.65</td>
<td>.24</td>
<td>8.89</td>
</tr>
<tr>
<td>8.70</td>
<td>.22</td>
<td>8.92</td>
</tr>
<tr>
<td>8.75</td>
<td>.20</td>
<td>8.95</td>
</tr>
<tr>
<td>8.80</td>
<td>.18</td>
<td>8.98</td>
</tr>
<tr>
<td>8.85</td>
<td>.16</td>
<td>9.01</td>
</tr>
<tr>
<td>8.90</td>
<td>.14</td>
<td>9.04</td>
</tr>
<tr>
<td>8.95</td>
<td>.12</td>
<td>9.07</td>
</tr>
<tr>
<td>9.00</td>
<td>.10</td>
<td>9.10</td>
</tr>
<tr>
<td>9.05</td>
<td>.08</td>
<td>9.13</td>
</tr>
<tr>
<td>9.10</td>
<td>.06</td>
<td>9.16</td>
</tr>
<tr>
<td>9.15</td>
<td>.04</td>
<td>9.19</td>
</tr>
<tr>
<td>9.20</td>
<td>.02</td>
<td>9.22</td>
</tr>
<tr>
<td>9.25</td>
<td>0</td>
<td>9.25</td>
</tr>
<tr>
<td>9.30</td>
<td>0</td>
<td>9.30</td>
</tr>
<tr>
<td>9.35</td>
<td>0</td>
<td>9.35</td>
</tr>
<tr>
<td>9.40</td>
<td>0</td>
<td>9.40</td>
</tr>
<tr>
<td>9.45</td>
<td>0</td>
<td>9.45</td>
</tr>
<tr>
<td>9.50 or more</td>
<td>0</td>
<td>9.50</td>
</tr>
</tbody>
</table>
EXHIBIT A

[FORM OF APRIL NOTES]

No. ...........

$ [Principal Amount of Note]

REVENUE ANTICIPATION NOTE OF
THE CITY OF NEW YORK
FISCAL 1979, SERIES ...........

Dated [Closing Date]

Maturity Date: April 16, 1979

Total Amount of Issue: $ ...........

THE CITY OF NEW YORK (the “City”), a municipal corporation of the State of New York (the “State”), hereby acknowledges itself indebted and for value received promises to pay to [name of Lender], or registered assigns, the principal sum of ............ Dollars ($ ............), on the 16th day of April, 1979, together with interest thereon at the rate of ........... per cent (........% ) per annum, calculated on a 365-day year basis, from the date hereof to the date of maturity or earlier redemption of this note, and thereafter until paid, at the same rate, to the extent permitted by law. Both principal of and interest on this note will be paid in federal funds, being lawful money of the United States of America, at [office at which principal and interest will be paid].

This note is issued pursuant to Certificate No. ........... of the ............ Comptroller of the City, and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1978 and ending June 30, 1979. The specific revenues in anticipation of which this note is issued are revenues which are payable to the City in April 1979 with respect to State aid to education pursuant to Article 73 of the State Education Law and State welfare advances pursuant to Title 2 of the State Social Services Law.

The faith and credit of the City are hereby irrevocably pledged for the punctual payment of the principal of and interest on this note according to its terms.

In accordance with the provisions of subdivision one of Section 10-a of the New York State Financial Emergency Act for The City of New York (the “Act”), as in effect on the date of this note, the City hereby includes in this note the pledge and agreement of the State that the State will not take any action which
will (a) substantially impair the authority of the New York State Financial Control Board (the "Board") during a control period (as such term is defined in subdivision twelve of Section 2 of the Act as in effect on the date of this note) (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 8 of the Act as in effect on the date of this note and paragraph b of such subdivision as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowings of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section 7 of the Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund 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 13 of the Act as in effect on the date of this note; (f) substantially modify the requirement that the financial statements of the City 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 subdivision twelve of Section 2 of the Act, as in effect on the date of this note, or substantially alter the authority of the Board, as set forth in said subdivision 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 of America or obligations guaranteed by the United States of America, 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 notes and bonds of the City or a state financing agency containing this pledge and agreement and irrevocable instructions from the City or such state financing agency to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall be given, or (ii) such notes and bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged.
The terms “covered organization,” “board fund,” “financial plan” and “state financing agency,” as used in this note, have the respective meanings set forth in the Act as in effect from time to time.

The City may redeem this note in whole or in part at any time prior to maturity upon not less than five business days' prior written notice to the registered holder of this note, without premium or penalty, at a redemption price equal to the principal amount to be redeemed, together with interest accrued on such principal amount to the date of redemption set forth in the notice of redemption. This note may not be converted into a bearer note.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this note exist, have happened and have been performed, and that the issue of notes of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this note to be executed in its name by the manual or facsimile signature of its Comptroller and its common seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereto and attested by its City Clerk or his Deputy, and this note to be dated as of the . . . day of . . . . . . . ., 19 . . .

THE CITY OF NEW YORK

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

Comptroller

[Seal]

ATTEST:

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

City Clerk or Deputy City Clerk
EXHIBIT B

[FORM OF JUNE NOTES UPON ISSUANCE]

No. ............ $ [Principal Amount of Note]

REVENUE ANTICIPATION NOTE OF
THE CITY OF NEW YORK,
FISCAL 1979, SERIES ..........

Dated [Closing Date]

Maturity Date: June 29, 1979

Total Amount of Issue: $ .............

THE CITY OF NEW YORK (the “City”), a municipal corporation of the State of New York (the “State”), hereby acknowledges itself indebted and for value received promises to pay to [name of Lender], or registered assigns, the principal sum of ...................... Dollars ($ ................), on the 29th day of June, 1979, and except as otherwise hereinafter set forth, interest thereon at the rate of ...................... per cent (. . . %) per annum, calculated on a 365-day year basis (the “Initial Interest Rate”), from the date hereof to the date of maturity or earlier redemption of this note and thereafter until paid, at the same rate, to the extent permitted by law. If the registered holder of this note elects to exchange, in accordance with the provisions of the Certificate pursuant to which this note is issued (the “Certificate”), this form of note for Exchange Notes, as defined in the Certificate, interest on the principal amount of this note so exchanged shall accrue at the Initial Interest Rate from the date of this note to, but not including, the Exchange Date, as defined in the Certificate, and shall be payable on the Exchange Date, and interest on the principal amount of this note so exchanged shall accrue at the Exchange Interest Rate, as hereinafter and in the Certificate defined, from the Exchange Date to the date of maturity, and thereafter until paid, to the extent permitted by law. Both principal of and interest on this note will be paid in federal funds, being lawful money of the United States of America, at [office at which principal and interest will be paid].

The Exchange Interest Rate (which shall be calculated on a 365-day year basis) shall be equal (subject to rounding to the next higher 0.05%) to the market yield at the close of business on the second trading day prior to the Exchange Date (the “Determination Date”) on outstanding revenue anticipation notes of the City previously sold in a Public Sale, as defined in the Certificate, and maturing
on June 29, 1979, as such market yield is determined by the Committee, as defined in the Certificate, on the basis of the offered prices for such notes quoted to the Committee on the Determination Date by at least three independent recognized brokers or dealers in such notes ("Recognized Brokers or Dealers"), as more fully described in the Certificate; provided that if less than $75,000,000 aggregate principal amount of revenue anticipation notes of the City maturing on June 29, 1979, and sold in a Public Sale are outstanding on the Determination Date, then the determination made by the Committee shall be on the basis of the offered prices for any revenue anticipation notes of the City previously sold in a Public Sale quoted to the Committee on the Determination Date by at least three Recognized Brokers or Dealers and the Committee shall take into account the maturities of such notes; and provided further, that the Exchange Interest Rate shall in no event exceed the Initial Interest Rate on this note.

This note is issued pursuant to Certificate No. ............ of the .............. Comptroller of the City, and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1978 and ending June 30, 1979. The specific revenues in anticipation of which this note is issued are revenues which are payable to the City in June 1979 in the following categories: State aid to education pursuant to Article 73 of the State Education Law; State welfare advances pursuant to Title 2 of the State Social Services Law; per capita State aid pursuant to Article 4-A of the State Finance Law; State aid to higher education pursuant to Articles 125 and 126 of the State Education Law; sales tax collections pursuant to Article 29 of the State Tax Law; and stock transfer tax collections pursuant to Article 12 of the State Tax Law.

The faith and credit of the City are hereby irrevocably pledged for the punctual payment of the principal of and interest on this note according to its terms.

In accordance with the provisions of subdivision one of Section 10-a of the New York State Financial Emergency Act for The City of New York (the "Act"), as in effect on the date of this note, the City hereby includes in this note the pledge and agreement of the State that the State will not take any action which will (a) substantially impair the authority of the New York State Financial Control Board (the "Board") during a control period (as such term is defined in subdivision twelve of Section 2 of the Act as in effect on the date of this note) (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 8 of the Act as in effect on the date of this note and paragraph b of such subdivision as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term
or long-term borrowings of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section 7 of the Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund 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 13 of the Act as in effect on the date of this note; (f) substantially modify the requirement that the financial statements of the City 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 subdivision twelve of Section 2 of the Act, as in effect on the date of this note, or substantially alter the authority of the Board, as set forth in said subdivision to reissue 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 of America or obligations guaranteed by the United States of America, 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 notes and bonds of the City or a state financing agency containing this pledge and agreement and irrevocable instructions from the City or such state financing agency to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall be given, or (ii) such notes and bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The terms "covered organization," "board fund," "financial plan" and "state financing agency," as used in this note, have the respective meanings set forth in the Act as in effect from time to time.

Except as hereinafter set forth, the City may redeem this note in whole or in part at any time prior to maturity upon not less than five business days' prior written notice to the registered holder of this note, without premium or penalty, at a redemption price equal to the principal amount to be redeemed, together with interest accrued on such principal amount to the date of redemption set forth in the notice of redemption.
Anything herein to the contrary notwithstanding, this note shall not be redeemable from and after the Exchange Date to the extent of the principal amount of this note exchanged in accordance with the provisions of the Certificate, and shall not be redeemable from and after the date of receipt by the City of an Exchange Notice, as defined in the Certificate, with respect to such principal amount, if such date of receipt is earlier than the Exchange Date and such Exchange Notice has not been revoked.

This note is issued in registered form and may be converted into bearer form.

From and after the Exchange Date, to the extent of the principal amount of this note to be exchanged pursuant to an Exchange Notice, as defined in the Certificate, this note may be exchanged for notes in denominations of $25,000 and $100,000, setting forth the terms of this note as then in effect.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this note exist, have happened and have been performed, and that the issue of notes of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this note to be executed in its name by the manual or facsimile signature of its Comptroller and its common seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon and attested by its City Clerk or his Deputy, and this note to be dated as of the .. day of .........., 19...

THE CITY OF NEW YORK

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

Comptroller

[Seal]

ATTEST:

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

City Clerk or Deputy City Clerk
[FORM OF EXCHANGE NOTES]

No. ..............  $ [Principal Amount of Note]

REVENUE ANTICIPATION NOTE OF
THE CITY OF NEW YORK
FISCAL 1979, SERIES ...........

Dated [Closing Date]

Maturity Date: June 29, 1979

Total Amount of Issue: $ ..............

THE CITY OF NEW YORK (the "City"), a municipal corporation of the State of New York (the "State"), hereby acknowledges itself indebted and for value received promises to pay to .............., or registered assigns, the principal sum of .............. Dollars ($ ..............), on the 29th day of June, 1979, together with interest thereon at the rate of ........ per cent (....%) per annum, calculated on a 365-day year basis, from the date hereof to but not including [the Exchange Date], payable on [the Exchange Date], which interest has been paid, and at the rate of ........ per cent (....%) per annum, calculated on a 365-day year basis, from [the Exchange Date] to maturity and thereafter until paid, at the same rate, to the extent permitted by law. Both principal of and interest on this note will be paid in federal funds, being lawful money of the United States of America, at [office at which principal and interest will be paid].

This note is issued pursuant to Certificate No. ........ of the .............. Comptroller of the City, and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1978 and ending June 30, 1979. The specific revenues in anticipation of which this note is issued are revenues which are payable to the City in June 1979 in the following categories: State aid to education pursuant to Article 73 of the State Education Law; State welfare advances pursuant to Title 2 of the State Social Services Law; per capita State aid pursuant to Article 4-A of the State Finance Law; State aid to higher education pursuant to Articles 125 and 126 of the State Education Law; sales tax collections pursuant to Article 29 of the State Tax Law; and stock transfer tax collections pursuant to Article 12 of the State Tax Law.

The faith and credit of the City are hereby irrevocably pledged for the punctual payment of the principal of and interest on this note according to its terms.
In accordance with the provisions of subdivision one of Section 10-a of the New York State Financial Emergency Act for The City of New York (the “Act”), as in effect on the date of this note, the City hereby includes in this note the pledge and agreement of the State that the State will not take any action which will (a) substantially impair the authority of the New York State Financial Control Board (the “Board”) during a control period (as such term is defined in subdivision twelve of Section 2 of the Act as in effect on the date of this note) (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 8 of the Act as in effect on the date of this note and paragraph b of such subdivision as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowings of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section 7 of the Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund 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 13 of the Act as in effect on the date of this note; (f) substantially modify the requirement that the financial statements of the City 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 subdivision twelve of Section 2 of the Act, as in effect on the date of this note, or substantially alter the authority of the Board, as set forth in said subdivision 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 of America or obligations guaranteed by the United States of America, 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 notes and bonds of the City or a state financing agency containing this pledge and agreement and irrevocable instructions from the City or such state financing agency to such bank, trust company or other fiduciary for such
payment of such principal and interest with such moneys shall be given, or (ii) such notes and bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The terms "covered organization," "board fund," "financial plan" and "state financing agency," as used in this note, have the respective meanings set forth in the Act as in effect from time to time.

From and after [the Exchange Date], this note is not redeemable prior to maturity. This note is issued in registered form and may be converted into bearer form.

The Certificate pursuant to which this note is issued provides for an issue of an aggregate amount set forth above and that the original holders of notes in such issue may elect to exchange such notes for notes in the form hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in the issuance of this note exist, have happened and have been performed, and that the issue of notes of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State.

IN WITNESS WHEREOF, THE CITY OF NEW YORK has caused this note to be executed in its name by the manual or facsimile signature of its Comptroller and its common seal to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon and attested by its City Clerk or his Deputy, and this note to be dated as of the . . . day of . . . . . . . . . . . . , 19 . . .

THE CITY OF NEW YORK

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

     Comptroller

[Seal]

ATTEST:

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

     City Clerk or Deputy City Clerk
The Banks and Pension Funds listed in Schedules I and II, respectively, to the Loan Agreement, dated as of November 15, 1978 between the City and such Banks and Pension Funds.

Gentlemen:

We refer to the issuance on ................. by The City of New York (the "City") of $............ principal amount of General Obligation Revenue Anticipation Notes (the "Notes") pursuant to the Loan Agreement (the "Loan Agreement"), dated as of November 15, 1978, between the City and, severally, each of the banks named in Schedule I thereto and each of the pension funds named in Schedule II thereto (collectively the "Lenders") providing for the loan by the Lenders to the City of up to $750 million to be evidenced by the Notes.

We have acted as special counsel to the City in connection with an official statement dated ................. (the "Official Statement") describing the City, its government, its services, its sources of revenues, its indebtedness, certain material litigation and its economic and social base, which is to be delivered to the Lenders pursuant to the Loan Agreement.

In connection with the foregoing, we have examined such Federal, New York State and City local laws and pending legislation as we deemed relevant and neces-
sary as a basis for the opinion hereinafter set forth. In all other respects, as set forth in the Memorandum of Investigation (the "Memorandum") which is attached hereto and incorporated as an integral part of this opinion, our examination in connection with the Official Statement was, of necessity, restricted in scope and depth.

To assist us in our participation with others in the preparation of the Official Statement, we held discussions with responsible officials of the City and their principal associates, and representatives of other public agencies and offices, and received from them various documents, written reports, financial statements and other material. The statements made and the information contained in the Official Statement were, on numerous occasions, reviewed extensively for their accuracy, sufficiency, completeness and materiality by responsible representatives of the City and by representatives of such other public agencies and offices. As set forth in the Memorandum, we have relied on the statements of and information provided by such representatives. We also note that various disclosures contained in the Official Statement are subject to certain qualifications set forth in the Official Statement.

We did not participate in the preparation of Appendix A to the Official Statement and the sections of the Official Statement captioned "The Notes" (other than the subsection captioned "Revenues"), "The State," and "Underwriting" and express no opinion thereon.

For reasons set forth in the Memorandum, we are not in a position to express any views on the financial statements and financial data contained in the Official Statement.

With respect to the due authorization, execution and delivery of the Notes and their status as valid and legally binding obligations of the City and the exemption of interest on the Notes from Federal, New York State and City income taxes, we have relied on the opinion of Messrs. Rogers & Wells, dated ............... , who have acted as Bond Counsel in this transaction, and we have conducted no investigation of, and express no opinion with respect to, these matters.

Based upon and subject to the foregoing and the qualifications respecting the scope and nature of our investigation set forth in the Memorandum, we wish to advise you that in our participation in the preparation of the Official Statement under the limited circumstances described above and in the Memorandum, no facts have come to our attention to lead us to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,
[Closing Date]

To the Lenders Listed on Schedules I
and II of the Loan Agreement

Gentlemen:

Reference is made to a loan agreement, dated as of November 15, 1978 (the
"Loan Agreement"), between The City of New York (the "City") and, severally,
each of the banks named in Schedule I of the Loan Agreement and each of the
pension funds named in Schedule II of the Loan Agreement (the "Lenders").

The Corporation Counsel is the attorney for the City and its agencies pursuant
to Chapter 16 of the Charter of the City. Members of the Law Department have
participated in the preparation of the description of litigation contained in the
Official Statement (the "Description of Litigation") dated ............, 19... (as
it may be amended or supplemented pursuant to Section 3.2(Q) of the Loan
Agreement) (the "Official Statement") required to be delivered to the Lenders
pursuant to the Loan Agreement.

I wish to advise you that in connection with the Law Department's participa-
tion in the preparation of the Description of Litigation (a) no facts have come to
our attention to lead us to believe that the Description of Litigation contains an
untrue statement of a material fact or omits to state a material fact necessary to
make the statements therein, in the light of the circumstances under which they
were made, not misleading and (b) the Description of Litigation is a fair summary
for the purposes of the Official Statement.

Very truly yours,
EXHIBIT F

[Opinion of State Attorney General]

[First Closing Date]

Dear Mayor Koch:

On or about the date hereof I am rendering an opinion to Governor Carey, a copy of which has been furnished to you in connection with the Agreement to Guarantee and the Guaranteed Bond Purchase Agreement, both dated as of November 15, 1978, in which I state that the Financial Emergency Act for the City of New York (the “Act”), L. 1975, ch. 868, as amended by L. 1978, ch. 201 and 777, has been validly enacted, became law in accordance with the Constitution and laws of the State of New York and is in full force and effect; and further, that 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 for the reasons set forth in such opinion to Governor Carey that a court would hold that the Act as amended is valid.

Section 10-a, subdivision one of said Act authorizes the City of New York to include the pledge of the State of New York therein set forth in any agreement made with holders of City notes or bonds issued prior to July 1, 1982. Subdivision three thereof authorizes the City to include the pledge of the State therein set forth in any agreement made pursuant to said subdivision with holders of City notes or bonds.

It is my opinion that the notes to be sold by the City of New York under the Loan Agreement dated as of November 15, 1978 (the “Loan Agreement”) between the City of New York and the several lenders (the “Lenders”) specifically named in Schedules I and II to the Loan Agreement have the benefit of the aforesaid State pledge under Section 10-a of the Act, as amended.

This is my full and only opinion rendered in connection with such Loan Agreement; no further opinion will be rendered in connection with said Agreement, for subsequent closings or otherwise. This opinion is solely for your information and is not to be used or circulated except to the Lenders under the Loan Agreement dated as of November 15, 1978, or quoted or referred to for any other purpose, or filed or referred to in any document except said Loan Agreement and related closing documents on the first closing date. In no event may this opinion be made available to the public as it is intended to be relied upon only by you and the Lenders.

Very truly yours,

........................................
Attorney General
CERTIFICATE OF THE
MAYOR AND COMPTROLLER

, Mayor of The City of New York (the “City”), and
, Comptroller of the City, hereby certify on behalf of
the City and to the best of their knowledge and belief that the City’s Official
Statement dated , 197 [as it may be amended or supplemented
pursuant to Section 3.2(O) of the Loan Agreement referred to below] [delivered
pursuant to Section 3.1(A)] [delivered pursuant to Section 5.3(B)] of the Loan
Agreement dated as of November 15, 1978 between the City and the several
Lenders named in Schedule I and Schedule II thereto as of the date hereof does not
contain any untrue statement of a material fact or omit any statement of a material
fact necessary to make the statements therein, in the light of the circumstances
under which they were made, not misleading.

THE CITY OF NEW YORK

By

Mayor

Comptroller

Approved as to Form:

Corporation Counsel
Honorable Harrison J. Goldin  
Comptroller  
The City of New York  
Municipal Building  
New York, New York 10007

Dear Sir:

Supplementing our opinion rendered to you on this date with respect to the issuance by The City of New York (the “City”), a municipal corporation of the State of New York, of $........... aggregate principal amount of the City's Revenue Anticipation Notes, Fiscal 1979 Series..., dated ............., 197... (the “Notes”), as more particularly described in such opinion, we further advise that we have examined the certificate as to arbitration executed by ............. on ............., 197... (the “Certificate”).

Based upon our examination of law and review of the Certificate, we advise you that in our opinion the facts, estimates and circumstances set forth in the Certificate are sufficient to satisfy the criteria which are necessary under Section 103(c) of the Internal Revenue Code of 1954, as amended (the “Code”), and Sections 1.103-13 and 1.103-14 of the proposed regulations thereunder, as amended to date, to support the conclusion that the Notes will not be “arbitrage bonds” within the meaning of Section 103(c) of the Code. No matters have come to our attention which, in our opinion, make unreasonable or incorrect the representations made in the Certificate.

Very truly yours,
To the Bank Lenders named in Schedule I
and the Pension Fund Lenders named
in Schedule II to the Loan Agreement

Dear Sirs:

We are bond counsel to The City of New York (the "City"), a municipal corporation of the State of New York, and on the date hereof have delivered to the Comptroller of the City opinions, a copy of each of which is annexed hereto, dated the date hereof, in connection with the issuance by the City to you of $............. aggregate principal amount of the City's Revenue Anticipation Notes, Fiscal 1979 Series ..........., dated .............., 197., as more particularly described in such opinion. You are entitled to rely on such opinions as though they were addressed to you.

Very truly yours,
HONORABLE HARRISON J. GOLDIN
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Sir:

We have acted as bond counsel in connection with the issuance on this date by The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), of $............ aggregate principal amount of the City’s Revenue Anticipation Notes, Fiscal 1979 Series ......., dated .........., 197........ (the “Notes”), pursuant to the Loan Agreement dated as of November 15, 197........ (the “Agreement”) between the City and, severally, each of the banks named in Schedule I to the Agreement and each of the pension funds named in Schedule II to the Agreement (hereafter collectively referred to as the “Lenders”).

With respect to April Notes:

The Notes are payable on April 16, 197........ and provide for interest at the rate of ............ per cent (........%) per annum, calculated on a 365-day year basis from the date of the Notes to maturity or earlier redemption, and thereafter until paid, at the same rate, to the extent permitted by law. The Notes are issued pur-
suant to Certificate No. . . . . of the . . . . . . . . Comptroller of the City, and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1978 and ending June 30, 1979. The specific revenues in anticipation of which the Notes are issued are revenues which are payable to the City in April 1979 with respect to State aid to education pursuant to Article 73 of the State Education Law and State welfare advances pursuant to Title 2 of the State Social Services Law (hereafter collectively referred to as the "Revenues").

The Notes are subject to redemption by or on behalf of the City in whole or in part at any time prior to maturity.]

[With respect to June Notes:

The Notes are payable on June 29, 1979. The Notes bear interest at the rate of . . . . . per cent ( . . . %) per annum, calculated on a 365-day year basis (the "Initial Interest Rate"), provided that from and after the Exchange Date defined in Section 5 of the Agreement,* if the holder thereof has elected to exchange all or a portion of the Notes then held by such holder as set forth in Section 5 of the Agreement, the Notes so exchanged bear interest at a rate calculated as set forth in Section 5.1(B) of the Agreement (the "Exchange Interest Rate"). With respect to the principal amount of Notes not exchanged pursuant to Section 5 of the Agreement, the Notes bear interest at the Initial Interest Rate from the date of the Notes to maturity and thereafter until paid, at the Initial Interest Rate, to the extent permitted by law. With respect to the principal amount of Notes exchanged pursuant to Section 5 of the Agreement, the Notes bear interest at the Initial Interest Rate from the date of the Notes to the Exchange Date, payable on the Exchange Date, and at the Exchange Interest Rate from the Exchange Date to maturity, and thereafter until paid, at the Exchange Interest Rate, to the extent permitted by law.

The Notes are issued pursuant to Certificate No. . . . . of the . . . . . . . . Comptroller of the City, and in anticipation of the receipt of revenues due and payable to the City in the fiscal year of the City commencing July 1, 1978 and ending June 30, 1979. The specific revenues in anticipation of which the Notes are issued are revenues which are payable to the City in June 1979 with respect to State aid to education pursuant to Article 73 of the State Education Law; State welfare advances pursuant to Title 2 of the State Social Services Law; per capita State aid pursuant to Article 4-a of the State Finance Law; State aid to higher education pursuant to Articles 125 and 126 of the State Education Law; sales tax collections pursuant to Article 29 of the State Tax Law; and stock

* References to the Agreement may be changed to the Notes or the Certificate pursuant to which the Notes are issued.
transfer tax collections pursuant to Article 12 of the State Tax Law (hereafter collectively referred to as the "Revenues").

The Notes are subject to redemption by or on behalf of the City in whole or in part at any time prior to maturity unless exchanged as provided in Section 5 of the Agreement. The Notes are not redeemable, to the extent of the principal amount of Notes exchanged, from and after the Exchange Date defined in Section 5 of the Agreement or, if earlier than the Exchange Date, from and after the date of receipt by the City of an Exchange Notice, as defined in Section 5 of the Agreement, which has not been revoked.]

Subdivision one of Section 9-a of the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975, as amended to the date hereof (the "Control Board Act"), provides that the City establish a general debt service fund (the "Debt Service Fund") to be administered and maintained by the Comptroller of the State for the purpose of paying monthly debt service (as defined in subdivision two of Section 9-a of the Control Board Act) on bonds and notes of the City, including interest on the Notes. Subdivision seven of Section 9-a of the Control Board Act provides that the Comptroller of the State establish a revenue anticipation note debt service account (the "RAN Debt Service Account") for the purpose of paying the principal of revenue anticipation notes of the City, including the principal of the Notes.

As authorized by subdivision one of Section 10-a of the Control Board Act, the City has included in the Notes a pledge and agreement of the State relating to the Control Board Act (the "State Covenant").

We have examined such portions of the Constitution and statutes of the United States, the Constitution and statutes of the State and the Charter of the City, and such applicable court decisions, regulations and published rulings as we have deemed necessary or relevant for the purposes of the opinions set forth below. We have also examined such records and made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates by officials and officers of the City and the State pursuant to which the Notes have been authorized and issued and as to certain factual matters. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The Notes have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding general obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Notes.
2. Interest on the Notes is exempt from Federal income taxes and from New York State and New York City personal income taxes.

3. The Control Board Act validly requires that (a) the City establish the Debt Service Fund in accordance with subdivision one of Section 9-a of the Control Board Act; (b) all payments of or on account of City real estate taxes or assessments, other than the proceeds of tax anticipation notes, shall be deposited upon receipt in the Debt Service Fund in accordance with subdivision two of Section 9-a of the Control Board Act; (c) the Comptroller of the State administer and maintain and disburse monies from the Debt Service Fund in accordance with subdivision two of Section 9-a of the Control Board Act; and (d) amounts retained in the Debt Service Fund be used to pay monthly debt service of the City as defined in subdivision two of Section 9-a of the Control Board Act, including interest on the Notes, in accordance with subdivision four of Section 9-a of the Control Board Act.

4. The City has duly established the Debt Service Fund in accordance with subdivision one of Section 9-a of the Control Board Act, effective January 1, 1979.

5. The Control Board Act validly requires that (a) the Comptroller of the State establish the RAN Debt Service Account within the Debt Service Fund in accordance with subdivision seven of Section 9-a of the Control Board Act; (b) the Comptroller of the State deposit the Revenues directly into the RAN Debt Service Account in accordance with subdivision seven of Section 9-a of the Control Board Act in lieu of payment to the City; (c) the Comptroller of the State retain the Revenues in the RAN Debt Service Account in accordance with subdivision eight of Section 9-a of the Control Board Act; and (d) the Comptroller of the State administer and maintain and disburse monies from the RAN Debt Service Account in accordance with subdivision eight of Section 9-a of the Control Board Act.

6. The Comptroller of the State has duly established the RAN Debt Service Account in accordance with subdivision seven of Section 9-a of the Control Board Act.

7. The State Covenant is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included in the Notes.

8. The enforceability of the Notes is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to the rights of creditors. The enforceability
of the State Covenant may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State.

We wish to advise you that, with the exception of the opinion attributed to us under the caption “Legal Opinions,” we did not act as counsel in connection with the Official Statement of The City of New York, dated ............, 197... which we understand has been delivered to the Lenders in connection with the issuance of the Notes, and we express no opinion on the accuracy or completeness of the statements contained in such Official Statement. [Additional language to be added concerning sections of Official Statement relating to “Description of Notes.”]

Very truly yours,
Honorable Harrison J. Goldin  
Comptroller  
The City of New York  
Municipal Building  
New York, New York 10007  

Dear Sir:

You have requested an opinion as to certain matters concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975, as amended to the date hereof (the “Control Board Act”), and as to certain matters concerning the Loan Agreement dated as of November 15, 1978 (the “Agreement”) between the City and, severally, each of the banks named in Schedule I to the Agreement and each of the pension funds named in Schedule II to the Agreement.

Subdivision three of Section 10-a of the Control Board Act authorizes the City to include in the Agreement certain covenants and agreements of the City set forth in Section 4 (except Section 4.2(A)) of the Agreement (the “City Covenants”) and a pledge and agreement of the State set forth in Section 6 of the Agreement relating to the City Covenants (the “State Pledge and Agreement”).

We have examined such portions of the Constitution of the United States, the Constitution and statues of the State and the Charter of the City, and such appli-
cable court decisions as we have deemed necessary or relevant for the purposes of the opinions set forth below. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The New York State Financial Control Board (the “Board”) has been duly created under the Control Board Act and has lawfully been granted and may exercise the power to:

   (a) consult with the City and the covered organizations, as defined in the Control Board Act (the “Covered Organizations”), in the preparation of financial plans, specify the form of and information to be contained in financial plans, specify the supporting information required in connection therewith, and review and state its approval of any financial plan or of any modification of a financial plan, or state its disapproval of any financial plan or of any modification which it determines is incomplete or does not comply with the standards set forth in the Control Board Act; and

   (b) review and make reports and recommendations relating to the operations of the City and the Covered Organizations, audit compliance with any financial plan and obtain information from the City and the Covered Organizations relating to their respective financial conditions and needs.

2. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Control Board Act in addition to those enumerated in paragraph 1 above, and the Control Board Act and the Constitution of the State permit the exercise at the times contemplated in the Control Board Act, of any of those powers in accordance with the procedures of the Control Board Act, including subdivision three of Section 8 thereof, to the extent required to assure that, as required by the Control Board Act, (a) the City will have a financial plan which in all material respects conforms to the standards set forth in subdivision one of Section 8 of the Control Board Act, (b) contracts entered into by the City, and borrowings of the City, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision one of Section 8 of the Control Board Act, and (c) the disbursement of funds by the City, or by the Board for the account of the City in accordance with subdivision three of Section 9 of the Control Board Act, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision one of Section 8 of the Control Board Act.

3. The Control Board Act validly requires that (a) the City develop financial plans in the form, and containing the information, specified by the Board, which conform to the standards set forth in subdivision one of Section 8 of the Control Board Act and modify those financial plans to the extent necessary to make them conform or continue to conform to those standards,
(b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the budgets and operations of the City and the Covered Organizations at all times be in conformance and compliance with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers), (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, and (e) the officials of the City comply with any orders of the Board issued to those officials in the lawful exercise by the Board of its powers.

4. The Control Board Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise by the Board of its powers) in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Control Board Act.

5. The Agreement has been duly executed and delivered on behalf of the City and is a valid agreement of the City.

6. The State Pledge and Agreement is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included in the Agreement.

7. The City is authorized to include and has validly included the City Covenants in the Agreement. The City Covenants are legally binding on the City except that to the extent the covenant and agreement of the City to comply with the provisions of the Control Board Act includes compliance with actions taken by the Board pursuant to the Control Board Act, our opinion as to such covenant and agreement of the City is limited to the same extent as our opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Control Board Act.

We call your attention to certain factors affecting the enforceability of the State Pledge and Agreement and the City Covenants as follows:

(a) the enforceability of the State Pledge and Agreement and the City Covenants may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State; and

(b) the enforceability of the State Pledge and Agreement and the City Covenants is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to creditors' rights.

Very truly yours,
To the Lenders listed on Schedule I
and II to the Loan Agreement

Dear Sirs:

Reference is made to a loan agreement, dated as of November 15, 1978 (the
"Loan Agreement"), between The City of New York (the "City") and, severally,
each of the banks named in Schedule I of the Loan Agreement and each of the
pension funds named in Schedule II of the Loan Agreement, pursuant to which
you have requested my opinion as to certain matters concerning the Loan Agree-
ment, and concerning the New York State Financial Emergency Act for The City
of New York, constituting Chapter 868 of the Laws of 1975 as amended to the
date hereof (the "Act").

I have examined such portions of the Constitution of the United States of
America, the Constitution and statutes of the State of New York (the "State") and
the Charter of the City and such applicable court decisions as I have deemed
necessary or relevant for the purposes of the opinion set forth below. Based upon
the foregoing, I advise you that in my opinion under existing law:

1. The Act has been duly enacted and the New York State Financial
Control Board (the "Board") has been duly created under the Act.

2. While there is no judicial authority directly in point, the Board has
been lawfully granted the powers set forth in the Act, including without limita-
tion, the grant of power to approve, disapprove or modify financial plans sub-
mitted by the City to ensure compliance with the standards set forth in sub-
division one of Section eight of the Act. Such powers may be validly
exercised by the Board as necessary in the interests of the State during the control period as defined in the Act.

3. The Act validly requires that (a) the City develop financial plans which conform to the standards set forth in subdivision one of Section eight of the Act and modify such financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the operations under the budgets of the City be in conformance and compliance with the City's financial plan, (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Act, (f) all payments of or on account of City real estate taxes or assessments, other than the proceeds of tax anticipation notes, shall be deposited upon receipt in the general debt service fund in accordance with subdivision two of Section 9-a of the Act, (g) the Comptroller of the State administer and maintain and disburse monies from the general debt service fund in accordance with Section 9-a of the Act, (h) amounts retained in the general debt service fund be used to pay monthly debt service of the City as defined in subdivision two of Section 9-a of the Act, including interest on revenue anticipation notes, in accordance with the Act, (i) the Comptroller of the State established a RAN debt service account (as that term is defined in the Act) within the general debt service fund in accordance with the Act, and (j) the Comptroller of the State retain certain amounts deposited into the RAN debt service account and disburse monies from the RAN debt service account in accordance with the Act.

4. The Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the City's financial plan in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Act.

5. The Loan Agreement has been duly executed and the covenants made by the City with each of you in Section four of the Loan Agreement are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Act includes compliance with actions taken by the Board pursuant to the Act, my opinion as to such covenant and agreement of the City is limited to the same extent as my opinion in paragraph two as to the exercise by the Board of the powers granted to it by the Act.
6. Enforcement of the covenants of the City contained in the Loan Agreement would require proof by you that the covenants constituted important security provisions in connection with your purchase of notes of the City on the date hereof and continue to constitute important security provisions to you.

The foregoing is limited to the extent that the enforceability of the Act or any part thereof and the enforceability of the covenants contained in the Loan Agreement are subject at all times to the overriding State interest in promoting the health, safety and welfare of the people of the State.

I have rendered this opinion solely for your use in connection with the requirements imposed by the Loan Agreement with respect to the receipt by you of a favorable opinion as to the matters addressed herein. This opinion is not to be employed, referred to or quoted by another person and should not be relied upon for any other purpose.

Very truly yours,
EXHIBIT K

The Banks named on Schedule I to the Loan Agreement dated as of November 15, 1978 with The City of New York

Dear Sirs:

We have acted as special counsel for the several banks on Schedule I (the "Bank Lenders") to the Loan Agreement dated as of November 15, 1978 (the "Loan Agreement") between The City of New York (the "City") and such Bank Lenders and certain New York City pension funds which are named on Schedule II thereto. With your concurrence, we also acted as special counsel for the Financial Institutions named on Schedule I to the Bond Purchase Agreement dated as of November 15, 1978 between The Municipal Assistance Corporation for The City of New York and such Financial Institutions and the Pension Fund Lenders named on Schedule II thereto.

As provided in the Loan Agreement the Bank Lenders have agreed severally, to lend to the City up to $375,000,000 to be evidenced by revenue anticipation notes of the City (the "Notes") issued during the City's 1979 Fiscal Year subject to the conditions and terms set forth in the Loan Agreement. On the date hereof, the Bank Lenders are, severally, making loans to be evidenced by an aggregate of $............. principal amount of the Notes.
We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents as we have deemed necessary to render the following opinions.

We are of the opinion that the certificates delivered on the date hereof pursuant to the requirements of the Loan Agreement are appropriately responsive to such requirements.

We have not independently passed upon the validity or tax-exempt status of the Notes. We hereby confirm that the opinions of Rogers & Wells, bond counsel for the City, delivered on the date hereof are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

The offering and sale of the Notes do not require registration of the Notes under the Securities Act of 1933, as amended. The Notes constitute exempted securities within the meaning of the Securities Act of 1933, as amended.

This opinion is being furnished by us as special counsel to the Bank Lenders solely for their benefit in connection with their several loans to the City on the date hereof pursuant to the Agreement. This opinion may not be furnished to, relied upon or used by, any other person, including any other party to the Loan Agreement or any person purchasing or otherwise acquiring any Notes from or through any of the Bank Lenders.

Very truly yours,
CERTIFICATE OF THE CITY OF NEW YORK

.................................................., the First Deputy Comptroller
of The City of New York (the "City"), and ..................................................
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 (A) the payment of the principal of or
premium, if any, or interest on any note, bond or other evidence of indebted-
ness issued, assumed or guaranteed by the City (B) the payment of any
amounts payable under any lease, mortgage or conditional sale arrangement
securing with the consent of the City the payment of any indebtedness of a
public benefit corporation or other governmental agency or body for bor-
rrowed money (except to the extent that the obligation to make such payment
is being disputed in good faith and, if appropriate contested in proceedings
diligently conducted and there is no default in the payment of the principal
of or interest on the secured indebtedness) or (C) the performance or observ-
ance of any covenant or condition under the Adherence Agreement dated as
of November 15, 1978 between the City and the Purchasers referred to therein
(the "Adherence Agreement"), or the Agreement to Guarantee dated as of
November 15, 1978 among the United States of America, acting by and
through the Secretary of the Treasury, the State of New York, the City, the
New York State Financial Control Board (the "Control Board") and the
Municipal Assistance Corporation For The City of New York (the "Agreement
to Guarantee").

2. No agency, instrumentality or public benefit corporation of the City
(as to which statutory provision has been made whereby the City may appro-
priate funds to be paid into a capital reserve or similar fund in order to
provide moneys for the payment of any bond, note or other evidence of indebt-
denedness of such agency, instrumentality or public benefit corporation)
is in default in the payment of the principal of or premium, if any, or interest
on any bond, note or other evidence of indebtedness constituting a general
obligation of such agency, instrumentality or public benefit corporation.

3. No bankruptcy, insolvency or other similar proceeding or morat-
erium or similar legislation in respect of the City or any agency, instrumentality or
public benefit corporation referred to above or any of their respective obliga-
tions is pending or contemplated.

4. The representations and warranties of the City in the Loan Agree-
ment dated as of November 15, 1978 between the City and the several Lenders
named on Schedule I and Schedule II thereto (the "Loan Agreement") are
true and correct on and as of the date hereof as if made on and as of the date
hereof, and the City has complied with and performed all of its covenants
and agreements in the Loan Agreement.
5. The City is in substantial compliance with the provisions of the New York State Financial Emergency Act for The City of New York, as amended (the “FCB Act”).

6. The Guaranteed Bond Purchase Agreement dated as of November 15, 1978 among the City and the City and State Pension Funds named therein is in full force and effect and has not been amended or modified to affect the obligations of such Pension Funds to purchase City obligations in any material respect. The City is in compliance with the terms of such Agreement except to the extent duly waived.

7. No bonds or bond anticipation notes have been issued to fund expense items which were included in the City's capital budget for any Fiscal Year after Fiscal Year 1978 in excess of the amounts permitted in the Agreement to Guarantee, and the amounts included are consistent with making substantial progress toward elimination of all such amounts from the City's capital budgets for Fiscal Year 1982 and thereafter in accordance with § 8.1.a of the FCB Act.

8. Each of the conditions in Section 3.2 of the Loan Agreement has been satisfied with respect to the loans being made thereunder by the City on the date hereof except to the extent duly waived in accordance with Section 7.3 of the Loan Agreement.

9. The Notes being delivered on the date hereof to the Lenders under the Loan Agreement and the sources of payment thereof conform to the descriptions thereof contained in the Official Statement (including amendments and supplements) delivered to such Lenders.

10. The Monthly Financial Plan Statement for New York City (the “Monthly Statement”), submitted to the Secretary pursuant to Section 6.7.2 of the Agreement to Guarantee and to the Control Board, is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which are reasonable and appropriate for purposes of such report. The most recent Monthly Statement dated .............. forecasts that Total Revenues of the City during the current Fiscal Year will be $........... and that the City will not incur a Deficit [or, when applicable, that the City will incur a Deficit during the current Fiscal Year of $........... which is equal to ...% of forecast Total Revenues]. Such Monthly Statement forecasts that seasonal borrowing of the City during the current Fiscal Year will aggregate $..........., which is equal to ...% of such Total Revenues.

11. Although all forecasts are based on assumptions concerning future events which cannot be predicted with certainty, and no certification can be given that the forecast results will in fact be achieved, the undersigned have no knowledge or notice of events subsequent to those addressed by such Monthly Statement which, in their judgment, if reflected in such Monthly
Statement restated as of the date of this certificate, would result in a forecast for the current Fiscal Year of a Deficit in excess of 2% of Total Revenues or aggregate seasonal borrowings in excess of $750 million.

12. [The Schedule III, Anticipated Dates of Receipt and Amounts of Anticipated Revenues in the City's 1979 Fiscal Year, dated the date hereof and delivered herewith supersedes the Schedule III to the Loan Agreement as in effect immediately prior to the delivery of this Certificate.] The April Revenue Amount as of the date hereof is $........., and such amount is ........ times the aggregate principal amount of April Notes to be outstanding after the making of the loans being made on this date plus the aggregate outstanding principal amount of all revenue anticipation notes issued by the City in anticipation of the April Revenues (other than under the Loan Agreement). The June Revenue Amount as of the date hereof is $........., and such amount is ........ times the aggregate principal amount of the June Notes to be outstanding after the making of the loans being made on this date plus the aggregate outstanding principal amount of all revenue anticipation notes issued by the City in anticipation of the June Revenues (other than under the Loan Agreement). The Schedule III referred to above, the amounts in the two previous sentences and the cash flow statement contained in the most recent Monthly Statement are in each case based on the best information available to the City at the date of their preparation and are based upon reasonable and appropriate assumptions as of such date. The average amounts of Anticipated Revenues set forth in Schedule III as now in effect are consistent with the statement of the amounts and timing of Anticipated Revenues included in such cash flow statement.

13. As used herein, the terms "Deficit", "Total Revenues", "April Revenue Amount", "April Notes", "April Revenues", "June Revenue Amount", "June Notes", "June Revenues" and "Anticipated Revenues" have the meanings ascribed thereto in the Loan Agreement.

THE CITY OF NEW YORK

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

First Deputy Comptroller

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

Director of Management and Budget

Approved as to Form:

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

Corporation Counsel
CERTIFICATE OF THE NEW YORK STATE
FINANCIAL CONTROL BOARD

the Executive Director of the New York State Financial Control Board (the "Control Board") for The City of New York (the "City") hereby certifies for and on behalf of the Control Board as follows:

1. On ........................., the Control Board approved a financial plan (the "Financial Plan") which (i) with respect to the City and the Board of Education of the City, covers the 1979 through 1982 Fiscal Years and was determined by the Control Board to be consistent with applicable provisions of Section 8 of the New York State Financial Emergency Act for The City of New York, as amended (the "FCB Act"), and (ii) with respect to the covered organizations (as defined in the FCB Act) other than the Board of Education of the City, covers Fiscal Year 1979 and, to that extent, was determined by the Control Board to be consistent with applicable provisions of Section 8 of the Act. On ......................... [insert the date of approval of each subsequent financial plan modification] the Control Board approved modifications to such financial plan and determined that such financial plan, as modified, was consistent with applicable provisions of Section 8 of the FCB Act (such financial plan, as modified, is hereafter referred to as the "Financial Plan").

2. The Financial Plan is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which the Control Board has determined are reasonable and appropriate for purposes of fulfilling its statutory obligations under the FCB Act to review and approve or disapprove a financial plan and financial plan modifications. On the basis of these assumptions the Financial Plan currently projects that (A) Total Revenues of the City during the current Fiscal Year will be $................ and that the City will not incur a Deficit during its current Fiscal Year [or that the City will incur a Deficit during its current Fiscal Year of $................, which is equal to .......% of projected Total Revenues] (B) actual and anticipated seasonal borrowings of the City during the current Fiscal Year will be in a range of $.............. to $.............. [As of (insert date which is within 10 days of the Closing Date) the Control Board determined, pursuant to its statutory obligations under the FCB Act, that no further modification of the Financial Plan would then be required.]*

3. In the judgment of the Control Board, the City is in substantial compliance with all outstanding orders of the Control Board.

* This sentence to be included only if the Financial Plan was not approved by the Control Board within 10 days of the Closing Date.
4. The Control Board is not aware of any violation of the FCB Act by the City which would substantially impair the ability of the City to adopt or maintain a budget balanced in accordance with the provisions of the FCB Act during each of the fiscal years covered by the Financial Plan.

5. The Control Board has approved the Loan Agreement pursuant to § 7.1.e of the FCB Act, and has approved the loans thereunder to the Lenders on the date hereof pursuant to § 7.1.f of the FCB Act, and such approvals (copies of which are attached hereto) are in full force and effect.

In view of Section 4.8 of the Loan Agreement dated as of November 15, 1978 between the City and the several Lenders named in Schedule I and Schedule II thereto, no criteria will be approved by the Control Board pursuant to § 9-a.3 of the FCB Act providing for proportional retention of real estate tax payments in lieu of retention of all initial receipts as required by § 9-a.2, for as long as such Section 4.8 remains in effect.

As used herein, the terms "Deficit", "Fiscal Year" and "Total Revenues" have the meanings set forth in Section 3.2(G) of the Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set forth my hand this .... day of ........................., 19...

NEW YORK STATE FINANCIAL CONTROL BOARD

By: ..............................
    Executive Director
EXHIBIT N

CERTIFICATE OF THE EXECUTIVE DIRECTOR
OF THE MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK

.................., the Executive Director of the Municipal Assistance Corporation For The City of New York ("MAC"), hereby certifies that (A) The City of New York (the "City") has duly delivered pursuant to Section 3038.90.d of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, Titles I, II and III of Article 10 of the Public Authorities Law, as amended (the "MAC Act"), its notice of intention to borrow $................ on the date hereof pursuant to the Loan Agreement, dated as of November 15, 1978 among the City and the Lenders named in Schedule I and Schedule II thereto and (B) based upon information supplied by the City, such loans do not violate Section 3038.90 of the MAC Act. The City represented to MAC on [date of last MAC payment to City] that it was in compliance with the provisions of Section 3038 of the MAC Act and since that date MAC has not made any determination pursuant to Section 3040 of the MAC Act to the effect that the City is not in compliance with any conditions imposed under Section 3038, or, if it has made such a determination, such non-compliance has been corrected.

In Witness Whereof, I have set forth my hand this . . day of ............, 19...

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

I, ................., the Comptroller of the State of New York (the "State"), hereby certify as follows:

1. The State is not in default in (a) the payment of the principal of or premium, if any, or interest on any note, bond or other evidence of indebtedness issued or guaranteed by the State or (b) the payment of any amounts payable under any lease or other arrangement securing the payment of any indebtedness of a public benefit corporation or other governmental agency or body for borrowed money.

2. No bankruptcy, insolvency or similar proceeding or moratorium or similar legislation in respect of the State or any of its obligations is pending or, to the best of my knowledge, contemplated.

3. The revenue anticipation note debt service account in the general debt service fund, as such terms are used in § 9-a of the Financial Emergency Act for the City of New York (the "FCB Act"), has been established as therein provided.

4. To the extent permitted by law, the payments from the State to The City of New York on account of the Sales Tax imposed within and for the benefit of The City of New York and the Stock Transfer Tax for the fourth quarter of the fiscal year of the City ending on June 30, 1979 will be made no later than on June 29, 1979, assuming that all certifications and other documentation required by law to be received by the Comptroller prior to the time such payments are to be made have been received by the Comptroller on or before such date.

Pursuant to § 9-a.10 of the FCB Act and Section 4.7 of the Loan Agreement dated as of November 15, 1978 between The City of New York and the several Lenders named on Schedule I and Schedule II thereto, monies in the revenue anticipation note debt service account of the general debt service fund established pursuant to the FCB Act will be invested only in obligations of, or guaranteed by, the United States of America during the term of the Loan Agreement.

IN WITNESS WHEREOF, I have set forth my hand this .. day of ........, 19...

........................................
Comptroller of the State of New York
LEGISLATIVE AMENDMENTS REQUIRED
BY SECTION 3.2(I)

AN ACT to amend chapter eight hundred ninety of the laws of nineteen hundred seventy-five relating to the purchase by certain retirement systems and pension funds of the city of New York of obligations of such city and of the municipal assistance corporation for such city and indemnification for such investments, in relation to indemnification and payment of administrative expenses pursuant to such chapter and the duration and clarification of certain provisions of such chapter and to amend the administrative code of the city of New York and the education law, in relation to time of payment of employer contributions to such retirement systems and pension funds.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section one of chapter eight hundred ninety of the laws of nineteen hundred seventy-five, relating to the purchase by certain retirement systems and pension funds of the city of New York of obligations of such city and of the municipal assistance corporation for such city and indemnification for such investments, is hereby amended to read as follows:

§ 1. a. Notwithstanding any inconsistent provisions of law, the trustees of the New York city employees' retirement system, the board of education retirement system of the city of New York, the teachers' retirement system of the city of New York, the New York city police pension funds and fire department pension funds may, in their discretion, purchase and hold obligations of the city of New York or obligations of the municipal assistance corporation for the city of New York and enter into commitments contemplated by subdivision four of section ten-a of the New York state financial emergency act for the city of New York, as amended, providing for the purchase of such obligations by such retirement systems or pension funds (hereinafter referred to as "entry into commitments") without regard to the percentage of the assets of any such system or fund invested in such obligations and without regard to the percentage of outstanding obligations of such issuer held or to be held by such system or fund.

b. For the purchase and holding of the obligations and entry into commitments and the sale of assets as described in this act, the trustees of such retirement systems and funds in determining investments by such systems and funds may consider, in addition to other appropriate factors recognized by law, the extent

EXPLANATION—Matter in italics is new; matter in brackets [ ] is old law to be omitted.
to which such investments will (a) maintain the ability of the city of New York (1) to make future contributions to such systems and funds and (2) to satisfy its future obligations to pay pension and retirement benefits to members and beneficiaries of such systems and funds and (b) protect the sources of funds to provide retirement benefits for members and beneficiaries of such systems and funds.

§ 2. Subdivision a of section two of such chapter is hereby amended to read as follows:

a. Notwithstanding any other provision of law, including the provisions of subdivision one of section seventeen of the public officers law, the city of New York shall save harmless and indemnify all members of the board, officers, employees, trustees, fiduciaries and investment advisors of any such system or fund from financial loss arising out of any claim, demand, suit, action or judgment for alleged negligence, waste or breach of fiduciary duty (a) resulting from the purchase by such systems and funds of any obligations of the city of New York or the municipal assistance corporation for the city of New York from such city or corporation or (b) resulting from the holding by such systems or funds of any such obligations so purchased or (c) resulting from entry into commitments or (d) resulting from the sale of any assets held in such systems and funds to produce sufficient revenues to purchase such obligations, provided that such person shall, within eight days after the date on which he is served with any summons, complaint, process, notice, demand, claim or pleading, deliver the original or a true copy thereof to the corporation counsel of the city of New York. Upon such delivery the corporation counsel of the city of New York shall assume control of the representation of such person in connection with such claim, demand, suit, action or proceeding. Such person shall cooperate fully with the corporation counsel of the city of New York or any other person designated to assume such defense in respect of such representation or defense.

§ 3. Section three of such chapter is hereby amended to read as follows:

§ 3. a. The city retirement systems and funds shall continue as separate and distinct bodies corporate with (i) the power to borrow money, and pledge as collateral therefor such assets as they may deem advisable for the purpose of purchasing, in their discretion, obligations of the state, the city of New York or the municipal assistance corporation for the city of New York, and (ii) such other powers as may be conferred upon them by law.

b. (i) All assets of the city retirement systems and funds, including to the extent not otherwise provided by law, all dividends, interest and other income therefrom, are and shall hereafter continue to be held in trust for the sole and exclusive purpose of providing for pension benefits and such benefits, if any, as may be payable pursuant to variable supplements programs for members and beneficiaries of such system or fund, including the defraying of administrative expenses [(1)] to the extent that payment of such expenses [have been authorized
by the city of New York and (2) if the city of New York shall not have provided the funds to pay such expenses as they fall due] from such assets is authorized by paragraph (ii) of this subdivision b.

(ii) (A) If the city of New York is under the jurisdiction of any court pursuant to any proceedings under the federal or state bankruptcy laws (or any statute analogous in purpose or effect to any such laws) the board of trustees or retirement board of any such system or fund may direct use of assets of such system or fund to defray administrative expenses authorized by the city in any case where the city shall not have provided the funds to pay such expenses as they fall due.

(B) If the city is under the jurisdiction of any court pursuant to any proceedings described in subparagraph (A) of this paragraph (ii) and the city shall not have made appropriations for the administrative expenses of any such system or fund for any city fiscal year, the board of trustees or retirement board thereof may direct use of assets of such system or fund to pay its administrative expenses during such fiscal year up to a maximum amount determined as hereinafter provided in this subparagraph. The amount of the total expense budget appropriation for the nineteen hundred seventy-eight-nineteen hundred seventy-nine fiscal year of the city for administrative expenses of such system or fund shall be multiplied by the percentage by which the consumer price index (all urban consumers, New York-Northeastern New Jersey) published by the United States Bureau of Labor Statistics for the month of June immediately preceding the city fiscal year for which such maximum amount is being determined hereunder exceeds such consumer price index for the month of June, nineteen hundred seventy-eight. Such maximum amount shall be the sum obtained by adding the product of such multiplication to the amount of such total expense budget appropriation for such nineteen hundred seventy-eight-nineteen hundred seventy-nine fiscal year.

c. No creditor of the city of New York shall have any claim against the assets of such system or fund, by virtue of his status as such creditor; provided, however, this sentence shall not be interpreted to deny to a pensioner or beneficiary of a city retirement system or fund any causes of action against the city or a retirement system or fund by virtue of his status as such pensioner or beneficiary.

d. The moneys and investments of each city retirement system or fund if held by the comptroller of the city of New York shall not be commingled with any other moneys or investments held by such comptroller.

§ 4. Section five of such chapter, as amended by chapter four hundred forty-eight of the laws of nineteen hundred seventy-eight, is hereby amended to read as follows:

§ 5. (a) This act shall take effect immediately, except that the provisions of sections one through three shall be retroactive to and shall be deemed to have been
in full force and effect from and after November twenty-third, nineteen hundred seventy-five [and such].

(b) The provisions of section one and paragraph (i) of subdivision a of section three shall terminate on December thirty-first, nineteen hundred eighty-three, provided, however, that nothing herein contained shall be deemed to diminish the indemnification provided by section two of this act for investment (including, without limitation, purchases and holdings), entry into commitments, borrowings, pledges and sales made in accordance with the provisions of this act during the period commencing November twenty-third, nineteen hundred seventy-five, and ending on December thirty-first, nineteen hundred eighty-three, which indemnification shall continue and survive with respect to any such action effected during such period in accordance with the provisions of this act.

§ 5. Section B3-21.0 of the administrative code of the city of New York is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1) (A) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the retirement system.

(B) The New York city health and hospitals corporation shall make monthly payments, in twelve equal installments, with respect to obligations which it incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The New York city off-track betting corporation, the Triborough bridge and tunnel authority and the New York city housing authority shall make their respective annual contributions to the retirement system in respect of obligations payable in the payment fiscal year on or before January first of the payment fiscal year.

(4) The board of trustees of the retirement system may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 6. Section B18-27.0 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the pension fund.
(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The board of trustees of the pension fund may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such fund, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 7. Section B19-7.68 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the pension fund.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The board of trustees of the pension fund may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such fund, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 8. Section B20-30.0 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

(c) (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The retirement board of the retirement system may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 9. Subdivision sixteen of section twenty-five hundred seventy-five of the education law is hereby amended by adding thereto a new paragraph (g) to read as follows:
(g) (1) The board of education shall make monthly payments, in twelve equal installments, with respect to obligations which such board incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in paragraph (a) of this subdivision) and shall be made on or before the last day of each month.

(3) The retirement board of the retirement system may waive the requirements of the foregoing provisions of this paragraph with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 10. If any section, part or provision of this act shall be declared unconstitutional or invalid or ineffective by any court of competent jurisdiction, such declaration shall be limited to the section, part or provision directly involved in the controversy in which such declaration was made and shall not affect any other section, provision or part thereof.

§ 11. This act shall take effect immediately.
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 (a) 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, (b) the payment of any
amounts payable under any lease, mortgage or conditional
sale arrangement securing with the consent of the City the
payment of any indebtedness of a public benefit corpora-
tion or other governmental agency, instrumentality or body
for borrowed money (except to the extent that the obliga-
tion to make such payment is being disputed in good faith
and, if appropriate, contested in proceedings diligently
conducted and there is no default in the payment of the
principal of or interest on the secured indebtedness),
or (c) the performance or observance of any covenant
or condition under the Adherence Agreement dated as of
November 15, 1978 between the City and the Purchasers
referred to therein (the "Adherence Agreement"), the Agree-
ment to Guarantee dated as of November 15, 1978 among the
United States of America, acting by and through the Secretary
of the Treasury (the "Secretary"), the State of New York, the
City, the New York State Financial Control Board (the "Control
Board") and the Municipal Assistance Corporation For The City
of New York (the "Agreement to Guarantee") or the Guaranteed
Bond Purchase Agreement dated as of November 15, 1978 among
the City, the City and State pension funds named therein and
the Secretary.

2. No agency, instrumentality or public benefit
corporation of the City (as to which statutory provision has
been made whereby the City may appropriate funds to be paid
into a capital reserve or similar fund in order to provide
moneys for the payment of any bond, note or other evidence
of indebtedness of such agency, instrumentality or public
benefit corporation) is in default in the payment of the
principal of or premium, if any, or interest on any bond,
note or other evidence of indebtedness constituting a
general obligation of such agency, instrumentality or public
benefit corporation.

3. No bankruptcy, insolvency or other similar pro-
ceeding or moratorium or similar legislation in respect of
the City or any agency, instrumentality or public benefit
corporation referred to above or any of their respective
obligations is pending or contemplated.

4. The representations and warranties of the City
in the Adherence Agreement are true and correct on and as
of the date hereof as if made on and as of the date hereof.
5. No bonds or bond anticipation notes have been issued to fund expense items which were included in the City's capital budget for any Fiscal Year after Fiscal Year 1973 in excess of the amounts permitted under Section 6.13 of the Agreement to Guarantee; the amounts included are consistent with making substantial progress toward elimination of all such amounts from the City's capital budget for Fiscal Year 1982 and thereafter in accordance with Section 8.1.a of the New York State Financial Emergency Act for The City of New York, as amended.

6. The Monthly Financial Plan Statements for New York City (the "Monthly Statement"), submitted to the Secretary pursuant to Section 6.7.2 of the Agreement to Guarantee and to the Control Board, is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which are reasonable and appropriate for purposes of such report. The most recent Monthly Statement dated November 13, 1978 forecasts that Total Revenues of the City during the current Fiscal Year will be $13,277 million and that the City will not incur a Deficit. Such Monthly Statement forecasts that seasonal borrowing of the City during the current Fiscal Year will aggregate $750 million, which is equal to 5.6% of such Total Revenues.

7. Although all forecasts are based on assumptions concerning future events which cannot be predicted with certainty, and no certification can be given that the forecasted results will in fact be achieved, the undersigned have no knowledge or notice of events subsequent to those addressed by such Monthly Statement which, in their judgment, if reflected in such Monthly Statement restated as of the date of this certificate, would result in a forecast for the current Fiscal Year of a Deficit in excess of 2% of Total Revenues or aggregate seasonal borrowings in excess of 9% of Total Revenues.

3. As used herein, the terms "Deficit," and "Total Revenues" have the meanings set forth in Section 3.7 of the Bond Purchase Agreement dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York and the Purchasers listed on Schedule I thereto.

Approved as to form:

THE CITY OF NEW YORK

By

First Deputy Comptroller

Director of Management and Budget
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) under-
take and agree on behalf of the City to comply with any of such
specified conditions as the Corporation may require and (c) rep-
resent 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 day of November, 1978.

[SEAL]

Mayor of The City of New York

[SEAL]

Comptroller of The City of New York
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, 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 $304,030,000.00.

WITNESS MY signature and the seal of the City this 17th day of November, 1978.

[SEAL]

Mayor of The City of New York

Approved as to form:

[Signature]

Corporation Counsel of The City of New York
TRUSTEE'S ACCEPTANCE AND CERTIFICATE OF AUTHORITY

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 and the 1978 Series 11 Resolution, the 1978 Series 12 Resolution and the 1978 Series 13 Resolution, each adopted by the Corporation on November 14, 1978, as amended and supplemented (collectively, the Resolutions), authorizing the issuance of the Corporation's 1978 Series 11 Bonds, 1978 Series 12 Bonds and 1978 Series 13 Bonds (the Bonds) in the aggregate principal amounts of $139,525,000, $60,375,000 and $201,100,000 respectively.

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 the principal amounts of the Bonds as shown below:

<table>
<thead>
<tr>
<th>Bonds Authenticated and Delivered</th>
<th>Principal Amount of the Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978 Series 11 Bonds</td>
<td>$139,525,000</td>
</tr>
<tr>
<td>1978 Series 12 Bonds</td>
<td>$60,375,000</td>
</tr>
<tr>
<td>1978 Series 13 Bonds</td>
<td>$201,100,000</td>
</tr>
</tbody>
</table>

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 17th day of November, 1978.

UNITED STATES TRUST COMPANY
OF NEW YORK

(SEAL)

Attest:  

By  

s/Malcolm J. Hood
Malcolm J. Hood
Senior Vice President

s/G. Boswell
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.
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 11 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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: [Signature]

Attest:

[Signature]

Dated: 11/14/78
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 12 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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:  

Attest:

Dated: 11/14/78

PATRICK J. O'NEILL
Notary Public, State of New York
No. 31-001037
Qualified in New York County
Commission Expires March 30, 1980
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 11 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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. Fabbro, Vice Pres.

Attest:  
Barbara Zeutenhorst, Sr. Underwriter

Dated: November 28, 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 12 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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. Galbreath, Vice Pres.

Attest: Barbara Heuwetter, Sr. Underwriter

Dated: November 28, 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 13 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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.

CHASE MANHATTAN BANK, N.A.

By: ________________________________
    SECOND VICE PRESIDENT

Attest:

______________________________
Assistant Secretary

Dated: NOV 16 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 13 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on November 14, 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. Fabrey, Vice Pres.

Attest:

Brice Beuvellet, A. Underwriter

Dated: November 28, 1978
November 17, 1978

To each of the Purchasers listed on Schedule I annexed hereto

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 as of November 15, 1978 (the "Agreement"), by and among the Corporation and each of you and certain other institutional purchasers, severally, as purchasers, and the sale by the Corporation to you thereunder on the date hereof, of $139,525,000 aggregate principal amount of the Corporation's 1978 Series 11 Bonds (the "Bonds").

In this connection, we have examined the official statement of the Corporation dated November 17, 1978, as supplemented by a Supplement with respect to the Bonds dated
November 17, 1978 (the "Official Statement"), and have made such further examinations of law and fact as we considered necessary in order to form the opinion herein expressed.

In the course of the preparation by the Corporation of the Official Statement, we participated in numerous conferences and conversations with certain of the Corporation's officials. 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 Official Statement. Accordingly, except with respect to the statements and summaries referred to in the following paragraph, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement; it being understood that you are relying on the preparation of the Official Statement by the Corporation and certificates 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 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 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.

The statements set forth in the Official Statement under the headings "Provisions for Payment of the Bonds -- Federal Bankruptcy Legislation", "Certain Developments Affecting the City -- Federal Bankruptcy Legislation", "Litigation", "Legislation and Agreements Relating to the Debt Issuance Plan" and "Various Control Programs" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

Very truly yours,

[Signature]

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
### Schedule I

#### Commercial Banks

<table>
<thead>
<tr>
<th>Bankers Trust Company</th>
<th>The Bank of New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>Chemical Bank</td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>Irving Trust Company</td>
</tr>
<tr>
<td>Manufacturers Hanover Trust Company</td>
<td>Marine Midland Bank</td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>National Bank of North America</td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td></td>
</tr>
</tbody>
</table>

#### Savings Banks

<table>
<thead>
<tr>
<th>American Savings Bank</th>
<th>Anchor Savings Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Brooklyn Savings Bank</td>
<td>The Bowery Savings Bank</td>
</tr>
<tr>
<td>Central Savings Bank</td>
<td>College Point Savings Bank</td>
</tr>
<tr>
<td>The Dime Savings Bank of New York</td>
<td>The Dime Savings Bank of Williamsburgh</td>
</tr>
<tr>
<td>Dollar Savings Bank of New York</td>
<td>Dry Dock Savings Bank</td>
</tr>
</tbody>
</table>
The East New York Savings Bank

Empire Savings Bank

Franklin Savings Bank
of New York

The Greenwich Savings Bank

Harlem Savings Bank

The Lincoln Savings Bank

The New York Bank for Savings

North Side Savings Bank

Richmond County Savings Bank

Richmond Hill Savings Bank

The Seamen's Bank for Savings

Union Dime Savings Bank

The Williamsburgh Savings Bank

Emigrant Savings Bank

Flushing Savings Bank

The Green Point Savings Bank

Hamburg Savings Bank

Independence Savings Bank

Metropolitan Savings Bank

Northfield Savings Bank

Queens County Savings Bank

Ridgewood Savings Bank

Roosevelt Savings Bank

Staten Island Savings Bank

United Mutual Savings Bank

INSURANCE COMPANIES

Columbian Mutual Life

New York Life Insurance Company

Security Mutual Life
Insurance Company
of New York
November 17, 1978

To each of the Purchasers listed on Schedule I annexed hereto

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 as of November 15, 1978 (the "Agreement"), by and among the Corporation and each of you and certain other institutional purchasers, severally, as purchasers, and the sale by the Corporation to you thereunder on the date hereof, of $60,375,000 aggregate principal amount of the Corporation's 1978 Series 12 Bonds (the "Bonds").

In this connection, we have examined the official statement of the Corporation dated November 17, 1978, as supplemented by a Supplement with respect to the Bonds dated
November 17, 1978 (the "Official Statement"), and have made such further examinations of law and fact as we considered necessary in order to form the opinion herein expressed.

In the course of the preparation by the Corporation of the Official Statement, we participated in numerous conferences and conversations with certain of the Corporation's officials. 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 Official Statement. Accordingly, except with respect to the statements and summaries referred to in the following paragraph, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement; it being understood that you are relying on the preparation of the Official Statement by the Corporation and certificates 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 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 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.

The statements set forth in the Official Statement under the headings "Provisions for Payment of the Bonds -- Federal Bankruptcy Legislation", "Certain Developments Affecting the City -- Federal Bankruptcy Legislation", "Litigation", "Legislation and Agreements Relating to the Debt Issuance Plan" and "Various Control Programs" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
| Board of Education Retirement System for The City of New York | New York City Employees' Retirement System |
| New York City Police Pension Fund, Article 2 | Teachers' Retirement System for The City of New York |
November 17, 1978

To each of the Purchasers listed on Schedule I annexed hereto

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 as of November 15, 1978 (the "Agreement"), by and among the Corporation and each of you and certain other institutional purchasers, severally, as purchasers, and the sale by the Corporation to you thereunder on the date hereof, of $201,100,000 aggregate principal amount of the Corporation's 1978 Series 13 Bonds (the "Bonds").

In this connection, we have examined the official statement of the Corporation dated November 17, 1978, as supplemented by a Supplement with respect to the Bonds dated
November 17, 1978 (the "Official Statement"), and have made such further examinations of law and fact as we considered necessary in order to form the opinion herein expressed.

In the course of the preparation by the Corporation of the Official Statement, we participated in numerous conferences and conversations with certain of the Corporation's officials. 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 Official Statement. Accordingly, except with respect to the statements and summaries referred to in the following paragraph, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement; it being understood that you are relying on the preparation of the Official Statement by the Corporation and certificates 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 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 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.

The statements set forth in the Official Statement under the headings "Provisions for Payment of the Bonds -- Federal Bankruptcy Legislation", "Certain Developments Affecting the City -- Federal Bankruptcy Legislation", "Litigation", "Legislation and Agreements Relating to the Debt Issuance Plan" and "Various Control Programs" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
SCHEDULE I

Companion Life Insurance Company

The Equitable Life Assurance Society of the United States

Home Life Insurance Company

The Mutual Life Insurance Company of New York

Metropolitan Life Insurance Company

Teachers Insurance and Annuity Association of America (no 1978 Series 13 Bonds being purchased)

United States Life Insurance Company in the City of New York
November 17, 1978

The Commercial Banks, Savings Banks, Insurance Companies and New York City Pension Funds named in Schedule I of the Bond Purchase Agreement dated as of November 15, 1978 with the Municipal Assistance Corporation for the City of New York

c/o Davis Polk & Wardwell
One Chase Manhattan Plaza
New York, N.Y. 10005

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 opinions (the "Opinion") relating to the authorization and issuance of the Corporation's 1978 Series 11 Bonds, 1978 Series 12 Bonds and 1978 Series 13 Bonds (the "Bonds"), dated November 15, 1978 and authorized by the Second General Bond Resolution, adopted by the Corporation on November 23, 1978, and the 1978 Series 11 Bond Resolution, the 1978 Series 12 Bond Resolution and the 1978 Series 13 Bond Resolution, as each was adopted on November 14, 1978 and as supplemented by a resolution of the Corporation adopted November 16, 1978. The Opinion will be rendered in connection with the delivery of the Bonds to the commercial banks, savings banks, insurance companies and New York City pension funds named in Schedule I to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") by and among you 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 the date hereof with respect to its 1978 Series 10 Bonds as supplemented by cover pages of the same date with respect to each series of the Bonds (such Official Statement as so supplemented, 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, and your counsel, 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 (with respect to the Corporation's 1973 Series 10 Bonds and with respect to bonds issued pursuant to the Second General Bond Resolution), SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION and AGREEMENT OF THE STATE OF NEW YORK and supplemental cover pages with respect to each series of the Bonds 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 Bond Purchase Agreement 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. 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 against the Corporation 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 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 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]

[Name]
November 17, 1978

The Financial Institutions named on Schedule I to the Bond Purchase Agreement dated as of November 15, 1978 with the Municipal Assistance Corporation For The City of New York

Dear Sirs:

We have acted as special counsel for the commercial banks, savings banks and insurance companies named on Schedule I (the "Financial Institutions") to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and such Financial Institutions and certain New York City pension funds which are also named on Schedule I thereto.

With your concurrence, we have also acted as special counsel for the Bank Lenders named on Schedule I to the Loan Agreement dated as of November 15, 1978 between The City of New York and such Bank Lenders and the Pension Fund Lenders named on Schedule II thereto.

As provided in the Bond Purchase Agreement the Financial Institutions have agreed, severally, to purchase from the Corporation an aggregate of up to $1,174,700,000 principal amount of the Corporation's bonds issued during its 1979, 1980, 1981 and 1982 fiscal years pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1973, as supplemented and amended (the "Second Resolution"). On November 14, 1978 the Corporation adopted the Series 11 Resolution and the Series 13 Resolution (each as
supplemented and amended on November 16, 1978, the "Series 11 Resolution" and "Series 13 Resolution) under the Second Resolution pursuant to which Series 11 Bonds and Series 13 Bonds, respectively, are being issued to the Financial Institutions pursuant to the Bond Purchase Agreement. On the date hereof, certain of the Financial Institutions are purchasing an aggregate of $139,525,000 principal amount of the Corporation's Series 11 Bonds, having a term maturity as set forth in the Series 11 Resolution, and other of the Financial Institutions (those listed on Schedule II to the Bond Purchase Agreement) are purchasing an aggregate of $201,100,000 principal amount of the Corporation's Series 13 Bonds, having serial maturities as set forth in the Series 13 Resolution. In connection with the execution and delivery of the Bond Purchase Agreement, the Series 11 Bonds and the Series 13 Bonds, the Corporation has delivered to the Financial Institutions its Official Statement dated November 17, 1978, with cover page supplements of the same date relating, respectively, to the Series 11 and Series 13 Bonds (as so supplemented, the "Official Statement").

We are of the opinion that the statements with respect to statutes, resolutions and financing agreements set forth in the Official Statement on the Series 11 and Series 13 cover page supplements and under the headings "Part 5 - Provisions for Payment of the Bonds", "Part 7 - Bonds Being Offered", "Part 10 - Legislation and Agreements Relating to the Debt Issuance Plan", "Part 11 - Various Control Programs", "Part 12 - Agreement of the State of New York" and "Part 15 - Summary of Certain Provisions of the Second General Bond Resolution" are accurate statements or summaries of the provisions of statutes, resolutions and financing agreements therein described. The statements in "Part 7 - Bonds Being Offered" relating to the Series 10 Bonds, to the extent not altered by the respective cover page supplements relating to the Series 11 Bonds and Series 13 Bonds, are equally applicable to the Series 11 Bonds and Series 13 Bonds.

We have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to other matters in the Official Statement. It is our understanding in this regard that the Financial Institutions are relying upon the preparation of the Official Statement by the Corporation and certifications by various officers and officials of the Corporation, the State of New York and The City of New York as to the accuracy, completeness
and fairness of the statements contained therein. However, in the course of the preparation by the Corporation of the Official Statement, we participated in various conferences and conversations with general counsel and bond counsel for the Corporation and conferences and conversations among representatives of the Corporation and certain officials of the State, the City and the New York State Financial Control Board who participated with the Corporation in the preparation of the Official Statement. In the course of such conferences and conversations, nothing came to our attention which caused us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained in the Official Statement as to which we express no view) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is being furnished by us as special counsel to the Financial Institutions solely for their benefit in connection with their execution and delivery of the Bond Purchase Agreement and their purchase of the Series 11 Bonds and Series 13 Bonds. This letter may not be furnished to, relied upon or used by any other person, including any other party to the Bond Purchase Agreement or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institutions.

Very truly yours,

Davis Polk & Wardwell
November 17, 1978

To each of the Purchasers listed on Schedule I of the Bond Purchase Agreement dated as of November 15, 1978

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 as of November 15, 1978 (the "Agreement"), by and among the Corporation and each of you, severally, as purchasers, and the sale by the Corporation to you thereunder on the date hereof, of $401,000,000 aggregate principal amount of the Corporation's 1978 Series 11, 12 and 13 Bonds (the "Bonds"). Unless the context otherwise requires, all capitalized terms used herein have the same meaning ascribed to them in the Agreement.
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 New York State Financial Emergency Act For The City of New York, as amended (the "FCB Act"), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the "Second Bond Resolution"), the 1978 Series 11 Resolution, the 1978 Series 12 Resolution and the 1978 Series 13 Resolution each adopted by the Board of Directors of the Corporation on November 14, 1978 and supplemented on November 16, 1978 (the Second Bond Resolution and such Series Resolutions are herein collectively called the "Resolutions"), the Agreement and the schedules and exhibits annexed thereto, and have made such further examinations 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 (the "State") constituting a public benefit corporation, duly created by and validly existing under the
Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement and to adopt the Resolutions and to issue the Bonds thereunder.

2. The execution and delivery of, and the performance of the obligations under, the Agreement have been authorized by proper corporate proceedings of the Corporation and no other authorization for, or filing or recording of, the Agreement or the Bonds is required. The Agreement constitutes a valid and legally binding agreement of the Corporation enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, moratorium, insolvency or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and legally binding upon the Corporation and enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, moratorium, insolvency 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 State Covenant.

3. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid, legally 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, insolvency or similar laws validly enacted and applicable to the rights of holders of the Bonds.

4. The execution, delivery and performance of the Agreement, the Bonds and the Resolutions under the circumstances contemplated by the Agreement 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.

5. Except as referred to in Schedule IV of the Agreement, to the best of our knowledge, there is no action, suit, proceeding or investigation before or by any court, any legislature or governmental official,
department, commission, board, bureau, agency, instrumentality or body or public benefit corporation, pending, or threatened, against the Corporation wherein an unfavorable decision, ruling or finding would (a) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the State Covenant, (b) in any material respect limit the obligations of the City referred to in the State Covenant or contained in Section 9-a or 9-b of the FCB Act or the obligations of the City under the FCB Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Control Board, (c) declare the State Covenant or the Adherence Agreement invalid or unenforceable in whole or in material part, (d) in any other manner adversely affect provisions for or materially adversely affect sources for payment of the principal of or premium, if any, or interest on the Bonds as described in the Official Statement of the Corporation dated and supplemented as of November 17, 1978 issued in connection with the execution of the Agreement, or (e) declare the Resolutions, the Act or the Corporation's obligations under the Bonds to be invalid or unenforceable in whole or in material part.
6. The issuance and delivery of the Bonds by the Corporation 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.

All opinions rendered herein relating to the effect of the Constitution of the State, or state or local finance laws, upon the validity, binding effect or enforceability of the Resolutions 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,

[Signature]

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 17, 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 $139,525,000 aggregate principal amount of 1978 Series 11 Bonds (the "1978 Series 11 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 11 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"), the 1973 Series 11 Resolution, adopted November 14, 1973 (the "Series Resolution") and a resolution of the Corporation adopted November 16, 1973 appointing certain paying agents for and setting the interest rates on and sale price of the 1973 Series 11 Bonds (the "Supplemental Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 1978 Series 11 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 11 Bonds are being issued for the purposes set forth in the Resolutions.
The Corporation is authorized to issue Bonds, in addition to the 1978 Series 11 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 11 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 11 Bonds are dated November 15, 1978 except as otherwise provided in the Resolution with respect to fully registered 1978 Series 11 Bonds, will bear interest at the rate per annum set forth in the Resolutions 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, 1998.

The 1978 Series 11 Bonds are issuable either in coupon form in the denominations of $5,000 or $100,000, 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 11 Bonds are interchangeable as provided in the Resolutions. Coupon 1978 Series 11 Bonds in the denomination of $5,000 are numbered 11- and in the denomination of $100,000 are numbered and lettered 11C- and fully registered 1978 Series 11 Bonds are lettered and numbered 11R-. Coupon 1978 Series 11 Bonds and fully registered 1978 Series 11 Bonds are numbered consecutively from one upward in order of issuance.

The 1978 Series 11 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 11 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1978 Series 11 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, 863 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 K 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 11 Bonds thereunder, and to perform the obligations and
covenants contained in the Resolutions and the 1973 Series 11
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 re-
spect to all provisions thereof material to the subject matters
of this opinion letter.

2. The Series Resolution and the Supplemental Reso-
lution have been duly and lawfully adopted in accordance with
the provisions of the Second General Bond Resolution and are
authorized and permitted by the Second General Bond Resolution.
The Resolutions have been duly and lawfully adopted by the Cor-
poration and 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 1973 Series 11 Bond
pursuant to Chapter 201 of the Laws of New York of 1973 (the
"State Covenant") as to which a separate opinion has been ren-
dered 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 Reso-
lutions, 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 Ser-
vice 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 11 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 11 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 1973 Series 11 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 1973 Series 11 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.

3. 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.

4. 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 Controller either for the payment of the 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
November 17, 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 $60,375,000 aggregate principal amount of 1978 Series 12 Bonds (the "1978 Series 12 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 date hereof (the "Act").

The 1978 Series 12 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1973, as amended and supplemented to date hereof (the "Second General Bond Resolution"), the 1973 Series 12 Resolution, adopted November 14, 1973 (the "Series Resolution") and a resolution of the Corporation adopted November 16, 1978 appointing certain paying agents for and setting the interest rates on and sale price of the 1973 Series 12 Bonds (the "Supplemental Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 1978 Series 12 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 12 Bonds are being issued for the purposes set forth in the Resolutions.
The Corporation is authorized to issue Bonds, in addition to the 1978 Series 12 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 12 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 12 Bonds are dated November 15, 1978 except as otherwise provided in the Resolution with respect to fully registered 1978 Series 12 Bonds, will bear interest at the rate per annum set forth in the Resolutions 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, 1998.

The 1978 Series 12 Bonds are issuable either in coupon form in the denominations of $5,000 or $100,000, 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 12 Bonds are interchangeable as provided in the Resolutions. Coupon 1978 Series 12 Bonds in the denomination of $5,000 are numbered 12- and in the denomination of $100,000 are numbered and lettered 12C- and fully registered 1978 Series 12 Bonds are lettered and numbered 12R-. Coupon 1978 Series 12 Bonds and fully registered 1978 Series 12 Bonds are numbered consecutively from one upward in order of issuance.

The 1978 Series 12 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 12 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 1978 Series 12 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, 368 and 370 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 12 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 12 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1978 Series 12 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 and the Supplemental Resolution have been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and are authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each 1978 Series 12 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 12 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 12 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 1973 Series 12 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 1973 Series 12 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 the 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 consti-
tute 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 12 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 12 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1978 Series 12 Bonds, and the execution and delivery of the 1978 Series 12 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 12 Bond numbered 12R-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]
November 17, 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 $201,100,000 aggregate principal amount of 1973 Series 13 Bonds (the "1973 Series 13 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 41-A of the Consolidated Laws of the State, as amended to the date hereof (the "Act").

The 1973 Series 13 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 23, 1973, as amended and supplemented to the date hereof (the "Second General Bond Resolution"); the 1973 Series 13 Resolution, adopted November 14, 1973 (the "Series Resolution") and a resolution of the Corporation adopted November 16, 1973 appointing certain paying agents for, setting the interest rates on and sale price of the 1973 Series 13 Bonds (the "Supplemental Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 1973 Series 13 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 1973 Series 13 Bonds are being issued for the purposes set forth in the Resolutions.
The Corporation is authorized to issue Bonds, in addition to the 1973 Series L3 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the 1976 Series L3 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 1973 Series L3 Bonds are dated November 15, 1973 except as otherwise provided in the Resolution with respect to fully registered 1976 Series L2 Bonds, will bear interest at the rates per annum set forth in the Resolutions from November 15, 1973 payable July 1, 1979 and semi-annually thereafter on January 1 and July 1 in each year and will mature in the principal amounts on July 1 of each of the years set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>$6,350,000</td>
</tr>
<tr>
<td>1986</td>
<td>9,300,000</td>
</tr>
<tr>
<td>1987</td>
<td>9,350,000</td>
</tr>
<tr>
<td>1988</td>
<td>13,700,000</td>
</tr>
<tr>
<td>1989</td>
<td>14,700,000</td>
</tr>
<tr>
<td>1990</td>
<td>17,650,000</td>
</tr>
<tr>
<td>1991</td>
<td>17,650,000</td>
</tr>
</tbody>
</table>

The 1973 Series L3 Bonds are issuable either in coupon form in the denominations of $5,000 or $100,000, 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 1973 Series L3 Bonds are interchangeable as provided in the Resolutions. Coupon 1973 Series L3 Bonds in the denomination of $5,000 are numbered L3— and in the denomination of $100,000 are numbered and lettered L10— and fully registered 1973 Series L3 Bonds are lettered and numbered L1R—, in each case followed by the last two digits of the year in which each of such 1973 Series L3 Bond matures. Coupon 1973 Series L3 Bonds and fully registered 1973 Series L3 Bonds are numbered consecutively from one upward in order of issuance for each year of maturity.

The 1973 Series L3 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1980, as a whole or in any 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 163, 169, 163 and 370 of the Laws of 1973, 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 15 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 K-1 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) any hundred thousand dollars to be paid by 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 1211-A of Article 19 of the Tax Law, constituting Chapter 50 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1978 Series 13 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 33 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 1973 Series 13 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1973 Series 13 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 and the Supplemental Resolution have been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and are authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each 1973 Series 13 Bond pursuant to Chapter 201 of the Laws of New York of 1973 (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 13 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 13 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 1 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 13 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 13 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.

9. 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 the 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 consti-
tute 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 1973 Series 13 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 1973 Series 13 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1973 Series 13 Bonds, and the execution and delivery of the 1973 Series 13 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 1973 Series 13 Bond numbered 13R-85-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[H and S, Delgado, Etc.]

[Signature]
November 17, 1978

United States Trust Company
of New York, as Trustee
130 John Street
New York, New York
The several Purchasers named in a
Bond Purchase Agreement dated
as of November 15, 1978 by and
among such Purchasers and the
Municipal Assistance Corporation
For The City of New York

Gentlemen:

We are bond counsel to the Municipal Assistance Corpo-
ration For The City of New York (the "Corporation") and have
this day delivered to such Corporation opinions dated the
date hereof with respect to the issuance of the 1978 Series
11 Bonds of the Corporation and 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, copies of which
are annexed here to. You are entitled to rely on said
opinions as if the same were addressed to you.

Very truly yours,

[Signature]
November 17, 1978

United States Trust Company
of New York, as Trustee
130 John Street
New York, New York
The several Purchasers named in a
Bond Purchase Agreement dated
as of November 15, 1978 by and
among such Purchasers and 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 opinions dated the
date hereof with respect to the issuance of the 1978 Series
12 Bonds of the Corporation and 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, copies of
which are annexed hereto. You are entitled to rely on said
opinions as if the same were addressed to you.

Very truly yours,

Hawkins, Delafield & Wood
United States Trust Company
of New York, as Trustee
130 John Street
New York, New York
The several Purchasers named in a
Bond Purchase Agreement dated
as of November 15, 1978 by and
among such Purchasers and 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 opinions dated the
date hereof with respect to the issuance of the 1978 Series
13 Bonds of the Corporation and 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, copies of
which are annexed hereto. You are entitled to rely on said
opinions as if the same were addressed to you.

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 368 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]

Hawkins, Delafield & Wood
November 17, 1978

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 expectations as of the date of issuance of the Corporation's 1978 Series 11, 12 and 13 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,

[Hawkins, Delafield & Wood]
November 7, 1973

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 7, 1973, relating to the authorization, sale and issuance of the 1973 Series 11, 12 and 13 Bonds, dated November 1, 1973, in the aggregate principal amount of $401 million (herein called "the 1973 Series 11, 12 and 13 Bonds") by the Municipal Assistance Corporation for the City of New York (herein called the "Corporation") to the Purchasers named in Schedule I (herein called the "Purchasers") to the Bond Purchase Agreement dated as of November 15, 1973, between the Purchasers 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 858 of the Laws of 1975. Chapter 858 was introduced in the New York State Legislature on September 3, 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 3, 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 3, 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 implement its overriding State concern with respect to the financial condition of the City and can 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 is also pending (Basile v. Patrolman's Benevolent Association, Supreme Court, New York County) which challenges the validity of Section 23 of said Chapter, amending the Act relative to collective bargaining by municipal employees; however, a motion to dismiss such action was granted on October 26, 1978. 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 11, 12 and 13 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 Purchasers 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 Purchasers and related closing documents. In no event may this opinion be printed on the 1978 Series 11, 12 or 13 Bonds or otherwise made available to the public by the Purchasers as it is intended to be relied upon only by you and the Purchasers.

Very truly yours,

LOUIS J. LEFKOWITZ
Attorney General
November 17, 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 17, 1978, relating to the authorization, sale and issuance of the 1978 Series 11, 12 and 13 Bonds, dated November 1, 1978, in the aggregate principal amount of $401 million (herein called "the 1978 Series 11, 12 and 13 Bonds") by the Municipal Assistance Corporation for the City of New York (herein called the "Corporation") to the Purchasers named in Schedule I (herein called the "Purchasers") to the Bond Purchase Agreement dated as of November 13, 1978 between the Purchasers 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, 370, 374, 375, 889, and 891 of the Laws of 1975, by Chapters 165 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-A8399, 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 368 of the Laws of 1975 (S.I and A.I, Extraordinary Session), the above referenced Acts were amended. The amendment was passed in both Houses of the Legislature on September 3, 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 the 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 374 and 375 of the Laws of 1975 (S.3-A.3 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 391 of the Laws of 1975 (S.35 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 135 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 Laws of 1978 (A.13025 and S.10148-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 "3" 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 11, 12 and 13 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 11, 12 and 13 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 373 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 11, 12 and 13 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 Purchasers 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 Purchasers and related closing documents. In no event may this opinion be printed on the 1978 Series 11, 12 or 13 Bonds or otherwise made available to the public by the Purchasers as it is intended to be relied on only by you and the Purchasers.

Very truly yours,

LOUIS J. LEFKOWITZ  
Attorney General
November 17, 1978

To each of the Purchasers
   Referred to Below

Dear Sirs:

Reference is made to an agreement, dated as of November 15, 1978 ("Bond Purchase Agreement"), among the Municipal Assistance Corporation For The City of New York (the "Corporation") and each of the Purchasers named in Schedule I thereto (the "Purchasers") in connection with which you have requested my opinion as to certain matters concerning an agreement, dated November 15, 1978, among each of you and The City of New York (the "Adherence Agreement"), and concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Act").

I have examined such portions of the Constitution of the United States of America, the Constitution and statutes of the State of New York (the "State") and the Charter of The City of New York, and such applicable court decisions as I have deemed necessary or relevant for the purposes of the opinion set forth below. Based upon the foregoing, I advise you that in my opinion under existing law:

1. The Act has been duly enacted and the New York State Financial Control Board (the "Board") has been duly created under the Act.

2. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Act, including without limitation, the grant of power to approve, disapprove or modify financial plans submitted by The City of New York (the "City") to
ensure compliance with the standards set forth in subdivision 1 of Section 8 of the Act. Such powers may be validly exercised by the Board as necessary in the interests of the State during the control period as defined in the Act.

3. The Act validly requires that (a) the City develop financial plans which conform to the standards set forth in subdivision 1 of Section 8 of the Act and modify such financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the operations under the budgets of the City at all times be in conformance and compliance with the City’s financial plan, (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City’s financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Act and deposit certain monies in that fund and the Comptroller of the State administer and maintain that fund and disburse monies out of that fund in accordance with Section 9-a of the Act, (f) the Comptroller of the State establish and maintain a TAN debt service account and a RAN debt service account (as those terms are defined in the Act) within the general debt service fund, pay certain sums into those accounts and make payments of principal of tax anticipation notes and revenue anticipation notes out of those accounts.

4. The Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the City’s financial plan in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Act.

5. The Adherence Agreement has been duly executed and is a valid agreement of the City and the covenants made by the City with each of you in Section 2 of the Adherence Agreement are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Act includes compliance with actions taken by the Board pursuant to the Act, my opinion as to such covenant and agreement of the City is limited to the same extent as my opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Act.
6. Enforcement of the covenants contained in the Adherence Agreement would require proof by you that the covenants constituted important security provisions in connection with your purchase of bonds of the Corporation on the date hereof and continue to constitute important security provisions to you.

The foregoing is limited to the extent that the enforceability of the Act or any part thereof and the enforceability of the covenants contained in the Adherence Agreement are subject at all times to the overriding State interest in promoting the health, safety and welfare of the people of the State.

I have rendered this opinion solely for your use in connection with the requirements imposed by the Bond Purchase Agreement with respect to the receipt by you of a favorable opinion as to the matters addressed herein. This opinion is not to be employed, referred to or quoted by any other person and should not be relied upon for any other purpose.

Very truly yours,

[Signature]
To each of the Purchasers
Referred to Below

Dear Sirs:

Reference is made to an agreement, dated as of November 15, 1978, among the Municipal Assistance Corporation For The City of New York (the "Corporation") and each of the Purchasers named in Schedule I thereto (the "Purchasers") in which you agree, severally and not jointly, to purchase certain bonds (the "Bonds") to be issued by the Corporation. In connection with such agreement and your purchases, severally and not jointly, of $401,000,000 aggregate principal amount of Bonds on the date hereof, you have requested our opinion, as bond counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), as to certain matters concerning an agreement, dated November 15, 1978, among each of you and the City (the "Adherence Agreement"), and concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Control Board Act").

The Control Board Act, among other things, establishes the New York State Financial Control Board (the "Board") and authorizes the City to make certain covenants and agreements with any purchaser, holder or guarantor of obligations issued by the City. Section 2 of the Adherence Agreement con-
tains certain covenants made by the City with each of you (herein referred to as the "City Covenants") and a pledge and agreement (the "Pledge and Agreement") of the State included in the Adherence Agreement by the City pursuant to subdivision 3 of Section 10-a of the Control Board Act.

We have examined such portions of the Constitution of the United States of America, the Constitution and statutes of the State and the Charter of the City, and such applicable court decisions as we have deemed necessary or relevant for the purposes of the opinions set forth below. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The Board has been duly created under the Control Board Act and has lawfully been granted and may exercise the power to:

   (a) consult with the City and the covered organizations, as defined in the Control Board Act (the "Covered Organizations"), in the preparation of financial plans, specify the form of and information to be contained in financial plans, specify the supporting information required in connection therewith, and review and state its approval of any financial plan or of any modification of a financial plan, or state its disapproval of any financial plan or of any modification which it determines is incomplete or does not comply with the standards set forth in the Control Board Act; and

   (b) review and make reports and recommendations relating to the operations of the City and the Covered Organizations, audit compliance with any financial plan and obtain information from the City and the Covered Organizations relating to their respective financial conditions and needs.

2. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Control Board Act in addition to those enumerated in paragraph 1 above, and the Control Board Act and the Constitution of the State permit the exercise, at the times contemplated in the Control Board Act, of any of those powers in accordance with the procedures of the Control Board Act, including subdivision 3 of Section 8 thereof, to the extent required to assure that, as required by the Control Board Act, (a) the City will have a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act, (b) contracts entered into by the City, and borrowings of the City, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision 1
of Section 8 of the Control Board Act, and (c) the disbursement of funds by the City, or by the Board for the account of the City in accordance with subdivision 3 of Section 9 of the Control Board Act, will be in compliance with a financial plan which in all material respects conforms to the standards set forth in subdivision 1 of Section 8 of the Control Board Act.

3. The Control Board Act validly requires that (a) the City develop financial plans in the form, and containing the information, specified by the Board, which conform to the standards set forth in subdivision 1 of Section 8 of the Control Board Act and modify those financial plans to the extent necessary to make them conform or continue to conform to those standards, (b) the financial plans developed by the City and information relating to them be submitted to the Board, (c) the budgets and operations of the City and the Covered Organizations at all times be in conformance and compliance with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise of its powers), (d) the City enable a nationally recognized independent certified public accounting firm or a consortium of firms to perform an annual audit of the City's financial statements in accordance with generally accepted auditing standards, (e) the City establish a general debt service fund in accordance with Section 9-a of the Control Board Act and deposit certain monies in that fund and the Comptroller of the State administer and maintain that fund and disburse monies in that fund in accordance with Section 9-a of the Control Board Act, (f) the Comptroller of the State establish and maintain a TAN debt service account and a RAN debt service account (as those terms are defined in the Control Board Act) within the general debt service fund, pay certain sums into those accounts and make payments of principal of tax anticipation notes and revenue anticipation notes out of those accounts, and (g) the officials of the City comply with any orders of the Board issued to those officials in the lawful exercise by the Board of its powers.

4. The Control Board Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise by the Board of its powers) in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-5 of the Control Board Act.

5. The Pledge and Agreement is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included in the Adherence Agreement.
6. The Adherence Agreement has been duly executed and delivered on behalf of the City.

7. The City is authorized to include the City Covenants in the Adherence Agreement.

8. The Adherence Agreement is a valid agreement of the City, and the City Covenants are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Control Board Act includes compliance with actions taken by the Board pursuant to the Control Board Act, our opinion as to such covenant and agreement of the City is limited to the same extent as our opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Control Board Act.

We call your attention to certain factors affecting the enforceability of the City Covenants and the Pledge and Agreement as follows:

(a) the enforceability of the City Covenants and the Pledge and Agreement may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State and is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to creditors' rights; and

(b) in a suit to enforce the City Covenants and the Pledge and Agreement, you would be required to prove with respect to the Pledge and Agreement, and with respect to the City Covenants when the City is acting in accordance with the laws of the State, that the inclusion of the City Covenants and the Pledge and Agreement in the Adherence Agreement constitute important security provisions to you.

Very truly yours,

[Signature]

Rogers & Wells
November 17, 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 23, 1973 and as to its due authentication and delivery of the Corporation's 1973 Series 11 Bonds, 1973 Series 12 Bonds and 1973 Series 13 Bonds issued today in the aggregate principal amounts of $139,525,000, $60,375,000 and $201,100,000, respectively, (the Bonds) pursuant to the Second General Bond Resolution and the 1973 Series 11 Resolution, the 1973 Series 12 Resolution and the 1973 Series 13 Resolution, each adopted by the Corporation on November 14, 1973, as amended and supplemented (the Resolutions) and being issued pursuant to the Bond Purchase Agreement dated as of November 15, 1973 and the Official Statement of the Corporation dated November 17, 1973.

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.

Copies of this opinion are being delivered to the commercial banks, savings banks, insurance companies, and pension funds listed in Schedule I hereto and each such commercial bank, savings bank, insurance company and pension fund may rely hereon as if this opinion were addressed to it.

Very truly yours,

Carter, Ledyard & Milburn

RGMcC: vm
COMMERICAL BANKS

Bankers Trust Company
The Bank of New York
The Chase Manhattan Bank, N.A.
Chemical Bank
Citibank, N.A.
Irving Trust Company
Manufacturers Hanover Trust Company
Marine Midland Bank
Morgan Guaranty Trust Company of New York
National Bank of North America
United States Trust Company of New York

SAVINGS BANKS

American Savings Bank
Anchor Savings Bank
The Brooklyn Savings Bank
The Bowery Savings Bank
Central Savings Bank
College Point Savings Bank
The Dime Savings Bank of New York
The Dime Savings Bank of Williamsburgh
Dollar Savings Bank of New York
Dry Dock Savings Bank
The East New York Savings Bank
Emigrant Savings Bank
Empire Savings Bank
Flushing Savings Bank
Franklin Savings Bank of New York
The Green Point Savings Bank
The Greenwich Savings Bank
Hamburg Savings Bank
Harlem Savings Bank
Independence Savings Bank
The Lincoln Savings Bank
Metropolitan Savings Bank
The New York Bank For Savings
Northfield Savings Bank
Northside Savings Bank
Queens County Savings Bank
Richmond County Savings Bank
Richmond Hill Savings Bank
Ridgewood Savings Bank
Roosevelt Savings Bank
The Seamen's Bank For Savings
Staten Island Savings Bank
Union Dime Savings Bank
United Mutual Savings Bank
The Williamsburgh Savings Bank
INSURANCE COMPANIES

Columbian Mutual Life Insurance Company
Companion Life Insurance Company
The Equitable Life Assurance Society
of the United States
Home Life Insurance Company
Metropolitan Life Insurance Company
The Mutual Life Insurance Company
of New York
New York Life Insurance Company
Security Mutual Life Insurance Company
of New York
United States Life Insurance Company
in The City of New York

PENSION FUNDS

New York City Employees' Retirement System
Teachers' Retirement System for The City
of New York
Board of Education Retirement System
for The City of New York
New York City Police Pension Fund,
Article 2
November 17, 1978

The Financial Institutions named on Schedule I to the Bond Purchase Agreement dated as of November 15, 1973 with the Municipal Assistance Corporation For The City of New York

Dear Sirs:

We have acted as special counsel for the commercial banks, savings banks and insurance companies named on Schedule I (the "Financial Institutions") to the Bond Purchase Agreement dated as of November 15, 1973 (the "Bond Purchase Agreement") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and such Financial Institutions and certain New York City pension funds which are also named on Schedule I thereto. With your concurrence, we have also acted as special counsel for the Bank Lenders named on Schedule I to the Loan Agreement dated as of November 15, 1973 between The City of New York and such Bank Lenders and the Pension Fund Lenders named on Schedule II thereto.

As provided in the Bond Purchase Agreement the Financial Institutions have agreed, severally, to purchase from the Corporation an aggregate of up to $1,174,700,000 principal amount of the Corporation's bonds issued during its 1973, 1980, 1981 and 1982 fiscal years pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1975, as supplemented and amended (the "Second Resolution"). On November 14, 1973 the Corporation adopted the Series 11 Resolution and the Series 13 Resolution (each as
supplemented and amended on November 16, 1978, the "Series 11 Resolution" and "Series 13 Resolution") under the Second Resolution pursuant to which Series 11 Bonds and Series 13 Bonds, respectively, are being issued to the Financial Institutions pursuant to the Bond Purchase Agreement (the Second Resolution, the Series 11 Resolution and the Series 13 Resolution are sometimes hereinafter referred to as the "Resolutions"). On the date hereof, certain of the Financial Institutions are purchasing an aggregate of $139,525,000 principal amount of the Corporation’s Series 11 Bonds, having a term maturity as set forth in the Series 11 Resolution, and other of the Financial Institutions (those named on Schedule II to the Bond Purchase Agreement) are purchasing an aggregate of $201,100,000 principal amount of the Corporation’s Series 13 Bonds, having serial maturities as set forth in the Series 13 Resolution.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents and other instruments as we have deemed necessary to render the following opinions.

On the basis of the foregoing, 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 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 Series 11 Bonds and Series 13 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 and is a valid and legally binding agreement of the Corporation.

5. The offering and sale of the Series 11 Bonds and Series 13 Bonds by the Corporation to the Financial Institutions do not require registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as
amended. The Bonds constitute exempted securities within the meaning of the Securities Act of 1933, as amended, and constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

We have not independently passed upon the validity or tax exempt status of the Series 11 Bonds and the Series 13 Bonds. We hereby confirm that all proceedings of the Corporation and (i) the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, delivered pursuant to Section 3.12(a) of the Bond Purchase Agreement, (ii) the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, delivered pursuant to Section 3.12(b) of the Bond Purchase Agreement, and (iii) the opinion of Rogers & Wells, bond counsel for The City of New York, delivered pursuant to Section 3.12(e) of the Bond Purchase Agreement, each of even date herewith, are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

We are also of the opinion that the certificates delivered on the date hereof pursuant to the requirements of the Bond Purchase Agreement are appropriately responsive to such requirements.

This opinion is being furnished by us as special counsel to the Financial Institutions solely for their benefit in connection with their several purchases of the Bonds on the date hereof pursuant to the Bond Purchase Agreement. This opinion may not be furnished to, relied upon or used by, any other person, including any other party to the Bond Purchase Agreement or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institutions.

Very truly yours,

[Signature]
November 15, 1978

Attention: Wallace F. Sullivan
Executive Director

Dear Sirs:

I have received your letter of November 5, 1978 in which you notified me in accordance with the provisions of Public Law 95-497 (the "Act") before entering into a Bond Purchase Agreement (the "Agreement") and the two copies of the Agreement which you enclosed therewith. I have determined that I will not disapprove the Agreement under the Act and return herewith one copy of the Agreement.

Sincerely,

W. Michael Blumenthal

W. Michael Blumenthal

Teachers' Retirement System
for The City of New York
40 Worth Street
New York, New York 10013

Enclosure
Attention: Harold E. Herkommer
Executive Director

Dear Sirs:

I have received your letter of November 15, 1978 in which you notified me in accordance with the provisions of Public Law 95-497 (the "Act") before entering into a Bond Purchase Agreement (the "Agreement") and the two copies of the Agreement which you enclosed therewith. I have determined that I will not disapprove the Agreement under the Act and return herewith one copy of the Agreement.

Sincerely,

[Signature]

W. Michael Blumenthal

New York City Employees' Retirement System
220 Church Street
New York, New York 10038

Enclosure
November 15, 1978

Attention: Paul Dickstein
Deputy Commissioner

Dear Sirs:

I have received your letter of November 15, 1978 in which you notified me in accordance with the provisions of Public Law 95-497 (the "Act") before entering into a Bond Purchase Agreement (the "Agreement") and the two copies of the Agreement which you enclosed therewith.

I have determined that I will not disapprove the Agreement under the Act and return herewith one copy of the Agreement.

Sincerely,

W. Michael Blumenthal

New York City Police Pension
Fund, Article 2
1 Police Plaza
New York, New York 10038

Enclosure
Attention: John La Carrubba  
Executive Director

Dear Sirs:

I have received your letter of November 17, 1978 in which you notified me in accordance with the provisions of Public Law 95-497 (the "Act") before entering into a Bond Purchase Agreement (the "Agreement") and the two copies of the Agreement which you enclosed therewith. I have determined that I will not disapprove the Agreement under the Act and return herewith one copy of the Agreement.

Sincerely,

W. Michael Blumenthal

W. Michael Blumenthal

Board of Education Retirement  
System for The City of New York  
65 Court Street  
Brooklyn, New York 11201

Enclosure
November 17, 1978

CERTIFICATE OF THE SECRETARY OF THE TREASURY
CONCERNING SECTION 103(7) OF THE
NEW YORK CITY LOAN GUARANTEE ACT OF 1978, P.L. 95-339

In connection with the proposed issue this 17th day
of November, 1978 of Guarantees of the principal of and
interest on certain Bonds of The City of New York in the
aggregate principal amount of $200,000,000 ("Guaranteed
Bonds") by the United States of America pursuant to the
and in accordance with the the Agreement to Guarantee dated
as of November 15, 1979, I, W. Michael Blumenthal, Secretary of
the Treasury, DO HEREBY DETERMINE that:

the City has agreed to

(A) to obtain and submit to me, as soon as practicable
after the close of each fiscal year of the city during
which I may make guarantees under this title or during
which any city indebtedness guaranteed hereunder is
outstanding, an opinion of independent public accountants
setting forth the results of an audit by such accountants
of the financial statements of the city for such fiscal
year, which opinion shall describe any deviation in the
preparation of such financial statements from generally
accepted accounting principles applicable to governmental
bodies and shall state that the audit of such financial
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 were considered necessary under the circumstances; and

(B) to establish an audit committee which shall
assist in the determination of areas of inquiry for,
review the progress of, and evaluate the results of,
audits to be conducted by such independent public accountants, and which shall consist of the mayor of the city, the comptroller of the city, the president of the city council, two individuals with expertise in municipal finance, and two officers or employees of two different firms of independent public accountants which are not engaged either by the city or by the comptroller of the city, such individuals and such officers or employees of such firms to be selected by the independent fiscal monitor.

W. MICHAEL BLUMENTHAL
Secretary of the Treasury
SUMMARY OF TERMS
FOR
PURCHASE OF MAC SECOND RESOLUTION BONDS
BY CERTAIN FINANCIAL INSTITUTIONS

Issuer:
Municipal Assistance Corporation for the City of New York ("MAC")

Obligations:
MAC bonds (the "Bonds") issued under the Second General Bond Resolution and new series resolutions (the "Resolutions")

Security:
The Bonds will be secured by (a) the Resolutions and the Revenues pledged thereunder and (b) a covenant of the State (the "State Covenant") authorized by § 10-a of the Financial Emergency Act for the City of New York, as amended May 26, 1978 and as further amended (the "EFCB Act")

Commitment Period:
September 15, 1978 - December 31, 1981, subject to closing conditions; same commitment period for pension funds committed to purchase MAC bonds (see condition 4 on page 5)

Purchase Price:
At par

Coupon Rates:
8.25% for term Bonds to be purchased in September, 1978 (subject to final approval by the Purchasers); to be determined by formula for later closings; serial bonds to be at a range of rates averaging the rate for term Bonds

Certificate Form and Denomination:
Bearer or registered, as Purchaser elects. Coupon Bonds in denominations of $5,000, $100,000 and unlimited, registered Bonds in multiples of $5,000 (with right to break down)
Aggregate of $625 million principal amount of Bonds will be subject to commitments to purchase by New York Clearing House banks, $300 million by certain New York savings banks and $250 million by certain New York insurance companies [City pension funds will simultaneously be making commitments, by separate agreement, to purchase $625 million of same MAC bonds.]

1. The various Purchasers will severally (and not jointly) agree to purchase Bonds having maturities of approximately 19.5 years from date of issuance (Bonds will mature on July 1 of 1998 through 2001 with an average life of no more than 14.5 years).

2. Bonds will be term bonds with mandatory sinking fund; there will also be serial bonds. There will be a separate series for each closing and additional series for serial bonds.

3. The amounts of the commitments of each Purchaser and each pension fund committed to purchase MAC bonds shall be stated on an annual and non-cumulative basis.

4. MAC shall give 30 days' notice of each closing date; on five days' notice MAC may adjourn the closing for up to 30 days from original closing date; in the case of a default by one or more Purchasers or pension funds committed to purchase MAC bonds, MAC may adjourn the closing for up to 60 days from the original closing date. The Purchasers and the pension funds committed to purchase MAC bonds shall participate in each closing in proportion to their commitments for the fiscal year in
which the closing is held. Each notice shall be irrevocable, with each Purchaser's commitment to purchase the Bonds specified in the notice terminating if delivery is not made on the closing date (as it may be adjourned) and such Purchaser has not defaulted. At the beginning of each fiscal year MAC shall deliver a schedule of anticipated closing dates during the year which is consistent with the financial plan approved by the EFCB

Optional Call Provisions:

(a) Ten year call protection (must by statute be callable after eleven years); (b) call premium of 2.5% in eleventh year reducing .5% per year to par in sixteenth year; (c) callable in whole or in part for any reason

Mandatory Call Provisions:

If (a) the State shall take any action in violation of the State Covenant as written on the Bonds and such action shall not be repealed within 3 months, (b) there shall be an unappealable determination by any court having jurisdiction that any material provision of the EFCB Act (other than Section 10-a) is invalid or unenforceable or (c) the Federal Government shall accelerate any City securities it has guaranteed and paid, then MAC shall redeem the Bonds at principal plus accrued interest

Debt Restrictions:

Debt covenants to be in Series Resolutions, in addition to those presently included in First and Second Resolutions

a. Debt covenants identical to those in Series 8 and 9 Resolutions for the life of the Bonds
b. MAC shall not issue any bonds if, after giving effect thereto, its total outstanding bonded indebtedness will exceed $8.8 billion, and shall not issue any bonds except under its existing First and Second Resolutions; issuance of additional First Resolution bonds permitted only up to $3.750 billion, minus First Resolution bonds heretofore issued other than refunding bonds heretofore issued, and no First Resolution bonds can be renewed, refunded, or extended beyond their original maturity date; issuance of Second Resolution bonds permitted only up to $5.050 billion minus Second Resolution bonds heretofore issued other than refunding bonds.

c. MAC shall not issue any notes unless (i) they are payable only from revenues that would go to the City after full service of First and Second Resolution bonds that are outstanding or are contemplated to be outstanding at the maturity of such notes, (ii) there is an appropriate additional coverage margin for such subordinated notes (based upon the Second Resolution coverage test), (iii) there can be no rollover of MAC notes, and (iv) the proceeds from sale of such notes can be used only for bona fide seasonal financing needs of the City.

Conditions to Execution of Bond Purchase Agreement:

Prior to execution of a Bond Purchase Agreement among the Purchasers and MAC (the "Bond Purchase Agreement"):  

1. MAC shall deliver to each Purchaser, on the second business day before the execution of the Bond.
Purchase Agreement, an Official Statement, which shall include material information concerning the City and the State relevant to MAC or the Bonds, (as from time to time amended or supplemented, the "Official Statement"), and the Purchasers shall receive, on the date of execution of the Bond Purchase Agreement, opinions of MAC Corporate Counsel, Bond Counsel and special counsel for the Purchasers to the effect that, based on the participation of such counsel in the preparation of the Official Statement, but without independent verification, nothing has come to their attention which would cause them to believe that such Official Statement contains any material misstatements or omissions.

2. Enactment of legislation appropriating the full amount of Federal guarantees of City or MAC securities on a one-time basis.

3. The pension funds shall have purchased the remaining $118 million of City bonds (unguaranteed) pursuant to the 1975 Amended and Restated Agreement.

4. Satisfactory commitments of the pension funds to purchase bonds in amounts and maturities consistent with the City's Four-Year Financial Plan for FY1979-1982 shall have been obtained.

   a. State pension funds to commit to purchase $375 million of guaranteed City bonds, and City pension funds to commit to purchase $375 million of guaranteed City bonds and $625 million of MAC Second Resolution bonds.

   b. MAC bonds purchased by the City pension funds shall not be guaran-
and shall be issued under the Second Resolution with rates, maturities and other features no more favorable to the funds than those of the Bonds are to the Purchasers.

5. Satisfactory commitments sufficient to meet the City's seasonal requirements for FY1979 shall have been obtained.

6. The EFCB Act shall have been reenacted in amended form after a "home rule message" has been delivered and shall have become effective. The amendments to the existing EFCB Act shall (a) define "emergency period" to provide that such period cannot terminate until (in addition to the present provisions) the City has market access for its seasonal and long-term financing requirements for the immediately preceding, the current and the coming fiscal year, (b) respond to requirements of the Federal guarantee legislation, and (c) make certain technical amendments.

7. (a) The Coalition Economic Agreement between the City and the several labor unions which are signatories thereto shall have been approved by the EFCB as consistent with the current Four-Year Financial Plan and, except as set forth in a schedule to be delivered to the Purchasers, all major City labor contracts which will be applicable to FY1979 and FY1980 are either subject to the Coalition Economic Agreement or have been approved by the EFCB as consistent with the Financial Plan.

-6-
(b) The schedule referred to in (a) above shall be satisfactory to the Purchasers.

(c) Union ratification of all City labor agreements to be effective for FY1979 and FY1980 shall have become effective or shall be reasonably assured.

8. The EFCB shall have approved a financial plan which (a) with respect to the City and the Board of Education, covers FY1979 through FY1982 and is consistent with applicable provisions of Section 8 of the EFCB Act and (b) with respect to all other covered organizations, covers FY1979 and is consistent with applicable provisions of Section 8 of the EFCB Act.

9. The Purchasers shall have received a copy of a satisfactory Federal Guarantee Agreement in execution form (the "Federal Guarantee Agreement") implementing Federal guarantee legislation.

Special Conditions to Initial Purchase:

1. The Federal Guarantee Agreement shall have been executed and the first takedown of guaranteed bonds shall have occurred prior to or simultaneously with the initial purchase of the Bonds.

2. Execution of an Adherence Agreement by the City to and for the benefit of the Purchasers (the "Adherence Agreement") in the form attached as an exhibit to the Bond Purchase Agreement in which the City shall agree that it will:

   a. Comply with the provisions of the EFCB Act as it may from time to time be amended.
Conditions to Each Purchase:

A. Financing Requirements Satisfied

1. At least 90% in aggregate principal amount of the Bonds scheduled to be purchased by the Purchasers at each closing, and at least 90% in aggregate principal amount of MAC bonds scheduled to be purchased by the pension funds at such closing, shall be purchased simultaneously; in addition, at least 90% in aggregate principal amount of the Bonds and MAC bonds scheduled to have been purchased by the Purchasers and the pension funds, respectively, prior to such closing shall have been purchased.

2. Pension funds shall have purchased all guaranteed securities scheduled on or prior to the purchase of the Bonds, and commitments for the balance shall be in full force and effect; the schedule for FY1979 and FY1980 shall call for the purchase of all guaranteed securities to be purchased during such year simultaneously or before the first closing in such year under the Bond Purchase Agreement.

b. Not issue any short-term debt in violation of the limitations set forth in Section 9-b of the EFCB Act as in effect on the date of the Bond Purchase Agreement.

[see Representations and Warranties of the City in the Adherence Agreement set forth below.]
3. a. Financial plans shall provide details of each expected borrowing in upcoming fiscal year specifying issuer (City or MAC), principal amount, type of securities, month of issuance, type of transaction (public offering or private placement) and type of purchasers (public, financial institutions or pension funds).

b. EFCB shall certify on each closing date that MAC and City securities were sold in the prior fiscal year as contemplated in the related financial plan and that amounts and types of sales satisfied the City's seasonal and long-term borrowing requirements in the prior fiscal year and are consistent with an expectation that (i) the City's total borrowing requirements through FY1982 will be satisfied and (ii) the City's total borrowing requirements after FY1982 will be satisfied in the public securities market.

4. EFCB shall certify as of the closing date that there is a reasonable assurance that the City's seasonal financing needs for the then current fiscal year will be met in full; provided, however, that if the New York Clearing House bank Purchaser have not entered into a seasonal financing agreement for such fiscal year, the EFCB may deduct from such needs, solely for the purposes of this certification, the lesser of the amount, if any, of City notes purchased by such Purchasers (other than in a public offering) in the prior fiscal year or the proportion of the City's seasonal financing needs met through any such purchases in the prior fiscal year.
B. No Material Adverse Changes in Circumstances

1. The Bond Purchase Agreement, Adherence Agreement, financing commitments of pension funds with respect to MAC bonds and guaranteed securities, Federal guarantee legislation, Federal Guarantee Agreement, EFCB Act, State Covenant and the Municipal Assistance Corporation for the City of New York Act as amended May 26, 1978 (the "MAC Act"), shall be in full force and effect

a. No material modification of such agreements and legislation shall have been made since the date of the Bond Purchase Agreement

b. No adverse decision shall have been rendered by any court with respect to the powers of EFCB or the provisions of the EFCB or the MAC Act, the validity or enforceability of the Bonds, the Resolutions, the Bond Purchase Agreement, the financing commitments of pension funds, the Adherence Agreement or the State Covenant

2. There shall not be any pending or (to the knowledge of MAC) overtly threatened litigation (i) wherein an adverse decision might (a) materially impair the powers or duties of the EFCB or (b) adversely affect the payment provisions for the Bonds or (ii) which questions the validity or enforceability of the Bonds, the Resolutions, the Adherence Agreement, the MAC Act, the EFCB Act or the State Covenant (except for pending or overtly threatened litigation (A) as described on a schedule attached to the Bond Purchase Agreement or (B) which, in the opinion of Bond Counsel, Corporate Counsel to MAC or other counsel satisfactory to the Purchasers, is without merit)
3. There shall not have been any adverse change in MAC's financial condition or affairs which materially adversely affects the prospects for payment of the principal of or interest on the Bonds when due [assuming the interest rate formula has a current market price floor]. There shall not have been specified adverse changes in the case of the City as follows:

a. A projected budget deficit of 2% or more of gross revenues for current fiscal year.

b. Audited budget deficit in any fiscal year beginning with FY1978 of 2% or more of gross revenues (unaudited results to be used in this regard until 120 days after the end of the last preceding fiscal year).

c. The City's total seasonal borrowing needs, actual and projected, for the current fiscal year shall not exceed 8% of estimated gross revenues.

d. The year-end deficits referred to in a. and b. above shall be as computed in accordance with generally accepted accounting principles, as modified under Section 8.2-a of the EFCB Act, and shall not include expense items permitted to be included in the City's capital budget or pension costs permitted to be expensed on a cash rather than accrual basis.

e. EFCB shall certify as to a. based upon procedures comparable to those required for a financial plan modification (including certifications by the Mayor and the EFCB) carried out within 10 business days of closing.
f. Gross revenues for purposes of a., b., and c. shall not include proceeds from the sale of securities.

g. Other

4. No default by MAC on any debt obligation or under First or Second General Bond Resolutions or Series Resolutions; no default by the City on any debt obligation or under the Adherence Agreement; no default by the State on any debt obligation; no default in payment of any debt obligations of a City or State moral obligation agency at maturity or otherwise; no default under any agreement with other parties making investment in MAC or the City as part of the City's Four-Year Financial Plan; no bankruptcy or insolvency proceedings or moratorium or similar event with regard to MAC or the City.

5. The City shall be in substantial compliance with the provisions of the EFCB Act, and the EFCB shall certify that (a) it has approved a financial plan covering the four years beginning with the fiscal year of the closing which is consistent with the applicable requirements of the EFCB Act, (b) in the judgment of the EFCB, the City is in substantial compliance with all outstanding EFCB orders, (c) the EFCB is not aware of any substantial non-compliance with the EFCB Act by the City, (d) the areas of non-compliance referred to in (b) and (c), if any (which shall be described in such certificate), do not in the aggregate reflect a material impairment in the City's ability to carry out the financial plan and (e) the City has made substantial progress in achieving
a balanced expense budget or has achieved a balanced expense budget, as the case may be, consistent with the requirements of the EFCB Act as presently in effect.

6. The Bonds to be purchased shall be rated no less than Baa and BBB by Moody’s and by Standard & Poor’s, respectively, and shall be legal investments (excluding baskets and leeways) for commercial banks, insurance companies and savings banks.

C. Other Conditions

1. MAC shall have delivered to each Purchaser at least two business days prior to each closing an amendment or supplement to the Official Statement and appropriate certifications to the effect that such Official Statement, as so amended or supplemented, does not contain any material misstatements or omissions.

2. Representations and warranties in Bond Purchase Agreement and Adherence Agreement are correct on closing date as if made on and as of such date.

3. Closing documentation substantially comparable to that delivered in connection with previous MAC closings (modified to reflect new legislation), including appropriate certifications as to satisfaction of conditions, the EFCB Act, the State Covenant, the provisions of the Bond Purchase Agreement and the Adherence Agreement and other opinions, certificates and documentation reasonably requested by the Purchasers.

4. Opinions of counsel

   a. Bond Counsel (as to matters covered in previous MAC financings, tax exemption, the validity of the EFCB Act and the powers of the EFCB)
thereunder and the validity and enforceability of the Bonds, the Bond Purchase Agreement, the Adherence Agreement and the State Covenant and related matters)

b. MAC Corporate Counsel (as to matters covered in previous MAC financings as well as the validity and enforceability of the Bonds and the Bond Purchase Agreement and related matters)

c. State Attorney General (as to matters covered in previous MAC financings, validity of the EFCB Act and the powers of the EFCB thereunder, the validity and enforceability of the Bonds, the Bond Purchase Agreement and the State Covenant and related matters)

d. City Corporation Counsel (as to validity and enforceability of Adherence Agreement)

e. Special Counsel for the Purchasers

5. Executed Bonds, incorporating the State Covenant

6. No closing condition with respect to waiver of federal priority. It is understood that any agreement for the purchase of City notes in FY 1979 and any annual agreement for purchases thereafter will have as a condition that federal priority be waived with respect to City notes.
7. Closing conditions for sale of guaranteed securities to be added to the extent appropriate

1. MAC shall include in its annual and quarterly reports all information material to prospective investors

2. MAC shall promptly deliver to each Purchaser and make publicly available (a) audited annual and unaudited quarterly financial statements, including quarterly reports of sales and stock transfer tax receipts, annual reports of per capita State aid receipts and annual reports showing projection of sales and stock transfer tax and per capita State aid receipts for the coming year, and (b) such financial or other information as any Purchaser shall reasonably request

3. If at any time the total long-term financing requirements for the City for the four fiscal years 1979-1982, as set forth in the financial plan then in effect, are reduced to less than $4.5 billion, or public sales of MAC or City securities are made in excess of the amounts anticipated in such financial plan, the total commitments of the Purchasers and the pension funds (including guaranteed bonds) shall be proportionately reduced and the resulting amount of reduction applied pro rata to any remaining commitments of the Purchasers and the pension funds

4. MAC shall not issue any bonds during the Commitment Period having a maturity or average life less than that of the Bonds
Events of Default:

Remedies:

Waivers and Consents by Bondholders:

Representations and Warranties:

5. Other

Existing events of default in Second Resolution

As provided in the Second Resolution

1. As provided in the Second Resolution, except that specified covenants and agreements (but not closing conditions) in the Bond Purchase Agreement and the covenants in the Adherence Agreement may be waived or modified by Purchasers owning or committed to purchase at the date of determination 75% in aggregate principal amount of the Bonds owned by the Purchasers or subject to purchase commitments

2. Specified covenants in the Bond Purchase Agreement and covenants in the Adherence Agreement will terminate if and when the Purchasers own or are committed to purchase less than 10% in aggregate principal amount of the Bonds purchased or subject to purchase commitments

1. Representations and warranties comparable to those in MAC underwriting agreements

2. Authority for, and validity and enforceability of, the Bonds and the Bond Purchase Agreement

3. Validity and enforceability of State covenant

4. Official Statement, including financial statements of MAC

5. Use of proceeds
   a. No arbitrage violation
   b. No violation of Regulations 3 and 6

6. No sovereign immunity
   a. of MAC with respect to Bonds and Bond Purchase Agreement

-16-
b. of State with regard to State Covenant

7. Representations and warranties of the City in the Adherence Agreement

a. Authorization, execution, delivery, validity and enforceability of the Adherence Agreement

b. Adherence Agreement does not conflict with laws, regulations, orders, agreements or instruments binding on the City

c. No governmental approvals, etc., required for the Adherence Agreement

d. No litigation pending or threatened which might adversely affect the payment provisions of the Bonds or which questions the validity or enforceability of the Adherence Agreement

e. No sovereign immunity with respect to the Adherence Agreement

Resale:

No Bonds purchased at the time of a public offering of MAC II bonds may be sold for a period of 30 days after such public offering commences, or such shorter period agreed to in connection with such public offering

Expenses of Transaction:

Whether or not the Bond Purchase Agreement is executed or any closing thereunder takes place, MAC shall pay (a) all of its costs and expenses in connection with the preparation, authorization, execution, delivery and performance of the Bond Purchase Agreement, the Bonds, the Resolutions, the Adherence Agreement, the Official Statement (including any amendments or supplements thereto) and related documents (including printing costs and the fees and disbursements of
its Bond Counsel and Corporation Counsel), (b) the fees and disbursements of special counsel for the Purchasers, (c) rating agency fees and (d) MSRB fees. The City shall pay the fees and expenses of its Bond Counsel with regard to the Adherence Agreement. Expense arrangements should be covered in preliminary letter from MAC

Federal Enforcement: All parties to the Bond Purchase Agreement and the agreements providing for the purchase of MAC bonds and guaranteed securities by the pension funds shall acknowledge that they are subject to the enforcement provisions of Section 105(f) of the Federal guarantee legislation.
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
thereof the following paragraph:

"The Corporation covenants that it will issue no obligations pur-
suant 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 pur-
suant 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.
CROSS RECEIPT

Each of the following commercial banks listed below hereby acknowledges receipt from the United States Trust Company of New York, as trustee, of 1978 Series 11 Bonds of the Municipal Assistance Corporation For The City of New York in the principal amount indicated below, being the bonds to be purchased by each such commercial bank, pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

IN WITNESS WHEREOF, this receipt has been executed this 15th day of November, 1973.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered by Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers Trust Company</td>
<td>$5,220,000</td>
<td>$3,121,943.75</td>
<td></td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>2,250,000</td>
<td>2,207,734.38</td>
<td></td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>10,145,000</td>
<td>9,954,428.99</td>
<td>William J. Leuren</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>8,120,000</td>
<td>7,967,463.06</td>
<td></td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>11,985,000</td>
<td>11,759,363.10</td>
<td>Richard J. Mitchell</td>
</tr>
<tr>
<td>Irving Trust Company</td>
<td>2,410,000</td>
<td>2,364,728.32</td>
<td></td>
</tr>
<tr>
<td>Manufacturers Hanover Trust Company</td>
<td>7,415,000</td>
<td>7,275,711.23</td>
<td></td>
</tr>
<tr>
<td>Financial Institution</td>
<td>Principal Amount of Bonds Received</td>
<td>Amount Delivered by Institution</td>
<td>Signature</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------------------------------</td>
<td>---------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Marine Midland Bank</td>
<td>$3,895,000</td>
<td>$3,821,833.51</td>
<td></td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>6,715,000</td>
<td>6,588,860.59</td>
<td>Thomas J. Padavil</td>
</tr>
<tr>
<td>National Bank of North America</td>
<td>1,600,000</td>
<td>1,569,944.44</td>
<td></td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td>620,000</td>
<td>608,353.47</td>
<td>Malcolm S.</td>
</tr>
</tbody>
</table>

**TOTALS FOR COMMERCIAL BANKS**

$50,375,000 $39,240,372.39

Receipt is hereby acknowledged of checks from each of the above-listed commercial banks in the respective amounts listed opposite each bank's name, totaling $39,240,372.39 and constituting payment in full of the purchase price together with accrued interest for the 1973 Series 11 Bonds purchased by commercial banks.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By: [Signature]

For remaining document see page 4.
NOTICE

Pursuant to Section 5.7(a) of the Bond Purchase Agreement (the "Agreement") dated as of November 15, 1973 by and among the Municipal Assistance Corporation For The City of New York (the "Corporation") and each of the Purchasers listed on Schedule I thereto (the "Purchasers"), notice is hereby given to each Purchaser that the Corporation intends to make a public offering of its bonds and execute a purchase agreement relating to the bonds to be so offered on or within 30 calendar days after the first Closing Date under the Agreement, or on or within 40 calendar days before such first Closing Date.

November 17, 1973

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By ____________________________
CROSS RECEIPT

On behalf of each of the following savings banks, the undersigned hereby acknowledges receipt from the United States Trust Company of New York, as trustee, of 1978 Series 11 Bonds of the Municipal Assistance Corporation For The City of New York in the principal amount indicated below, being the bonds to be purchased by each such savings bank pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Principal Amount of Bonds Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Savings Bank</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Anchor Savings Bank</td>
<td>1,500,000</td>
</tr>
<tr>
<td>The Bowery Savings Bank</td>
<td>9,350,000</td>
</tr>
<tr>
<td>The Brooklyn Savings Bank</td>
<td>2,125,000</td>
</tr>
<tr>
<td>Central Savings Bank</td>
<td>1,375,000</td>
</tr>
<tr>
<td>College Point Savings Bank</td>
<td>125,000</td>
</tr>
<tr>
<td>The Dime Savings Bank Of New York</td>
<td>5,585,000</td>
</tr>
<tr>
<td>Financial Institution</td>
<td>Principal Amount of Bonds Received</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>The Dime Savings Bank of Williamsburgh</td>
<td>$750,000</td>
</tr>
<tr>
<td>Dollar Savings Bank of New York</td>
<td>4,440,000</td>
</tr>
<tr>
<td>Dry Dock Savings Bank</td>
<td>3,675,000</td>
</tr>
<tr>
<td>The East New York Savings Bank</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Emigrant Savings Bank</td>
<td>5,250,000</td>
</tr>
<tr>
<td>Empire Savings Bank</td>
<td>1,075,000</td>
</tr>
<tr>
<td>Flushing Savings Bank</td>
<td>375,000</td>
</tr>
<tr>
<td>Franklin Savings Bank of New York</td>
<td>2,425,000</td>
</tr>
<tr>
<td>The Green Point Savings Bank</td>
<td>1,750,000</td>
</tr>
<tr>
<td>The Greenwich Savings Bank</td>
<td>4,375,000</td>
</tr>
<tr>
<td>Hamburg Savings Bank</td>
<td>250,000</td>
</tr>
<tr>
<td>Harlem Savings Bank</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Independence Savings Bank</td>
<td>1,135,000</td>
</tr>
<tr>
<td>The Lincoln Savings Bank</td>
<td>3,130,000</td>
</tr>
<tr>
<td>Financial Institution</td>
<td>Principal Amount of Bonds Received</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Metropolitan Savings Bank</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>The New York Bank for Savings</td>
<td>6,250,000</td>
</tr>
<tr>
<td>Northfield Savings Bank</td>
<td>140,000</td>
</tr>
<tr>
<td>Northside Savings Bank</td>
<td>325,000</td>
</tr>
<tr>
<td>Queens County Savings Bank</td>
<td>500,000</td>
</tr>
<tr>
<td>Richmond County Savings Bank</td>
<td>125,000</td>
</tr>
<tr>
<td>Richmond Hill Savings Bank</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Ridgewood Savings Bank</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Roosevelt Savings Bank</td>
<td>900,000</td>
</tr>
<tr>
<td>The Seaman's Bank For Savings</td>
<td>3,125,000</td>
</tr>
<tr>
<td>Staten Island Savings Bank</td>
<td>500,000</td>
</tr>
<tr>
<td>Union Dime Savings Bank</td>
<td>1,750,000</td>
</tr>
<tr>
<td>United Mutual Savings Bank</td>
<td>625,000</td>
</tr>
</tbody>
</table>
Financial Institution  Principal Amount of Bonds Received
The Williamsburgh Savings Bank  $3,250,000

TOTALS FOR SAVINGS BANKS  $75,000,000

IN WITNESS WHEREOF, this receipt has been executed this 17th day of November, 1973.

[Signature]

By: [Signature]

Receipt is hereby acknowledged of the check from the City of New York in the amount of $73,591,145.33, constituting payment in full of the purchase price together with accrued interest for the 1973 Series 11 Bonds purchased by savings banks.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]
CROSS RECEIPT

Each of the following insurance companies hereby acknowledges receipt from the United States Trust Company of New York, as trustee, of 1973 Series II Bonds of the Municipal Assistance Corporation for The City of New York in the principal amount indicated below, being the bonds to be purchased by each such insurance company pursuant to the Bond Purchase Agreement dated as of November 15, 1973.

IN WITNESS WHEREOF, this receipt has been executed this 7th day of November, 1973.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered by Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbian Mutual Life Insurance Company</td>
<td>$50,000</td>
<td>$49,060.76</td>
<td></td>
</tr>
<tr>
<td>New York Life Insurance Company</td>
<td>4,000,000</td>
<td>3,924,861.11</td>
<td></td>
</tr>
<tr>
<td>Security Mutual Life Insurance Company of New York</td>
<td>100,000</td>
<td>98,121.53</td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>4,150,000</td>
<td>$4,072,043.40</td>
<td></td>
</tr>
</tbody>
</table>
Receipt is hereby acknowledged of checks from each of the above-listed insurance companies in the respective amounts listed opposite each insurance company's name, totaling $4,072,043.40 and constituting payment in full of the purchase price together with accrued interest for the 1978 Series II Bonds purchased by insurance companies.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]
CROSS RECEIPT

Each of the following New York City Pension Funds hereby acknowledges receipt from the United States Trust Company of New York, as trustee, of 1973 Series 12 Bonds of the Municipal Assistance Corporation For The City of New York in the principal amount indicated below, being the bonds to be purchased by each such New York City Pension Fund pursuant to the Bond Purchase Agreement dated as of November 15, 1973.

IN WITNESS WHEREOF, this receipt has been executed this 17th day of November, 1978.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered by Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City Employees' Retirement System</td>
<td>$29,540,000</td>
<td>$29,083,220.83</td>
<td>[Signature]</td>
</tr>
<tr>
<td>Teachers' Retirement System for The City of New York</td>
<td>19,865,000</td>
<td>19,491,941.49</td>
<td>[Signature]</td>
</tr>
<tr>
<td>Board of Education Retirement System for The City of New York</td>
<td>1,090,000</td>
<td>1,069,524.65</td>
<td>[Signature]</td>
</tr>
<tr>
<td>New York City Police Pension Fund, Article 2</td>
<td>9,780,000</td>
<td>9,596,235.42</td>
<td>[Signature]</td>
</tr>
<tr>
<td>TOTALS FOR PENSION FUNDS</td>
<td>$60,175,000</td>
<td>$59,243,872.39</td>
<td></td>
</tr>
</tbody>
</table>

* NYCERS will deliver two checks as follows:

- $27,250,000.00
- 1,833,220.83
- $29,083,220.83
Receipt is hereby acknowledged of checks from each of the above-listed New York City Pension Funds in the respective amounts listed opposite each pension fund's name, totaling $59,240,872.39 and constituting payment in full of the purchase price together with accrued interest for the 1973 Series 12 Bonds.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]
CROSS RECEIPT

Each of the following insurance companies hereby acknowledges receipt from the United States Trust Company of New York, as trustee, of 1978 Series 13 Bonds of the Municipal Assistance Corporation For The City of New York in the principal amount indicated below, being the bonds to be purchased by each such insurance company pursuant to the Bond Purchase Agreement dated as of November 15, 1973.

IN WITNESS WHEREOF, this receipt has been executed this day of November, 1973.

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered by Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companion Life Insurance Company</td>
<td>$ 100,000</td>
<td>$ 93,118.61</td>
<td></td>
</tr>
<tr>
<td>The Equitable Life Assurance Society of the United States</td>
<td>70,000,000</td>
<td>63,684,706.94</td>
<td></td>
</tr>
<tr>
<td>Home Life Insurance Company</td>
<td>4,000,000</td>
<td>3,924,877.78</td>
<td></td>
</tr>
<tr>
<td>Financial Institution</td>
<td>Principal Amount of Bonds Received</td>
<td>Amount Delivered by Institution</td>
<td>Signature</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------</td>
<td>--------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Metropolitan Life Insurance Company</td>
<td>$110,000,000</td>
<td>$107,933,736.12</td>
<td>[Signature]</td>
</tr>
<tr>
<td>The Mutual Life Insurance Company of New York</td>
<td>16,000,000</td>
<td>15,699,416.94</td>
<td>[Signature]</td>
</tr>
<tr>
<td>United States Life Insurance Company in the City of New York</td>
<td>1,000,000</td>
<td>931,219.44</td>
<td>[Signature]</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$201,100,000</strong></td>
<td><strong>$197,322,075.83</strong></td>
<td></td>
</tr>
</tbody>
</table>

Receipt is hereby acknowledged of checks from each of the above-listed insurance companies in the respective amounts listed opposite each insurance company's name, totaling $197,322,075.83 and constituting payment in full of the purchase price together with accrued interest for the 1973 Series 13 Bonds.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]

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 (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 11 Bonds, 1978 Series 12 Bonds, and 1978 Series 13 Bonds in the aggregate principal amounts of $139,525,000, $60,375,000 and $201,100,000, respectively (the Bonds), as authorized by the 1978 Series 11 Resolution, 1978 Series 12 Resolution, and 1978 Series 13 Resolution, each adopted by the Corporation on November 14, 1978, as amended and supplemented, hereby acknowledges, on behalf of the Corporation, the receipt, from certain commercial banks, savings banks, insurance companies, and pension funds of the proceeds, including accrued interest, of the sale of the Bonds as set forth in Schedule I hereto.

IN WITNESS WHEREOF, I have hereunto set my hand
and the seal of United States Trust Company of New York this 17th day of November 1978.

(SEAL)

s/Malcolm J. Hood
Malcolm J. Hood
Senior Vice President

ATTEST:

s/G. Boswell
Assistant Vice President
### Schedule I

<table>
<thead>
<tr>
<th>Commercial Banks, Savings Banks, Insurance Companies and Pension Funds</th>
<th>Proceeds, Including Accrued Interest, of the Sale of the Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Commercial Banks:</td>
<td></td>
</tr>
<tr>
<td>Bankers Trust Company</td>
<td>$ 5,121,943.75</td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>2,207,734.38</td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>9,954,428.99</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>7,967,468.06</td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>11,759,865.10</td>
</tr>
<tr>
<td>Irving Trust Company</td>
<td>2,364,723.82</td>
</tr>
<tr>
<td>Manufacturers Hanover Trust Company</td>
<td>7,275,711.23</td>
</tr>
<tr>
<td>Marine Midland Bank</td>
<td>3,821,833.51</td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>6,588,860.59</td>
</tr>
<tr>
<td>National Bank of North America</td>
<td>1,569,944.44</td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td></td>
</tr>
<tr>
<td></td>
<td>608,353.47</td>
</tr>
<tr>
<td></td>
<td>$ 59,240,872.39</td>
</tr>
</tbody>
</table>

<p>| II. Savings Banks:                                                  |                                                               |
| American Savings Bank                                               | 1,471,822.92                                                  |
| Anchor Savings Bank                                                 | 1,471,822.92                                                  |
| The Bowery Savings Bank                                             | 9,174,362.85                                                  |
| The Brooklyn Savings Bank                                           | 2,085,082.47                                                  |</p>
<table>
<thead>
<tr>
<th>Bank</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Savings Bank</td>
<td>$1,349,171.01</td>
</tr>
<tr>
<td>College Point Savings Bank</td>
<td>122,651.91</td>
</tr>
<tr>
<td>The Dime Savings Bank of New York</td>
<td>5,480,087.33</td>
</tr>
<tr>
<td>The Dime Savings Bank of Williamsburgh</td>
<td>735,911.46</td>
</tr>
<tr>
<td>Dollar Savings Bank of New York</td>
<td>4,356,595.83</td>
</tr>
<tr>
<td>Dry Dock Savings Bank</td>
<td>3,605,966.15</td>
</tr>
<tr>
<td>The East New York Savings Bank</td>
<td>1,471,822.92</td>
</tr>
<tr>
<td>Emigrant Savings Bank</td>
<td>5,151,380.21</td>
</tr>
<tr>
<td>Empire Savings Bank</td>
<td>1,054,806.42</td>
</tr>
<tr>
<td>Flushing Savings Bank</td>
<td>367,955.73</td>
</tr>
<tr>
<td>Franklin Savings Bank of New York</td>
<td>2,379,447.05</td>
</tr>
<tr>
<td>The Green Point Savings Bank</td>
<td>1,717,126.74</td>
</tr>
<tr>
<td>The Greenwich Savings Bank</td>
<td>4,292,816.84</td>
</tr>
<tr>
<td>Hamburg Savings Bank</td>
<td>245,303.82</td>
</tr>
<tr>
<td>Harlem Savings Bank</td>
<td>1,226,519.10</td>
</tr>
<tr>
<td>Independence Savings Bank</td>
<td>1,162,740.10</td>
</tr>
<tr>
<td>The Lincoln Savings Bank</td>
<td>3,090,828.13</td>
</tr>
<tr>
<td>Metropolitan Savings Bank</td>
<td>1,471,822.92</td>
</tr>
<tr>
<td>The New York Bank for Savings</td>
<td>6,132,595.49</td>
</tr>
<tr>
<td>Northfield Savings Bank</td>
<td>137,370.14</td>
</tr>
<tr>
<td>Northside Savings Bank</td>
<td>809,502.60</td>
</tr>
</tbody>
</table>
Savings Banks (continued):

Queens County Savings Bank $ 490,607.64
Richmond County Savings Bank 122,651.91
Richmond Hill Savings Bank 981,215.28
Ridgewood Savings Bank 1,471,822.92
Roosevelt Savings Bank 883,093.75
The Seaman's Bank for Savings 3,066,297.74
Staten Island Savings Bank 490,607.64
Union Dime Savings Bank 1,717,126.74
United Mutual Savings Bank 613,259.55
The Williamsburgh Savings Bank 3,188,949.65

$ 73,591,145.88

III. Insurance Companies:

Columbian Mutual Life Insurance Company 49,060.76
Companion Life Insurance Company 98,118.61
The Equitable Life Assurance Society of the United States 68,684,706.94
Home Life Insurance Company 3,924,877.78
Metropolitan Life Insurance Company 107,933,736.12
The Mutual Life Insurance Company of New York 15,699,416.94
New York Life Insurance Company 3,924,861.11
Security Mutual Life Insurance Company of New York 98,121.53
Insurance Companies (continued):

United States Life Insurance Company in The City of New York

$ 981,219.44
$ 201,394,119.23

IV. Pension Funds:

New York City Employees' Retirement System

$ 29,083,220.83

Teachers' Retirement System for The City of New York

19,491,840.49

Board of Education Retirement System for The City of New York

1,069,524.65

New York City Police Pension Fund, Article 2

9,596,285.42

$ 59,240,872.39

Total

$ 393,467,009.89
ORDER AS TO DEPOSIT AND INVESTMENT
OF PROCEEDS FROM SALE OF 1978 SERIES 11 BONDS,
1978 SERIES 12 BONDS AND 1978 SERIES 13 BONDS

November 17, 1978

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

Gentlemen:

You have today received the amount of $393,467,009.89 from the Municipal Assistance Corporation For The City of New York (the Corporation) which constitutes the aggregate proceeds, including accrued interest, of the Corporation's sale of its 1978 Series 11 Bonds, 1978 Series 12 Bonds and 1978 Series 13 Bonds, each dated November 15, 1978 (the Proceeds). You are hereby requested, authorized and directed (i) to endorse the check drawn by New York City Employees' Retirement System and endorsed to your order in the amount of $27,250,000.00, constituting a portion of the Proceeds, to Morgan Guaranty Trust Company of New York for deposit by it in the Guarantee Fund under a resolution of the Corporation adopted on November 14, 1978, and (ii) to deposit $366,217,009.89, constituting the balance of the Proceeds, in the Corporation's 1978 Series 11-13 Proceeds Account (the Proceeds Account).

You are hereby further requested, authorized and ordered on November 20, 1978 (i) to deposit $47,000,000 of the Proceeds Account in the Capital Reserve Fund under the General Bond Resolution adopted on July 2, 1975, as amended (the First General Resolution), (ii) to deposit $13,150,000 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), (iii) to deposit $366,259.89 of the Proceeds Account in the Bond Service Fund under the Second General Resolution, (iv) to pay over $304,030,000 of the Proceeds Account 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 (v) to invest in repurchase agreements, pending further directions from the Corporation, the balance of $1,850,750.00 of the Proceeds Account.
Pending directions as to the expenditure of the Capital Reserve Fund, the Capital Reserve Aid Fund and the Bond Service Fund for the purposes authorized by the First and Second General Resolutions you are hereby requested, authorized and directed to invest monies in the Capital Reserve Fund, Capital Reserve Aid Fund and the Bond Service Fund, and any accrued interest thereon, in the manner provided in Section 702 of the First and Second General Resolutions.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By

[Signature]
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
2 World Trade Center
New York, New York

November 17, 1979

Moody's Investors Service, Inc.
99 Church Street
New York, New York

Attention: Ms. Frieda Ackerman

Gentlemen:


Please acknowledge receipt of the Official Statement by signing the enclosed copy of this letter and returning it to the waiting messenger.

Very truly yours,

Eugene Keilin
Executive Director

RECEIPT ACKNOWLEDGED:

Date: 11.17.79
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
2 World Trade Center
New York, New York

November 17, 1978

Standard & Poors Corporation
345 Hudson Street
New York, New York

Attention: Mr. Richard Huff

Gentlemen:


Please acknowledge receipt of the Official Statement by signing the enclosed copy of this letter and returning it to the waiting messenger.

Very truly yours,

[Signature]

Eugene Meilin
Executive Director

RECEIPT ACKNOWLEDGED:

[Signature]

Date: 12/11/78
November 16, 1978

MUNICIPAL ASSISTANCE CORPORATION

FOR THE CITY OF NEW YORK

MEMORANDUM OF CLOSING

First Closing Under the Bond Purchase Agreement dated November 15, 1978
1978 Series 11 Bonds ($139,525,000)
1978 Series 12 Bonds ($ 60,375,000)
1978 Series 13 Bonds ($201,100,000)

I. Summary of Closing

The Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement"), among the Municipal Assistance Corporation For The City of New York (the "Corporation") and the commercial banks, savings banks and insurance companies (the "Financial Institutions") and the New York City pension funds (the "Pension Funds") listed on Schedule I thereto, provides for the several commitments by the Financial Institutions and the Pension Funds (collectively, the "Purchasers") to purchase up to $1,799,700 aggregate principal amount of the Corporation's bonds issued under its Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (the "Second Bond
Resolution"). At the first Closing under the Bond Purchase Agreement, the Corporation issued $139,525,000 aggregate principal amount of its 1978 Series 11 Bonds, $60,375,000 aggregate principal amount of its 1978 Series 12 Bonds and $201,100,000 aggregate principal amount of its 1978 Series 13 Bonds (the "Bonds") under the Second Bond Resolution and the 1978 Series 11 Resolution, the 1978 Series 12 Resolution and the 1978 Series 13 Resolution, respectively (the "Series Resolutions") and sold the Bonds to the several Purchasers.

II. Actions Taken Prior to the Closing

1. The Senate and Assembly of the State of New York (the "State") enacted on May 26, 1978 and September 27, 1978, and the Governor of the State signed into law various amendments to the New York State Financial Emergency Act for The City of New York (as amended, the "FCB Act") and the New York State Municipal Assistance Corporation Act (as amended, the "MAC Act").

3. On October 31, 1978 the City delivered to each of the Purchasers its audited financial statements for Fiscal year 1978, together with the related independent accountants' report.

4. On November 9, 1978, the Financial Control Board for The City of New York (the "Control Board") approved a four-year financial plan for The City of New York (the "City"). A copy of such financial plan as modified, including a schedule of anticipated borrowings for Fiscal Year 1979 referred to in Section 3.3(a) of the Bond Purchase Agreement, was delivered to each of the Purchasers.


6. On November 14, 1978, the Board of Directors of the Corporation (the "Board of Directors"), among other things, (a) adopted the Series Resolutions, (b) authorized officers of the Corporation to execute the Bond Purchase Agreement and (c) approved the final Official Statement for the Bonds and authorized their issuance and sale; and on November 16, 1978 the Board of Directors adopted a supplemental resolution approving the interest rate and purchase price for the Bonds.
7. On November 16, 1978 the Corporation delivered to each of the Purchasers the Official Statement dated November 17, 1978 relating to the Bonds, marked to show changes from the preliminary official statement.

8. On or before November 17, 1978, the following were executed and delivered:

(a) the Bond Purchase Agreement;

(b) the Adherence Agreement dated as of November 15, 1978 (the "Adherence Agreement") (one original was delivered to each of the Purchasers and to Special Counsel for the Financial Institutions);

(c) the Agreement to Guarantee dated as of November 15, 1978 (the "Agreement to Guarantee") among the United States of America, acting by and through the Secretary of the Treasury (the Secretary"), the State, the City, the Control Board and the Corporation (see Item 2.2 below under the heading "IV. Actions Taken at the Closing");

(d) the Guaranteed Bond Purchase Agreement dated as of November 15, 1978 (the "Guaranteed Bond Purchase Agreement") among the City, the
funds named therein (see Item 2.3 below under the heading "IV. Actions Taken at the Closing"); and

(e) The Loan Agreement dated as of November 15, 1978 among the City and the Lenders named therein (the "Loan Agreement") (see Item 2.4 below under the heading "IV. Actions Taken at the Closing").

III. Preclosing

On November 16, 1978, a preclosing was held at the office of 1 Chase Manhattan Plaza, New York, New York, at which, to the extent possible, all documents to be delivered at the Closing were reviewed and signed by the interested parties.

IV. Actions Taken at the Closing

All actions taken at the Closing (and at the first Closing under the Agreement to Guarantee and the Guaranteed Bond Purchase Agreement at which $200 million aggregate principal amount of guaranteed City bonds were issued and sold) were deemed to occur simultaneously and no action was deemed effected until all other actions required to be completed at the Closing (and the first
Closing under the Agreement to Guarantee and the Guaranteed Bond Purchase Agreement) were completed. Copies of relevant documents were delivered to the parties and their counsel. Executed copies of all documents were delivered to Special Counsel to the Financial Institutions; executed copies of documents marked with an asterisk were also delivered to each of the Purchasers. All documents, unless otherwise noted, are dated the Closing Date.

1. **The Corporation Delivered:**


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

*1.2. The Bond Purchase Agreement.*

1.3. Copy of the Second Bond Resolution.

1.4. Copies of (a) the Series Resolutions, (b) the resolution adopted on November 14, 1978 concerning the Corporation's not issuing guaranteed bonds unless Federal priority is waived and (c) the resolution adopted on November 16, 1978 supplementing the Series Resolutions.
1.5. Written order of the Corporation as to the authentication and delivery of the Bonds to the Purchasers, pursuant to Section 202.2(2) of the Second Bond Resolution.

1.6. Extracts of the Minutes of (a) Board of Directors Meeting held on November 14, 1978 showing among other things: (i) authorization to execute Bond Purchase Agreement; (ii) approval of final Official Statement relating to the Bonds and (iii) adoption of the Series Resolutions and (b) Board of Directors Meeting held on November 16, 1978 showing approval of interest rate and purchase price for the Bonds.

1.7. (a) Certificate of the Secretary of the Corporation as to (i) members, officers, terms of office and other details of the Corporation, including attached By-Laws, minutes and certain resolutions, and litigation and signatures; (ii) attached forms of specimen Bonds; and (iii) certifications by an Authorized Officer required pursuant to (A) Section 202.2(4) (no default) and 202.3(3)(4) (debt coverage) of the Second Bond Resolution and (B) Section 401(1) (debt service) and Section 401(2) (debt coverage) of the Series Resolutions.
(b) Certificate of the Executive Director of the Corporation pursuant to Section 3.10(a) of the Bond Purchase Agreement.

1.8. Certificate of the State Commissioner of Taxation and Finance pursuant to Section 202.3(1) of the Second Bond Resolution.

1.9. Certificate of the State Director of the Budget pursuant to Section 202.3(2) of the Second Bond Resolution.

1.10. The approval, dated November 15, 1978, of the State Comptroller referred to in Section 3.14 of the Bond Purchase Agreement which meets the requirements with respect to the approval of the terms of sale and system of accounts of the Corporation pursuant to Sections 3012(1)(e) and 3013(4) of the MAC Act.

1.11. Certificates of the Executive Director of the Control Board (a) pursuant to Sections 3.3(b) and (b) pursuant to 3.10(b) of the Bond Purchase Agreement. (c) Certificate of the Deputy Mayor for Finance and First Deputy Comptroller as to borrowing schedule delivered pursuant to Section 3.3(a) of the Bond Purchase Agreement.

1.12. Certificate of the State Comptroller
pursuant to Section 3.10(c) of the Bond Purchase Agreement.

1.13. Arbitrage certificate of the Corporation pursuant to Section 3.13(a) of the Bond Purchase Agreement.


1.15. Certificate of the First Deputy Comptroller of the City as to the Official Statement.

1.16. Certificate of the Executive Director of the Control Board as to the Official Statement.

1.17. Certificate of the Special Deputy State Comptroller of the City as to the Official Statement.

1.18. Certificate of the Commissioner of Taxation and Finance as to Official Statement.

1.19. Certificate of the Director of the Budget as to the Official Statement.


2. The City Delivered:

*2.1. The Adherence Agreement.

2.2. The Agreement to Guarantee (an executed copy was available for inspection at the
closing and conformed copies were delivered to the Purchasers after the closing).

2.3. The Guaranteed Bond Purchase Agreement (an executed copy was available for inspection at the closing and conformed copies were delivered to the Purchasers after the closing).

2.4. The Loan Agreement (an executed copy was available for inspection at the closing and conformed copies were delivered to the Purchasers after the closing).

2.5. Certificate of the First Deputy Controller and the Director of Management and Budget of the City pursuant to Section 3.10(d) of the Bond Purchase Agreement.

2.6. Certificate of the City pertaining to Section 3038 of the MAC Act.

2.7. Certificate of the Mayor of the City as to the use of proceeds.

3. The Trustee delivered to the Corporation, with copies to Special Counsel for the Financial Institutions and the Purchasers:

3.1. Certificate of the Trustee as to its acceptance of duties of Trustee, its authority
to authenticate the Bonds and the due authentication of the Bonds.


4. The following opinions were delivered:

*4.1. Opinions of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation ("General Counsel"), addressed to the Purchasers, concerning the Official Statement (a) for the Series 11 Bonds, (b) for the Series 12 Bonds and (c) for the Series 13 Bonds.

*4.2. Opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation ("Bond Counsel"), addressed to the Purchasers, concerning the Official Statement.

*4.3. Opinion of Davis Polk & Wardwell, Special Counsel to the Financial Institutions ("Special Counsel to the Financial Institutions"), addressed to the Financial Institutions, concerning the Official Statement.

*4.4. (a) Opinion of General Counsel to the Corporation, addressed to the Purchasers, pursuant to Section 3.12(a) of the Bond Purchase Agreement, together with (b) reliance opinion to the Trustee.
*4.5. Opinions of Bond Counsel to the Corporation, addressed to the Corporation, pursuant to Section 3.12(b) of the Bond Purchase Agreement, which meet the requirements of Sections 202.2(1) and 1003 of the Second Bond Resolution, (a) with respect to the Series 11 Bonds, (b) with respect to the Series 12 Bonds, (c) with respect to the Series 13 Bonds, together with (d) reliance opinion to the Trustee and the Purchaser with respect to the Series 11 Bonds, (e) reliance opinion to the Trustee and the Purchasers with respect to the Series 12 Bonds, (f) reliance opinion to the Trustee and the Purchasers with respect to the Series 13 Bonds, and (g) opinion to the Purchasers with respect to the State Covenant.

*4.6. Opinion of Bond Counsel to the Corporation, addressed to the Corporation and the Purchasers, pursuant to Section 3.13(b) of the Bond Purchase Agreement, as to the Bonds not being arbitrage bonds.

*4.7. Opinions of State Attorney General, addressed to the Chairman of the Corporation, pursuant to Section 3.12(c) of the Bond Purchase Agreement.
*4.8. Opinion of City Corporation Counsel, addressed to the Purchasers, pursuant to Section 3.12(d) of the Bond Purchase Agreement.

*4.9. Opinion of Messrs. Rogers & Wells, Bond Counsel to the City, addressed to the Purchasers, pursuant to Section 3.12(e) of the Bond Purchase Agreement.

4.10. Opinion of Counsel to the Trustee addressed to the Corporation with respect to the Trustee's authority to act as Trustee and the authentication of the Bonds.

*4.11. Opinion of Special Counsel for the Financial Institutions, addressed to the Financial Institutions, pursuant to Section 3.12(f) of the Bond Purchase Agreement.

5. The following documents were delivered to Section 3.18 of the Bond Purchase Agreement:

5.1. Letters of the Secretary pursuant to Section 3.18(a) of the Bond Purchase Agreement.

5.2. Determinations of the Secretary pursuant to Section 3.18(b) of the Bond Purchase Agreement.

6. The Bonds and the purchase price therefor were delivered as follows:
6.1. $401,000,000 aggregate principal amount of Bonds were delivered to the several Purchasers in accordance with the Bond Purchase Agreement.

6.2. Each of the Purchasers delivered or caused to be delivered to the Corporation a bank check in New York Clearing House funds in the amounts of the purchase price for the Bonds purchased by it.

6.3. (a) The Trustee delivered to the Purchasers its acknowledgement of receipt of the proceeds of sale of the Bonds and (b) the Purchasers and the Corporation delivered their cross-receipt for the Bonds and the proceeds of sale, respectively.

6.4. Notice from the Corporation to the Purchasers pursuant to Section 5.7 of the Bond Purchase Agreement.

6.5. The Corporation delivered to the Trustee a letter instructing the Trustee to deposit the proceeds of the sale of the Bonds. Such letter also instructed the investment by the Trustee of these moneys (Section 7.02 of the Second Bond Resolution).

6.6. The Corporation delivered letters to Moody's Investors Service, Inc. and Standard & Poor's
Corporation and such rating agencies acknowledged receipt of the Official Statement in response to the requirements of Section 3.6(d) of the Bond Purchase Agreement.

V. Actions Taken After the Closing

1. The Corporation issued a press release stating that the Closing had been effected.

2. Some of the Purchasers exchanged the single registered Bond (or in the case of Serial Bonds, the single registered Bond for each maturity) which it received at the Closing for Bonds issued under the same Series Resolution in authorized denominations and in registered or in coupon bearer form in accordance with such Purchaser's request. The new Bonds were made available for exchange by the Corporation within 30 days of the Closing.

3. The Purchasers instructed the Corporation and the Corporation instructed the Trustee as to home office payment pursuant to Section 4.5 of the Bond Purchase Agreement.
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 resolution was, upon motion duly made and seconded, unanimously adopted:

RESOLVED, that, pursuant to the provisions 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.
CERTIFICATE OF THE SECRETARY

November 17, 1978

The undersigned hereby certifies that the Resolution of the Municipal Assistance Corporation For The City of New York (the "Corporation") attached hereto, which Resolution authorizes execution of the Agreement to Guarantee, is a true and correct copy of the Resolution duly adopted by the Board of Directors of the Corporation at a meeting duly called and held on November 14, 1978, and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended.

Stephen J. Weinstein
Secretary

Term of Office: Indefinite
RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK ESTABLISHING THE CITY OF
NEW YORK BOND GUARANTY FUND

Be it Resolved by the Board of Directors of the Municipal Assistance
Corporation For The City of New York (the “Corporation”) as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 101. Short Title. This resolution may hereafter be cited by
the Corporation, and is hereinafter sometimes referred to, as the “Guaranty
Fund Resolution”.

SECTION 102. Definitions. In this Guaranty Fund Resolution unless
a different meaning clearly appears from the context:

(1) Articles and Sections mentioned by number only are the
respective Articles and Sections of the Guaranty Fund Resolution so
numbered;

(2) “Act” shall mean the New York State Municipal Assistance
Corporation Act, as amended by the Municipal Assistance Corporation
for the City of New York Act, said Acts being Titles I, II and III of
Article 10 of the Public Authorities Law, both as amended to the date
of adoption of this Guaranty Fund Resolution;

(3) “Authorized Officer” means any member of the Board of
Directors of the Corporation, its Treasurer or an Assistant Treasurer,
Secretary, any Assistant Secretary, its Executive Director, Deputy Execu-
tive Director, its Counsel and any other person authorized by resolution
of the Corporation to perform the act or sign the document in question;

(4) “Bonds” means the bonds of the City held by the Pension
Funds and secured by the Guarantee issued on the first Closing Date
pursuant to the Guaranteed Bond Purchase Agreement, dated as of
November 15, 1978;

(5) “City” means The City of New York;

(6) “City Officers” means the Mayor and Comptroller of the
City;

(7) “Depository” means the bank or trust company organized
under the laws of the State of New York, or a national banking asso-
cation doing business and having its principal office in such State as appointed by resolution of the Corporation;

(8) "Funding Level" means an amount equal to five per centum of (i) the unpaid principal amount of all Bonds and (ii) the maximum amount of interest payable on all Bonds, the principal of which remains unpaid as of the date of calculation, in any period of twelve consecutive months;

(9) "Guarantee" means the guarantee by the United States of America of the payment of the principal of or interest on bonds of the City authorized pursuant to Public Law number 95-339 and issued pursuant to the Agreement to Guarantee dated as of November 15, 1978 by and among the United States of America, the City, the State, the Corporation and the Financial Control Board identified therein;

(10) "Guaranty Fund" means the fund created pursuant to Section 301 of the Guaranty Fund Resolution;

(11) "Paying Agent" means the bank, trust company or other corporation authorized by the City to pay the principal of and interest on the Bonds, when due;

(12) "Pension Funds" mean any or all of the New York City Employees' Retirement System, the New York City Police Pension Fund—Article 2, New York City Fire Department Pension Fund—Article 1B, New York City Board of Education Retirement System, the Teachers' Retirement System of the City of New York, the New York State Common Retirement Fund, or the New York State Teachers' Retirement System;

(13) "Secretary" means the Secretary of the Treasury of the United States or such official's lawful designee;

(14) "State" means the State of New York; and

(15) Words importing the singular number include the plural number and vice versa and words importing persons include firms, associations and corporations. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

ARTICLE II
OBLIGATION OF THE CORPORATION

SECTION 201. Authority for Guaranty Fund Resolution. The Guaranty Fund Resolution is adopted pursuant to the provisions of the Act.
SECTION 202. Guaranty Fund Resolution to Constitute Contract. In consideration of the purchase and acceptance of any of the Bonds by the Pension Funds and for so long as any such Bonds are held by any of the Pension Funds and in consideration of the Guarantee recited thereon, the Corporation has adopted this Guaranty Fund Resolution and acknowledges hereby that (i) the Secretary has relied upon the adoption of this Guaranty Fund Resolution and the establishment of the Guaranty Fund in the making of the Guarantee and (ii) the Pension Funds have relied upon the adoption of the Guaranty Fund Resolution and the establishment of the Guaranty Fund as fulfillment of a condition precedent to the making of the Guarantee without which such Pension Funds would not have purchased the Bonds.

The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of any of the Pension Funds as holders of any and all of the Bonds all of which shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 203. Obligation of the Corporation. The Corporation shall be under no obligation to maintain the Guaranty Fund at any level and shall not be required to deposit any monies therein other than monies received for such purpose from the proceeds of sale of obligations of the Corporation.

ARTICLE III

THE GUARANTY FUND

SECTION 301. Establishment of the Guaranty Fund. There is hereby established with the Depository a trust fund entitled the Guaranty Fund.

SECTION 302. Monies in the Guaranty Fund. The Corporation may deposit monies in the Guaranty Fund from time to time. Subject to the provisions of Section 303 below, monies on deposit in the Guaranty Fund shall only be used for the purpose of making payment, not earlier than the due date thereof, of principal or interest on the Bonds or of reimbursing the United States of America for payments made under the Guarantee.

SECTION 303. Transfers from the Guaranty Fund. (1) To the extent the balance on deposit in the Guaranty Fund exceeds the Funding Level whether through investment income or interest earnings on the investment of
monies in the Guaranty Fund or by virtue of a reduction in unpaid principal amount of the Bonds, such excess shall be transferred to the Corporation and used for any corporate purpose of the Corporation or shall be retained in and become part of the Guaranty Fund as the Depository shall be directed in the certificate of an Authorized Officer. If at any time there shall no longer be any payments due or to become due as principal of or interest on the Bonds, any monies remaining on deposit in the Guaranty Fund shall be transferred to the Corporation and may be used for any corporate purpose of the Corporation provided, however, that prior to any such transfer, the Depository receives the certifications referred to in Section 409 hereof.

(2) On any day on which a payment of the principal of or interest on any Bond is due and upon which the Depository receives a certificate of the City Officers (i) stating that the City has not made available to the Paying Agent monies in an amount sufficient to pay the principal of or interest on any such Bonds and (ii) setting forth the amount of the estimated deficiency, after giving notice to the Corporation and the Secretary, but only after receiving the consent of the Secretary, the Depository shall transfer the amount of such deficiency, but in no event an amount greater than the lesser of (a) the amount of monies then on deposit in the Guaranty Fund to the Paying Agent for the sole purpose of paying the principal or interest on such Bonds or (b) the Funding Level.

(3) On any day on which a payment of the principal of or interest on any Bond is due and upon which the Depository receives a certificate from an officer of the Paying Agent stating (i) the Paying Agent does not then hold sufficient funds of the City to make the payments of principal of or interest on bonds of the City, including the Bonds, required to be made by such Paying Agent on such day, and (ii) the Paying Agent has informed the City Officers of the deficiency with regard to the payment of the principal or interest on the Bonds and has not been offered any assistance which enables it to pay in full such principal and interest on such day, upon notice to the Corporation, the City and the Secretary, but only after receiving the consent of the Secretary, the Depository shall transfer the amount of such deficiency, but in no event an amount greater than the lesser of (a) the amount of monies then on deposit in the Guaranty Fund to the Paying Agent, for the sole purpose of paying the portion of the principal of or interest on the Bonds provided for by the City or (b) the Funding Level.

(4) On any day on which the Depository receives a certificate of the Secretary stating that the Secretary has made payment to the Pension Fund pursuant to the Guarantee, for which the Secretary has not been made whole,
the Depository, shall transfer the amount so paid by and not compensated
to the Secretary or at the order of the Secretary, but in no event shall the
amount required to be transferred exceed the lesser of (a) the amount of
monies then on deposit in the Guaranty Fund or (b) the Funding Level:

SECTION 304. Investment of Funds. Monies in the Guaranty Fund
shall, as nearly as may be practicable be invested by the Depository 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 Guaranty Fund may be required for the
purpose of this Guaranty Fund Resolution), in direct obligations of the
United States of America or obligations, the principal and interest of which
are guaranteed by the United States of America.

ARTICLE IV

APPOINTMENT AND DUTIES OF DEPOSITORY

SECTION 401. Appointment of the Depository. The Depository shall
signify its acceptance of the duties and obligations imposed upon it by this
Guaranty Fund Resolution by written instrument of acceptance deposited
with the Corporation and the Secretary. The corporate trust offices of the
Depository are hereby designated as the offices for delivery of all certificates or
notices required to be delivered to the Depository pursuant to this Guaranty
Fund Resolution.

SECTION 402. Responsibilities of Depository. The recitals of fact herein
contained shall be taken as the statements of the Corporation and the recitals
of fact contained in or set forth on the Bonds, if any, shall be taken as the
statements of the City or the Secretary as appropriate and the Depository does
not assume any responsibility for the correctness of the same. The Depository
shall not be deemed to make any representations as to the validity or sufficiency
of this Guaranty Fund Resolution or of any of the Bonds (or the coupons, if
any, appertaining thereto) or in respect of any security afforded by this
Guaranty Fund Resolution or the Guarantee. The Depository shall not 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. The Depository
shall not be liable in connection with the performance of its duties hereunder
except for its own negligence or default.
SECTION 403. Evidence on Which the Depository May Act. The Depository 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 Depository 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 Guaranty Fund Resolution in good faith and in accordance therewith.

Whenever the Depository shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Guaranty Fund 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 Guaranty Fund Resolution upon the faith thereof, but in its discretion the Depository 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 Guaranty Fund Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Corporation to the Depository shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer, or if to be executed by the City shall be sufficiently executed if executed in the name of the City by the City Officers (or any person authorized in accordance with the charter of the City to act in the absence of either of such City Officers), or if to be executed by the Secretary shall be sufficiently executed if executed in the name of the Secretary by the Secretary or an authorized assistant, or if to be executed by the Paying Agent shall be sufficiently executed if executed in the name of the Paying Agent by an officer of such Paying Agent.

SECTION 404. Compensation. The Corporation shall pay to the Depository from time to time reasonable compensation for all services rendered under this Guaranty Fund 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 Guaranty Fund Resolution, and the Depository shall have a lien therefor on any and all monies in the Guaranty Fund in excess of the Funding Level.
SECTION 405. Resignation of Depository. The Depository 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, the City and the Secretary, specifying the date when such resignation
shall take effect and such resignation shall take effect upon the day
specified in such notice unless previously a successor shall have been ap-
pointed, as provided in Section 407, in which event such resignation shall take
effect immediately on the appointment of such successor. The foregoing
notwithstanding no such resignation shall take effect until a successor Depos-
itory shall have been appointed.

SECTION 406. Removal of Depository. The Depository shall be re-
moved by the Corporation if at any time so requested by an instrument or
concurrent instruments in writing, filed with the Trustee and the Corporation,
executed by the Secretary and the City Officers.

SECTION 407. Appointment of Successor Depository. In case at any
time the Depository 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 Depository, or of its property, shall be ap-
pointed, or if any public officer shall take charge or control of the Depository,
or of its property or affairs, the Corporation covenants and agrees that it will
thereupon appoint a successor Depository. The Corporation shall give prompt
written notice of any such appointment made by it to the City and the
Secretary.

If in a proper case no appointment of a successor Depository shall be
made pursuant to the foregoing provisions of this Section within forty-five
(45) days after the Depository shall have given to the Corporation written
notice, as provided in Section 405, or after a vacancy in the office of the
Depository shall have occurred by reason of its inability to act, the Depository
or the Corporation, City or Secretary may apply to any court of competent
jurisdiction to appoint a successor Depository. Said court may thereupon,
after such notice, if any, as such court may deem proper and prescribe,
appoint a successor Depository.

Any Depository appointed under the provisions of this Section 407
in succession to the Depository 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 Guaranty Fund Resolution.

**Section 408. Merger, Conversion or Consolidation.** Any company into which the Depository may be merged, converted into 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 Depository may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Depository without the execution or filing of any paper or the performance of any further act, provided with respect to the Depository that such company shall be a bank or trust company organized under the laws of any state 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 such state or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Guaranty Fund Resolution.

**Section 409. Disbursements from the Guaranty Fund.** The Depository shall transfer monies from the Guaranty Fund in accordance with the provisions of Section 303 hereof. In addition to the transfers required thereunder, the Depository shall disburse all monies then remaining in the Guaranty Fund to or at the direction of the Corporation, to be used for any of its corporate purposes, upon the receipt of (i) a certificate of an Authorized Officer stating that there are no longer any Bonds the principal of and interest on which remains unpaid, (ii) a certificate of the City Officers setting forth the same matter as in (i) hereinbefore and (iii) a certificate of the Secretary setting forth the same matter as in (i) hereinbefore.

**Section 410. Amendment.** This Guaranty Fund Resolution may be amended by subsequent resolution of the Corporation consented to in writing by the Secretary.

**Section 411. Effective Date.** This Guaranty Fund Resolution shall take effect immediately upon the appointment of the Depository.

RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK APPOINTING A DEPOSITORY FOR THE CITY OF NEW YORK BOND GUARANTY FUND

Be it Resolved by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") that in accordance with the provisions of a resolution of the Corporation known by the short title of Guaranty Fund Resolution adopted November 14, 1978 (the "Resolution"), the Morgan Guaranty Trust Company of New York is hereby appointed Depository in accordance with and as defined in the Resolution.

This resolution shall take effect immediately.

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, constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act"), HEREBY CERTIFY as follows:

1. That attached hereto are two resolutions of the Corporation duly adopted on the dates set forth therein (the "Resolutions") entitled:

"RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK ESTABLISHING THE CITY OF NEW YORK BOND GUARANTY FUND"

and

"RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK APPOINTING A DEPOSITORY FOR THE CITY OF NEW YORK BOND GUARANTY FUND"

2. Such Resolutions are true and correct copies of the 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.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Corporation this 17th day of November, 1978.

(SEAL)
ACCEPTANCE OF DUTIES AS DEPOSITORY

The undersigned hereby accepts the duties and obligations of a Depository imposed upon the undersigned by the Resolution of the Municipal Assistance Corporation for The City of New York Establishing The New York City Bond Guaranty Fund (the "Resolution") adopted by the Board of Directors of the Municipal Assistance Corporation for The City of New York on November 14, 1978. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Depository for the New York City Bond Guaranty Fund pursuant to the Resolution referred to above.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: ____________________________

Attest: ____________________________

Dated: NOV 17 1978
Receipt

Morgan Guaranty Trust Company of New York, as Depository of the Guarantee Fund of the Municipal Assistance Corporation For The City of New York (the Corporation) established pursuant to a resolution of the Corporation, adopted November 14, 1978, hereby acknowledges receipt of a check in the amount of $27,250,000 for deposit in the Guarantee Fund and certifies that such Fund has been established and such amount deposited therein.

IN WITNESS WHEREOF, this receipt has been executed this 17th day of November, 1978.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Depository

By [Signature]
ORDER AS TO SURRENDER OF NOTES
TO THE CITY OF NEW YORK

November 17, 1978

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

Gentlemen:

As Custodian of certain obligations of The
City of New York (the City) held by the Municipal
Assistance Corporation For The City of New York (the
Corporation), you are hereby requested, authorized and
directed to surrender to the City all City notes in
your custody, other than Bond Anticipation Notes, in
the aggregate principal amounts for the respective notes,
as set forth below:

<table>
<thead>
<tr>
<th>City Notes</th>
<th>Aggregate Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Anticipation Notes</td>
<td>$ 1,468,270,157.82</td>
</tr>
<tr>
<td>Revenue Anticipation Notes</td>
<td>1,538,085,000.00</td>
</tr>
<tr>
<td>Budget Notes</td>
<td>216,000,000.00</td>
</tr>
</tbody>
</table>

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By    __/s/Stephen Weinstein__
CERTIFICATE OF THE EXECUTIVE DIRECTOR
OF THE MUNICIPAL ASSISTANCE CORPORATION
RELATING TO SECTION 3.2.10 OF THE
AGREEMENT TO GUARANTEE

I, the undersigned, do hereby certify that the United States Trust Company of New York, custodian of all notes issued by The City of New York (the "City") and held by the Municipal Assistance Corporation For The City of New York, has been directed to surrender to the City for cancellation all notes of the City held by the Corporation on the date of this certificate, other than the bond anticipation notes.

[Signature]
Eugene J. Keilin
Executive Director
Municipal Assistance Corporation
For The City of New York
November 17, 1978

Mr. Paul O'Brien
Third Deputy Comptroller
City of New York
Municipal Building, Room 707
New York, N.Y. 10007

Dear Mr. O'Brien,

In accordance with your instructions, we hereby certify that the following property is held in our vault, segregated from all other securities, for your account number 898-489 New York City Comptroller Short Term Miscellaneous Account, as of November 17, 1978:

- $276,990,000.00 New York City Rev Antic Notes 9.50% 12/11/75
- 406,715,000.00 New York City Rev Antic Notes 9.40% 01/12/76
- 200,130,000.00 New York City Rev Antic Notes 7.55% 02/13/76
- 647,500,000.00 New York City Rev Antic Notes 5.75% 05/31/76
- 6,750,000.00 New York City Rev Antic Notes 7.50% 11/09/76

$1,538,085,000.00 Total Revenue Anticipation Notes

- $195,892,328.77 New York City Tax Antic Notes 5.75% 02/13/76
- 238,400,000.00 New York City Tax Antic Notes 5.75% 05/31/76
- 117,000,000.00 New York City Tax Antic Notes 5.75% 06/10/76
- 280,000,000.00 New York City Tax Antic Notes 8.00% 06/10/76
- 619,977,829.05 New York City Tax Antic Notes 5.75% 06/30/76
- 17,000,000.00 New York City Tax Antic Notes 6.00% 06/27/78

$1,468,270,157.82 Total Tax Anticipation Notes

- $135,000,000.00 New York City Budget Notes 6.00% 06/27/78
- 81,000,000.00 New York City Budget Notes 5.75% 02/13/76

$216,000,000.00 Total Budget Notes
$1,538,085,000.00 Total Revenue Anticipation Notes
1,468,270,157.82 Total Tax Anticipation Notes
216,000,000.00 Total Budget Notes
$3,222,355,157.82 Total Units Held

Respectfully,

[Signature]
Frederick A. Drexler
Vice President, Auditor
RECEIPT FOR CITY NOTES

I, Paul M. O'Brien, as Third Deputy Comptroller of the City of New York (the "City"), a municipal corporation of the State of New York, hereby acknowledge receipt of certain matured Tax Anticipation Notes, Revenue Anticipation Notes and Budget Notes of the City held by the Municipal Assistance Corporation For The City of New York, the aggregate amounts of which have been certified by Frederick A. Drexler, Auditor, Vice President of United States Trust Company of New York (the Trust Company) as being in the aggregate principal amounts, respectively, of $1,468,270,157.82, $1,538,085,000 and $216,000,000 and which are held by the Trust Company in an account for The City of New York.

IN WITNESS WHEREOF, this receipt has been executed this 17th day of November, 1978.

THE CITY OF NEW YORK

By

Paul M. O'Brien
Third Deputy Comptroller
November 17, 1978

The Secretary of the Treasury of the United States of America
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Sir:

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 an agreement to guarantee, dated as of November 13, 1978 (the "Agreement to Guarantee"), by and among the Corporation, the State of New York (the "State"), The City of New York (the "City"), the New York State Financial Control Board (the "Control Board") and the United States of America (the "United States"), acting by and through the Secretary of the Treasury, and in connection with the creation by the Corporation of a guarantee reserve fund (the "Guarantee Reserve Fund") required...
pursuant to the Agreement to Guarantee. Unless the context otherwise requires, all capitalized terms used herein have the same meaning ascribed to them in the Agreement to Guarantee.

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 New York State Financial Emergency Act For The City of New York, as amended (the "FEO Act"), the By-laws of the Corporation, records of its corporate proceedings, including the Guarantee Reserve Fund Resolution adopted by the Board of Directors of the Corporation on November 14, 1973 and supplemented on November 15, 1973 (the "Guarantee Fund Resolution") and the Agreement to Guarantee, and have made such further examinations of law and fact as we considered necessary to the opinions herein expressed.

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

1. The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, duly created by and validly
existing under the laws of the State, including the State Constitution, duly authorized by the laws of the State to act on behalf of or in the interest of the City and no other subdivision of the State, and with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement to Guarantee, to adopt the Guarantee Fund Resolution and to create the Guarantee Reserve Fund.

2. The execution and delivery of, and the performance of the obligations under, the Agreement to Guarantee, and the adoption of the Guarantee Fund Resolution, the creation of the Guarantee Reserve Fund and the performance of the provisions thereof, have been duly authorized by proper corporate proceedings of the Corporation and no other authorization or consent for, or approval of or filing or recording of, the Agreement to Guarantee or the Guarantee Fund Resolution is required. The Agreement to Guarantee and the Guarantee Fund Resolution constitute valid and legally binding agreements of the Corporation enforceable against the Corporation in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or similar laws applicable to rights created pursuant to the Agreement to Guarantee. The monies in the Guarantee Reserve
The Secretary of the Treasury of the United States of America

Fund are, subject to the terms and conditions of the Guarantee Fund Resolution, pledged to the payment of the principal of and interest on outstanding indebtedness of the City, the payment of the principal of and interest on which is guaranteed by the United States pursuant to the Agreement to Guarantee, and to the reimbursement of the United States for any amount paid pursuant to a guarantee given by the United States pursuant to the Agreement to Guarantee.

3. The execution, delivery and performance of the Agreement to Guarantee by the Corporation, under the circumstances contemplated by the Agreement to Guarantee, the adoption of the Guarantee Fund Resolution, the creation by the Corporation of the Guarantee Reserve Fund and, compliance with the provisions of the Agreement to Guarantee and the Guarantee Fund Resolution, 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 or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

4. Except as referred to in Schedule I of the Agreement to Guarantee, to the best of our knowledge, there is no action, suit, proceeding or investigation at law
or in equity pending, or overtly threatened, before or by any court or public board or body, against the Corporation wherein an unfavorable decision, ruling or finding would (a) in any material respect adversely affect the Agreement to Guarantee, the Bond Purchase Agreement, the transactions contemplated by the Agreement to Guarantee or the Bond Purchase Agreement, the Guarantee Act, the Appropriations Act, the Pension Fund Act, the Guarantee Reserve Fund or the Guarantee Fund Resolution, (b) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the covenants of the State authorized by Section 10-a.1 and 10-a.3 of the PCE Act (the "State Covenants"), (c) in any material respect limit the obligations of the City referred to in the State Covenants or contained in Section 9-a or 9-b of the PCE Act or the obligations of the City under the PCE Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or comply with orders of the Control Board, or (d) declare the State Covenants invalid or unenforceable in whole or in material part.

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

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
November 17, 1978

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

and

The Secretary of the Treasury of
the United States of America
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Sirs:

We have examined a record of proceedings relating to the establishment by 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 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"), of the City of New York Bond Guaranty Fund (the "Fund") pursuant to a resolution of the Corporation entitled "Resolution of the Municipal Assistance Corporation for The City of New York Establishing The City of New York Bond Guaranty Fund" (the "Resolution"). The Fund has been established by the Corporation to comply with a condition to the guarantee of the payment of the principal of and interest on certain bonds of the City as set forth in The New York City Loan Guarantee Act of 1978, Public Law 95-339 (the "Guarantee Act") and an agreement made pursuant thereto by and among the United States of America, acting by and through the Secretary of the Treasury, the State of New York, the New York State Emergency Financial Control Board and the Corporation (the "Guarantee Agreement").

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 Resolution, to establish the Fund thereunder, and to perform the obligations and covenants contained in the Resolution. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and valid and binding on the Corporation and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge and lien which it purports to create of the revenues, monies, securities and funds held or set aside under the Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolution. The lien created by the Resolution on such revenues, monies, securities and funds in the Fund is and will be prior to all other liens thereon. All revenues, monies, securities and funds, as and when received in the Fund in accordance with the Resolution, will be validly subjected to the pledge and lien created by the Resolution.

3. The Corporation has the good right and lawful authority to deposit monies into the Fund for the purpose of complying with the Guarantee Agreement as required by the Guarantee Act, but the Corporation is not bound or obligated to make any such deposit.

4. Monies on deposit in the Fund may be used for the purposes and in the manner set forth in the Resolution.

5. The adoption and performance of, and compliance by the Corporation with, all of the terms and conditions of the Resolution will not result in a violation of or be in conflict with any term or provision of any existing law.

Very truly yours,

[Signature]

[Name]

[Title]