MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$174,705,000 Series 25 Bonds
$125,295,000 Series 26 Bonds

TABLE OF CONTENTS

I. BASIC DOCUMENTS AND CERTIFICATES


2. Copy of the Series 25 Resolution.

3. Copy of the Series 26 Resolution.

4. Copy of the Second General Bond Resolution.

5. Extract of the Minutes of the Board of Directors Meeting held on September 30, 1980 showing (a) approval of the Official Statement and authorizing its distribution, and (b) adoption of the Series 25 and Series 26 Resolutions.

6. Approval of the terms of sale of the Comptroller of the State of New York (the "State").

7. Certificate of the Corporation as to members, officers, terms of office and other details of the Corporation including by-laws, minutes, certain resolutions, specimen bonds, litigations, signatures and certificates required pursuant to Section 202 of the Second General Bond Resolution and Section 501 of the Series 25 and Series 26 Resolutions.

8. Certificate of the Commissioner of Taxation and Finance of the State with respect to the amounts of sales and stock transfer taxes.

9. Certificate of the Director of Budget of the State with respect to amount of Per Capita Aid.

10. Arbitrage Certificate of the Corporation.


12. Certificate of the Director of the Budget of the State with respect to the Official Statement.
13. Certificate of the Commissioner of Taxation and Finance of the State with respect to the Official Statement.

14. Certificate of the Mayor of the City of New York (the "City") or an appropriate Deputy with respect to the Official Statement.

15. Certificate of the Comptroller of the City or an appropriate Deputy with respect to the Official Statement.

16. Certificate of the Executive Director of the Corporation as to no default.

17. Certificate of the Comptroller of the State as to no default.

18. Certificate of the City as to no default.


20. Certificate of the New York State Financial Control Board as to the Borrowing Schedule.

21. Letters of Moody's Investors Services, Inc. and Standard and Poor's Corporation rating the bonds.

22. Determinations of the U.S. Secretary of the Treasury.

II. THE BONDS; PAYMENT AND PROCEEDS

23. Written order of the Corporation as to the authentication and delivery to the Purchasers of the Series 25 and Series 26 Bonds.

24. Certificate as to the acceptance of duties of Trustee and showing authority for Authorized Officers to authenticate the Series 25 and Series 26 Bonds.

26(a). Cross-receipt of the Corporation and Commercial banks, as purchasers, acknowledging receipt of the proceeds and the Bonds of the respective purchasers.

(b) Cross-receipt of the Corporation and savings banks, as purchasers, acknowledging receipt of the proceeds and the Bonds of the respective purchasers.

(c) Cross-receipt of the Corporation and insurance companies, as purchasers, acknowledging receipt of the proceeds and the Bonds of the respective purchasers.

(d) Cross-receipt of the Corporation and pension funds, as purchasers, acknowledging receipt of the proceeds and Bonds of the respective purchasers.

27. Copies of Purchaser's checks in payment of the Purchase Price.

28. Certificate of Trustee as to Receipt of Proceeds of Sale.

29. Order as to Deposit and Investment of Series 25 and Series 26 Bond Proceeds and Irrevocable Instructions to the Trustee.

30. Instructions to the Trustee as to Deposit into the Guarantee Fund.

III. OPINIONS


32. Approving Opinions of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation, addressed to the Corporation, as to the Series 25 Bonds.

33. Approving Opinion of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation, addressed to the Corporation, as to the Series 26 Bonds.

34. Reliance Opinion of Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Corporation, to the Trustee.
35. Opinion of Messrs. Hawkins, Delafield & Wood addressed to the Corporation as to arbitrage.


37. Opinion of the Attorney General of the State addressed to the Corporation as to the Corporation Acts.

38. Opinion of the Attorney General of the State addressed to the Corporation as to the Emergency Acts.


40. Opinion of City Corporation Counsel, addressed to the Purchasers.

41. Opinion of Messrs. Rogers & Wells, Bond Counsel to the City, addressed to the Purchasers.

42. Opinion of Messrs. Carter, Ledyard & Milburn, Counsel to the Trustee, with respect to the Trustee's authority to act as Trustee and authentication of the Bonds, together with reliance opinion.

IV. PRE-CLOSING DOCUMENTS

43. Notice of the Corporation to the Purchasers, dated June 27, 1980, as to issuance dates and amounts for 1980 Fiscal Year.

44. Notice of the Corporation to the Purchasers, dated August 27, 1980 as to Closing Date and amounts.


46. Notice to the Purchasers, Corporation and the City, dated September 26, 1980, as to the determination of the Calculator and Lead Underwriter and meeting of the Committee.

47. Notice to the Purchasers, Corporation and the City, dated September 29, 1980, as to the determination of the Committee.
48. Notice of the Corporation to the Purchasers, dated September 29, 1980, as to the Bonds to be issued to each of them and their respective purchase prices, including accrued interest.

V. MISCELLANEOUS

49. Receipt by Morgan Guaranty Trust Company of New York with regard to deposit to the Guaranty Fund.

50. Notice of the Corporation to the Purchasers as to restrictions on resale of the Series 25 and 26 Bonds by the Purchasers.

51. Memorandum of Closing.
NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 25 and 26 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.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)

$174,705,000

Series 25 Bonds
(issued pursuant to the Second General Bond Resolution)

$125,295,000

Series 26 Bonds
(issued pursuant to the Second General Bond Resolution)

Dated October 1, 1980

Due July 1, 2000

Principal of and interest on the Series 25 and 26 Bonds are payable at the corporate trust office of Chase Manhattan Bank, N.A., New York, New York, or at the option of the holder at Bank of America N.T. & S.A., San Francisco, California, unless registered. At the option of any Financial Institution or City Pension Fund, payment of the interest on fully registered Series 25 and 26 Bonds may be made pursuant to the Financing Agreement by check or wire transfer to such Financial Institution or City Pension Fund without presentation of such Bonds and without any notation of such payment being required. Interest on the Series 25 and 26 Bonds is payable January 1, 1981 and semi-annually thereafter on each July 1 and January 1. The Series 25 and 26 Bonds will be issued as coupon bonds in the denomination of $5,000 or $100,000 each, registerable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon and registered bonds are interchangeable as more fully described herein. The Series 25 and 26 Bonds are subject to redemption at the option of the Corporation on and after July 1, 1990 as a whole on any day, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, and from mandatory sinking fund installments, on each July 1 commencing July 1, 1982 at a redemption price of 100% of the principal amount thereof, plus, in each case, accrued interest to the redemption date, all as more fully described herein.

The Trustee under the Second General Bond Resolution (pursuant to which the Series 25 and 26 Bonds are to be issued) is United States Trust Company of New York.

<table>
<thead>
<tr>
<th>Series</th>
<th>Due</th>
<th>Rate</th>
<th>Price</th>
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<tbody>
<tr>
<td>Series 25 Bonds</td>
<td>July 1, 2000</td>
<td>10 1/4%</td>
<td>@ 100%</td>
</tr>
<tr>
<td>Series 26 Bonds</td>
<td>July 1, 2000</td>
<td>10 1/4%</td>
<td>@ 100%</td>
</tr>
</tbody>
</table>

(Plus accrued interest)

The Series 25 and 26 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain obligations of the Corporation, including bonds issued under the Corporation’s First General Bond Resolution, revenues derived from certain sales and compensating use taxes imposed by the State of New York within the City of New York and, under certain conditions, the State stock transfer tax. The State is not bound or obligated to continue to appropriate such per capita State aid or to continue the imposition of such taxes or to make the necessary payments of such per capita State aid or the necessary appropriations of the revenues derived from such taxes. The Corporation has no taxing power. The Series 25 and 26 Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Series 25 and 26 Bonds.

The Series 25 and 26 Bonds are offered when, as and if issued by the Corporation and subject to approval of legality by Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. It is expected that the Series 25 and 26 Bonds will be available for delivery on or about October 2, 1980.

The date of this Supplemented Official Statement is October 2, 1980.
No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 25 and 26 Bonds or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation or of the State of New York or of The City of New York since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
<th>Part</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INTRODUCTION ........................................</td>
<td>1</td>
<td>8. CERTAIN DEVELOPMENTS AFFECTING THE STATE</td>
<td>19</td>
</tr>
<tr>
<td>The Corporation .....................................</td>
<td>1</td>
<td>Long-Term Trends ............................</td>
<td>19</td>
</tr>
<tr>
<td>The Bonds ............................................</td>
<td>1</td>
<td>Financial Developments—Fiscal Years</td>
<td>20</td>
</tr>
<tr>
<td>Payment of the Bonds and Debt Service ........</td>
<td>1</td>
<td>1975-1980 ...................................</td>
<td>20</td>
</tr>
<tr>
<td>Coverage .............................................</td>
<td>1</td>
<td>Program for the 1981 Fiscal Year ..........</td>
<td>21</td>
</tr>
<tr>
<td>Limitations on Bond Issuance ....................</td>
<td>2</td>
<td>Problems of Authorities and Localities ...</td>
<td>22</td>
</tr>
<tr>
<td>Appropriation of Revenues .......................</td>
<td>2</td>
<td>Litigation ..................................</td>
<td>24</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation ..........</td>
<td>2</td>
<td>9. CERTAIN DEVELOPMENTS AFFECTING THE CITY</td>
<td>24</td>
</tr>
<tr>
<td>Debt Issuance Plan .................................</td>
<td>2</td>
<td>Recent Financial History ...................</td>
<td>25</td>
</tr>
<tr>
<td>Certain Factors ....................................</td>
<td>3</td>
<td>Fiscal Years 1981-1984 .....................</td>
<td>26</td>
</tr>
<tr>
<td>2. THE CORPORATION ..................................</td>
<td>3</td>
<td>Litigation ..................................</td>
<td>28</td>
</tr>
<tr>
<td>Background, Purposes and Powers ...............</td>
<td>3</td>
<td>Federal Bankruptcy Legislation ..........</td>
<td>29</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation ..........</td>
<td>4</td>
<td>10. VARIOUS CONTROL PROGRAMS ................</td>
<td>29</td>
</tr>
<tr>
<td>3. USE OF PROCEEDS ................................</td>
<td>4</td>
<td>The Corporation ............................</td>
<td>29</td>
</tr>
<tr>
<td>4. DEBT ISSUANCE PLAN ............................</td>
<td>4</td>
<td>Control Board .............................</td>
<td>30</td>
</tr>
<tr>
<td>5. PAYMENT OF THE BONDS ..........................</td>
<td>6</td>
<td>11. AGREEMENT OF THE STATE OF NEW YORK</td>
<td>31</td>
</tr>
<tr>
<td>General ............................................</td>
<td>6</td>
<td>12. MANAGEMENT ..............................</td>
<td>32</td>
</tr>
<tr>
<td>Appropriation by Legislature ..................</td>
<td>9</td>
<td>13. LITIGATION .............................</td>
<td>35</td>
</tr>
<tr>
<td>Per Capita Aid ....................................</td>
<td>9</td>
<td>14. SUMMARY OF CERTAIN PROVISIONS OF THE SEC-</td>
<td>35</td>
</tr>
<tr>
<td>Sales Tax .........................................</td>
<td>10</td>
<td>OND GENERAL BOND RESOLUTION ..............</td>
<td></td>
</tr>
<tr>
<td>Stock Transfer Tax ...............................</td>
<td>11</td>
<td>15. TRUSTEE ................................</td>
<td>41</td>
</tr>
<tr>
<td>Maintenance of Capital Reserve Aid Fund ......</td>
<td>13</td>
<td>16. LEGAL INVESTMENT .......................</td>
<td>42</td>
</tr>
<tr>
<td>6. DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS</td>
<td>14</td>
<td>17. TAX EXEMPTION ..........................</td>
<td>42</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid .......................</td>
<td>14</td>
<td>18. LEGAL OPINIONS .........................</td>
<td>42</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes ....</td>
<td>15</td>
<td>19. FINANCIAL STATEMENTS ..................</td>
<td>42</td>
</tr>
<tr>
<td>Debt Service Requirements and Estimated Coverage Ratios</td>
<td>15</td>
<td>APPENDIX—DEFINITIONS ......................</td>
<td>44</td>
</tr>
<tr>
<td>7. BONDS BEING OFFERED ..........................</td>
<td>17</td>
<td>EXHIBIT A—FINANCIAL STATEMENTS ..........</td>
<td></td>
</tr>
<tr>
<td>Description of the Bonds ......................</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Bonds and Notes ....................</td>
<td>18</td>
<td></td>
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</tr>
</tbody>
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Lazard Frères & Co.—Financial Advisor
OFFICIAL STATEMENT
OF
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
$174,705,000 SERIES 25 BONDS
$125,295,000 SERIES 26 BONDS

PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 25 and 26 Bonds are described throughout this Official Statement which should be read in its entirety. Certain terms used in this Official Statement are defined in the Appendix beginning on page 44.

The Corporation 

The Municipal Assistance Corporation For The City of New York is a public benefit corporation of the State created for the purpose of providing financing assistance and fiscal oversight for the City.

The Bonds 

The Series 25 and 26 Bonds will be issued pursuant to the Corporation’s Second General Bond Resolution. Certain revenues of the Corporation described below are pledged to the payment of the Series 25 and 26 Bonds, which are general obligations of the Corporation and are not obligations of either the State or the City.

Payment of the Bonds and Debt Service Coverage 

The Corporation’s revenues pledged to the payment of Second Resolution Bonds are derived from moneys that are paid to the Trustee, subject to annual appropriation by the State Legislature, from three sources: Per Capita Aid and (after satisfying debt service, operating expenses and capital reserve funding requirements under the Corporation’s First General Bond Resolution) the Sales Tax and the Stock Transfer Tax. “Per Capita Aid” consists of amounts that otherwise would have been payable to the City under the State law that provides for a general revenue sharing program applicable to localities throughout the State. The “Sales Tax” consists of a State sales tax imposed within the City, at the rate of 4%, on most retail and certain other sales. The “Stock Transfer Tax” consists of the State tax on the transfer of stocks and certain other securities. The Corporation has no taxing power.

Assuming that amounts available to the Corporation from Per Capita Aid, Sales Tax and Stock Transfer Tax continue at present levels, Available Revenues for debt service on all outstanding Second Resolution Bonds, including the Series 25 and 26 Bonds, would be as follows:

(Dollars in millions)

<table>
<thead>
<tr>
<th>$1,153</th>
<th>Sales Tax (12 months ended August 31, 1980)</th>
</tr>
</thead>
<tbody>
<tr>
<td>plus</td>
<td>461</td>
</tr>
<tr>
<td>minus</td>
<td>6</td>
</tr>
<tr>
<td>minus</td>
<td>358</td>
</tr>
<tr>
<td>$1,250</td>
<td>maximum annual debt service payment on currently outstanding First Resolution obligations (issuance test limits annual debt service to $425 million)</td>
</tr>
<tr>
<td>plus</td>
<td>414</td>
</tr>
<tr>
<td>available tax revenues after provision for First Resolution obligations</td>
<td></td>
</tr>
<tr>
<td>plus</td>
<td>1,664</td>
</tr>
<tr>
<td>Available Revenues</td>
<td></td>
</tr>
<tr>
<td>divided by</td>
<td>$ 509</td>
</tr>
<tr>
<td>maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 25 and 26 Bonds)</td>
<td></td>
</tr>
<tr>
<td>3.27</td>
<td>Debt Service Coverage</td>
</tr>
</tbody>
</table>
The authority of the State to impose and collect the Sales Tax and pay the Sales Tax and Stock Transfer Tax revenues to the Corporation has been affirmed by the State's highest court, and the United States Supreme Court dismissed the appeal of the State court's decision for lack of a substantial Federal question.

For further information with respect to the Corporation's revenues and debt service, as well as estimated coverage ratios, see "PART 5—PAYMENT OF THE BONDS" and "PART 6—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."

Limitations on Bond Issuance

The Corporation has covenanted not to issue additional Second Resolution Bonds unless available revenues, calculated substantially in the manner outlined above, would cover estimated maximum annual debt service payments on Second Resolution Bonds at least 2 times.

The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million. Maximum annual debt service on currently outstanding First Resolution obligations is $358 million.

Appropriation of Revenues

The Legislature has appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations so long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the State to make annual appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets.

Outstanding Debt of the Corporation

After the issuance of the Series 25 and 26 Bonds, the Corporation will have outstanding an aggregate of $6,516 billion of its bonds; $4,121 billion issued under the Second General Bond Resolution and $2,395 billion issued under the First General Bond Resolution.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. As at August 31, 1980, there was on deposit in such funds $301.0 million and $390.6 million, respectively.

Debt Issuance Plan

The Series 25 Bonds are being sold to certain of the Financial Institutions, and the Series 26 Bonds to the City Pension Funds, as part of the Debt Issuance Plan developed by the Corporation and the City in November 1978, as the City and the Corporation propose such plan be supplemented. The Debt Issuance Plan was originally developed to provide necessary long-term financing for the City through June 30, 1982. The proposed supplement was developed to provide capital financing for the City through December 31, 1984, in response to the likelihood that the City will be unable to finance fully its capital needs after the 1982 fiscal year.

The Debt Issuance Plan, as proposed to be supplemented, would provide for public sales of $1.85 billion of the Corporation's bonds through December 31, 1984, and completion of the sales to the Financial Institutions and the City Pension Funds of $861.7 million of the Corporation's bonds during the 1981 and 1982 fiscal years, of which the sale of the Series 25 and 26 Bonds is a part. It would also provide for public sales of $1.7 billion of City bonds through fiscal 1985 and private sales of $900 million of federally guaranteed City bonds in fiscal 1981 and 1982, $300 million of which are scheduled to be issued simultaneously with the Series 25 and 26 Bonds.

The Corporation intends to sell an aggregate of approximately $400 million of its bonds to the public during the 1981 fiscal year of which $100 million have been issued to date. The Corporation intends to issue the remainder in three quarterly issues during the balance of the 1981 fiscal year.
The implementation of the Debt Issuance Plan, as adopted in November 1978, and proposed to be supplemented, is subject to numerous and complex legislative and contractual conditions which may be difficult to fulfill and many of which are not within the control of the Corporation or the City. Such conditions include the consent of the Secretary of the Treasury to the issuance of federally guaranteed City bonds in the 1981 and 1982 fiscal years. See “PART 4—DEBT ISSUANCE PLAN.”

Certain Factors. . . . . The Corporation believes that the market for, the market price of and the sources of payment of the Series 25 and 26 Bonds may be affected by certain other factors described elsewhere in this Official Statement. See “PART 4—DEBT ISSUANCE PLAN”, “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE” and “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY”.

PART 2—THE CORPORATION

Background, Purposes and Powers

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the “Act”), for the purpose of providing financing assistance and fiscal oversight for the City. To carry out such purpose, the Corporation was given the authority, among other things, to issue and sell bonds and notes, to pay or lend funds received from such sales to the City and to exchange the Corporation’s obligations for those of the City and to issue bonds to refund outstanding bonds. Between June 1975 and June 1978, the Corporation issued its obligations in accordance with these purposes and the City was provided with seasonal loans by the Federal government and long-term financing by certain City pension funds and the Corporation. In September 1975, the Control Board was established to oversee the financial affairs of the City.

By June 1978, the City had brought its operating budget into balance in accordance with State law and accomplished other budgetary and accounting objectives. Despite this progress, it became clear that further actions would be necessary to enable the City to finance itself. As a result, the Debt Issuance Plan was developed to provide long-term financing to the City over the four fiscal years ending June 1982, during which time the City expects to follow a plan designed to bring its operating budget into balance in accordance with generally accepted accounting principles (“GAAP”) by the 1982 fiscal year and to enable it to regain access to the public credit markets. The Corporation and the City have recently proposed a supplement to the Debt Issuance Plan to give the City additional time to regain access to the public credit markets.

To enable the Corporation to fulfill its role in the Debt Issuance Plan, the State enacted legislation in 1978 that increased the amount of obligations which the Corporation may issue to $8.8 billion (excluding refunding obligations and short-term notes) and authorized the Corporation to issue its bonds and notes for several additional purposes and to pay or lend the proceeds to the City. Included in the additional purposes are (i) financing items permitted to be included in the City’s capital budget, (ii) financing payments to a reserve fund in connection with the Federal guarantee of obligations of the City, and (iii) assisting in financing the City’s seasonal borrowing requirements.

To enable the Corporation to assist in financing the City’s capital needs during its 1983 through 1985 fiscal years under the Debt Issuance Plan as proposed to be supplemented, in June 1980 the State enacted legislation increasing the amount of obligations which the Corporation may issue to $10 billion (excluding refunding obligations and short-term notes) and extending through December 31, 1984 the period during which such obligations, other than refunding obligations, may be issued. The additional $1.2 billion of issuance authority provided by the 1980 legislation is limited to funding City capital needs and the Corporation’s required reserve funds. The 1980 legislation provides sufficient bond issuance authority to enable the Corporation to fulfill its role through December 31, 1984 under the Debt-Issuance Plan as proposed to be supplemented.
Outstanding Debt of the Corporation

After the issuance of the Series 25 and 26 Bonds, the Corporation will have issued approximately $7.209 billion aggregate principal amount of bonds and notes for purposes of the $10 billion statutory issuance limit (which limit excludes refunding obligations). After such issuance, the Corporation will have outstanding (excluding bonds that have been refunded) $4.121 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.395 billion aggregate principal amount of bonds issued under the First General Bond Resolution. The Second General Bond Resolution provides that all outstanding Second Resolution Bonds will be on a parity with each other, regardless of the date of issuance.

First Resolution obligations have no claim on Per Capita Aid, which is a principal source of payment for the Second Resolution Bonds. First Resolution obligations have a claim prior to that of Second Resolution Bonds on all amounts available to the Corporation from the Sales Tax and the Stock Transfer Tax. The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million.

For additional information concerning the financial condition of the Corporation, see the audited financial statements of the Corporation as at June 30, 1980, annexed hereto as Exhibit A, and "PART 19—FINANCIAL STATEMENTS."

PART 3—USE OF PROCEEDS

The net proceeds of the sale of the Series 25 and 26 Bonds will be $300 million. $257 million of the net proceeds will be used to provide funds to the City for capital improvements includable in the City's capital budget. Such funds will be made available to the City through the subsequent purchase by the Corporation of bonds issued by the City to finance such improvements and will be paid to the City upon certification by the Mayor that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the funds are paid to the City. City bonds acquired by the Corporation with the proceeds of the Series 25 and 26 Bonds will not be subject to the lien created by the pledge under the First or Second General Bond Resolution.

$31 million of the net proceeds will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. The balance of the net proceeds, $12 million, will be held by the Trustee for deposit into the Capital Reserve Aid Fund on or before December 31, 1980, unless such proceeds are needed for deposit before that date into the Guarantee Fund created in connection with the guarantee of City bonds by the Federal government. For further information with respect to the Capital Reserve Aid Fund, see "PART 5—PAYMENT OF THE BONDS—Maintenance of Capital Reserve Aid Fund."

PART 4—DEBT ISSUANCE PLAN

In November 1978, the Corporation in conjunction with the City developed the Debt Issuance Plan to provide up to $4.5 billion of long-term financing for the City during the 1979 through 1982 fiscal years. For a description of the City's financial plan for such fiscal years, see "PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY—Recent Financial History." The Corporation and the City have successfully implemented the 1979 and 1980 fiscal year components of the Debt Issuance Plan. The Debt Issuance Plan assumed that the City would be able (i) to sell to the public $300 million and $650 million of its bonds during its 1981 and 1982 fiscal years, respectively, in order to meet a portion of its capital needs in those years, while the balance of those needs would be met from financing commitments under the Debt Issuance Plan, and (ii) to meet fully its capital needs through the public sale of its bonds after the 1982 fiscal year.

Despite the progress made by the City as reflected in its adoption of an operating budget balanced in accordance with GAAP and the implementation of other budgetary and accounting reforms, officials of the
City and the Corporation have recently expressed concern that the likelihood exists that the City will not be able to issue long-term bonds to the public in the full amount or at the times projected in the Debt Issuance Plan, as adopted in 1978, to meet its capital needs.

The City currently projects its capital needs to be approximately $712 million and $975 million during its 1981 and 1982 fiscal years, respectively, and approximately $1 billion during each of its 1983 through 1985 fiscal years. To enable the Corporation to assist the City in financing these needs, the City and the Corporation have proposed that the Debt Issuance Plan be supplemented. Under that proposal, these capital needs would be met through (i) completion of the previously scheduled sales of the Corporation's bonds to the Financial Institutions and the City Pension Funds during the 1981 and 1982 fiscal years, of which the sale of the Series 25 and 26 Bonds is a part, (ii) sales to the public of $1.85 billion of the Corporation's bonds through December 31, 1984, (iii) sales of $900 million of federally guaranteed City bonds to the City and State Pension Funds during the 1981 and 1982 fiscal years, and (iv) to the extent of the City's access to the public credit markets on reasonable terms, public sales of the City's bonds through its 1985 fiscal year. The proposal requires that a portion of the proceeds from the sales of the Corporation's bonds during the City's 1981 and 1982 fiscal years be retained by the Corporation to provide for the City's 1983 and 1984 capital needs. The table set out below shows the sources and amounts of funds to be provided during each fiscal year through 1985 under the proposal. The proposal assumes that the City will be able to meet, through sales of its bonds, its full capital needs after its 1985 fiscal year.

DEBT ISSUANCE PLAN
(As Proposed to be Supplemented)

Sources of Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Dollars in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Placements of the Corporation's Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>224,275</td>
<td>116,125</td>
<td></td>
<td></td>
<td></td>
<td>340,400</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>224,275</td>
<td>116,125</td>
<td></td>
<td></td>
<td></td>
<td>340,400</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td>75,000</td>
<td></td>
<td></td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>13,450</td>
<td>17,450</td>
<td></td>
<td></td>
<td></td>
<td>30,900</td>
</tr>
<tr>
<td>Subtotals</td>
<td>537,000(a)</td>
<td>324,700(a)</td>
<td></td>
<td></td>
<td></td>
<td>861,700</td>
</tr>
<tr>
<td>Sales to the Public of the Corporation's Bonds</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>350,000</td>
<td>300,000</td>
<td>1,850,000</td>
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<tr>
<td>Private Placements of Guaranteed City Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
<td>450,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
<td>450,000</td>
</tr>
<tr>
<td>Subtotals</td>
<td>300,000(b)</td>
<td>600,000(b)</td>
<td></td>
<td></td>
<td></td>
<td>900,000</td>
</tr>
<tr>
<td>Sales to the Public of City Bonds</td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>700,000</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$1,337,000(c)</td>
<td>$1,524,700(d)</td>
<td>$700,000</td>
<td>$750,000</td>
<td>$1,000,000</td>
<td>$5,311,700</td>
</tr>
</tbody>
</table>

(a) To be purchased pursuant to the Financing Agreement.
(b) To be purchased pursuant to agreements entered into in November 1978, subject to the consent of the Secretary of the Treasury.
(c) Approximately $450 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.
(d) Approximately $300 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.
The actual amount of the Corporation’s bonds to be issued during each fiscal year will depend upon the City’s actual capital requirements, the amount which can be raised through public sales of City bonds on reasonable terms and the Corporation’s requirements.

Among other factors, successful implementation of the proposed supplement to the Debt Issuance Plan is dependent upon the issuance during fiscal 1981 and 1982 of the Federal guarantees in the amounts proposed. Under the agreement among the City, the Corporation and the United States of America relating to the issuance of Federal guarantees, such guarantees are to be available only to the extent that neither the City nor the Corporation is able to sell bonds to the public on reasonable terms in amounts sufficient to meet the City’s capital needs for the City’s 1981 and 1982 fiscal years. Because the proposal calls for a portion of the City’s capital needs during the 1983 and 1984 fiscal years to be financed through public sales of the Corporation’s bonds in the 1981 and 1982 fiscal years, the City and the Corporation have asked the Secretary of the Treasury pursuant to the authority given him under the Federal legislation to waive the provision of such agreement requiring the amount of the Federal guarantees in any year to be reduced by the amount of the Corporation’s bonds sold publicly in such year.

The Chairman and ranking minority member of the United States Senate Committee on Banking, Housing, and Urban Affairs, in June 1980, advised the Secretary that it is their view that, under the Federal legislation authorizing guarantees to be issued during the City’s 1981 and 1982 fiscal years, such guarantees may not be issued under the circumstances contemplated by the proposal. In September 1980, the United States Senate amended and passed an appropriation bill (H.R. 7631) previously passed by the House of Representatives, which, among other things, appropriates funds to the Department of the Treasury for the expenses of administration of the loan guarantee program. The report of the Senate Committee on Appropriations relating to the amended bill stated that the purpose of the amendment is to clarify that the New York City Loan Guarantee Act of 1978 was not intended to authorize the use of Federal guarantees under the circumstances on which the proposed Debt Issuance Plan is based. The bill, as amended by the Senate Committee, if enacted into law, may prevent the issuance of the Federal guarantees during the 1981 and 1982 fiscal years.

If the Secretary is unwilling or unable to issue such guarantees, sales to the public of the Corporation’s bonds may be required to replace the proposed sales of guaranteed bonds. In such event, substantially all of the proceeds of the sales of the Corporation’s and the City’s bonds during the City’s 1981 and 1982 fiscal years would be required to meet the City’s capital needs during such years. Accordingly, an uncertainty would be created as to the ability of the City to obtain necessary capital financing for fiscal year 1983 and thereafter. If it is not possible for the City or the Corporation to sell their bonds on reasonable terms and in sufficient amounts, there is no assurance that either the Federal government or the State would continue programs of financing assistance similar to those currently being relied upon, or that the City would be able to finance its projected capital requirements. If alternative financing is not available, the City may be required to reduce its capital programs.

The obligations of each of the purchasers to make further purchases under the agreements entered into in November 1978 pursuant to the Debt Issuance Plan, and any obligation of the United States to issue guarantees, are subject to numerous and complex conditions imposed by Federal and State legislation or contained in the agreements pursuant to which such purchases are to be made and such guarantees are to be issued. Certain of such conditions may be difficult to fulfill, and many conditions are not within the control of the Corporation or the City. If the Debt Issuance Plan does not continue to be fulfilled and an alternative financing plan is not developed, the market for and market prices of the Corporation’s bonds would be likely to be adversely affected.

PART 5—PAYMENT OF THE BONDS

General

The Second Resolution Bonds are general obligations of the Corporation payable out of certain pledged revenues as well as any other available revenues of the Corporation. The Second Resolution Bonds are entitled to a first lien, created by the pledge under the Second General Bond Resolution, on all
moneys and securities paid or deposited into the Corporation's Bond Service Fund and Capital Reserve Aid Fund under the Second General Bond Resolution, which are held by United States Trust Company of New York, as Trustee. Such moneys and securities include the following:

(i) amounts derived from Per Capita Aid, less certain prior statutory claims, none of which has been asserted since the inception of the Corporation;

(ii) amounts derived from the Sales Tax and Stock Transfer Tax, after satisfying annual funding requirements for the Corporation's outstanding First Resolution obligations and operating expenses of the Corporation;

(iii) amounts received from the State to replenish the Capital Reserve Aid Fund, see “Maintenance of Capital Reserve Aid Fund” in this PART 5; and

(iv) any interest or income earned on investments of amounts deposited into the Bond Service Fund and Capital Reserve Aid Fund.

The amounts described in (i) and (ii) above are paid to the Corporation from two special funds established by the Finance Law and held in the custody of the State Comptroller, the Municipal Assistance State Aid Fund and Municipal Assistance Tax Fund, respectively. The Finance Law provides that the State Comptroller shall make payments from these special funds to the Corporation’s Bond Service Fund and Capital Reserve Aid Fund, in accordance with certificates of the Corporation setting forth the amount and timing of its cash requirements on a quarterly basis in order to deposit these amounts in advance of interest and principal payment dates and capital reserve funding dates. (Although quarterly payments of Per Capita Aid are provided for by the Finance Law, substantially all of the Per Capita Aid payable to the Corporation is paid on an annual basis in June.) Payments of Sales Tax and Stock Transfer Tax revenues are made to the Corporation to meet requirements under the Second General Bond Resolution only to the extent such revenues are not needed to meet requirements under the First General Bond Resolution.

After the Corporation’s certified requirements have been satisfied in full for a particular quarter, excess moneys in such special funds are paid to the City. Stock Transfer Tax revenues not required by the Corporation are paid to a fund established to provide rebates of such Tax and then any excess moneys are paid to the City. Pursuant to the Finance Law, the State Comptroller may not disburse Sales or Stock Transfer Tax revenues or Per Capita Aid held by him to the City or any other entity so long as an amount certified by the Corporation as required to be paid by the date of disbursement to the City remains unpaid.

Payments to the Corporation by the State are required to be made by the State only if and to the extent that such amounts have been appropriated by the State Legislature or that revenues have otherwise been made available therefor by the State.

The holders of the Second Resolution Bonds do not have any lien on Per Capita Aid, Sales Tax or Stock Transfer Tax until the moneys derived therefrom are paid into the Corporation's Bond Service Fund and Capital Reserve Aid Fund. The Act provides that any provisions of the Second General Bond Resolution and the Second Resolution Bonds with respect to provision for payment by the State to the Corporation of Per Capita Aid, the Sales Tax or the Stock Transfer Tax are executory only to the extent of the moneys available from time to time from such Aid and Tax sources and held by the State, which moneys shall have been theretofore appropriated to the Corporation, and no liability on account thereof shall be incurred by the State beyond the moneys available from such sources.

The Corporation currently holds substantial amounts of bonds and notes of the City and will, as required by the Act, acquire substantial additional amounts of bonds in connection with providing capital financing for the City. Such obligations held from time to time by the Corporation are not subject to the lien created by the pledge under the First or Second General Bond Resolution. In certifying its requirements, the Corporation may not take into account any amounts payable on such City obligations but not yet received by the Corporation. However, the requirements for any fund may be reduced to the extent that such moneys are received and deposited into such fund of the Corporation.
The following chart illustrates the flow of money as described above:

1 Subject to appropriation by the State Legislature
2 Upon certification by the Corporation
3 And operating expenses of the Corporation
4 After deduction of the amounts needed for First Resolution debt service and capital reserve funding and operating expenses
5 After payment of all amounts certified by the Corporation and after payment of rebates of the Stock Transfer Tax, and without flowing through the Corporation's Funds held by the Trustee.
The Corporation is a corporate governmental agency and instrumentality of the State and not of the City. The Corporation has no taxing power. The Second Resolution Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Second Resolution Bonds.

If the Corporation were to become insolvent or unable to meet its debts as they mature, the Corporation could file a petition for relief under Chapter 9 of the Federal Bankruptcy Code pursuant to which the Series 25 and 26 Bonds could be adjusted or modified, if the Corporation were to be authorized by State law to file such a petition and if it were to meet other conditions specified in Chapter 9. The Corporation is not now authorized by the State to file a Chapter 9 petition and the Corporation does not anticipate that it will seek such authorization or need the relief provided by Chapter 9.

Appropriation by Legislature

The Finance Law provides that the State Legislature shall appropriate Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation, and the Legislature has so appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations so long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the Legislature to make appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets. See "PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE."

The State is not bound or obligated to continue payment of Per Capita Aid or to impose either the Sales Tax or the Stock Transfer Tax or to make any appropriations to the Corporation of the revenues received therefrom. The Second General Bond Resolution, however, provides that each of the following shall constitute an event of default with respect to the Second Resolution Bonds: (i) the failure of the State to continue to pay Per Capita Aid, as the laws relating to Per Capita Aid may be amended, or a reduction by the State of the amount of Per Capita Aid payable during any fiscal year to an amount less than the maximum annual debt service payable on the outstanding Second Resolution Bonds; (ii) the failure of the State to continue the imposition of either the Sales Tax or the Stock Transfer Tax, each imposed by the Tax Law, as such Law may be amended, or a reduction of the rates of such taxes to rates less than those in effect on July 2, 1975; or (iii) the failure of the State Comptroller to pay to the Corporation the amounts certified by the Corporation.

The Finance Law provides that in no event shall the State Comptroller pay over and distribute to the City or any other entity other than the Corporation any Sales or Stock Transfer Tax revenues or Per Capita Aid held in the special funds (other than for State administrative charges), unless and until the aggregate of all cash required by the Corporation at the date of such distribution has been appropriated and has been paid to the Corporation.

Provisions of the State Constitution and the Finance Law require the setting aside of the first revenues received that are applicable to the State's General Fund if the State Legislature fails to make an appropriation for the payment of State indebtedness. Although the Sales Tax and Stock Transfer Tax are revenues of the State, they are applicable to special funds, rather than the State's General Fund. Consequently, under existing law, the provisions requiring moneys to be set aside to pay State obligations would not apply to the Sales Tax and Stock Transfer Tax. However, Per Capita Aid is apportioned and paid from the State's General Fund and may be subject to being set aside to pay State obligations in the event the State fails to pay such obligations.

Per Capita Aid

Per Capita Aid consists of revenues that would otherwise be paid to the City as the City's share of the State's general revenue sharing program for localities throughout the State. The State has appro-
prated moneys which have been apportioned among local governmental entities, including the City, in each year since 1946 and has provided some measure of assistance to local governments since 1800.

The apportionment of general revenue sharing among localities is based on a statutory formula which takes into account the distribution of the State's population, the total assessed valuation of real property taxable within the State, personal income, and other factors. Both the determination of the amount of statewide general revenue sharing and the apportionment of such revenue sharing among localities are legislative acts and the Legislature may amend or repeal the statutes relating to statewide general revenue sharing and the formulas which determine the amount of Per Capita Aid payable to the Corporation. Such amendments could result in the increase or decrease of the amount of Per Capita Aid available for the payment of debt service on Second Resolution Bonds. However, certain of such acts by the Legislature would be events of default under the Second General Bond Resolution, see "Appropriation by Legislature" in this PART 5. The financial condition of the State may affect the amount of Per Capita Aid appropriated by the Legislature.

The following table, which presents data obtained from the City Office of Management and Budget, the State Comptroller's office and the State Division of the Budget, indicates the aggregate payments of Per Capita Aid apportioned and paid to the City and, since 1976, to the Corporation, for the ten fiscal years ended June 30, 1980:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>$323,900(a)</td>
</tr>
<tr>
<td>1972</td>
<td>272,250</td>
</tr>
<tr>
<td>1973</td>
<td>331,780</td>
</tr>
<tr>
<td>1974</td>
<td>360,870</td>
</tr>
<tr>
<td>1975</td>
<td>405,118</td>
</tr>
<tr>
<td>1976</td>
<td>$434,311</td>
</tr>
<tr>
<td>1977</td>
<td>434,311(b)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(b)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(c)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(d)(e)</td>
</tr>
</tbody>
</table>

(a) Includes a non-recurring increase in Per Capita Aid apportioned because of an acceleration of payment otherwise to be made in 1972.

(b) Reflects State's ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.

(c) Does not include $49,276 million paid in October 1978.

(d) Reflects State's ceiling on aid to localities for the State's 1981 fiscal year at 98% of the amount apportioned during the State's 1980 fiscal year.

(e) Does not include the City's allocable portion of $62 million of aid to localities, payment of which is conditioned upon the extension through the first quarter of the 1981 Federal fiscal year of the Federal program of revenue sharing to states.

Sales Tax

In addition to the 4% sales and compensating use taxes levied statewide, the Sales Tax is imposed within the City at the rate of 4% on receipts from most retail sales of tangible personal property and certain services. The Sales Tax is also imposed on receipts from parking, garaging or storing motor vehicles in the City at the rate of 6%. The Sales Tax is subject to certain limited exceptions, exemptions and exclusions. Under the Finance Law, the Sales Tax is paid into a special fund held by the State Comptroller on a monthly basis.

The Sales Tax is imposed on substantially the same tax base as the sales and compensating use taxes previously imposed by the City and collected by the State. A tax on sales of certain tangible personal property and services had been imposed by the City since 1934.

Collections of the Sales Tax and the sales and compensating use taxes previously imposed by the City have increased in each of the last ten years, although the primary cause of the growth of Sales Tax collections in recent years has been inflation. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the City, and there can be no assurance that the historical data with respect to collections of such Tax are necessarily indicative of future receipts. The City has
experienced adverse trends in certain economic and demographic factors which contributed in some years to a slowing of the growth rate of Sales Tax collections.

The following table sets forth State collections of the sales and compensating use taxes imposed by the City prior to July 1, 1975, and the Sales Tax imposed by the State since July 1, 1975, on a quarterly basis for the last ten fiscal years of the City, after deductions of the costs of administration, collection and distribution. Footnotes to the tables detail changes in law and administrative procedures affecting the collection and distribution of the Sales Tax which are important to an understanding of the tables.

**QUARTERLY COLLECTIONS OF SALES AND COMPENSATING USE TAXES IN THE CITY(a)**

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>$114,093</td>
<td>$121,190</td>
<td>$129,224</td>
<td>$130,138</td>
<td>$494,645</td>
</tr>
<tr>
<td>1972</td>
<td>121,692</td>
<td>129,452</td>
<td>132,033</td>
<td>135,490</td>
<td>518,667</td>
</tr>
<tr>
<td>1973</td>
<td>130,857</td>
<td>129,541</td>
<td>146,528</td>
<td>142,258</td>
<td>549,184</td>
</tr>
<tr>
<td>1974</td>
<td>135,272</td>
<td>141,973</td>
<td>151,575</td>
<td>151,978</td>
<td>580,798</td>
</tr>
<tr>
<td>1975(b)</td>
<td>173,824</td>
<td>198,990</td>
<td>212,671</td>
<td>201,715</td>
<td>787,200</td>
</tr>
<tr>
<td>1976(c)</td>
<td>194,560</td>
<td>193,690</td>
<td>247,203</td>
<td>167,155</td>
<td>802,608</td>
</tr>
<tr>
<td>1977</td>
<td>215,794</td>
<td>210,383</td>
<td>248,927</td>
<td>183,280</td>
<td>858,384</td>
</tr>
<tr>
<td>1978</td>
<td>221,815</td>
<td>232,291</td>
<td>274,585</td>
<td>190,044</td>
<td>918,735</td>
</tr>
<tr>
<td>1979</td>
<td>232,732</td>
<td>239,852</td>
<td>317,400</td>
<td>208,750</td>
<td>998,734</td>
</tr>
<tr>
<td>1980</td>
<td>253,974</td>
<td>283,540</td>
<td>357,270</td>
<td>241,764</td>
<td>1,136,548</td>
</tr>
</tbody>
</table>

**SOURCE:** State Department of Taxation and Finance.

(a) Commencing March 1976, quarterly collections were distributed to localities based on historical collection data. Commencing June 1980, quarterly collections are distributed to localities based on historical collection and current unverified vendor data. Subsequent quarterly distributions to localities are adjusted to compensate for overdistributions or underdistributions when data on actual collections by locality are available. Such adjustments are reflected in the table for the quarter in which the subsequent distributions are made. Since March 1976, adjustments have ranged from $493,000 to $11.1 million to reflect overdistributions for certain three-month periods and from $753,000 to $7.2 million to reflect underdistributions for other three-month periods. Periods subsequent to December 1979 remain subject to the ongoing process of adjustment.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975 and all subsequent years reflect the increases in the sales and compensating use taxes from 3% to 4%, effective July 1, 1974. The 6% tax on sales of certain parking services has remained the same.

(c) Commencing March 1976, certain large vendors (those with taxable receipts of $300,000 or more in any quarter of the preceding four quarters) are required to prepay in March estimated amounts of Sales Tax liability for March in addition to filing their normal quarterly reports for the December-February quarter. Any adjustments necessary to reflect actual amounts of Sales Tax liability for the month of March are reflected in the June collection figures.

**Stock Transfer Tax**

The Stock Transfer Tax is imposed at rates ranging from 1¼¢ to 5¢ (based on the selling price per share) on sales, agreements to sell, memoranda of sale and deliveries or transfers made within the State of shares or certificates of stock and certain other certificates. The imposition of the Stock Transfer Tax is subject to certain limited exceptions and is subject to a maximum tax of $350 on any taxable transaction which involves a sale on a single day of shares or certificates of the same class issued by the same issuer.

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

The Corporation believes that it is not possible to predict the effect of developments with respect to the City's economic condition or other related economic developments in the City on Stock Transfer Tax collections. The volume of taxable securities transactions in the State may be adversely affected by (i) the evolution of a centralized nationwide securities market, (ii) the possible movement out of the State of the stock exchanges now located in the State, and (iii) other proposals which if implemented might tend to facilitate the execution of securities transactions not subject to the Stock Transfer Tax.

The revenues derived from the Stock Transfer Tax, including amounts subject to rebate as discussed below, after deduction of the costs of administration, collection and distribution of such Tax, are shown below for the previous ten fiscal years of the City, based upon the various rates prevailing and types of transactions taxable during the periods shown:

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
<td>December 31</td>
</tr>
<tr>
<td>1971</td>
<td>$ 46,563</td>
<td>$ 59,170</td>
</tr>
<tr>
<td>1972</td>
<td>62,573</td>
<td>65,894</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
<td>68,993</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
<td>59,782</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
<td>40,214</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
<td>57,937</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
<td>69,072</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
<td>82,072</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
<td>93,648</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
<td>106,211</td>
</tr>
</tbody>
</table>

**SOURCE:** State Department of Taxation and Finance.

(a) Includes collections of the 25% surcharge imposed upon the Stock Transfer Tax effective as of August 1, 1975, which surcharge expired July 31, 1978.

In 1977, the State enacted a program of gradually increasing rebates for all Stock Transfer Taxpayers. Rebates began October 1, 1977 with respect to transactions by non-residents subject to tax and began October 1, 1979 with respect to transactions by residents. Rebates are to increase gradually to equal 100% of the tax beginning October 1, 1981. The legislation provides that taxpayers are to continue to pay the Stock Transfer Tax at the above-stated rates and that revenues are to continue to be paid into the Stock Transfer Tax Fund, although a substantial portion of such revenues (the rebatable portion of the tax) will be paid into the Stock Transfer Tax Fund only at the end of each calendar quarter. To the extent that the Corporation does not require the use of Stock Transfer Tax revenues for debt service on its outstanding obligations, such revenues are available on a quarterly basis for payment of rebates. Any such revenues not used by the Corporation or to pay rebates are to be paid to the City.

To date, the Corporation has not found it necessary to use the revenues derived from the Stock Transfer Tax to pay its debt service. Based on present projections, the Corporation does not anticipate that it will be necessary to utilize these revenues in the future, although no assurance can be given that they will not be so required. See "PART 6—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."
Maintenance of Capital Reserve Aid Fund

Under the Act, additional payments are to be made by the State, subject to appropriation by the Legislature, to the Capital Reserve Aid Fund if for any reason (including a payment from such Fund to the Bond Service Fund to make up a deficiency in the Bond Service Fund) the Capital Reserve Aid Fund falls below specified levels. The amount of any such payment, if required, is to be in accordance with a certificate of the Corporation, to be delivered on or before December 1, stating the sum, if any, required to restore the Capital Reserve Aid Fund to the required level. The specified level equals 100% of the amount of debt service payable in the succeeding calendar year on any Second Resolution Bonds then to be issued and on all other Second Resolution Bonds outstanding on the date of calculation. Such fund is currently funded at an amount not less than the required level.

Moneys in the Capital Reserve Aid Fund may not be withdrawn at any time in such amounts as would reduce the amount of such Fund to less than the amount of debt service payable on the Second Resolution Bonds in the succeeding calendar year, except for the purpose of paying debt service on such Bonds if other moneys of the Corporation are not available.

The provision of the Act referred to above does not constitute an enforceable obligation or debt of the State and no moneys may be paid to the Corporation pursuant thereto absent an appropriation by the Legislature. See “Appropriation by Legislature” in this Part 5.
PART 6—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS

In order to estimate coverage ratios for the Second Resolution Bonds that will be outstanding after the issuance of the Series 25 and 26 Bonds, the Corporation has assumed certain amounts of Per Capita Aid and Sales Tax and Stock Transfer Tax collections. There is shown below the basis on which such amounts were calculated. The debt service payment requirements for the First and Second Resolution Bonds as well as certain coverage ratios are also shown below.

Adjusted Per Capita Aid

The Corporation has sought to estimate the amounts of the following potential claims and liabilities on Per Capita Aid that are payable prior to the payment of Per Capita Aid to the Corporation, although since the inception of the Corporation no such claims have been asserted.

(Dollars in thousands)

Per Capita Aid available to the Corporation during the Corporation’s 1980 fiscal year .......................................................... $484,036

Less annual potential claims and liabilities:

(a) City University Construction Fund (“CUCF”).

Amounts equal to 50% of CUCF’s share of certain State Dormitory Authority debt service and other expenses would be a claim against Per Capita Aid if not paid by the City to CUCF. The Corporation has been informed by CUCF that such debt service and other expenses are approximately $87.79 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City* ............................................. $ 43,896

(b) New York City Housing Development Corporation (“HDC”).

Amounts required to restore the HDC capital reserve fund to the amount to be on deposit in such fund would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the maximum capital reserve fund requirement on all outstanding bonds of HDC as of this date is approximately $19.9 million. HDC has outstanding $36.7 million in bond anticipation notes which, if funded by the issuance of bonds, would have the effect of increasing the maximum capital reserve fund requirement by an amount approximately equivalent to the annual debt service on the bonds issued therefor. State law currently permits a maximum claim of $30 million in any fiscal year .......................................................... $ 19,900

(c) New York City Transit Authority (“NYCTA”).

Amounts required to retire $5.1 million of NYCTA notes through 1982 would be a claim against Per Capita Aid if not paid by the City to NYCTA .......................................................... $ 5,508

(d) New York City Police Pension Fund.

Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund .......................................................... $ 500 $ 69,804

Adjusted Per Capita Aid ............................................................................................................................................. $414,232

* Although State law purports to limit claims on Per Capita Aid, such limitation may not be effective in the event that the then outstanding bonds of the State Dormitory Authority issued to finance CUCF facilities are accelerated pursuant to the occurrence of an event of default under the related Dormitory Authority bond resolutions. In such event, all such outstanding bonds of the Dormitory Authority could be due and payable and could, to the extent of fifty percent of such principal amount, have a prior claim on Per Capita Aid. The Dormitory Authority has outstanding $905 million in such bonds. The State has, however, enacted legislation under which it commits, subject to annual appropriation, to reimburse the City for a portion of the CUCF share of the Dormitory Authority’s debt service. The portion will increase to 100% in the City’s 1983 fiscal year.
Aggregate Sales and Stock Transfer Taxes

Assuming that the Sales Tax and Stock Transfer Tax collections (after deduction of costs of administration, collection and distribution) in each fiscal year remain at the levels for the 12 months ended August 31, 1980, see "PART 5—PAYMENT OF THE BONDS—Sales Tax" and "Stock Transfer Tax", and operating expenses of the Corporation are $6.4 million (the estimate for the current fiscal year), the aggregate annual amount which would be available from the Sales Tax and the Stock Transfer Tax, if needed (the "Aggregate Sales and Stock Transfer Taxes"), to pay debt service of the Corporation is shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Dollars in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax collections for the 12 months ended</td>
<td></td>
</tr>
<tr>
<td>August 31, 1980</td>
<td>$1,152,525</td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months</td>
<td></td>
</tr>
<tr>
<td>ended August 31, 1980</td>
<td>461,094</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,613,619</td>
</tr>
<tr>
<td>Less: Operating expenses of Corporation</td>
<td>6,400</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,607,219</td>
</tr>
</tbody>
</table>

Debt Service Requirements and Estimated Coverage Ratios

As shown above, Adjusted Per Capita Aid is approximately $414 million and Aggregate Sales and Stock Transfer Taxes are approximately $1,607 million, for a total of $2,021 million.

The following table shows the aggregate annual debt service payment requirements on the First Resolution obligations which have a prior claim to that of the Second Resolution Bonds on the Sales and Stock Transfer Taxes. The Series 25 and 26 Resolutions and certain other resolutions include a covenant by the Corporation that it will not issue any obligations under the First General Bond Resolution, if the aggregate annual debt service in any fiscal year on all obligations issued and outstanding under the First General Bond Resolution would exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations).

In addition, the table shows the annual principal payments, interest payments and the aggregate debt service payment requirements on all outstanding Second Resolution Bonds after giving effect to the issuance of the Series 25 and 26 Bonds. The table also shows the coverage of aggregate annual debt service on Second Resolution Bonds by all revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) after deducting from such revenues the aggregate annual debt service requirements with respect to the First Resolution obligations.

There is no assurance that Adjusted Per Capita Aid, Aggregate Sales and Stock Transfer Taxes or operating expenses will in fact remain at the levels referred to above in subsequent years. Furthermore, the Corporation reserves the right to issue additional obligations pursuant to the First and Second General Bond Resolutions within the limitations contained in such Resolutions and the Series 25 and 26 Resolutions.
### Debt Service Payment Requirements and Estimated Coverage Ratios

*For issuance of Series 25 and 26 Bonds*

<table>
<thead>
<tr>
<th>12-Month Period Ended June 30</th>
<th>Total Debt Service Payment Requirements on First Resolution Obligations (a)</th>
<th>Debt Service Payment Requirements on Second Resolution Bonds</th>
<th>Estimated Coverage Ratios on Second Resolution Bonds—All Revenues after deducting Debt Service on First Resolution Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$199,265</td>
<td>$65,645 $326,730 $392,375</td>
<td>4.64</td>
</tr>
<tr>
<td>1982</td>
<td>212,514</td>
<td>70,150 345,892 416,042</td>
<td>4.35</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>97,245 339,299 436,544</td>
<td>4.06</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>138,880 329,682 468,562</td>
<td>3.80</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>181,660 316,152 497,812</td>
<td>3.50</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>209,325 299,447 508,772</td>
<td>3.50</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>226,860 280,832 507,692</td>
<td>3.49</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>227,200 261,640 488,840</td>
<td>3.60</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>229,310 242,642 471,952</td>
<td>3.52</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>248,145 222,871 471,016</td>
<td>3.54</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>263,610 201,641 465,251</td>
<td>3.59</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>283,835 178,919 462,754</td>
<td>3.61</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>311,635 154,339 465,974</td>
<td>3.58</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>150,890 135,154 286,044</td>
<td>5.85</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>180,350 120,932 301,282</td>
<td>5.53</td>
</tr>
<tr>
<td>1996</td>
<td>199,010</td>
<td>104,436 303,446</td>
<td>(b)</td>
</tr>
<tr>
<td>1997</td>
<td>162,890</td>
<td>88,740 251,630</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>78,655</td>
<td>78,241 156,896</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>83,025</td>
<td>71,142 154,167</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>66,370</td>
<td>55,074 121,444</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>54,680</td>
<td>49,689 104,369</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>60,055</td>
<td>44,746 104,801</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>65,320</td>
<td>39,341 104,661</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>71,055</td>
<td>33,462 104,517</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>77,310</td>
<td>27,067 104,377</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>84,120</td>
<td>20,109 104,229</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>91,555</td>
<td>12,537 104,092</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>99,655</td>
<td>4,295 103,950</td>
<td></td>
</tr>
</tbody>
</table>

(a) Includes Sinking Fund Installments.

(b) Coverage ratios for the years 1996 to 2009 are not shown because of the relatively small amount of debt service in such years compared to the amount of revenues.

All revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) would cover the aggregate of the debt service on all First and Second Resolution obligations, shown in the table above for the years 1981 through 1995, ranging from a low of 2.44 times in 1989 to a high of 3.42 times in 1981 and such coverages average approximately 2.78 times.
The Corporation anticipates that after the issuance of the Series 25 and 26 Bonds an aggregate of approximately $2.3 billion of additional First Resolution obligations and Second Resolution Bonds will be issued pursuant to the proposed Debt Issuance Plan and that such issuance can be made within the issuance coverage tests imposed under the First and Second General Bond Resolutions, the Series 25 and 26 Resolutions and certain other resolutions of the Corporation, see "PART 7—BONDS BEING OFFERED—Additional Bonds and Notes", on the basis of the assumptions described in this PART 6 and reflected in the above coverage table.

In addition to the aggregate debt service payments with respect to the First Resolution obligations shown in the above table, the Corporation is required to make deposits into the Capital Reserve Fund established pursuant to the First General Bond Resolution, which Fund is currently funded at the required level.

**PART 7—BONDS BEING OFFERED**

**Description of the Bonds**

**General**

The Series 25 and 26 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 25 and 26 Resolutions. The Series 25 and 26 Bonds will be dated, bear interest and mature as set forth on the cover of this Official Statement.

The Series 25 and 26 Bonds will be issued as coupon bonds in the denomination of $5,000 and $100,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 25 and 26 Bonds will be registrable on the books of the Corporation at the corporate trust office of the Trustee.

For every exchange or transfer of the Series 25 and 26 Bonds, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Series 25 and 26 Bonds issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 25 and 26 Bonds will include the 1978 State Covenant to the effect that the State will not take certain actions, including any action that will substantially impair the authority of the Control Board to act in specified respects with regard to the City. See "PART 11—AGREEMENT OF THE STATE OF NEW YORK."

**Optional Redemption**

The Series 25 and 26 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1990, as a whole on any date, or in part by lot on any interest payment date or dates, at the following redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102%</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 25 and 26 Bonds can be redeemed at the option of the Corporation only if the ratio of outstanding Series 25 Bonds to Series 26 Bonds immediately prior and immediately after such redemption remains substantially constant.
Sinking Fund Redemption

The Series 25 and 26 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years, and in the respective principal amounts, set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments” which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 25 and 26 Bonds specified for each of the years shown below:

Sinking Fund Installments
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Series 25</th>
<th>Series 26</th>
<th>Year</th>
<th>Series 25</th>
<th>Series 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$3,335</td>
<td>$2,395</td>
<td>1992</td>
<td>$6,970</td>
<td>$5,000</td>
</tr>
<tr>
<td>1983</td>
<td>3,615</td>
<td>2,590</td>
<td>1993</td>
<td>4,475</td>
<td>3,210</td>
</tr>
<tr>
<td>1984</td>
<td>12,030</td>
<td>8,625</td>
<td>1994</td>
<td>15,160</td>
<td>10,870</td>
</tr>
<tr>
<td>1985</td>
<td>12,890</td>
<td>9,245</td>
<td>1995</td>
<td>15,620</td>
<td>11,200</td>
</tr>
<tr>
<td>1986</td>
<td>13,760</td>
<td>9,865</td>
<td>1996</td>
<td>9,480</td>
<td>6,800</td>
</tr>
<tr>
<td>1987</td>
<td>11,855</td>
<td>8,505</td>
<td>1997</td>
<td>9,120</td>
<td>6,540</td>
</tr>
<tr>
<td>1988</td>
<td>6,870</td>
<td>4,925</td>
<td>1998</td>
<td>8,820</td>
<td>6,325</td>
</tr>
<tr>
<td>1989</td>
<td>7,090</td>
<td>5,085</td>
<td>1999</td>
<td>9,435</td>
<td>6,770</td>
</tr>
<tr>
<td>1990</td>
<td>7,310</td>
<td>5,240</td>
<td>2000</td>
<td>9,345*</td>
<td>6,705*</td>
</tr>
<tr>
<td>1991</td>
<td>7,525</td>
<td>5,400</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 25 and 26 Bonds would be approximately 11.14 years calculated from October 2, 1980.

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund, Series 25 and 26 Bonds at or below par plus unpaid interest accrued to the date of such purchase, and apply any Bonds so purchased as a credit, at par, against and in fulfillment of a required Sinking Fund Installment on the particular Series so purchased. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION—Bond Service Fund.” To the extent the Corporation fulfills its obligations to make Sinking Fund installments in a particular year through such purchases of Series 25 and 26 Bonds, the likelihood of redemption by lot of any bondholder’s Series 25 or 26 Bonds of such maturity through the operation of the sinking fund will be reduced for such year. The Corporation has in the past made such purchases with respect to certain series of its Second Resolution Bonds and may in the future do so with respect to the Series 25 and 26 Bonds. Under the Financing Agreement, no Financial Institution or City Pension Fund may sell Series 25 or 26 Bonds in a direct placement to the Corporation or the Trustee.

Trustee

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 130 John Street, New York, New York 10038. For further information concerning the Trustee, see “PART 15—TRUSTEE.”

Additional Bonds and Notes

Pursuant to the Act, the Corporation is authorized to issue bonds and notes in an aggregate principal amount not exceeding $10 billion (exclusive of bonds and notes issued to refund outstanding bonds and notes, and notes issued to meet the City’s seasonal borrowing requirements). For purposes of this authorization, the Corporation will have issued approximately $7.209 billion after issuance of the Series 25 and 26 Bonds. All bonds, other than refunding bonds, are required to be issued under the First or Second General Bond Resolutions.

Additional Second Resolution Bonds may be issued on a parity with the Series 25 and 26 Bonds, provided that (a) an amount equal to the lesser of (i) the most recent collections of the Sales Tax and Stock Transfer Tax for 12 consecutive calendar months ended not more than two months prior to the date of such determination or (ii) the amounts estimated by the State Commission of Taxation and Finance to
be collectible during the succeeding 12-month period from such sources, plus (b) the estimated or actual amount of Per Capita Aid to be or theretofore apportioned and paid to the Municipal Assistance State Aid Fund for the fiscal year of the State during which such additional Bonds are to be issued, less (c) the maximum annual debt service on outstanding First Resolution obligations, less (d) estimated operating expenses of the Corporation for its then current fiscal year, is at least 2 times (e) the maximum annual debt service on outstanding Second Resolution Bonds (including the particular series of such additional Bonds then proposed to be issued).

Pursuant to the Series 25 and 26 Resolutions and certain other series resolutions of the Corporation, the Corporation may issue additional First Resolution obligations only to the extent that the issuance thereof would not cause the maximum annual debt service on outstanding First Resolution obligations to equal or exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations that the Corporation may offer to the public under the First General Bond Resolution).

The Second General Bond Resolution contains further limitations upon the issuance by the Corporation of additional obligations under the First General Bond Resolution, see “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION.”

PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although the Series 25 and 26 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for, market price of, and sources of payment of the Series 25 and 26 Bonds. As described under “PART 5—PAYMENT OF THE BONDS,” the revenues of the Corporation that are pledged to payment of debt service on the Second Resolution Bonds derive from Per Capita Aid and the Sales Tax and, in certain circumstances, the Stock Transfer Tax. The payment of these revenues to the Corporation is subject to appropriation by the State Legislature. The State Legislature has made appropriations to the Corporation for each of the State’s fiscal years since the inception of the Corporation, including appropriations for the State’s current fiscal year, and it is expected, but the Corporation has no assurance, that the State Legislature will make such appropriations for subsequent fiscal years. It is possible that the willingness of the State Legislature to make such appropriations in the future may be affected by the financial condition of the State, which may in turn depend upon the financial condition of the City. Such willingness might also be adversely affected if the Secretary of the Treasury withheld payments to the State as an offset against any claim the Secretary might have in connection with the issuance of Federal guarantees of obligations of the City. See “PART 4—DEBT ISSUANCE PLAN.”

The factors affecting the State’s financial condition are complex, and the following description constitutes only a brief summary. This Part 8 is based entirely on information supplied by the State.

Long-Term Trends

The State and the City face serious potential long-term economic problems. The City accounts for approximately 40% of the State’s population and personal income, and the City’s financial health affects the State in numerous ways.

The State has long been one of the wealthiest states in the nation. For decades, however, the State economy has grown more slowly than that of the nation as a whole, resulting in the gradual erosion of its relative economic influence. The causes of this relative decline are varied and complex, in many cases involving national and international developments beyond the State’s control. Part of the reason for the long-term relative decline in the State economy has been attributed to the combined state and local tax burden, which is among the highest in the nation. The existence of this tax burden limits the State’s ability to impose higher taxes in the event of future financial difficulties.

Since the financial difficulties of the mid-1970’s, attempts have been made to bring the rate of growth in the public sector in the State into line with the slower expansion in the private economy. Prior to those efforts, annual increases in expenditures at both the State and local levels exceeded the increases in revenues generated by economic growth and were therefore financed in part through tax increases at both levels of government.
The burdens of State and local taxation, in combination with the many other causes of regional economic dislocation, may have contributed to the decisions of businesses and individuals to relocate outside, or not locate within the State. In order to bring about a reversal of these trends, the State has implemented a series of tax reductions and other programs that are intended both to limit expansion in the public sector and to encourage expansion in the private sector. Such tax reductions will reduce tax receipts in the 1981 fiscal year by more than $1.5 billion below the level they would have attained without such program. No immediate reversal of the erosion of the State's economic position relative to the nation as a whole has been projected, but the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1980

During the last several years, some of the State's public benefit corporations (the "Authorities") and municipalities (in particular, the City) have faced extraordinary financial difficulties, which have affected the State's own financial condition. These events, including a default on short-term notes issued by the New York State Urban Development Corporation ("UDC") in February 1975, which default was cured shortly thereafter, and a continuation of the financial difficulties of the City, created substantial investor resistance to securities issued by the State and by some of its municipalities and Authorities. For a time, in late 1975 and early 1976, these difficulties resulted in a virtual closing of public credit markets for State and many State-related securities.

The State's 1976 fiscal year showed a deficit of $447 million, which was financed by transferring $65 million from reserve funds and by issuing $382 million of tax anticipation notes which were paid early in the State's succeeding fiscal year.

In response to the financial problems confronting it, the State developed and implemented programs for its 1977 fiscal year that included (i) the adoption of a balanced budget (a deficit of $92 million that actually resulted was financed by issuing notes that were paid during the first quarter of the State's 1978 fiscal year), (ii) a $4.53 billion borrowing plan, (iii) a plan (the "Authority Build-Out Plan") to meet the borrowing requirements through September 30, 1978 of four Authorities (the "Build-Out Authorities") including the New York State Housing Finance Agency ("HFA"), and (iv) provisions for appropriations to certain Authorities as part of a program to complete projects under construction and to avoid defaults on their outstanding obligations. In addition, legislation was enacted limiting the incurrence of additional so-called "moral obligation" and certain other Authority debt, which legislation does not, however, apply to debt of the Corporation.

The 1978 fiscal year saw an improvement in the financial condition of the State, its Authorities and municipalities generally, although certain municipalities (including the City) and certain Authorities continued to face financial difficulties. The State adopted and adhered to a balanced budget, with receipts and expenditures of approximately $11.18 billion. The State also adopted and implemented a $4.96 billion borrowing plan. Nearly all of the capital financing and all of the seasonal financing were made through sales to the public at interest rates substantially lower than those that applied in the preceding fiscal year.

For its 1979 fiscal year, the State achieved a balanced budget with receipts of $11.936 billion and expenditures of $11.931 billion, after implementation of a tax reduction program and repayment of $16.2 million of the reserve funds used by the State to help meet its fiscal 1976 deficit. The State implemented a $4.14 billion borrowing plan, including $3.79 billion in seasonal borrowings, at interest rates which reflected the continued improvement in the State's financial affairs.

For its 1980 fiscal year, the State achieved a balanced budget with receipts and expenditures of $13.174 billion. The balanced budget was achieved even though the State paid $404 million of State personal income tax refunds on returns for 1979, which were not originally projected for payment in such fiscal year. Such balance was achieved despite a growth of expenditures of 10.4% as contrasted to a 7.7% growth in receipts (adjusted for differences in refund processing and refund reserve transactions).
because the State's financial results in the prior fiscal year enabled the State to prepay certain liabilities and to pay $506 million of personal income tax refunds on returns for 1978 and to increase refund reserves by $164 million as compared to net withdrawals of $182 million from refund reserves in the 1980 fiscal year. During the 1980 fiscal year, the State also implemented a $3.302 billion borrowing plan including $3.1 billion in seasonal borrowings, with full access to the public credit markets.

Program for the 1981 Fiscal Year

The 1981 Financial Plan provides for a balanced budget in the 1981 fiscal year, with General Fund receipts and expenditures of $14.965 billion. This is an increase of approximately 13.6% in both expenditures and receipts, as compared with results for the 1980 fiscal year. The 1981 Financial Plan reflects the inclusion in the General Fund of receipts and expenditures for certain mental hygiene services that in prior years had been received in and paid from a fund outside the General Fund, the Mental Hygiene Services Fund (which was eliminated by the Legislature as of April 1, 1980). If the 1980 results were restated to include the Mental Hygiene Services Fund in the General Fund, the increase in receipts and expenditures in the General Fund would have been 9.2%.

The final development of the 1981 Financial Plan was delayed beyond the customary early April date because of uncertainty over the response by the Legislature to the Governor's vetoes of approximately $240 million in expenditure measures. The 1981 Financial Plan reflects the Governor's vetoes of such expenditure measures and legislative overrides of $25.6 million of such vetoed amounts (estimated to have an expenditure effect of approximately $21 million during the 1981 fiscal year). The Governor has stated his willingness to consider certain additional expenditures beyond those now projected in the 1981 Financial Plan upon adoption by the Legislature of appropriate revenue measures to finance such additional expenditures. The State may at any time during the fiscal year adopt supplemental appropriation measures.

The 1981 Executive Budget, submitted by the Governor on January 22, 1980, contained projections that State expenditures in the 1982 fiscal year would exceed State revenues in such year if additional gap-closing measures were not taken, even after taking into consideration actions recommended by the Governor as necessary to balance the 1981 Executive Budget. The net effect of legislative and executive actions subsequent to the presentation of those projections has not reduced that gap, which the Governor has stated in connection with his veto message to be approximately $830 million. If those projections are correct, formulation of a balanced budget for the 1982 fiscal year, as required by the State Constitution, will require additional actions to increase revenues and/or reduce expenditures.

Since the development of the 1981 Financial Plan the Governor has approved legislation restoring approximately $22 million in appropriation authority for the State University of New York. Expenditures from this increased appropriation authority are expected to be financed from available reserves in the 1981 Financial Plan or through management controls on all State operations expenditures. Also, the Federal government has announced its intention to reduce the cash available to the State to fund the Federal share of certain programs (primarily social services and education) during the next several months by an amount in excess of $345 million. This reduction reflects the judgment of the United States Department of Health and Human Services that the State has used such amount in prior periods in excess of its legitimate authority to do so. The State has contested such action in Federal court and intends to pursue other administrative remedies that are available to it. On July 11, 1980, the court found for the State in such action. If the State's challenge is ultimately unsuccessful, the legal authority for the State to finance the withdrawn portion of Federal assistance is unclear and it is currently impossible to determine the impact of the absence of such aid on the State, its local governments or service providers for whom the payments represent reimbursement of prior expenditures. However, to the extent the State does substitute State money for the withdrawn portion of the Federal assistance, and such substitution exceeds $100 million (the amount reserved in the State's 1981 Financial Plan for this or a similar contingency) other actions either to raise additional revenues or to reduce expenditures would be needed to offset such substitution if a balanced 1981 Financial Plan is to be maintained.
In addition, Federal action to disallow certain rate-setting adjustments used by the State in determining the Federal share of the funding of certain mental hygiene programs may have the effect of reducing income received by the State from the Federal government by $80 million below the level assumed in the 1981 Financial Plan.

The effect of the potential withdrawals discussed above of Federal funds as well as the apparent severity of the onset of a national economic recession have increased the possibility that the State may be unable to maintain a balanced financial plan throughout the 1981 fiscal year.

Should the Federal government reduce the level of Federal aid in the coming months and to the extent the State substitutes its own funds for the withdrawn Federal aid, serious cash flow problems could result during the period, requiring the rescheduling of certain payments or additional temporary borrowing not contemplated at the time of the formulation of the 1981 Financial Plan. The $100 million reserve in the 1981 Financial Plan will not be fully funded until the final quarter of the State's fiscal year, and is not available to alleviate this potential cash flow problem.

Problems of Authorities and Localities

The fiscal stability of the State is related, at least in part, to the fiscal stability of its localities and Authorities. Various Authorities have issued bonds secured, in part, by non-binding statutory provisions for State appropriations to maintain various debt service reserve funds established for such bonds (commonly referred to as "moral obligation" provisions).

During its 1979 fiscal year, the State developed a new borrowing plan for the Build-Out Authorities ("Build-Out Plan II") to provide the Build-Out Authorities with commitments for $1.2 billion of financing assistance, primarily short-term, through September 30, 1980 by sales of notes and bonds to private and State-related sources. Substantially all of this amount relates to programs that involve State lease-purchase arrangements or "moral obligation" provisions and may continue to be represented by bond anticipation notes when Build-Out Plan II ends. Certain of the State-related sources that participated in the Build-Out Plans have provided $443 million in commitments for short-term investments, which commitments exceed the currently remaining needs of the Build-Out Authorities through September 30, 1981. If the Build-Out Authorities are then unable to renew such bond anticipation notes or sell bonds to the public prior to such date, other actions will be necessary to meet payments for maturing notes and construction payments.

Several Authorities, especially those with State-supported housing programs, still face potentially serious financial problems. HFA, in particular, continues to face significant financial difficulties with some of the projects on which it holds mortgages, which could affect its ability to meet debt service on obligations issued under one or more of its housing programs. Co-op City, a major project on which the HFA holds a $390 million mortgage, has defaulted on certain payments due HFA. As a result in part of such defaults, HFA withdrew funds from a debt service reserve fund securing its non-profit housing project bonds to meet debt service payments on its bonds, which fund was replenished through State appropriations pursuant to the "moral obligation" provisions. An interim agreement entered into in 1977 between HFA and Co-op City expired on October 31, 1979 and, although a new six year work-out plan has been negotiated between HFA and Co-op City, the State legislation necessary to implement that plan has not been enacted. In the event of future difficulties with Co-op City or other HFA housing projects, withdrawals from HFA's debt service reserve funds will probably be required, and the Legislature may be called upon to replenish those funds under the "moral obligation" provisions of the HFA legislation. To date, the Legislature has appropriated and the State has paid all amounts required (approximately $21.1 million) under the "moral obligation" provision of the HFA legislation to replenish HFA's debt service reserve funds. On May 1, 1980, HFA withdrew $12.0 million from its non-profit housing debt service reserve fund and $1 million from the debt service reserve fund for its general housing program. On or prior to December 1, 1980, HFA is expected to certify to the Governor and the Budget Director the amounts required to replenish such funds pursuant to the "moral obligation" provision. The City has instituted a foreclosure suit against the mortgagor and owner of
Co-op City for non-payment of real property taxes. If the City's action is successful and the tax arrears are not paid, HFA would lose its security interest in the property, subject to a limited right of redemption.

UDC has approximately $1 billion of obligations outstanding and cannot meet its debt service without continuation of annual appropriations from the State made pursuant to the "moral obligation" provision of the UDC legislation or otherwise. In early 1979, the State Comptroller made projections that indicate that the required State appropriations through its 1988 fiscal year could total in excess of $300 million.

Battery Park City Authority ("BPCA") has $200 million of outstanding bonds secured in part by the State's "moral obligation" and has paid out a major portion of the bond proceeds for site acquisition and development for its proposed residential and commercial project in the City and for administrative expenses and debt service. The project is currently being reevaluated by BPCA. No definite financing for the construction of any revenue producing facility sufficient to enable BPCA to meet its obligations on its outstanding bonds has been obtained. BPCA projects that even if the construction of revenue-producing facilities were to begin immediately, and assuming minimum expenditures for site development to support such facilities and administrative costs, BPCA's annual debt service payments of approximately $14.3 million will exhaust its financial resources before it can become self-sufficient. In addition, BPCA does not believe that it has the power to use bond proceeds to make scheduled principal payments on its bonds, the first payment of which is due November 1, 1980 in the amount of $1.8 million. In 1980, the Legislature appropriated, and the 1981 Financial Plan provides, $1.8 million to BPCA for its scheduled principal payments in November 1980. BPCA's annual debt service payments could exhaust its financial resources in 1984 while essentially all of its debt remains outstanding. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA would probably be compelled to withdraw money from its debt service reserve fund to make future payments and the State would then be called upon to replenish the fund pursuant to the "moral obligation" provision. In November 1979, the Governor, the Mayor of New York City and UDC announced an agreement that, if implemented, would facilitate the development of the BPCA site. This agreement provides for the State to share in the development costs of the site. In May 1980, BPCA issued $97.5 million in construction loan bonds and $95.5 million in housing revenue bonds to finance residential construction at the site.

The Governor has proposed measures to provide assistance to State housing projects, including Co-op City and other HFA and UDC projects, financed under the State's Private Housing Finance Law (the "Mitchell-Lama projects"). No assurance is given that such measures, if enacted by the Legislature, will be effective in reducing the problems of the State-supported housing program.

The New York State Energy Research and Development Authority ("ERDA") may be required to decommission and decontaminate a nuclear waste storage center owned by it and leased to Nuclear Fuel Systems, Inc, which has advised ERDA that it does not intend to renew its lease upon its expiration on December 31, 1980. To the extent that ERDA is unable to provide its share of the cost of decommissioning and decontaminating the site the State may be required to provide funds, possibly substantial in amount.

Another problem faced by Authorities is that future increases in operating costs and interest rates may result in a need for increased rents, fees or user charges in Authority-financed projects, particularly residential housing projects and medical care facilities. Inability or unwillingness to pass increased costs on to residents or users of such projects would adversely affect the fiscal stability of the Authorities, and possibly cause the State to be requested to make appropriations to support such projects. There is no assurance, however, that the Legislature would make such appropriations.

Failure of the State to appropriate necessary amounts or to take other action to permit the Authorities, especially the Build-Out Authorities, to meet their obligations or the failure of Build-Out Plan II to meet its objectives could result in a default by one or more of the Authorities. If a default were to occur, it would likely have a significant adverse effect on the market price of obligations of the State and its Authorities, including the Corporation.
Certain localities other than the City may face financial problems during the State's 1980 fiscal year and thereafter. The anticipated and potential problems stem in part from litigations and judicial decisions relating to property tax assessments and rates and pension contributions by such localities as well as from longer range economic trends. Such factors may result in the inability of certain localities to achieve balanced budgets during the State's 1981 fiscal year. Legislation has been enacted to provide additional State aid to such localities during the State's 1981 fiscal year.

Litigation

Certain litigations pending against the State or its officers or employees could have a substantial or long-term, adverse effect on State finances. Among the more significant of these litigations are those that involve: (i) the constitutionality of the present system of apportioning state assistance among public school districts; (ii) the validity of certain State Tax Commission interpretations of several provisions of the State's sales tax law; (iii) the validity and fairness of agreements and treaties by which the Oneida Indians transferred title to the State to approximately 6 million acres of land in central New York; (iv) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; (v) certain aspects of the State's Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of Medicaid services; (vi) 1977 legislation requiring the deduction from State aid otherwise due school districts of an amount equal to distributions to such districts from a fund formerly held by certain insurance companies; (vii) the level of public assistance grants; (viii) the treatment provided at several State Mental Hygiene facilities and the alleged differentiation between institutionalized and non-institutionalized retarded children in the State's provision of assistance for at-home care by family members; (ix) the conduct of the State, HFA, and the State Commissioner of Housing and Community Renewal in the construction, financing, supervision and management of Co-op City; (x) the fulfillment by the State of various obligations arising out of contracts entered into by the State Department of Transportation; (xii) the State's action in recouping certain Social Services aid from New York City and to enjoin the State from recouping additional such aid from the City; (xii) contamination in the Love Canal area of Niagara Falls; (xiii) the valuation of a major utility company's franchise in 43 municipalities and the taxes based on such valuation; (xiv) the constitutionality of State legislation providing for construction of a new stock exchange facility in New York City, financed in part by State appropriations to the UDC; and (xv) the State's method of determining the level of learning disability which is required before children become eligible for educational assistance for handicapped children.

In 1978, the State Court of Appeals held unconstitutional State legislation that authorized certain cities and school districts to impose a special increase of real property tax rates in order to raise funds for pension contributions and for certain other uses. Over $100 million annually was collected pursuant to rates in excess of the State constitutional limits in reliance on this legislation. State loans aggregating up to $52 million were authorized to be made in the 1980 fiscal year for certain school districts; approximately $20 million of such loans were made in April 1979. Such loans have also been authorized for the 1981 fiscal year for certain school districts and were made during May 1980.

PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY

Although bonds of the Corporation are not obligations of the City, financial developments with respect to the City may affect the market for or market prices of the Second Resolution Bonds, including the Series 25 and 26 Bonds. The Corporation believes that its ability to repay the Second Resolution Bonds is not dependent upon the financial condition of the City. However, economic and demographic conditions in the City may affect the levels of Sales Tax receipts and Per Capita Aid. During the time the Series 25 and 26 Bonds are outstanding, financial developments and other matters concerning the City will be the subject of reviews and reports by various agencies of Federal and State Government, see "PART 10—VARIOUS CONTROL PROGRAMS."

This section describes the City's projections for fiscal year 1981, major assumptions and uncertainties with respect to that year, and some of the financial difficulties the City is expected to face in the future. It provides only a brief summary of the complex factors affecting the City's financial condition. This
section is based entirely on information reported to the Corporation by the City, the Control Board, and the Office of the Special Deputy Comptroller, or as presented in the City’s four year financial plans or the Official Statements prepared by the City in connection with the issuance of its securities; or contained in other reports and statements referred to herein.

**Recent Financial History**

During 1975 the City became unable to market its securities and entered a period of extraordinary financial difficulties. In response to this crisis, the State created the Corporation and enacted the Emergency Act, which created the Control Board. See "PART 10—VARIOUS CONTROL PROGRAMS." Among other State actions was an advance to the City at the end of the City’s 1975 fiscal year of $800 million of State assistance moneys due the City in the succeeding fiscal year (an action repeated in each of the next three fiscal years).

The City took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets. As required by the Emergency Act, these included accounting reforms and development of a three-year financial plan (the "Three Year Financial Plan") to provide for a budget balanced in accordance with accounting principles permitted by State law by the 1978 fiscal year. State law permits two major deviations from GAAP: (1) accounting for contributions to employee retirement systems and recipients of supplemental benefits on a cash basis rather than on an accrual basis, and (2) inclusion of certain expense items in the City's Capital Budget in decreasing amounts during a phase-out period.

In order to provide both seasonal and long-term financing for the City, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing until June 30, 1978. Certain City pension funds agreed to provide the City with long-term financing through June 30, 1978, by purchasing City bonds and the City’s sinking funds exchanged City notes for City bonds. In addition, bonds of the Corporation were: (1) purchased by certain commercial banks and City pension funds, (2) sold to the public with the proceeds paid to the City and, (3) exchanged for outstanding City notes. In November, 1975, the State Legislature enacted the New York State Emergency Moratorium Act, which suspended the rights of holders of short-term notes of the City to bring suit to enforce payment of such notes. The State Court of Appeals subsequently held the Moratorium Act unconstitutional and provision was made for the payment of such notes.

During the 1976 through 1978 fiscal years, the City, among other actions, took steps to reduce the number of its employees, entered into labor contracts consistent with the assumptions contained in the Three Year Financial Plan and with the wage guidelines adopted by the Control Board, began charging general tuition at the City University of New York, and received additional State and Federal aid. Under the Three Year Financial Plan, the City Comptroller reported, in accordance with the accounting principles permitted by State law, operating deficits of $968 and $329 million, for the 1976 and 1977 fiscal years, respectively. The City Comptroller has estimated that without the two major deviations from GAAP permitted by State law the reported deficits for the 1976 and 1977 fiscal years would have been approximately $1.870 billion and $1.039 billion, respectively. The financial statements for those two years, however, are unaudited and may contain substantial errors as well as other deviations from GAAP.

As required by the Act, the City’s 1978 financial statements were audited by a consortium of independent accounting firms headed by Pest, Marwick, Mitchell & Co. The statements report results both in accordance with the accounting principles permitted by State law and in accordance with GAAP. Under the accounting principles permitted by State law, the General Fund balance for fiscal 1978 showed a surplus of $32 million; when reported in accordance with GAAP, the General Fund showed a deficit of $712 million.

Although the City accomplished the budgetary and accounting objectives of the Three Year Financial Plan, it did not regain access to the public credit markets during its 1978 fiscal year. The City, the Corporation, the Control Board and others, therefore, proposed a combination of actions intended to
provide for the City's long-term financing through the 1982 fiscal year and to enable the City to reenter the public credit markets. These proposals resulted in: (1) the development of the Debt Issuance Plan and a financial plan for the 1979 through the 1982 fiscal years, (2) an extension of the Control Board, (3) an increase in the Corporation's debt issuance authority, (4) authorization for the Federal guarantee of certain City bonds, (5) elimination of the State advance and (6) reduction of the City's seasonal financing requirements. The State and Federal legislation necessary to undertake this program was enacted, and in November 1978 the Agreements implementing the Debt Issuance Plan were signed. For a description of some of the conditions which must be satisfied for successful implementation of the Debt Issuance Plan, see "PART 4—DEBT ISSUANCE PLAN."

As required by the Act, the City's 1979 financial statements were also audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The City's audited year-end figures for the 1979 fiscal year indicate that operations for the 1979 fiscal year resulted in a $216 million surplus in the General Fund when reported in accordance with State law, but a deficit of $422 million when reported in accordance with GAAP.

The opinion of the consortium concluded that the financial statements present fairly the financial position and results of operations for the City's various funds in accordance with GAAP, subject to the effects of such adjustments, if any, as might have been required had the ultimate resolution of pending real estate tax certiorari proceedings been known. The report stated that the pending real estate tax certiorari proceedings, if decided adversely to the City, could have a substantial financial impact on the City. See "Litigation" in this PART 9. The report of the consortium stated further that the City does not maintain complete records of its general fixed assets and that therefore a Statement of General Fixed Assets was not presented as required by GAAP. The report stated that the City's ability to obtain financing and balance its budget in accordance with GAAP depends on assumptions and events which cannot be assured.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 11 of each year for review and approval by the Control Board a financial plan for the next four fiscal years, covering the City and certain agencies subject to the provisions of the Emergency Act (the "covered organizations"). The four year financial plan may be modified from time to time during the fiscal year upon request of the City and approval of the Control Board. The Emergency Act requires that the City provide for a budget balanced in accordance with State law through fiscal year 1981 and in accordance with GAAP thereafter.

In June 1979, the Control Board approved a four year financial plan for the 1980 through 1983 fiscal years and subsequently approved modifications to the plan (as approved and modified, the "1980 Four Year Plan"). The 1980 Four Year Plan projected a balanced operating budget for fiscal 1980 under the accounting principles permitted by State law. The operating results for the 1980 fiscal year are expected to show a surplus under accounting principles permitted by State law but a deficit under GAAP. The audit of operations for the 1980 fiscal year is to be completed by the City's independent accountants by October 31, 1980.

Fiscal Years 1981-1984

The City's budget for fiscal 1981 reflects revenues and expenditures of $13.587 billion and is balanced according to GAAP one year earlier than required by State law. The City's budget as adopted, however, did not reflect the full cost of labor settlements then being negotiated and subsequently reached by the City with its municipal workers unions.

The agreement reached with the municipal nonuniformed workers unions for fiscal years 1981 and 1982 includes a wage increase of 8% or $900, whichever is greater, for each fiscal year and an increase in the City's contribution to the welfare fund. The agreement reached with the uniformed workers coalition includes a 9% and 8% wage increase for fiscal years 1981 and 1982, respectively, and an increase of $100 in 1981 and $200 in 1982 in the uniform allowance. Both agreements provide for continuation of a $750 annual cash payment. This payment, previously not included in the base wage, will be so included effective July 1, 1982. The City has set aside a reserve from fiscal 1980 monies to fund continuation of the $750 annual cash payments.
As required by the Emergency Act, the City submitted to the Control Board in May 1980 a financial plan which covered the 1981 through 1984 fiscal years. After review of the proposed plan the Executive Director of the Control Board in a letter to the Mayor expressed concerns regarding the plan, including uncertainties relating to the labor costs, and stated that the submitted plan would not be approvable unless it were revised to address such concerns. Subsequently, the City withdrew the proposed plan stating that it would submit a revised plan by August 15, 1980, and pursuant to the Emergency Act, the Control Board formulated and adopted a financial plan covering the City for the first quarter of fiscal 1981 and the covered organizations for the entire 1981 fiscal year. The Control Board also required the City to submit by August 15, 1980 a revised four year plan.

On August 11, 1980, the City submitted the revised four year financial plan to the Control Board (as modified, the "1981 Four Year Plan"), which the Control Board approved on September 18. The 1981 Four Year Plan projects a GAAP-balanced budget for fiscal year 1981, and potential budget gaps of $733 million, $1,259 million, and $1,312 million in fiscal years 1982, 1983 and 1984, respectively, to be closed through a combination of actions to be implemented during the four year period. For fiscal year 1981, the Plan projects additional costs not reflected in the fiscal 1981 adopted budget of $168 million resulting from the recently concluded labor settlements and the loss of $100 million of previously anticipated Federal aid. These are projected to be offset by additional growth in local revenues, increased State aid, expenditure reductions and an increase in the property tax rate. For fiscal years 1982 through 1984, the Plan assumes substantial increases in real estate tax revenues as a result of increased real property assessments and the increased tax rate. The Plan also reflects wage increases of 3% for each of the 1983 and 1984 fiscal years. The projected gaps for fiscal years 1982 through 1984 do not include significant deficits which have been projected for the Transit Authority in fiscal years 1982 through 1984 and the Health and Hospitals Corporation for fiscal years 1983 and 1984.

The City has proposed a combination of gap-closing actions which, if realized, would produce GAAP-balanced budgets in each of the 1982 through 1984 fiscal years. These actions include further expenditure reductions, revenue enhancement programs such as expansion of the scope of the Off Track Betting Corporation (OTB) to include "sports betting" estimated to provide approximately $75 million each year, $32 million per year from accelerated payment of real estate taxes, debt service savings of $50 million per year, new State aid of $136 million, $209 million and $283 million for fiscal years 1982 through 1984, respectively, and new Federal aid of $200 million, $640 million and $710 million for each of those years, respectively. The City has also proposed a contingency program consisting of increased taxes and further expenditure reductions totalling $200 million in fiscal year 1982, and $500 million in fiscal years 1983 and 1984 including receipt of additional State aid for the latter two years.

The 1981 Four Year Plan is based on numerous assumptions which could, if not realized, result in either increased budget gaps or shortfalls in the gap-closing and contingency programs. The Office of the Special Deputy Comptroller has issued a report on the proposed plan. This report, while pointing out some uncertainties, concluded that a GAAP-balanced budget in fiscal year 1981 is achievable. However, for fiscal year 1982 the report pointed out numerous uncertainties regarding (i) revenue enhancements requiring legislative and other approvals, (ii) potential shortfalls in assumed State and Federal aid, (iii) savings from expenditure reductions yet to be implemented, and (iv) potential deficits within the Transit Authority, the Board of Education and the Health and Hospitals Corporation, among others. For fiscal years 1983 and 1984, the report cited similar concerns, adding that the City's provision for wage increases in those years may prove to be inadequate. The report stated that budgetary relief may be obtained from better than expected local tax revenues and under-spending of planned expenditures. The report also stated that approximately $300 to $500 million of anticipated actions in the 1981 Four Year Plan for fiscal year 1982 may not be achievable as currently proposed. Considerably greater potential risks exist in the City's Plan for fiscal years 1983 and 1984 as a result of a potentially larger than projected labor settlement covering those years and the City's projections of increased growth in new Federal and State aid in fiscal 1983 and 1984.

In connection with the approval of the 1981 Four Year Plan, the City (1) provided an additional program of expenditure reductions which could, if necessary, be implemented in fiscal year 1981 to
produce annual savings of $100 million in fiscal year 1982 and (2) provided specific details of its $200 million contingency program for fiscal year 1982. The staff of the Control Board in a report on the 1981 Four Year Plan stated that, although there are potential risks, the contingency program and the program of expenditure reduction make the projected fiscal 1982 budget gap manageable. The report warned, however, that certain factors which contributed to the City's past budgetary successes cannot be expected to continue to provide substantial benefits in the future. The report also stated that the City has not demonstrated the ability to achieve recurring balanced budgets for fiscal years 1983 and 1984 and must now focus on reducing further the growth of City expenditures through the development of new approaches to long-range financial planning.

On October 2, 1980, the City is expected to submit for approval by the Control Board a proposed modification to the 1981 Four Year Plan which would reschedule proposed sales of City bonds to the Corporation during the 1981 fiscal year.

Litigation

The notes to the City's audited financial statements for the 1979 fiscal year report that the City is a defendant in a significant number of lawsuits pertaining to material matters including those claims asserted which are incidental to performing routine governmental and other functions. As of June 30, 1979, claims in excess of $22 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $670 million. The City provided in the 1981 Four Year Plan for the amount of claims anticipated to be settled during each year.

Numerous real estate tax certiorari proceedings are presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments. Similar litigation has been commenced in other localities in the State, and in certain localities court decisions have been adverse to the taxing authority. An adverse decision to the City involving this issue could have a substantial adverse impact on the City. The City has reported that as of June 30, 1979, the estimated potential exposure to the City in these cases could amount to approximately $1.7 billion. Provision was made in the City's 1981 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $40 million annually in the 1980 through 1984 fiscal years. Remedial legislation has been enacted by the State to limit and reduce such liability; however, this legislation is also being challenged and has been held to be unconstitutional in certain lower court decisions. On May 29, 1980, the State Supreme Court, New York County, held that the City's classified system of taxation was authorized by special legislation. In view of this special legislation governing special assessments, and challenges thereto, the court stated that the 1978 and 1979 remedial legislation is not relevant in proceedings involving City assessments.

In an action currently pending, a retired City teacher seeks, among other relief, to enjoin further investments by the Teacher's Retirement System of The City of New York (the "TRS") in obligations of the City and to rescind previous purchases of obligations of the City and of the Corporation. On November 30, 1978, the United States Court of Appeals for the Second Circuit, without discussing the merits of the plaintiff's claim, reversed, in part, a lower court's dismissal of the suit and held that a retired teacher, as a beneficiary of the TRS, has standing to assert his claim that the TRS trustees violated the anti-fraud provisions of the Federal securities laws in connection with such purchases. On July 19, 1979, the Second Circuit denied the TRS trustees' petition for a rehearing. On December 10, 1979, the United States Supreme Court denied the request of the TRS trustees for a writ of certiorari. On March 31, 1980, plaintiff served an amended complaint naming the TRS trustees, certain banks, and the Governor as defendants. Plaintiff, among other things, seeks (i) damages for the loss incurred by selling TRS securities and purchasing City securities and the loss of interest resulting from the exchange of bonds of the Corporation, (ii) a judgment requiring the defendants to fund fully certain reserve funds and to segregate and not commingle those funds with other assets of the City and (iii) a judgment restoring certain investment standards with regard to such reserve funds. On May 20, 1980, the City answered the amended complaint in part, denying all material allegations and all liability, and moved to dismiss such complaint in part. An adverse decision in this action could deprive the City of funds under the Debt Issuance Plan.
On October 31, 1979, a suit was filed in Federal District Court for the Eastern District of New York challenging the State Department of Education's implementation of Federal regulations regarding the public education of children with learning disabilities. Among other things, plaintiffs alleged that the State Department of Education's interpretation of the term "severe," which appears in a Federal regulation relating to the required level of learning disability in children, is too narrow as applied to the qualification of children in the State for educational assistance for handicapped children. The City is presently not a party to this action. On June 30, 1980, the court found for plaintiffs. The City has been informed that the State is preparing to appeal this decision to the Second Circuit Court of Appeals. Because a final decision adverse to the Department of Education in this case could result in many more children so qualifying and a concomitant mandatory substantial increase in expenditures by the City's Board of Education, the City has decided to file a motion to intervene in the appeal.

Federal Bankruptcy Legislation

The City projects meeting its cash needs through the 1982 fiscal year from its own revenues, Federal and State aid, seasonal borrowings, and the sale of the City's and the Corporation's bonds pursuant to the Debt Issuance Plan. If the City's cash sources are insufficient to meet its obligations, Federal and State statutes provide for certain remedies under Chapter 9 of the Federal Bankruptcy Code.

Chapter 9 permits any State political subdivision or agency to file a petition for relief under its provisions if the subdivision or agency is authorized to do so by State law. Both the City and the Control Board (on behalf of the City) are so authorized, and either could file such a petition if the City were (a) insolvent or unable to meet its debts as they mature, (b) desirous of effecting a plan to adjust its debts, and (c) able to meet the other prerequisites for filing a Chapter 9 petition with respect to negotiations between the City and its creditors and other matters. Any plan to adjust the City's debts would become effective only upon Court approval, after the requisite approval by creditors of the City has been obtained.

If a Chapter 9 petition were filed, certain financial institutions and City pension funds would not be required to purchase bonds of the Corporation; and the Secretary of the Treasury could refuse to guarantee any additional City bonds.

Although the filing of such petition might have a general adverse effect on the economic health of the City, the Corporation believes that such a filing would not have a materially adverse effect on the Corporation's ability to repay its obligations, including the Series 25 and 26 Bonds. The filing of such a petition, as with other financial developments with respect to the City, might affect the market for and market prices of the Series 25 and 26 Bonds.

PART 10—VARIOUS CONTROL PROGRAMS

This Part describes the powers of the Corporation to aid the City, the requirements imposed upon the City by the Act and the Emergency Act, and the powers of the Corporation and the Control Board to review and take action with respect to the City's compliance with such requirements.

The Corporation

The Act authorizes the Corporation to make direct payments to or purchase obligations of the City. At the time of any payment to the City, the City is required to agree to observe and perform a number of statutory conditions which the Corporation may modify from time to time, but may not waive. The Act provides that the statutory conditions, as modified by the Corporation and agreed to by the City, shall cease to apply when all bonds and notes of the Corporation have been repaid or such repayment is provided for as specified in the Act.

The statutory conditions are designed to (i) reform and unify the City's system of accounting, (ii) provide independent review of the City's expenditures, and (iii) establish limits and controls over the City's debt-incurring power. These conditions, and the City's compliance therewith to date, may be briefly summarized as follows:
(i) The City has adopted as its method of accounting the accounting principles permitted by State law. The City's audited financial statements provided to the Corporation for the City's 1978 and 1979 fiscal years were prepared and those to be prepared for each subsequent fiscal year are to be prepared in accordance with GAAP, with the adjustments necessary to show results in accordance with the accounting principles permitted by State law for fiscal years through 1981.

(ii) The Act requires the City to comply with various provisions of the Emergency Act relating to balanced budgets, provisions for debt service and other financial requirements. The City is required to submit its proposed operating budgets (and any subsequent increases in expenditures therein) and operations reports for each fiscal year and each quarter to the Corporation for review to determine whether the City is adhering to an operating budget in which revenues equal or exceed expenditures under the accounting principles permitted by State law.

(iii) The Act sets forth limitations for the issuance by the City of its short-term notes. The Corporation is required to police these limitations by making an advance determination as to whether a proposed issuance of short-term obligations by the City violates these limitations and by reporting any adverse determination to the City Comptroller, who is then prohibited from issuing such obligations. The Corporation anticipates that these limitations will not prevent the City from issuing any of the short-term obligations contemplated in the Debt Issuance Plan.

If the Board of Directors of the Corporation determines, after review of the City's books and records and consultation with the Mayor, that the City's operating budget will not be balanced in accordance with State law, or that any of the conditions summarized above have not been fulfilled or should be modified, the Corporation must notify the Governor, the Mayor and certain other State and City officials and must disclose such determinations to the public.

Control Board

The Control Board, created pursuant to the Emergency Act in 1975, is composed of the Governor and the Comptroller of the State, the Mayor and the Comptroller of the City and three appointees of the Governor: Gilroye A. Griffin, Jr., Stanley S. Shuman and Lee P. Oberst. Mr. Griffin has announced his resignation from the Control Board effective upon the appointment and qualification of a successor. The Governor has nominated G. G. Michelson to fill the vacancy created by the resignation of Mr. Griffin. Comer S. Coppie is the Executive Director of the Control Board. Sidney Schwartz is Special Deputy State Comptroller and assists the Control Board and the Corporation in carrying out their functions.

The most significant powers of the Control Board are exercisable during a "control period," defined in the Emergency Act to mean the period ending when (i) there is no longer effective or outstanding any Federal guarantee (see "PART 4—DEBT ISSUANCE PLAN"), (ii) the Control Board has determined that the City has adopted and adhered to an operating budget balanced in accordance with GAAP for each of the three immediately preceding fiscal years, and (iii) the State and City Comptrollers have jointly certified that securities sold by or for the benefit of the City during the preceding and current fiscal year in the public market satisfied the capital and seasonal financing requirements of the City during such period and that there is a substantial likelihood that such securities can be sold in the public credit markets through the end of the next succeeding fiscal year in amounts that will satisfy substantially all of the capital and seasonal financing requirements of the City during such period. Thereafter, a control period is to be reimposed by the Control Board at such times and for such durations as are made necessary by the actual (or substantially likely and imminent) occurrence of certain events relating to the City's ability to pay debt service on its bonds and notes when due or its ability to adopt or adhere to a balanced operating budget or to satisfy its capital and seasonal financing needs in the public credit markets. After the termination of a control period, the Control Board is required to consider annually whether, in its judgment, any of the specified events has occurred. No control period may extend beyond the earlier of (i) July 1, 2008 or (ii) such date as no bonds or notes containing the 1978 State Covenant remain outstanding and there is no longer effective or outstanding any Federal guarantee.
During a control period, the four year financial plans for the City and the covered organizations, including modifications thereof, are subject to review and approval by the Control Board. In addition, the Control Board must formulate and adopt a financial plan, in the event a plan shall not have been approved prior to the beginning of the first fiscal year covered by such plan, and may modify a plan, in the event a modification required pursuant to the Emergency Act shall not have been approved within the time period specified by such Act. The Control Board is required to disapprove a financial plan or financial plan modification if the plan or modification is incomplete or fails to comply with the applicable standards specified in the Emergency Act, except that the Control Board may authorize a method of phasing into the operating budgets the requirements of any changes in GAAP over a reasonable period if immediate compliance would cause a substantial adverse impact on the delivery of essential services. The Control Board may also approve modifications to a financial plan that would cause the financial plan to no longer be in compliance with the applicable standards if compliance would result in a material adverse impact upon the delivery of essential services because of unforeseen events during the fiscal year. Beginning with the 1983 fiscal year, any deficit in the results of the City’s operations must be provided for in the following fiscal year.

The Control Board’s current program for determining the City’s compliance with its financial plan includes monitoring the City’s new system of monthly expenditure projections and quarterly allocations for each agency, review of cost reduction programs, and review of revenue by category on an ongoing basis.

For the duration of a control period all revenues, funds and accounts of the City and any covered organization are revenues, funds and accounts of a fund established pursuant to the Emergency Act (the “Board Fund”) and are held for the account of the City or the appropriate covered organization except to the extent prohibited by law or previous agreement relating to outstanding securities and except for amounts deposited into the City general debt service fund or repayment accounts for tax or revenue anticipation notes. Responsibility for disbursements from and day-to-day management of the Board Fund is in the hands of the City, although the Control Board has established procedures through which it may assume immediate control of such fund, subject to certain conditions. The Control Board has the power to exempt revenues, funds or accounts from these requirements.

In addition to its responsibilities with respect to the four year financial plans, during a control period the Control Board is also charged with responsibility for the review and approval of proposed contracts and certain obligations of the City and the covered organizations, and, in coordination with the Corporation, the approval of long-term or short-term borrowing by the City or any covered organization.

PART 11—AGREEMENT OF THE STATE OF NEW YORK

In the legislation which established the Corporation in 1975, the State pledged to and agreed with the holders of the Corporation’s bonds, that the State will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with holders of any such bonds, or in any way impair the rights and remedies of such holders, until any such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged. The Corporation has included such pledge in the Second General Bond Resolution.

In addition, pursuant to legislation enacted in 1978, the City is authorized and the Corporation is required to include the 1978 State Covenant in any agreement with holders or guarantors of their notes or bonds. By the terms of the 1978 State Covenant, the State agrees not to take any action that will (a) substantially impair the authority of the Control Board during a control period to approve, disapprove or modify any financial plan or modification, to disapprove contracts of the City or covered organizations, to approve or disapprove proposed borrowings of the City or covered organizations, and to establish procedures for deposits to and disbursements from the Board Fund; (b) substantially impair the authority of the Control Board to review financial plans and modifications, contracts and proposed borrowings of the City or 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 Control
Board so that a majority of the voting members are not elected State officials or appointees of the Governor; (e) terminate the existence of the Control Board before the earlier of July 1, 2008 or the date when all notes or bonds containing the 1978 State Covenant are no longer outstanding and there is no longer effective or outstanding any Federal guarantee; (f) substantially modify the requirement that the City's financial statements be independently audited; or (g) alter the definition of control period or substantially alter the authority of the Control Board to reissue or terminate a control period. The Emergency Act provides that the pledge and agreement of the State shall cease to be effective when notes and bonds subject to the pledge are no longer outstanding or when sufficient moneys have been set aside for their payment.

Enactment of the 1978 State Covenant was considered by the Financial Institutions to be an essential condition to their participation in the Debt Issuance Plan. In the opinion of Bond Counsel, given to the Financial Institutions and City Pension Funds pursuant to the Financing Agreement, while the matter is not free from doubt, the 1978 State Covenant is enforceable, provided a court would hold that the pledge is an "important security provision" of the Bonds, "subject at all times to the proper exercise of the State's reserved police power." The enforceability of the 1978 State Covenant is subject to various factual requirements and legal uncertainties and there can be no assurance that any purchaser seeking to enforce the 1978 State Covenant will be able to meet such factual requirements or that such legal uncertainties will be resolved in favor of such enforcement.

PART 12—MANAGEMENT

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

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

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

<table>
<thead>
<tr>
<th>Directors</th>
<th>Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn, Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Edward M. Kresky, Vice Chairman</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry(1)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Blaikin(1)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker(1)(2)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Kellin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer(2)</td>
<td>December 31, 1979</td>
</tr>
<tr>
<td>Andrew P. Steffan(1)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Representatives(3)</td>
<td></td>
</tr>
<tr>
<td>Jerome Belson</td>
<td>Appointed by the Vice-Chairman of the City Council</td>
</tr>
<tr>
<td>John P. Holmes</td>
<td>Appointed by the Minority Leader of the State Assembly</td>
</tr>
<tr>
<td>Leonard Nadle</td>
<td>Appointed by the Speaker of the State Assembly</td>
</tr>
<tr>
<td>Richard D. Parsons</td>
<td>Appointed by the President Pro-Tem of the State Senate</td>
</tr>
<tr>
<td>Bradford J. Race, Jr.</td>
<td>Designated representative of the State Comptroller</td>
</tr>
<tr>
<td>Robert W. Seavey</td>
<td>Appointed by the Minority Leader of the State Senate</td>
</tr>
</tbody>
</table>

Heather L. Ruth is the Executive Director of the Corporation.

(1) Appointed upon the written recommendation of the Mayor.
(2) Messrs. Brooker and Netzer are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.
(3) Each Representative serves at the pleasure of the appointing official or body, is eligible for reappointment and holds office until his successor has been appointed.
FELIX G. ROHATYN, Chairman. Mr. Rohatyn is a General Partner of Lazard Frères & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Eastern Airlines, Inc., International Telephone and Telegraph Corporation, Owens-Illinois, Inc., Pfizer Inc., Pechinney Usine Kuhlmann Corporation, MCA Corporation, and Minerals and Resources Corp., Ltd. He is also a director of the New York Heart Association and the New York Philharmonic. Mr. Rohatyn is a resident of New York City.

EDWARD M. KRESKY, Vice-Chairman. Mr. Kresky is a General Partner of Wertheim & Co., investment bankers. He has been with Wertheim since 1971. From 1965 through 1971, he served as Secretary to the Metropolitan Transportation Authority of New York State. He is a member of the Boards of Security Mutual Life Insurance Company of New York, the New York State Council on the Arts and the Council of the National Municipal League. From 1972 to 1973, he was a member of the Governor’s Task Force on Financing Higher Education in New York State. Mr. Kresky has served the Corporation as a Representative from June 1975 to January 1979. He also served as an observer to the Control Board from 1976 to January 1979. Mr. Kresky is a resident of New York City.

FRANCIS J. BARRY. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and other of its affiliated companies. From 1967 to date, he has served as an arbitrator for the United Marine Division of Local 333 I.L.A. of the AFL-CIO. He is a member of the Advisory Committee to the New York City Convention and Exhibition Corporation. He is a member of the Executive Committee of the New York Convention and Visitors Bureau. He is a former member of the Control Board. Mr. Barry is a resident of New York City.

KENNETH J. BIALKIN. Mr. Bialkin is a member of the law firm of Willkie Farr & Gallagher, New York, New York, and is an Adjunct Professor of Law at the New York University School of Law. He has served as Chairman of the Committee on Federal Regulation of Securities of the Section of Corporation, Banking and Business Law of the American Bar Association, and is presently Chairman-elect of such Section. He is also a Vice President and a former Chairman of the Committee on Securities and Exchanges of the New York County Lawyers’ Association. He is a director of Shearson Loeb Rhoades Inc. and E. M. Warburg, Pincus & Co., Inc. Mr. Bialkin is a resident of New York City.

GEORGE M. BROOKER. Mr. Brooker is a principal stockholder and President of Webb & Brooker, Inc., a real estate management and brokerage firm. He is President of the Greater New York Institute of Real Estate Management. He was formerly the Chairman and is currently a member of the Board of Directors of the New York Urban League. He is a director of the DuBois Memorial Foundation, a member of the Board of Governors of the Real Estate Board of New York and the Realty Advisory Board of New York. He is also a member of the Board of Governors of the Carver Democratic Club of New York City. He is a member of the Management Council, National Center Housing Management of Washington, D.C., and a director of the Realty Foundation of New York and a member of the Advisory Committee of the New York Bank for Savings. Mr. Brooker is a resident of Pelham Manor, New York.

EUGENE J. KEILIN. Mr. Keilin, Chairman of the Corporation’s Finance Committee, is a Vice President of Lazard Frères & Co., investment bankers and was Executive Director of the Corporation from October 1976 to January 1979. From 1973 to 1975, he served as General Counsel of the City’s Office of Management and Budget and, from 1975 to October 1976, he was counsel to the City’s first Deputy Mayor for Finance. Prior to his employment by the City, Mr. Keilin was associated with the New York law firm of Sage, Gray, Todd & Sims. Mr. Keilin is a resident of New York City.

DICK NETZER. Dr. Netzer has been Dean of the Graduate School of Public Administration of New York University since 1969. He is a nationally recognized expert in the areas of state and local government finance and urban economics and he has published extensively in each of those areas. He is a member of the Municipal Securities Rulemaking Board, the Governor’s Consultants Advisory Panel on School Finance and the Governor’s Panel on the Future of Government in New York. Mr. Netzer is a resident of New York City.

ANDREW P. STEFFAN. Mr. Steffan is a Vice President in the Corporate Finance Department of Smith Barney, Harris Upham & Co. Incorporated. From 1972 until 1976, he was on the staff of the Securities and
Exchange Commission and became the Agency's first Director of Economic Policy Research. He is a member of the Executive Committee of the New York District of the Securities Industry Association. Mr. Steffan is a resident of New York City.

ROBERT C. WEAVER, **Representative.** Mr. Weaver was Distinguished Professor of Urban Affairs at Hunter College from 1971 to 1978. He is now Distinguished Professor Emeritus. From 1966 through 1968, he was Secretary of the United States Department of Housing and Urban Development and, from 1968 through 1970, President of Bernard M. Baruch College. He is a Trustee of the Metropolitan Life Insurance Co. and the Bowery Savings Bank, and is a former Chairman of the National Association for the Advancement of Colored People. Dr. Weaver is a resident of New York City.

JEROME BELSON, **Representative.** Mr. Belson is President and Chief Executive Officer of Jerome Belson Associates, Inc., a real estate management firm. He is also a partner in the law firm of Belson, Connolly & Belson. Mr. Belson is Chairman of the Board of Waterhouse Securities, Inc., a member of the New York Stock Exchange. He is a member of Citizens Housing and Planning Council and a Director of the Associated Builders and Owners of Greater New York, Inc., the Association for Government Assisted Housing, Inc., and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson is a resident of New York City.

JOHN P. HOLMES, **Representative.** Mr. Holmes is the owner of the John P. Holmes Co., Inc., a New York-based national management consulting firm, which he founded in 1976. He is a member of the Association for a Better New York and the Iona College Board of Advisory Trustees. He is active in supporting the performing arts. Mr. Holmes is a resident of Westchester County, New York.

LEONARD NADEL, **Representative.** Mr. Nadel, who was Senior Vice President of Abraham & Straus, a division of Federated Department Stores, Inc., until March 1978, established his own management consulting firm, Leonard Nadel Associates Inc., in New York City in April 1978. He is Chairman of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was Vice-Chairman of the Downtown Brooklyn Development Association and President of the Brooklyn Chamber of Commerce. Mr. Nadel is a resident of Roslyn, New York.

RICHARD D. PARSONS, **Representative.** Mr. Parsons is a member of the firm of Patterson, Belknap, Webb & Tyler. He has been with the Patterson firm since 1977. From 1971 through 1974, Mr. Parsons served as an Assistant and First Assistant Counsel to former Governor Rockefeller. In 1975, he became Deputy Counsel to then Vice President Rockefeller and, later that year, was appointed to the White House staff as Counsel to the Domestic Council. He also serves as an observer to the Control Board. Mr. Parsons is a resident of Briarcliff Manor, New York.

BRADFORD J. RACE, JR., **Representative.** Mr. Race is an attorney with the law firm of Dewey, Ballantine, Bushby, Palmer & Wood, New York, New York, with which he has been associated since 1970. He is a member of the New York State Comptroller’s Advisory Committee on New York City Fiscal Affairs, the National Association of Bond Lawyers, and the Municipal Finance Officers Association. Mr. Race is a resident of New York City.

ROBERT W. SAVAGE, **Representative.** Mr. Savage is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Savage, Fingert & Vogel, New York, New York, a director of the Citizens’ Housing and Planning Council of New York, a member of the Committee on Housing and Urban Development of the Association of the Bar of the City of New York, and an Adjunct Professor of Law at Brooklyn Law School. Mr. Savage is a resident of New York City.

HEATHER L. RUTH, **Executive Director.** Ms. Ruth has served as an analyst with the New York City Budget Bureau, and as an Assistant Administrator of the City’s Environmental Protection Administration. From 1974 until 1978, she was also a Vice President of Mathematica Policy Research, Inc., a Princeton-based research consulting firm. From 1978 until her appointment as Executive Director of the Corporation on June 25, 1980, Ms. Ruth was self-employed as a consultant to government and private clients in New York and New Jersey. Ms. Ruth, presently a resident of Cranbury, New Jersey, intends to relocate in New York.

34
PART 13—LITIGATION

The Corporation is not party to any litigation. Various actions challenging the constitutionality of the imposition and appropriation of the Sales Tax and Stock Transfer Tax to the Corporation have all been dismissed with the State’s highest court affirming the constitutionality of the Sales Tax and Stock Transfer Tax as security and sources of payment for the Corporation’s obligations. The United States Supreme Court dismissed an appeal from the State court ruling for lack of a substantial Federal question.

PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND
GENERAL BOND RESOLUTION

The following is a summary of certain provisions of the Second General Bond Resolution. The summary is not comprehensive or definitive and is subject to all of the terms and provisions of the Resolution, to which reference is hereby made and copies of which are available from the Corporation. The Capital Reserve Aid Fund is referred to hereinafter as the “Capital Reserve Fund.” Section references, unless otherwise indicated, are to the Resolution.

Certain Defined Terms

“Bonds” means all bonds issued pursuant to the Second General Bond Resolution.

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

“Capital Reserve Fund” means the fund by that name established by Section 602.

“Capital Reserve Fund Requirement” means, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 4 of Section 3036-a of the Act, including, as provided in Section 901 for such purposes, any unpaid and matured amounts of principal and interest on the Bonds or such larger amounts as may hereafter be authorized pursuant to the Act as amended from time to time.

“First General Bond Resolution” means the General Bond Resolution dated July 2, 1975 as heretofore and hereafter supplemented in accordance with the terms thereof.

“Fiscal Year” means any twelve consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“Operating Expenses” means the Corporation’s expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and includes administrative expenses, legal, accounting and consultants’ services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or the Resolution or the First General Bond Resolution or otherwise.

“Operating Fund” means the fund by that name established by Section 604 of the First General Bond Resolution.

“Outstanding” means, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have been defeased.

“Paying Agent” for the Bonds of any Series means the bank or trust company and its successor or successors, appointed pursuant to the Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents is so appointed.
“Per Capita Aid” shall mean the amounts of per capita aid payable to the City pursuant to Section 54 of the State Finance Law, as the same may be amended from time to time.

“Redemption Price” means, with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series Resolution.

“Resolution” means the Second General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

“Revenues” means all payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except any payments to the Operating Fund.

“Serial Bonds” means the Bonds so designated in a Series Resolution.

“Series of Bonds” or “Bonds of a Series” or words of similar meaning means the Series of Bonds authorized by a Series Resolution.

“Series Resolution” means a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions thereof adopted by the Corporation in accordance with Article X of the Resolution.

“Sinking Fund Installment” means as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required, by the relevant Series Resolution, to be paid at all events by the Corporation on a single future July 1 for the retirement of any Outstanding Bonds of that Series which mature after such July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

“Special Aid Account” means the special account created for the Corporation in the State Aid Fund.

“State” means the State of New York.

“State Aid Fund” means the Municipal Assistance State Aid Fund established pursuant to Section 92-c of the State Finance Law.

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

“Supplemental Resolution” means a resolution supplemental to or amendatory of the Resolution, adopted by the Corporation in accordance with Article X of the Resolution.

“Term Bonds” means the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

“Trustee” means United States Trust Company of New York and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

(Resolution, Section 101)

The Pledge Effected by the Resolution

The proceeds of sale of the Bonds, the Revenues and all Funds established by the Resolution (except for the Operating Fund) are pledged to the payment of the Bonds. The pledge created by the Resolution is subordinate to the pledge of the revenues, moneys and securities and funds pledged under the First General Bond Resolution.

(Resolution, Section 601)
Establishment of Funds

The Resolution establishes the Bond Service Fund and Capital Reserve Fund, both of which are held by the Trustee.

(Resolution, Section 602)

Application of Payments

If the amount of any payment received is less than the amount certified by the Chairman of the Corporation, such amount shall be applied pro rata to the respective Funds on the basis of the amounts as certified.

(Resolution, Section 603)

Operating Fund

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

(Resolution, Section 604)

Bond Service Fund

1. On or before the business day preceding each date of a required payment on any Bonds, the Trustee shall pay, from the Bond Service Fund, to itself and the Paying Agents, the amount required for such payment.

2. If the amount in the Bond Service Fund shall be less than the amounts required to be paid pursuant to paragraph 1 above, the Trustee shall withdraw from the Capital Reserve Fund such amount as will be sufficient to make such payment.

3. As soon as practicable after the 45th day preceding the date of any Sinking Fund Installment, the Trustee shall call for redemption the specified amount of Term Bonds to be retired by such Sinking Fund Installment.

4. The Corporation may, after July 2 in any year but no less than 45 days prior to the date on which a Sinking Fund Installment is due, direct the Trustee to purchase, with moneys in the Bond Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment. Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such date.

(Resolution, Section 605)

Capital Reserve Fund

1. The Corporation shall deposit into the Capital Reserve Fund (i) all moneys paid to the Corporation pursuant to Section 3036-a of the Act for the purpose of maintaining or restoring the amount in such Fund to the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds as shall be prescribed by a Series Resolution; and (iii) any other moneys which may be made available to the Corporation for such purposes.

2. At any time after December 31, 1980, moneys and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement, upon direction of the Corporation, may be deposited to the credit of the Bond Service Fund.

3. 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 a certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement.
4. Moneys and securities held in the Capital Reserve Fund may, and at the direction of the Corporation shall, be withdrawn therefrom by the Trustee and deposited in the Bond Service Fund for the purchase or redemption of Bonds at any time; provided that subsequent to such withdrawal, the amount in the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement.

(Resolution, Section 606)

Maintenance of Certain Funds

In order to assure the maintenance of the Operating Fund, the Bond Service Fund and the Capital Reserve Fund, not less than 120 days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year), the Chairman of the Corporation shall certify to the State Comptroller and to the Mayor, with a copy of such Certificate to the Trustee, a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to make all principal and interest payments on Bonds due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the Bonds, each payment (to be made on or before April 12, June 25, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification shall be an amount, after taking into account moneys then in the Bond Service Fund and available for purposes of the Bond Service Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of the Corporation of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation covenanted to make the certifications referred to above at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to make principal and interest payments on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified, or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor. The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

(Resolution, Section 607)

Creation of Liens

The Corporation shall not issue any indebtedness, other than the Bonds secured by the Capital Reserve Fund, and shall not create any lien prior to the Bonds on the Bond Service Fund, provided, however, that nothing shall prevent the Corporation from issuing (i) indebtedness under a separate resolution if the lien created by such resolution is not prior or equal to the charge or lien created by the Resolution and (ii) obligations issued in accordance with the applicable provisions of the First General Bond Resolution.

(Resolution, Section 907)
**General**

The Corporation shall not amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing shall prevent the issuance of obligations upon the terms as provided in the First General Bond Resolution. No such obligations shall be issued if such issuance would cause the amounts available for debt service on the Bonds to be less than 1.2 times the maximum aggregate amount of debt service on the Bonds for each Fiscal Year of the Corporation.

*(Resolution, Section 909)*

**Additional Obligations**

The Corporation reserves the right to issue its obligations under a separate resolution so long as the same are not entitled to a prior or equal lien with respect to the moneys pledged under the Resolution or with respect to proceeds from the Per Capita Aid, the Sales Tax or the Stock Transfer Tax.

*(Resolution, Section 204)*

**Events of Default**

The Resolution provides that it shall constitute an “event of default” if:

- (a) the Corporation shall default in the payment of the principal of any Bond when due; or

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

- (c) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of its quarterly requirements, or the State Comptroller shall fail to pay to the Corporation any amount or amounts as shall be certified by the Chairman of the Corporation pursuant to such provisions of the Act; or

- (d) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of the amount required to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement, or the State shall fail to appropriate and pay to the Corporation any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act; or

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

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

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

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

*(Resolution, Section 1202)*
**Remedies**

The Resolution vests the Trustee with all rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act.

*(Resolution, Section 1201)*

Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202 of the Resolution, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c), (d), (e), (f), (g) or (h) of said Section, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such one or more of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

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

(b) by bringing suit upon the Bonds;

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

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

(e) in accordance with the provisions of the Act (including the requirement of 30 days notice to the Governor, the Corporation and the Attorney General of the State) to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due under any provision of the Resolution or a Series Resolution or of the Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

*(Resolution, Section 1203)*

**Series Resolutions and Supplemental Resolutions**

The Corporation may adopt (without the consent of any Bondholders) a Series Resolution or Supplemental Resolution not inconsistent with the Resolution, to provide for the issuance of a Series of Bonds and specify the terms thereof; to add additional covenants and agreements for the purpose of further securing the payment of the Bonds; to prescribe further limitations and restrictions on the issuance of Bonds; to surrender any right, power, or privilege reserved to the Corporation; and, with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution.

*(Resolution, Section 1001)*

Any of the provisions of the Resolution may be amended by a Supplemental Resolution with the written consent of the holders of at least 66⅔% in principal amount in each case of (a) all Bonds then Outstanding, and (b) if less than all the Series of Bonds then Outstanding are affected, the Bonds of each affected Series; excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specific Series and maturity, if such amendment by its terms will not take effect so long as any such Bonds remain Outstanding; provided that any such amendment shall not permit a change in the terms of redemption or maturity of the principal of or any installment of interest on any such Bond or make any reduction in principal, Redemption Price, or interest without the consent of the affected holder, or reduce the percentages of consents required for a further amendment.

*(Resolution, Section 1101)*
Amendments may be made in any respect with the written consent of the holders of all of the Bonds then Outstanding. 
(Resolution, Section 1103)

Investment of Funds

The Corporation may direct the Trustee to invest moneys in the Bond Service Fund and the Capital Reserve Fund in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which arc guaranteed by the United States of America or the State, (b) any obligation issued by certain Federal agencies, (c) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State Treasury, (d) interest-bearing time deposits, and (e) repurchase agreements covering obligations of issuers enumerated as aforesaid.

The Trustee shall not be liable or responsible for the making of any authorized investment made in the manner provided in the Resolution or for any loss resulting therefrom. 
(Resolution, Sections 702 and 703)

Defeasance

1. If the Corporation shall pay or cause to be paid to the holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any Paying Agent (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and, with the effect expressed in paragraph 1 above. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in such paragraph 1 above if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (b), the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish a notice to the effect and in accordance with the procedures provided in the Resolution. Neither direct obligations of the United States of America or moneys deposited with the Trustee nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds.
(Resolution, Section 1401)

PART 15—TRUSTEE

United States Trust Company of New York (the “Trust Company”) is the Trustee under the Second General Bond Resolution. Its principal office is located at 45 Wall Street, New York, New York 10005, and its corporate trust office is located at 130 John Street, New York, New York 10038. The Trustee has accepted the duties and responsibilities imposed upon it by the First and Second General Bond Resolutions and is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act. Upon the happening of an “event of default” as defined in the Second General Bond Resolution, the Trustee may, and in certain circumstances is required to, proceed to protect and enforce its rights and the rights of the Bondholders. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE
SECOND GENERAL BOND RESOLUTION.” In the performance of its duties, the Trustee is entitled to indemnification for any act which would involve it in expense or liability and will not be liable as a result of any action taken in connection with the performance of its duties except for its own negligence or default. The Trustee is protected in acting upon any direction or document believed by it to be genuine and to be signed by the proper party or parties or upon the opinion or advice of counsel. The Trustee may resign at any time upon 60 days written notice to the Corporation and publication thereof. Any such resignation shall take effect on the day specified in the notice, but in the event that a successor has been appointed, the resignation shall take effect immediately.

As of the date hereof, the Trust Company, which is a party to the Financing Agreement, owns $6,633 million of First Resolution obligations and $6,970 million of Second Resolution Bonds for its own account. The Trust Company also acts as trustee under the First General Bond Resolution and has performed, and may in the future perform, certain banking services for the Corporation.

PART 16—LEGAL INVESTMENT

The Second Resolution Bonds are legal investments, under present provisions of State law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State. Pursuant to the Act, the Second Resolution Bonds may be deposited with, and may be received by, all public officers and bodies of the State and all political subdivisions thereof and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

PART 17—TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 25 and 26 Bonds is exempt from Federal income taxes, and shall at all times be free from State and City income taxes.

PART 18—LEGAL OPINIONS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 25 and 26 Bonds are subject to the approval of Hawkins, Delafeld & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel will be in substantially the form attached to the Financing Agreement as Exhibit H-1. Certain legal matters, including the accuracy and completeness of this Official Statement, will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Carter, Ledyard & Milburn, New York, New York, have acted as counsel for the Trustee.

PART 19—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1980 and the accompanying report thereon by Price Waterhouse & Co., the Corporation’s independent accountants, are annexed hereto as Exhibit A. These statements do not give effect to the payment of debt service on all outstanding First Resolution Bonds on August 1, 1980 and the issuance of the Series 24 Bonds on September 4, 1980.

* * *

Lazard Frères & Co. is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, Chairman of the Corporation, is a General Partner of such firm, and Eugene J. Keilin, a Director of the Corporation, is a Vice President of such firm.
The references herein to the Act, the Emergency Act, the Tax Law, the Finance Law, the Agreements, the First and Second General Bond Resolutions, and Series Resolutions promulgated thereunder, are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such Acts, Laws, Agreements and Resolutions for full and complete statements of such provisions. Copies of such Acts, Laws, Agreements and Resolutions are available at the office of the Corporation.

The delivery of this Official Statement has been duly authorized by the Corporation.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By HEATHER L. RUTH
Executive Director
APPENDIX

Definitions

The following are definitions of certain of the terms used in this Official Statement.

*Act*—New York State Municipal Assistance Corporation Act and the Municipal Assistance Corporation For The City of New York Act, each as amended to date (Sections 3001 through 3040 of the State Public Authorities Law).

*Agreements*—Financing Agreement and the agreements relating to the issuance of bonds by the City guaranteed by the United States of America.

*Board*—Board of Directors of the Corporation.

*Bond Service Fund*—the bond service fund established under the Second General Bond Resolution and held by the Trustee.

*Capital Reserve Aid Fund*—the capital reserve fund established under the Second General Bond Resolution and held by the Trustee.

*Capital Reserve Fund*—the capital reserve fund established under the First General Bond Resolution and held by the Trustee.

*City Pension Funds*—various City employee pension funds which are participants in the Debt Issuance Plan and purchasers of the Series 26 Bonds.

*Control Board*—New York State Financial Control Board which was created in September 1975 pursuant to the Emergency Act.

*Corporation*—Municipal Assistance Corporation For The City of New York.

*Debt Issuance Plan*—the four year financing plan calling for the issuance of bonds and notes of the Corporation and the City.

*Emergency Act*—the New York State Financial Emergency Act for the City of New York, as amended to date.

*Financial Institutions*—Various commercial banks, savings banks, and insurance companies which are participants in the Debt Issuance Plan and some of which are purchasers of the Series 25 Bonds.

*Financing Agreement*—an agreement dated as of November 15, 1978 among the Corporation the Financial Institutions and the City Pension Funds which provides for sales of the Corporation's bonds, including the Series 25 and 26 Bonds.


*First General Bond Resolution*—the General Bond Resolution of the Corporation dated July 2, 1975, as amended and supplemented.

*First Resolution Obligations*—Bonds, Notes or Other Obligations (each as defined in the First General Bond Resolution) that are or may be issued pursuant to the First General Bond Resolution.

*Fiscal Year*—for the Corporation and the City, the 12 months ended June 30; for the State, the 12 months ended March 31.

*Guarantee Fund*—fund created in connection with the guarantee of bonds of the City by the United States of America, which, prior to the issuance of any Federal guarantees, must contain an amount equal to five percent of the sum of the principal of and one year's interest on the outstanding and then to be issued bonds of the City.
APPENDIX—(Continued)

Municipal Assistance State Aid Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Per Capita Aid is paid.

Municipal Assistance Tax Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Sales Tax and, if necessary, Stock Transfer Tax is paid.

1978 State Covenant—a covenant of the State that it will not take certain actions with respect to the Control Board.

Per Capita Aid—amounts of revenue available to the Corporation (that otherwise would have been payable to the City) from the General Fund of the State as per capita State aid pursuant to Section 54 of the Finance Law.

Sales Tax—collections of the State sales and compensating use taxes formerly imposed by the City, and now imposed by the State within the City.

Second General Bond Resolution—the second general bond resolution of the Corporation adopted November 25, 1975, as amended and supplemented.

Second Resolution Bonds—bonds that are or may be issued pursuant to the Second General Bond Resolution.

Series 25 and 26 Bonds—the Bonds described in this Official Statement.

Series 25 and 26 Resolutions—the Series Resolutions of the Corporation authorizing the Series 25 Bonds and the Series 26 Bonds, respectively.

Stock Transfer Tax—collections of the State stock transfer tax.

Stock Transfer Tax Fund—the fund established for the Corporation pursuant to the Finance Law in the custody of the Commissioner of Taxation and Finance into which the Stock Transfer Tax is paid.

Tax Law—the State Tax Law of New York.

Trustee—United States Trust Company of New York, as Trustee under the Second General Bond Resolution.
REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying Statement of Financial Position and the related Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions present fairly the financial position of Municipal Assistance Corporation For The City of New York at June 30, 1980 and 1979 and the Debt Service Fund, Capital Reserve Fund and Operating Fund transactions for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1980

PRICE WATERHOUSE & CO.
## MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1979</th>
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<tbody>
<tr>
<td></td>
<td>Debt Service Fund</td>
<td>Operating Fund</td>
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<tr>
<td>Liabilities:</td>
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<tr>
<td>First General Resolution Bonds</td>
<td>$2,394,923,000</td>
<td>$3,086,678,000</td>
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<tr>
<td>Second General Resolution Bonds</td>
<td>3,721,275,000</td>
<td>2,838,415,000</td>
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<td>Total Bonds Payable</td>
<td>6,116,198,000</td>
<td>5,925,093,000</td>
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<td>Accrued interest on bonds payable</td>
<td>77,781,063</td>
<td>106,156,380</td>
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<td>Required Guaranty Fund balance</td>
<td>40,594,019</td>
<td>21,836,250</td>
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<td>Advances under First Instance Appropriation</td>
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<td>$790,932</td>
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<td>Accrued expenses</td>
<td>$1,382,738</td>
<td>78,904</td>
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<td>Total Liabilities</td>
<td>6,234,573,082</td>
<td>1,382,738</td>
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<table>
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<tr>
<th>Assets:</th>
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<th>1979</th>
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<tr>
<td>Cash</td>
<td>2,547</td>
<td>2,786</td>
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<tr>
<td>Investments in marketable securities</td>
<td>205,628,000</td>
<td>7,101,000</td>
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<tr>
<td>Accrued interest on marketable securities</td>
<td>1,516,467</td>
<td>1,394</td>
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<td>Capital Reserve Fund assets</td>
<td>681,967,232</td>
<td>551,402,343</td>
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<td>Guaranty Fund assets</td>
<td>43,846,626</td>
<td>28,892,797</td>
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<td>Unexpended portion of allocated funds held by New York State</td>
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<td>Total Assets</td>
<td>931,444,405</td>
<td>7,103,786</td>
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<td>Funding requirements</td>
<td>$5,303,128,677</td>
<td>($5,721,048)</td>
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F-2
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
DEBT SERVICE AND CAPITAL RESERVE FUND

STATEMENT OF TRANSACTIONS

For the fiscal year ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1979</th>
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<tbody>
<tr>
<td></td>
<td>Debt Service Fund</td>
<td>Capital Reserve Fund</td>
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<tr>
<td>Prinicipal amount of bonds issued</td>
<td>$948,505,000</td>
<td>$901,000,000</td>
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<tr>
<td>Less:</td>
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<tr>
<td>Discount on bonds issued</td>
<td>7,330,113</td>
<td>17,531,753</td>
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<tr>
<td>Bonds issued in exchange for First General Resolution Bonds</td>
<td>64,270,000</td>
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<tr>
<td>Net proceeds from issuance of bonds</td>
<td>876,994,887</td>
<td>883,468,250</td>
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<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>(78,900,000)</td>
<td>(130,000,000)</td>
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<tr>
<td>Sales tax allocations received from State of New York</td>
<td>258,400,000</td>
<td>394,000,000</td>
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<tr>
<td>Per capita aid received from the State of New York</td>
<td>81,500,000</td>
<td>30,500,000</td>
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<td>Accrued interest received on issuance of bonds</td>
<td>4,058,016</td>
<td>1,851,831</td>
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<tr>
<td>Income from investments</td>
<td>35,853,963</td>
<td>51,664,889</td>
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<td>Payments received on obligations of The City of New York</td>
<td>213,008,011</td>
<td>123,803,775</td>
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<td>Total receipts</td>
<td>1,390,824,877</td>
<td>1,320,522,436</td>
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<table>
<thead>
<tr>
<th></th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
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<tr>
<td>Expenditures:</td>
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<tr>
<td>Disbursements to The City of New York</td>
<td>151,708,900</td>
<td>726,218,250</td>
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<tr>
<td>Guaranty Fund requirement</td>
<td>18,757,769</td>
<td>21,836,250</td>
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<td>Deposit for defeasance</td>
<td>619,392,987</td>
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<td>Debt Service:</td>
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<tr>
<td>Interest on First General Resolution Bonds</td>
<td>214,264,053</td>
<td>254,697,296</td>
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<tr>
<td>Interest on Second General Resolution Bonds</td>
<td>286,265,085</td>
<td>198,481,825</td>
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<tr>
<td>Principal repayment of First General Resolution Bonds</td>
<td>35,090,000</td>
<td>45,710,000</td>
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<tr>
<td>Principal repayment of Second General Resolution Bonds</td>
<td>65,645,000</td>
<td>36,555,000</td>
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<tr>
<td>Less: Discount on purchases</td>
<td>(4,958,452)</td>
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<tr>
<td>Net cost</td>
<td>60,686,548</td>
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<tr>
<td>Total debt service</td>
<td>596,305,686</td>
<td>535,444,121</td>
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<tr>
<td>Total expenditures</td>
<td>1,386,165,342</td>
<td>1,283,498,621</td>
</tr>
</tbody>
</table>

Excess of receipts over expenditures:

For the period                          | 4,659,535            | 130,564,889           |
Total                                    | 135,224,424          | 201,225,601           |
Net increase in debt outstanding         | 191,105,000          | 818,735,000           |

Funding requirement:

Increase for the period                  | 55,880,576           | 617,509,399           |
At beginning of period                    | 5,247,248,101        | 4,629,738,702         |
At end of period                          | $5,303,128,677       | $5,247,248,101        |

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

For the fiscal year ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1979</th>
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<tbody>
<tr>
<td>Receipts:</td>
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<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>2,072,116</td>
<td>12,379,114</td>
</tr>
<tr>
<td>Income from investments</td>
<td>874,851</td>
<td>1,394</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,946,967</strong></td>
<td><strong>12,380,508</strong></td>
</tr>
</tbody>
</table>

| Expenditures:          |           |           |
| Debt issuance and service: |           |           |
| Printing and public notices | 418,965  | 953,347   |
| Legal services         | 428,474   | 1,376,327 |
| Trustee and related services | 646,001  | 418,216   |
| **Total**              | **1,493,440** | **2,747,890** |

| Oversight functions:   |           |           |
| Office of Special Deputy Comptroller | 1,753,446 | 832,610   |
| Financial Control Board | 969,375   | 762,565   |
| **Total**              | **2,722,821** | **1,595,175** |

| General and administration: |           |           |
| Personnel services—         |           |           |
| Salaries and benefits       | 554,182   | 325,540   |
| Other personnel services    | 108,660   | 139,089   |
| Office rental               | 91,650    | 69,145    |
| Data processing services    | 124,566   | 73,302    |
| Printing and distribution   | 86,897    | 59,058    |
| Accountancy services        | 60,940    | 63,302    |
| General office expenses     | 43,157    | 124,640   |
| Communications              | 25,940    | 21,563    |
| Travel expenses             | 16,606    | 7,607     |
| **Total**                   | **1,112,598** | **883,246** |
| **Total expenditures**      | **5,328,859** | **5,226,311** |

Excess (deficiency) of receipts over expenditures:

<table>
<thead>
<tr>
<th>Period</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period</td>
<td>(2,381,892)</td>
<td>7,154,197</td>
</tr>
<tr>
<td>At beginning of period</td>
<td>8,102,940</td>
<td>948,743</td>
</tr>
<tr>
<td>At end of period</td>
<td><strong>$ 5,721,048</strong></td>
<td><strong>$ 8,102,940</strong></td>
</tr>
</tbody>
</table>

F-4
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the "Corporation") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the "Act") for purposes of providing financing assistance and fiscal oversight for The City of New York (the "City"). To carry out such purposes, the Corporation, among other things, issues and sells bonds and notes to pay or loan funds received from such sales to the City and exchanges the Corporation's obligations for those of the City.

Note 2—Summary of Significant Accounting Policies:

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

The Operating Fund provides for the expenses of carrying out the Corporation's duties and functions and is funded from the Municipal Assistance Tax Fund. The Operating Fund accounts have been prepared on the accrual basis of accounting. The Corporation's administrative expenses of debt issuance and service are charged to the Operating Fund as incurred.

The Statement of Financial Position gives no recognition to obligations of the City held by the Corporation as described in Note 7. Interest payments and principal redemptions on such obligations are recorded as received.

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

Debt Authorization: The Corporation is authorized by the Act to issue obligations in an aggregate principal amount of $10 billion, exclusive of obligations issued to refund outstanding obligations of the Corporation and of notes issued to enable the City to fulfill its seasonal borrowing requirements. Pursuant to the Act, new obligations of the Corporation may not mature later than July 1, 2008 and no new obligation may be issued after December 31, 1984 except to renew or refund outstanding obligations. The Corporation may issue such obligations provided their issuance would not cause certain debt service limitations and debt service coverage ratios to be exceeded.

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

All outstanding bonds are general obligations of the Corporation. The Corporation has no taxing power. The bonds are entitled to liens, created by pledges under the respective resolutions, on monies paid into the Debt Service and Capital Reserve Funds.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

Debt service for obligations issued under the First General Bond Resolution is payable from funds paid into the Debt Service Fund from the State’s Municipal Assistance Tax Fund, which is funded from revenues collected, less the State’s charges for collection and administration, from the sales tax and, if necessary, the stock transfer tax. The net revenues from such sales and stock transfer taxes which were collected by the State during the year ended June 30, 1980 amounted to $1,598 million (1979—$1,388 million). Payments made to the Corporation from the Municipal Assistance Tax Fund are to be made quarterly and at such other times as the Corporation requests.

Debt service for obligations issued under the Second General Bond Resolution is payable from two sources: funds paid annually into the Debt Service Fund from the Municipal Assistance State Aid Fund, which is funded from per capita aid otherwise payable by the State to the City, and, after satisfying the debt service requirements for obligations issued under the First General Bond Resolution as described above, funds paid quarterly from the Municipal Assistance Tax Fund. Per capita aid is subject to prior claims asserted by certain other State or City entities; however, no such claims have been asserted since the inception of the Corporation. Total per capita aid paid into the Municipal Assistance State Aid Fund during the year ended June 30, 1980 amounted to $484 million (1979—$331 million).

To the extent that funds are available from investment income and other sources they may be used to reduce the Corporation’s funding requirements.

Payment Dates: Principal payments at maturity or mandatory sinking fund calls are made February 1 and interest is paid semiannually on February 1 and August 1 for bonds outstanding under the First General Bond Resolution. Principal payments at maturity or mandatory sinking fund calls are made July 1 and interest is paid semiannually on July 1 and January 1 for bonds outstanding under the Second General Bond Resolution. The Corporation may from time to time purchase at a price equal to or less than par certain of its securities to satisfy its sinking fund requirements.

Refunded Bonds: The Corporation’s bonds may be refunded in advance of their maturity in accordance with provisions of the First and Second General Bond Resolutions by placing in trust with the Trustee sufficient moneys or certain securities which together with investment income will be sufficient to pay principal and interest when due on the bonds which have been refunded. During the year ended June 30, 1980 the Corporation issued $705.1 million of bonds to advance refund or in exchange for $656.7 million of previously issued bonds. Although they remain valid debt instruments with regard to principal and interest payable thereon from the moneys or securities placed in trust, advance refunded bonds are deemed to have been paid within the meaning of the First and Second General Bond Resolutions and are therefore no longer presented as liabilities of the Corporation. At June 30, 1980, approximately $709.5 million of the Corporation’s bonds which have been advance refunded remain valid debt instruments.

Note 4—Capital Reserve Fund:

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

The Capital Reserve Fund balance at June 30, 1980 of $682.0 million comprised $296.9 million relating to First General Resolution Bonds and $385.1 million relating to Second General Resolution Bonds.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

The Capital Reserve Fund may be invested only in direct obligations of, or obligations guaranteed by, the State or the United States of America, or in certain other permitted investments. At June 30, 1980 the Fund comprised $668.2 million of such investments and $13.8 million of accrued interest. Investments in the Capital Reserve Fund are recorded at amortized cost, which exceeded market value by approximately $37.5 million at June 30, 1980.

Note 5—Guaranty Fund:

In connection with the issuance by the City of Federally guaranteed obligations, a Guaranty Fund has been established by the Corporation. The moneys on deposit in the Guaranty Fund, up to a specified amount, are available for the benefit of the United States of America in the event the City is unable to meet debt service requirements on certain City obligations for which the payment of principal and interest is guaranteed by the United States of America. Such specified amount is presented as a liability of the Corporation. To the extent moneys on deposit in the Guaranty Fund exceed the amount required, the Corporation is entitled to withdraw such excess from the Guaranty Fund and the United States of America has no further claim on such moneys. At June 30, 1980, no claim had been asserted. Moneys on deposit in the Guaranty Fund are invested in direct obligations of the United States of America.

Note 6—Investments in Marketable Securities:

Debt service funds paid to the Corporation in advance of disbursement to bondholders are temporarily invested pursuant to the terms of the bond resolutions and the income therefrom is credited to the Debt Service Fund. Proceeds of debt issues may also be temporarily invested. Such funds may be invested as described in Note 4 and are carried at cost which approximates market value.

Note 7—New York City Obligations Held by the Corporation:

The Corporation has acquired certain obligations of the City as a result of various exchanges and payments to the City. At June 30, 1980 the Corporation held an aggregate of approximately $589 million principal amount of City bonds and approximately $225 million principal amount of notes of the City of which $149 million are subject to cancellation without payment of principal.

During the year ended June 30, 1980, the Corporation received $213.0 million, comprising $145.9 million of principal and $67.1 million of interest on certain City bond anticipation notes and bonds held by the Corporation pursuant to agreements with the City. During the year ended June 30, 1979, the Corporation received $123.8 million, comprising $52.6 million of principal and $71.2 million of interest on such obligations.

Amounts received as payment on City obligations have the effect of reducing the amounts to be funded from the Corporation's other sources. The Corporation, in making its certification for funds, is required to exclude from consideration any amount it expects to receive as payment on City obligations until such amounts are received. Accordingly, the City obligations held have not been included in the accompanying Statement of Financial Position.

Note 8—Commitments:

The Corporation, together with the City, has developed a four-year debt issuance plan to provide for the City's long-term financing requirements through 1982. Under the plan, the Corporation is expected to have issued approximately $1.8 billion of its bonds pursuant to an agreement among the Corporation, various commercial banks, savings banks, insurance companies and New York City Pension Funds, during fiscal years 1979 through 1982. Proceeds from these sales are expected to provide for a significant portion of the City's long-term financing requirements during the four-year period. The
Corporation has issued a total of $938 million of its Second General Resolution Bonds pursuant to the agreement.

Subsequent to June 30, 1980 the Corporation sold publicly $100 million of its Second General Resolution Bonds.

To avoid duplication of efforts, the Corporation has agreed to reimburse the New York State Office of the Special Deputy Comptroller for the City of New York and the Financial-Control Board for the cost of providing certain oversight services of the City's financial affairs.
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

#### BONDS OUTSTANDING

(In thousands)

<table>
<thead>
<tr>
<th>Series</th>
<th>Redemption date</th>
<th>Interest rate</th>
<th>Principal June 30, 1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>February 1</td>
<td>1980-1990</td>
<td>7.75%-9.25%</td>
<td>$440,175</td>
</tr>
<tr>
<td>G</td>
<td>1980-1983</td>
<td>10%-11%</td>
<td></td>
<td>1,090</td>
</tr>
<tr>
<td>J</td>
<td>1984-1985</td>
<td>11%</td>
<td></td>
<td>$1,900</td>
</tr>
<tr>
<td>M</td>
<td>1980-1995</td>
<td>10%-11%</td>
<td></td>
<td>81,050</td>
</tr>
<tr>
<td>O</td>
<td>1990-1994</td>
<td>11%</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>U</td>
<td>1986-1990</td>
<td>11%</td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td>X</td>
<td>1991-1994</td>
<td>11%</td>
<td></td>
<td>20,850</td>
</tr>
<tr>
<td>Y</td>
<td>1981</td>
<td>10%</td>
<td></td>
<td>87,845</td>
</tr>
<tr>
<td>BB</td>
<td>1980-1986</td>
<td>6%</td>
<td></td>
<td>256,250</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td></td>
<td>53,475</td>
</tr>
<tr>
<td>FF</td>
<td>1987</td>
<td>7.5%</td>
<td></td>
<td>70,200</td>
</tr>
<tr>
<td>GG</td>
<td>1988-1995</td>
<td>7.5%</td>
<td></td>
<td>1,414,738</td>
</tr>
<tr>
<td>HH</td>
<td>1987</td>
<td>7.5%</td>
<td></td>
<td>11,170</td>
</tr>
<tr>
<td>II</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td></td>
<td>250,155</td>
</tr>
</tbody>
</table>

**Total First Resolution**  
2,394,923 | 3,086,678

<table>
<thead>
<tr>
<th>Series</th>
<th>Redemption date</th>
<th>Interest rate</th>
<th>Principal June 30, 1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Second General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>July 1</td>
<td>1980-1986</td>
<td>8%</td>
<td>62,260</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>1980-1986</td>
<td>8%</td>
<td>132,690</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>1980-1986</td>
<td>8%</td>
<td>54,475</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>1980-1986</td>
<td>8%</td>
<td>67,805</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>1982-1991</td>
<td>8%</td>
<td>139,860</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>1982-1991</td>
<td>8%</td>
<td>18,215</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>1980-1992</td>
<td>7.5%</td>
<td>194,950</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>1980-1992</td>
<td>7.5%</td>
<td>798,230</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>1989-2008</td>
<td>8.375%</td>
<td>250,000</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>1985-1998</td>
<td>8.375%</td>
<td>139,525</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>1985-1998</td>
<td>8.375%</td>
<td>60,375</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>1985-1998</td>
<td>7.85%/-8.5%</td>
<td>201,100</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td>1989-1999</td>
<td>8.1%-8.625%</td>
<td>125,000</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>1999-2008</td>
<td>8.125%</td>
<td>125,000</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td>1993-1999</td>
<td>7.4%-7.625%</td>
<td>132,235</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>1983-1999</td>
<td>7.85%</td>
<td>103,095</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td>1983-1999</td>
<td>7.85%</td>
<td>73,905</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td>2000-2008</td>
<td>9%</td>
<td>90,000</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td>2000-2008</td>
<td>8.5%</td>
<td>64,270</td>
</tr>
<tr>
<td>21</td>
<td></td>
<td>1984-1999</td>
<td>8.75%</td>
<td>209,680</td>
</tr>
<tr>
<td>22</td>
<td></td>
<td>1984-1999</td>
<td>8.75%</td>
<td>150,320</td>
</tr>
<tr>
<td>23</td>
<td></td>
<td>2000-2008</td>
<td>9.1%</td>
<td>125,000</td>
</tr>
</tbody>
</table>

**Total Second Resolution**  
3,721,275 | 2,838,415

**Total bonds outstanding**  
4,141,208 | 3,878,426

---

F-9
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
### SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS

**June 30, 1980**

*(In thousands)*

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30</th>
<th>Principal and interest requirements</th>
<th>Capital Reserve Fund Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First General Bond Resolution</td>
<td>Second General Bond Resolution</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>$205,889</td>
<td>$376,317</td>
<td>$582,206</td>
</tr>
<tr>
<td>1982</td>
<td>$231,786</td>
<td>$386,195</td>
<td>$617,981</td>
</tr>
<tr>
<td>1983</td>
<td>$245,650</td>
<td>$419,211</td>
<td>$664,861</td>
</tr>
<tr>
<td>1984</td>
<td>$260,447</td>
<td>$436,035</td>
<td>$696,482</td>
</tr>
<tr>
<td>1985</td>
<td>$261,882</td>
<td>$448,492</td>
<td>$710,374</td>
</tr>
<tr>
<td>1986</td>
<td>$246,116</td>
<td>$448,795</td>
<td>$694,911</td>
</tr>
<tr>
<td>1987</td>
<td>$255,167</td>
<td>$437,089</td>
<td>$692,256</td>
</tr>
<tr>
<td>1988</td>
<td>$309,639</td>
<td>$431,969</td>
<td>$741,608</td>
</tr>
<tr>
<td>1989</td>
<td>$356,036</td>
<td>$435,106</td>
<td>$791,142</td>
</tr>
<tr>
<td>1990</td>
<td>$352,770</td>
<td>$430,843</td>
<td>$783,613</td>
</tr>
<tr>
<td>1991</td>
<td>$352,356</td>
<td>$429,990</td>
<td>$782,346</td>
</tr>
<tr>
<td>1992</td>
<td>$352,201</td>
<td>$437,900</td>
<td>$790,101</td>
</tr>
<tr>
<td>1993</td>
<td>$349,300</td>
<td>$260,385</td>
<td>$609,685</td>
</tr>
<tr>
<td>1994</td>
<td>$350,962</td>
<td>$259,489</td>
<td>$610,451</td>
</tr>
<tr>
<td>1995</td>
<td>$177,272</td>
<td>$264,651</td>
<td>$441,923</td>
</tr>
<tr>
<td>1996</td>
<td>$225,350</td>
<td>$225,350</td>
<td>$450,700</td>
</tr>
<tr>
<td>1997</td>
<td>$131,859</td>
<td>$131,859</td>
<td>$263,718</td>
</tr>
<tr>
<td>1998</td>
<td>$131,556</td>
<td>$131,556</td>
<td>$263,112</td>
</tr>
<tr>
<td>1999</td>
<td>$149,953</td>
<td>$149,953</td>
<td>$299,906</td>
</tr>
<tr>
<td>2000</td>
<td>$101,319</td>
<td>$101,319</td>
<td>$202,638</td>
</tr>
<tr>
<td>2001</td>
<td>$101,413</td>
<td>$101,413</td>
<td>$202,826</td>
</tr>
<tr>
<td>2002</td>
<td>$101,512</td>
<td>$101,512</td>
<td>$203,024</td>
</tr>
<tr>
<td>2003</td>
<td>$101,626</td>
<td>$101,626</td>
<td>$203,252</td>
</tr>
<tr>
<td>2004</td>
<td>$101,743</td>
<td>$101,743</td>
<td>$203,486</td>
</tr>
<tr>
<td>2005</td>
<td>$101,878</td>
<td>$101,878</td>
<td>$203,756</td>
</tr>
<tr>
<td>2006</td>
<td>$102,016</td>
<td>$102,016</td>
<td>$204,032</td>
</tr>
<tr>
<td>2007</td>
<td>$102,179</td>
<td>$102,179</td>
<td>$204,358</td>
</tr>
<tr>
<td>2008</td>
<td>$102,364</td>
<td>$102,364</td>
<td>$204,730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,307,473</strong></td>
<td><strong>$7,457,235</strong></td>
<td><strong>$11,764,708</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>($681,967)</strong></td>
<td><strong>$11,082,741</strong></td>
</tr>
</tbody>
</table>

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

## SUMMARY OF TOTAL ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS

### June 30, 1980

(In thousands)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$199,265</td>
<td>$312,422</td>
<td>$511,687</td>
</tr>
<tr>
<td>1982</td>
<td>212,514</td>
<td>374,948</td>
<td>587,462</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>384,514</td>
<td>635,572</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>416,609</td>
<td>656,852</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>432,836</td>
<td>713,488</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>444,761</td>
<td>687,872</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>444,747</td>
<td>693,868</td>
</tr>
<tr>
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<td>261,213</td>
<td>433,022</td>
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<td>353,182</td>
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<td></td>
<td>100,301</td>
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</tr>
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</table>

**Total**                      | **$4,407,105**                | **$7,692,776**                | **$12,099,881** |

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

Series 25 Resolution

Authorizing
$174,705,000
SERIES 25 BONDS

Adopted September 30, 1980
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 25 RESOLUTION AUTHORIZING
$174,705,000
SERIES 25 BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
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<tbody>
<tr>
<td>Section 101</td>
<td>Series 25 Resolution</td>
<td>1</td>
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<tr>
<td>Section 102</td>
<td>Definitions</td>
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<tr>
<td>Section 103</td>
<td>Authority for the Series 25 Resolution</td>
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ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 25 BONDS

<table>
<thead>
<tr>
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<th>Description</th>
<th>Page</th>
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<tbody>
<tr>
<td>Section 201</td>
<td>Authorization of Series 25 Bonds, Principal Amount, Designation and Series</td>
<td>2</td>
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<tr>
<td>Section 202</td>
<td>Purposes</td>
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</tr>
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<td>Section 203</td>
<td>Date of Series 25 Bonds</td>
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<tr>
<td>Section 204</td>
<td>Maturity and Interest Rate</td>
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</tr>
<tr>
<td>Section 205</td>
<td>Interest Payments</td>
<td>3</td>
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</tbody>
</table>

* This Table of Contents was not part of the Resolution as adopted.
ARTICLE III
FORMS AND EXECUTION OF SERIES 25 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 25 Bonds ..... 6
SECTION 302. No Recourse on Series 25 Bonds ..................... 25
SECTION 303. Execution and Authentication of Series 25 Bonds ..... 26

ARTICLE IV
MISCELLANEOUS

SECTION 401. Special Covenants ................................. 26
SECTION 402. State Covenant ................................. 27
SECTION 403. Authorized Officers ................................. 29
SECTION 404. When Effective ................................. 29

SCHEDULE I
SERIES 25 RESOLUTION AUTHORIZING
$174,705,000
SERIES 25 BONDS

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

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 25 Resolution. This Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and referred to herein as the “Resolution”.

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement dated as of November 15, 1978, by and among the Corporation and the commercial banks, savings banks, insurance companies and New York City Pension Funds named in Schedule I thereto, as amended from time to time.

“Purchasers” shall mean the commercial banks, savings banks and insurance companies that are named in Schedule I hereto.

“Series 25 Bonds” shall mean the Bonds authorized by Article II of this Series 25 Resolution.

“Series 25 Resolution” shall mean this Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds.
(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons, but shall not include the Corporation.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Series 25 Resolution refer to the Series 25 Resolution.

SECTION 103. Authority for the Series 25 Resolution. This Series 25 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 25 BONDS

SECTION 201. Authorization of Series 25 Bonds, Principal Amount, Designation and Series. The Series 25 Bonds are hereby authorized to be issued in the aggregate principal amount of $174,705,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 25 Resolution and shall be deemed to be Term Bonds within the meaning of the Resolution. In addition to the title “Bonds”, such Series of Bonds shall bear the additional designation of “Series 25” and each as so designated shall be entitled “Series 25 Bond” and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

SECTION 202. Purposes. The purposes for which the Series 25 Bonds are being issued are to pay a portion of the proceeds to the City upon certification by the Mayor of the City to the Corporation that the amount is required by the City to pay for items permitted by law to be included in the City’s capital budget during the fiscal year in which the amount is to be paid; to make deposits into the Capital Reserve Fund, it being hereby determined that such deposits, in addition to the amounts currently on deposit in such fund, constitute a reasonably required reserve fund; and, if required, on or before December 31, 1980, to make deposits into the Guaranty Fund established pursuant to a resolution of the Corporation adopted November 14, 1978, as amended and supplemented.
SECTION 203. Date of Series 25 Bonds. The Series 25 Bonds shall be dated October 1, 1980, except as otherwise provided in Section 301 of the Resolution with respect to certain registered Series 25 Bonds issued on or after the first interest payment date. Registered Series 25 Bonds issued prior to the first interest payment date thereof shall be dated October 1, 1980.

SECTION 204. Maturity and Interest Rate. The Series 25 Bonds shall bear interest at the rate of ten and three-quarters per centum (10¾ %) per annum and shall mature on July 1, 2000.

SECTION 205. Interest Payments. The Series 25 Bonds shall bear interest from October 1, 1980, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1 in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation’s obligation with respect to the payment of the principal sum of the Series 25 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 25 Bonds shall be issued in the denominations of $5,000 or $100,000 in the case of Series 25 Bonds in coupon form payable to bearer and in the denomination of $5,000 or an integral multiple of $5,000 in fully registered form without coupons. The Series 25 Bonds in coupon form in the denomination of $5,000 shall be numbered 25-00- and the Series 25 Bonds in coupon form in the denomination of $100,000 shall be numbered and lettered 25C-00- and the Series 25 Bonds in fully registered form without coupons shall be numbered and lettered 25R-00-. Series 25 Bonds in coupon form so designated shall be numbered from 1 upwards and Series 25 Bonds in fully registered form shall be numbered consecutively from 1 upwards in order of issuance. Any Series 25 Bond in coupon form payable to bearer surrendered to the Trustee in any exchange or transfer pursuant to Section 308 of the Resolution shall be cancelled forthwith by the Trustee upon its books, provided, however, that the Trustee is authorized to retain any Series 25 Bond in such coupon form so surrendered and to re-issue, if necessary, any such Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered Series 25 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 25 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).
SECTION 207. CUSIP Number. The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of a CUSIP number for the Series 25 Bonds and to have such CUSIP number printed thereon, and the Corporation may direct the Trustee to use such CUSIP number in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such number either as printed on the Series 25 Bonds or as contained in any notice of redemption.

SECTION 208. Places of Payment and Paying Agents. The principal and Redemption Price of, and interest on, the Series 25 Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The interest on all registered Series 25 Bonds, and the principal and Redemption Price of all registered Series 25 Bonds and of all Series 25 Bonds issued in coupon form payable to bearer and registered as to principal shall be payable at the corporate trust office of the Trustee.

SECTION 209. Optional Redemption of Series 25 Bonds and Terms. (1) The Series 25 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1990, as a whole on any date, or in part, by lot, on any interest payment date or dates, at the Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest, if any, to the date of redemption, as set forth below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102%</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101%</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

(2) The foregoing notwithstanding, no Series 25 Bond shall be redeemed at the election of the Corporation unless a sufficient amount of Series 26 Bonds shall also be redeemed so that the ratios of Outstanding Series 25
Bonds to Outstanding Series 26 Bonds immediately prior and immediately subsequent to giving effect to such redemption shall remain substantially constant.

Section 210. Sinking Fund Installments. The Series 25 Bonds shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1982, as herein provided, upon published notice, all as prescribed in Article IV of the Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 25 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 25 Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 25 Bonds, on July 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the Series 25 Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$3,335,000</td>
<td>1992</td>
<td>$6,970,000</td>
</tr>
<tr>
<td>1983</td>
<td>3,615,000</td>
<td>1993</td>
<td>4,475,000</td>
</tr>
<tr>
<td>1984</td>
<td>12,030,000</td>
<td>1994</td>
<td>15,160,000</td>
</tr>
<tr>
<td>1985</td>
<td>12,890,000</td>
<td>1995</td>
<td>15,620,000</td>
</tr>
<tr>
<td>1986</td>
<td>13,760,000</td>
<td>1996</td>
<td>9,480,000</td>
</tr>
<tr>
<td>1987</td>
<td>11,855,000</td>
<td>1997</td>
<td>9,120,000</td>
</tr>
<tr>
<td>1988</td>
<td>6,870,000</td>
<td>1998</td>
<td>8,820,000</td>
</tr>
<tr>
<td>1989</td>
<td>7,090,000</td>
<td>1999</td>
<td>9,435,000</td>
</tr>
<tr>
<td>1990</td>
<td>7,310,000</td>
<td>2000</td>
<td>9,345,000*</td>
</tr>
<tr>
<td>1991</td>
<td>7,525,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Payment at maturity.

Section 211. Selection by Lot. If less than all of the Series 25 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

In giving effect to any redemption by lot pursuant to the Resolution, the Trustee shall use such method as it shall determine to be efficient and equitable in assuring that coupon Bonds in a denomination other than $5,000 are subject to redemption in $5,000 increments in the same manner as coupon Bonds in the denomination of $5,000 or registered Bonds.
SECTION 212. Sale of the Series 25 Bonds. The Series 25 Bonds authorized to be issued herein shall be sold to the Purchasers at an aggregate purchase price of par, plus accrued interest on the Series 25 Bonds from October 1, 1980 to the date of delivery thereof and payment therefor.

Any Authorized Officer is hereby authorized to permit the distribution of the final Official Statement in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as such officer shall deem advisable.

The Series 25 Bonds shall be issued and delivered to the Purchasers upon payment therefor to the Trustee for the account of the Corporation in accordance with the Bond Purchase Agreement and the Resolution.

ARTICLE III

FORMS AND EXECUTION OF SERIES 25 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 25 Bonds. Subject to the provisions of the Resolution, the Series 25 Bonds in coupon form and coupons to be attached thereto and the Series 25 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:

(Form of Coupon Series 25 Bond)

No. 25-00-          $5,000
[No. 25C-00-       [$100,000]

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 25 BOND

THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (hereinafter sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the
registered owner hereof, upon presentation and surrender of this Bond, the principal sum of Five Thousand Dollars ($5,000) [One Hundred Thousand Dollars ($100,000)] on the first day of July, 2000, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum (%) per annum, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled "Second General Bond Resolution" (herein called the "Second General Bond Resolution"), or its successor as trustee (herein called the "Trustee"), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 45-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the Second General Bond Resolution and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the
“First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York (herein sometimes called the “City”) shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the
Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

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

This Bond is one of a series of Bonds designated "Series 25 Bonds" (herein called the "Series 25 Bonds"), issued in the aggregate principal amount of $174,705,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted September 30, 1980, entitled "Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds" (said resolutions being herein collectively called the "Resolutions"), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 25 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 25 Bonds with respect thereto and the terms and conditions upon which the Series 25 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney’s Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corpora-
tion with holders of its bonds issued after September 28, 1978, including the Series 25 Bonds, and the Corporation hereby includes in this Series 25 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 25 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 25 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a statewide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 25 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 25 Bonds are issued, or substantially alter the authority of the Board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 25 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys
or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 25 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 25 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 25 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 25 Bond is transferable by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized in writing, and similarly noted hereon; but this Series 25 Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Series 25 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 25 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.
The Series 25 Bonds are issuable in the form of coupon Bonds payable to bearer in the denominations of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 25 Bonds. Coupon Series 25 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 25 Bonds of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 25 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 25 Bonds with appropriate coupons attached, and/or Series 25 Bonds without coupons of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 25 Bonds are not subject to redemption prior to July 1, 1982.

The Series 25 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1990, as a whole on any date or in part, by lot, as provided in the Resolutions, on any interest payment date, at the following Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102%</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101 1/2%</td>
</tr>
<tr>
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<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100 1/2%</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 25 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 25 Bonds specified therefor:
<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 3,335,000</td>
<td>1991</td>
<td>$ 7,525,000</td>
</tr>
<tr>
<td>1983</td>
<td>3,615,000</td>
<td>1992</td>
<td>6,970,000</td>
</tr>
<tr>
<td>1984</td>
<td>12,030,000</td>
<td>1993</td>
<td>4,475,000</td>
</tr>
<tr>
<td>1985</td>
<td>12,890,000</td>
<td>1994</td>
<td>15,160,000</td>
</tr>
<tr>
<td>1986</td>
<td>13,760,000</td>
<td>1995</td>
<td>15,620,000</td>
</tr>
<tr>
<td>1987</td>
<td>11,855,000</td>
<td>1996</td>
<td>9,480,000</td>
</tr>
<tr>
<td>1988</td>
<td>6,870,000</td>
<td>1997</td>
<td>9,120,000</td>
</tr>
<tr>
<td>1989</td>
<td>7,090,000</td>
<td>1998</td>
<td>8,820,000</td>
</tr>
<tr>
<td>1990</td>
<td>7,310,000</td>
<td>1999</td>
<td>9,435,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 25 Bonds payable from such Sinking Fund Installment and apply any Series 25 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 25 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any Series 25 Bonds or portions of the Series 25 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 25 Bonds. Notice of redemption having been given, as aforesaid, the Series 25 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 25 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 25 Bonds maturing subsequent to the redemption date shall be void.

The Series 25 Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City
of New York shall be liable thereon, nor shall the Series 25 Bonds be payable out of any funds other than those of the Corporation.

This Series 25 Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this Series 25 Bond, or of any coupon appurtenant hereto, by accepting this Series 25 Bond or coupon shall be conclusively deemed to have agreed that this Series 25 Bond or coupon is fully negotiable for those purposes.

Neither this Series 25 Bond nor any coupon for interest thereon shall be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 25 Bond shall be subject to any personal liability or accountability by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 25 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 25 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK has caused this Series 25 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of October, 1980.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

Chairman

[SEAL]

Attest: ................................

Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Series 25 Bonds of the Municipal Assistance Corporation For The City of New York.

United States Trust Company
of New York, Trustee

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

No.  ..................................  
(form of coupon)  
$ .............

The Municipal Assistance Corporation For The City of New York on the 1st day of  , (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for) will pay to bearer the amount shown hereon in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California upon presentation and surrender of this coupon, being the interest then due on its Series 25 Bond, dated October 1, 1980, No. 25-00- [No. 25C-00- ]

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

Provisions for Registration

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

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Holder Registered</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>
(FORM OF REGISTERED SERIES 25 BOND)

[FACE OF SERIES 25 BOND]

No. 25R-00- $...........

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 25 BOND

% Due July 1, 2000 % Due July 1, 2000

The Municipal Assistance Corporation For The City of New York (herein and on the reverse side hereof sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein and on the reverse side hereof sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to .......................

or registered assigns, upon presentation and surrender of this Bond, the principal sum of ......................... DOLLARS on the first day of July, 2000, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon at the rate per annum specified above, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1, in each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 25 Bonds") shall not be a debt of either the State of New York or The City of New York (herein and on the reverse side hereof sometimes called the "City"), and neither the State of New York
nor The City of New York shall be liable thereon, nor shall the Series 25 Bonds be payable out of any funds other than those of the Corporation.

This Series 25 Bond shall not be entitled to any security, right or benefit under the Resolutions (as defined on the reverse side hereof) or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 25 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 25 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 25 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In Witness Whereof, the Municipal Assistance Corporation For The City of New York has caused this Series 25 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the Date shown below.

Municipal Assistance Corporation
For The City of New York

Date: 

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

Chairman

[Seal]

Attest: .........................

Secretary
Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 25 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

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

[Reverse of Form of Registered Series 25 Bonds]

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 25 BOND
% Due July 1, 2000

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" and herein so referred to, issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled "Second General Bond Resolution" and herein so referred to, and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the "First General Bond Resolution"), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second
General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.
The Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided therein and in certain other resolutions of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated “Series 25 Bonds” (herein called the “Series 25 Bonds”), issued in the aggregate principal amount of $174,705,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted September 30, 1980, entitled “Series 25 Resolution Authorizing $174,705,000 Series 25 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the Second General Bond Resolution (said trustee and any successor thereto being herein referred to as the “Trustee”), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 25 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 25 Bonds with respect thereto and the terms and conditions upon which the Series 25 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 25 Bonds, and the Corporation hereby includes in this Series 25 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series
25 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 25 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the Board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 25 Bonds are issued; (f) substantially modify the requirements that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 25 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to re impose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 25 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 25 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other
fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 25 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 25 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the Series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 25 Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee, a new registered Series 25 Bond or Bonds and/or, at the option of the transferee, a coupon Series 25 Bond or Bonds of the denominations of $5,000 or $100,000 each with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Series 25 Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this Series 25 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price (as defined in the Resolutions) hereof and interest due hereon and for all other purposes whatsoever.
The Series 25 Bonds are issuable in the form of coupon Bonds payable to bearer in the denominations of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 25 Bonds. Coupon Series 25 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 25 Bonds of any of the authorized denominations, of the same maturity and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 25 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 25 Bonds with appropriate coupons attached, and/or Series 25 Bonds without coupons of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 25 Bonds are not subject to redemption prior to July 1, 1982.

The Series 25 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1990, as a whole or in part, by lot, as provided in the Resolutions, on any interest payment date, at the following Redemption Prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

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</tbody>
</table>

The Series 25 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts
sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 25 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 3,335,000</td>
<td>1991</td>
<td>$ 7,525,000</td>
</tr>
<tr>
<td>1983</td>
<td>3,615,000</td>
<td>1992</td>
<td>6,970,000</td>
</tr>
<tr>
<td>1984</td>
<td>12,030,000</td>
<td>1993</td>
<td>4,475,000</td>
</tr>
<tr>
<td>1985</td>
<td>12,890,000</td>
<td>1994</td>
<td>15,160,000</td>
</tr>
<tr>
<td>1986</td>
<td>13,760,000</td>
<td>1995</td>
<td>15,620,000</td>
</tr>
<tr>
<td>1987</td>
<td>11,855,000</td>
<td>1996</td>
<td>9,480,000</td>
</tr>
<tr>
<td>1988</td>
<td>6,870,000</td>
<td>1997</td>
<td>9,120,000</td>
</tr>
<tr>
<td>1989</td>
<td>7,090,000</td>
<td>1998</td>
<td>8,820,000</td>
</tr>
<tr>
<td>1990</td>
<td>7,310,000</td>
<td>1999</td>
<td>9,435,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 25 Bonds payable from such Sinking Fund Installment and apply any Series 25 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 25 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least 2 successive weeks in a newspaper customarily published at least once a day for at least 5 days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than 30 days before the redemption date to the registered owners of any Series 25 Bonds or portions of the Series 25 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 25 Bonds. Notice of redemption having been given, as aforesaid, the Series 25 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 25 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 25 Bonds maturing subsequent to the redemption date shall be void.
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

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

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

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

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


Please Print or Typewrite Name and Address of Transferee

the within Series 25 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints


Attorney to transfer the within Series 25 Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:


NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 25 Bond in every particular, without alteration or enlargement or any change whatever.

SECTION 302. No Recourse on Series 25 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 25 Bonds or for any claim based thereon or on the Series 25 Reso-
ution against any member or officer of the Corporation or any person executing the Series 25 Bonds and neither the Directors of the Corporation nor any other person executing the Series 25 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 303. **Execution and Authentication of Series 25 Bonds.** Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Series 25 Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the Series 25 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 25 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer.

**ARTICLE IV**

**MISCELLANEOUS**

SECTION 401. **Special Covenants.** (1) As used in this subsection (1) all defined terms other than Series 25 Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the Series 25 Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause the aggregate amount of the principal on Serial Bonds, the Sinking Fund Instalments, maturities of Term Bonds not required to be paid from Sinking Fund Instalments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of issuance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt
service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the Series 25 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 202 of the Resolution, it delivers to the Trustee at the time of the delivery of such additional Bonds a certificate of an Authorized Officer setting forth that the aggregate of the amounts set forth in paragraphs (1) and (2) of such subsection after deducting the amount set forth pursuant to paragraph (3)(a) of such subsection 3 and the Operating Expenses set forth pursuant to paragraph (3)(c) of such subsection, will be at least 2.0 times the aggregate amount set forth in (3)(b) of such subsection for each Fiscal Year.

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

Section 402. State Covenant. (1) In accordance with the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended to the date hereof, being Chapter 1 of Title 16 of McKinney’s Unconsolidated Laws of State of New York (hereinafter called the “Control Act”), the Corporation hereby includes in this Series 25 Resolution the pledge and agreement of the State with the holders of the Series 25 Bonds that the State will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control
Act as in effect on the date the Series 25 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 25 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 25 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 25 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 25 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal
and interest with such moneys shall have been given, or (ii) such Series 25 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holders of these Series 25 Bonds is in full force and effect.

(2) If the State shall take any action which is described in Section 402(1) hereinbefore, as an action which the State will not take the Trustee may, on advice of counsel, (i) by suit, action or proceeding in accordance with the New York Civil Practice Law and Rules enforce all rights of Bondholders and (ii) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of Bondholders.

Section 403. Authorized Officers. The Chairman, Vice Chairman, Chairman of the Finance Committee, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to deliver and execute in the name and on behalf of the Corporation any certificate, opinion, record or other document required by or authorized pursuant to the Resolution, this Series 25 Resolution or the Bond Purchase Agreement in connection with the issuance of the Series 25 Bonds.

Section 404. When Effective. The Series 25 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
<table>
<thead>
<tr>
<th>Purchaser</th>
<th>Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers Trust Company</td>
<td>Franklin Savings Bank of New York</td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>The Green Point Savings Bank</td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>The Greenwich Savings Bank</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>Hamburg Savings Bank</td>
</tr>
<tr>
<td>Citibank, N.A.</td>
<td>Harlem Savings Bank</td>
</tr>
<tr>
<td>Irving Trust Company</td>
<td>Independence Savings Bank</td>
</tr>
<tr>
<td>Manufacturers Hanover Trust</td>
<td>The Lincoln Savings Bank</td>
</tr>
<tr>
<td>Marine Midland Bank</td>
<td>Metropolitan Savings Bank</td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company</td>
<td>The New York Bank for Savings</td>
</tr>
<tr>
<td>National Bank of North America</td>
<td>Northfield Savings Bank</td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td>North Side Savings Bank</td>
</tr>
<tr>
<td>Anchor Savings Bank</td>
<td>Queens County Savings Bank</td>
</tr>
<tr>
<td>The Bowery Savings Bank</td>
<td>Richmond County Savings Bank</td>
</tr>
<tr>
<td>The Brooklyn Savings Bank</td>
<td>Richmond Hill Savings Bank</td>
</tr>
<tr>
<td>Central Savings Bank</td>
<td>Ridgewood Savings Bank</td>
</tr>
<tr>
<td>College Point Savings Bank</td>
<td>Roosevelt Savings Bank</td>
</tr>
<tr>
<td>The Dime Savings Bank of New York</td>
<td>The Seaman's Bank for Savings</td>
</tr>
<tr>
<td>The Dime Savings Bank of Williamsburgh</td>
<td>Staten Island Savings Bank</td>
</tr>
<tr>
<td>Dollar Savings Bank of New York</td>
<td>Union Dime Savings Bank</td>
</tr>
<tr>
<td>Dry Dock Savings Bank</td>
<td>United Mutual Savings Bank</td>
</tr>
<tr>
<td>The East New York Savings Bank</td>
<td>The Williamsburgh Savings Bank</td>
</tr>
<tr>
<td>Emigrant Savings Bank</td>
<td>Columbian Mutual Life Insurance Company</td>
</tr>
<tr>
<td>Empire Savings Bank</td>
<td>New York Life Insurance Company</td>
</tr>
<tr>
<td>Flushing Savings Bank</td>
<td>Security Mutual Life Insurance</td>
</tr>
<tr>
<td></td>
<td>Teachers Insurance and Annuity Association of America</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 26 Resolution

Authorizing
$125,295,000
SERIES 26 BONDS

Adopted September 30, 1980
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 26 RESOLUTION AUTHORIZING
$125,295,000
SERIES 26 BONDS

TABLE OF CONTENTS*

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 26 Resolution .................................................. 1
SECTION 102. Definitions ............................................................... 1
SECTION 103. Authority for the Series 26 Resolution ......................... 2

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 26 BONDS

SECTION 201. Authorization of Series 26 Bonds, Principal Amount,
Designation and Series .......................................................... 2
SECTION 202. Purpose ................................................................. 2
SECTION 203. Date of Series 26 Bonds .......................................... 3
SECTION 204. Maturity and Interest Rate ....................................... 3
SECTION 205. Interest Payments .................................................. 3

* This Table of Contents was not part of the Resolution as adopted.
ARTICLE III

FORMS AND EXECUTION OF SERIES 26 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 26 Bonds .......... 6
SECTION 302. No Recourse on Series 26 Bonds .. 26
SECTION 303. Execution and Authentication of Series 26 Bonds .......... 26

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants ............................................ 26
SECTION 402. State Covenant ............................................... 27
SECTION 403. Authorized Officers ........................................ 29
SECTION 404. When Effective .............................................. 29
SERIES 26 RESOLUTION AUTHORIZING
$125,295,000
SERIES 26 BONDS

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

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 26 Resolution. This Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and referred to herein as the “Resolution”.

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement dated as of November 15, 1978, by and among the Corporation and the commercial banks, savings banks, insurance companies and New York City Pension Funds named in Schedule I thereto, as amended from time to time.

“Purchasers” shall mean New York City Employees’ Retirement System for the City of New York, Teachers’ Retirement System for the City of New York, Board of Education Retirement System for the City of New York and New York City Police Pension Fund, Article 2.

“Series 26 Resolution” shall mean this Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds.
"Series 26 Bonds" shall mean the Bonds authorized by Article II of this Series 26 Resolution.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons, but shall not include the Corporation.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Series 26 Resolution, refer to the Series 26 Resolution.

SECTION 103. Authority for the Series 26 Resolution. This Series 26 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 26 BONDS

SECTION 201. Authorization of Series 26 Bonds, Principal Amount, Designation and Series. The Series 26 Bonds are hereby authorized to be issued in the aggregate principal amount of $125,295,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 26 Resolution and shall be deemed to be Term Bonds within the meaning of the Resolution. In addition to the title “Bonds”, such Series of Bonds shall bear the additional designation of “Series 26” and each as so designated shall be entitled “Series 26 Bonds” and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

SECTION 202. Purposes. The purposes for which the Series 26 Bonds are being issued are to pay a portion of the proceeds to the City upon certification by the Mayor of the City to the Corporation that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the amount is to be paid; to make deposits into the Capital Reserve Fund, it being hereby determined that such deposits, in addition to the amounts currently on deposit in such fund, constitute a reasonably required reserve fund; and, if required, on or before December 31, 1980, to make deposits into the Guaranty Fund established
pursuant to a resolution of the Corporation adopted November 14, 1978, as amended and supplemented.

Section 203. Date of Series 26 Bonds. The Series 26 Bonds shall be dated October 1, 1980, except as otherwise provided in Section 301 of the Resolution with respect to certain registered Series 26 Bonds issued on or after the first interest payment date. Registered Series 26 Bonds issued prior to the first interest payment date thereof shall be dated October 1, 1980.

Section 204. Maturity and Interest Rate. The Series 26 Bonds shall bear interest at the rate of ten and three-quarters per centum (10 3/4 %) per annum and shall mature on July 1, 2000.

Section 205. Interest Payments. The Series 26 Bonds shall bear interest from October 1, 1980, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1 in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation's obligation with respect to the payment of the principal sum of the Series 26 Bonds is discharged.

Section 206. Denominations, Numbers and Letters. The Series 26 Bonds shall be issued in the denominations of $5,000 or $100,000 in the case of Series 26 Bonds in coupon form payable to bearer and in the denomination of $5,000 or an integral multiple of $5,000 in fully registered form without coupons. The Series 26 Bonds in coupon form in the denomination of $5,000 shall be numbered 26-00- and the Series 26 Bonds in coupon form in the denomination of $100,000 shall be numbered and lettered 26C-00- and the Series 26 Bonds in fully registered form without coupons shall be numbered and lettered 26R-00-. Series 26 Bonds in coupon form so designated shall be numbered from 1 upwards and Series 26 Bonds in fully registered form shall be numbered consecutively from 1 upwards in order of issuance. Any Series 26 Bond in coupon form payable to bearer surrendered to the Trustee in any exchange or transfer pursuant to Section 308 of the Resolution shall be cancelled forthwith by the Trustee upon its books, provided, however, that the Trustee is authorized to retain any Series 26 Bond in such coupon form so surrendered and to re-issue, if necessary, any such Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered Series 26 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 26 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).
SECTION 207. CUSIP Number. The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of a CUSIP number for the Series 26 Bonds and to have such CUSIP number printed thereon, and the Corporation may direct the Trustee to use such CUSIP number in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such number either as printed on the Series 26 Bonds or as contained in any notice of redemption.

SECTION 208. Places of Payment and Paying Agents. The principal and Redemption Price of, and interest on, the Series 26 Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The interest on all registered Series 26 Bonds, and the principal and Redemption Price of all registered Series 26 Bonds and of all Series 26 Bonds issued in coupon form payable to bearer and registered as to principal shall be payable at the corporate trust office of the Trustee.

SECTION 209. Optional Redemption of Series 26 Bonds and Terms. The Series 26 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1990, as a whole on any date, or in part, by lot, on any interest payment date or dates, at the Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest, if any, to the date of redemption, as set forth below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The foregoing notwithstanding, no Series 26 Bond shall be redeemed at the election of the Corporation unless a sufficient amount of Series 25 Bonds shall also be redeemed so that the ratios of Outstanding Series 26
Bonds to Outstanding Series 25 Bonds immediately prior and immediately subsequent to such redemption shall remain substantially constant.

Section 210. Sinking Fund Installments. The Series 26 Bonds shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1982 as herein provided, upon published notice, all as prescribed in Article IV of the Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 26 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 26 Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 26 Bonds, on July 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the Series 26 Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$2,395,000</td>
<td>1992</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>1983</td>
<td>2,590,000</td>
<td>1993</td>
<td>3,210,000</td>
</tr>
<tr>
<td>1984</td>
<td>8,625,000</td>
<td>1994</td>
<td>10,870,000</td>
</tr>
<tr>
<td>1985</td>
<td>9,245,000</td>
<td>1995</td>
<td>11,200,000</td>
</tr>
<tr>
<td>1986</td>
<td>9,865,000</td>
<td>1996</td>
<td>6,800,000</td>
</tr>
<tr>
<td>1987</td>
<td>8,505,000</td>
<td>1997</td>
<td>6,540,000</td>
</tr>
<tr>
<td>1988</td>
<td>4,925,000</td>
<td>1998</td>
<td>6,325,000</td>
</tr>
<tr>
<td>1989</td>
<td>5,085,000</td>
<td>1999</td>
<td>6,770,000</td>
</tr>
<tr>
<td>1990</td>
<td>5,240,000</td>
<td>2000</td>
<td>6,705,000*</td>
</tr>
<tr>
<td>1991</td>
<td>5,400,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Payment at maturity.

Section 211. Selection by Lot. If less than all of the Series 26 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

In giving effect to any redemption by lot pursuant to the Resolution, the Trustee shall use such method as it shall determine to be efficient and equitable in assuring that coupon Bonds in a denomination other than $5,000 are subject to redemption in $5,000 increments in the same manner as coupon Bonds in the denomination of $5,000 or registered Bonds.
SECTION 212. Sale of the Series 26 Bonds. The Series 26 Bonds authorized to be issued herein shall be sold to the Purchasers at an aggregate purchase price of par plus accrued interest from October 1, 1980 to the date of delivery thereof and payment therefor.

Any Authorized Officer is hereby authorized to permit the distribution of a final official statement in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as such officer shall deem advisable.

The Series 26 Bonds shall be issued and delivered to the Purchasers upon payment therefor to the Trustee for the account of the Corporation in accordance with the Bond Purchase Agreement and the Resolution.

ARTICLE III

FORMS AND EXECUTION OF SERIES 26 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 26 Bonds. Subject to the provisions of the Resolution, the Series 26 Bonds in coupon form and coupons to be attached thereto and the Series 26 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:

(Form of Coupon Series 26 Bond)

No. 26-00-  [No. 26C-00- ]  $5,000  [$100,000]

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 26 Bond

THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (hereinafter sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal
sum of Five Thousand Dollars ($5,000) [One Hundred Thousand Dollars ($100,000)] on the first day of July, 2000, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( %) per annum, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled "Second General Bond Resolution" (herein called the "Second General Bond Resolution"), or its successor as trustee (herein called the "Trustee"), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds") issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the Second General Bond Resolution and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the "First General Bond Resolution"), and the rights of the holders of the Bonds
to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York (herein sometimes called the "City") shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the
Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

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

This Bond is one of a series of Bonds designated “Series 26 Bonds” (herein called the “Series 26 Bonds”), issued in the aggregate principal amount of $125,295,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted September 30, 1980, entitled “Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 26 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 26 Bonds with respect thereto and the terms and conditions upon which the Series 26 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 26 Bonds, and the Corporation hereby includes in this
Series 26 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 26 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 26 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursements from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 26 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 26 Bonds are issued, or substantially alter the authority of the Board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 26 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of
and interest on all outstanding Series 26 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 26 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 26 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 26 Bond is transferable by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized in writing, and similarly noted hereon; but this Series 26 Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Series 26 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 26 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 26 Bonds are issuable in the form of coupon Bonds payable to bearer in the denominations of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of
the Series 26 Bonds. Coupon Series 26 Bonds, upon surrender thereof at
the corporate trust office of the Trustee, with all unmatured coupons attached,
may, at the option of the holder thereof, be exchanged for an equal aggregate
principal amount of registered Series 26 Bonds of any of the authorized
denominations, of the same maturity and bearing the same rate of interest,
in the manner, subject to the conditions, and upon the payment of the charges,
if any, provided in the Resolutions. In like manner, subject to such conditions
and upon payment of such charges, if any, registered Series 26 Bonds, upon
surrender thereof at the corporate trust office of the Trustee, with a written
instrument of transfer satisfactory to the Trustee, duly executed by the regis-
tered owner or his attorney duly authorized in writing, may, at the option
of the registered owner thereof, be exchanged for an equal aggregate principal
amount of Series 26 Bonds with appropriate coupons attached, and/or
Series 26 Bonds without coupons of any other authorized denominations, of
the same maturity and bearing the same rate of interest.

The Series 26 Bonds are not subject to redemption prior to July 1, 1982.

The Series 26 Bonds are subject to redemption at the election of the
Corporation at any time on and after July 1, 1990, as a whole on any
date or in part, by lot, as provided in the Resolutions, on any interest
payment date, at the following Redemption Prices (as defined in the Resolu-
tions) (expressed as a percentage of the principal amount), plus accrued
interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 26 Bonds are also subject to redemption, in part, by lot, as
provided in the Resolutions, on July 1 in each of the years and in the amounts
set forth below, at the Redemption Price of 100% of the principal amount
thereof, plus accrued interest, if any, to the date of redemption, from mandato-
ry Sinking Fund Installments which are required to be made in amounts
sufficient to redeem on July 1 in each of the years shown below the principal
amount of such Series 26 Bonds specified therefor:
<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$2,395,000</td>
<td>1991</td>
<td>$5,400,000</td>
</tr>
<tr>
<td>1983</td>
<td>2,590,000</td>
<td>1992</td>
<td>5,000,000</td>
</tr>
<tr>
<td>1984</td>
<td>8,625,000</td>
<td>1993</td>
<td>3,210,000</td>
</tr>
<tr>
<td>1985</td>
<td>9,245,000</td>
<td>1994</td>
<td>10,870,000</td>
</tr>
<tr>
<td>1986</td>
<td>9,865,000</td>
<td>1995</td>
<td>11,200,000</td>
</tr>
<tr>
<td>1987</td>
<td>8,505,000</td>
<td>1996</td>
<td>6,800,000</td>
</tr>
<tr>
<td>1988</td>
<td>4,925,000</td>
<td>1997</td>
<td>6,540,000</td>
</tr>
<tr>
<td>1989</td>
<td>5,085,000</td>
<td>1998</td>
<td>6,325,000</td>
</tr>
<tr>
<td>1990</td>
<td>5,240,000</td>
<td>1999</td>
<td>6,770,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 26 Bonds payable from such Sinking Fund Installment and apply any Series 26 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 26 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any Series 26 Bonds or portions of the Series 26 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 26 Bonds. Notice of redemption having been given, as aforesaid, the Series 26 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 26 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 26 Bonds maturing subsequent to the redemption date shall be void.

The Series 26 Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 26 Bonds be payable out of any funds other than those of the Corporation.
This Series 26 Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this Series 26 Bond, or of any coupon appurtenant hereto, by accepting this Series 26 Bond or coupon shall be conclusively deemed to have agreed that this Series 26 Bond or coupon is fully negotiable for those purposes.

Neither this Series 26 Bond nor any coupon for interest thereon shall be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 26 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 26 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 26 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In witness whereof, the Municipal Assistance Corporation for the City of New York has caused this Series 26 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of October, 1980.

Municipal Assistance Corporation
For the City of New York

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

[seal]

Attest: .........................
Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Series 26 Bonds of the Municipal Assistance Corporation For The City of New York.

United States Trust Company
of New York, Trustee

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

No. ................................ (FORM OF COUPON) $ ................

The Municipal Assistance Corporation For The City of New York on the 1st day of , (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for) will pay to bearer the amount shown herein in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association) in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California, upon presentation and surrender of this coupon, being the interest then due on its Series 26 Bond, dated October 1, 1980, No. 26-00- . [No. 26C-00- ]

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

Provisions for Registration

(Note writing below except by the Trustee as Registrar.)
(Form of Registered Series 26 Bond)

[Face of Series 26 Bond]

No. 26R-00- $.............

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 26 Bond

% Due July 1, 2000 % Due July 1, 2000

The Municipal Assistance Corporation for the City of New York (herein and on the reverse side hereof sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein and on the reverse side hereof sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to

or registered assigns, upon presentation and surrender of this Bond, the principal sum of

Dollars on the first day of July, 2000, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon at the rate per annum specified above, payable on January 1, 1981 and semi-annually thereafter on July 1 and on January 1, in each year, from the date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

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

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 26 Bonds") shall not be a debt of
either the State of New York or The City of New York (herein and on the reverse side hereof sometimes called the "City"), and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 26 Bonds be payable out of any funds other than those of the Corporation.

This Series 26 Bond shall not be entitled to any security, right or benefit under the Resolutions (as defined on the reverse side hereof) or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 26 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 26 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 26 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK has caused this Series 26 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the Date shown below.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Date: ........................................

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

[SEAL]

Attest: ...................................
Secretary

Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 26 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

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

Authorized Signature

[Reverse of Form of Registered Series 26 Bonds]
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 26 BOND

....% Due July 1, 2000

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its “Bonds” and herein so referred to, issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the “Act”), and under and pursuant to the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and herein so referred to, and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the “First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second
General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 69 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually or on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.
The Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided therein and in certain other resolutions of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated "Series 26 Bonds" (herein called the "Series 26 Bonds"), issued in the aggregate principal amount of $125,295,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted September 30, 1980, entitled "Series 26 Resolution Authorizing $125,295,000 Series 26 Bonds" (said resolutions being herein collectively called the "Resolutions"). for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the Second General Bond Resolution (said trustee and any successor thereto being herein referred to as the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 26 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 26 Bonds with respect thereto and the terms and conditions upon which the Series 26 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York) (herein called the "Control Act"), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 26 Bonds, and the Corporation hereby includes in this Series 26 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date
the Series 26 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 26 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the Board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 26 Bonds are issued; (f) substantially modify the requirements that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 26 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 26 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 26 Bonds and irrevocable instructions from the Corporation to such bank, trust com-
pany or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 26 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 26 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the Series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 26 Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee, a new registered Series 26 Bond or Bonds and/or, at the option of the transferee, a coupon Series 26 Bond or Bonds of the denominations of $5,000 or $100,000 each with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Series 26 Bonds, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this Series 26 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price (as defined in the Resolutions) hereof and interest due hereon and for all other purposes whatsoever.
The Series 26 Bonds are issuable in the form of coupon Bonds payable to bearer in the denominations of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denominations of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 26 Bonds. Coupon Series 26 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 26 Bonds of any of the authorized denominations, of the same maturity and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 26 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 26 Bonds with appropriate coupons attached and/or Series 26 Bonds without coupons of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 26 Bonds are not subject to redemption prior to July 1, 1982.

The Series 26 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1990, as a whole on any date or in part, by lot, as provided in the Resolutions, on any interest payment date, at the following Redemption Prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 26 Bonds are also subject to redemption, in part by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts
sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 26 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$2,395,000</td>
<td>1991</td>
<td>$5,400,000</td>
</tr>
<tr>
<td>1983</td>
<td>2,590,000</td>
<td>1992</td>
<td>5,000,000</td>
</tr>
<tr>
<td>1984</td>
<td>8,625,000</td>
<td>1993</td>
<td>3,210,000</td>
</tr>
<tr>
<td>1985</td>
<td>9,245,000</td>
<td>1994</td>
<td>10,870,000</td>
</tr>
<tr>
<td>1986</td>
<td>9,865,000</td>
<td>1995</td>
<td>11,200,000</td>
</tr>
<tr>
<td>1987</td>
<td>8,505,000</td>
<td>1996</td>
<td>6,800,000</td>
</tr>
<tr>
<td>1988</td>
<td>4,925,000</td>
<td>1997</td>
<td>6,540,000</td>
</tr>
<tr>
<td>1989</td>
<td>5,085,000</td>
<td>1998</td>
<td>6,325,000</td>
</tr>
<tr>
<td>1990</td>
<td>5,240,000</td>
<td>1999</td>
<td>6,770,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time, not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 26 Bonds payable from such Sinking Fund Installment and apply any Series 26 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 26 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least 2 successive weeks in a newspaper customarily published at least once a day for at least 5 days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than 30 days before the redemption date to the registered owners of any Series 26 Bonds or portions of the Series 26 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 26 Bonds. Notice of redemption having been given, as aforesaid, the Series 26 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 26 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 26 Bonds maturing subsequent to the redemption date shall be void.
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

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

UNIF GIFT MIN ACT—
(Cust) (Custodian) (Minor)
Under Uniform Gifts to Minors Act (State)

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

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

________________________________________

Please Print or Typewrite Name and Address of Transferee

the within Series 26 Bonds, and all rights thereunder, and hereby irrevocably constitutes and appoints

________________________________________

Attorney to transfer the within Series 26 Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

________________________________________

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 26 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 26 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 26 Bonds or for any claim based thereon or on the Series 26 Resolution against any member or officer of the Corporation or any person executing the Series 26 Bonds and neither the Directors of the Corporation nor any other person executing the Series 26 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 303. Execution and Authentication of Series 26 Bonds. Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Series 26 Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the Series 26 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 26 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer.

ARTICLE IV
MISCELLANEOUS

SECTION 401. Special Covenants. (1) As used in this subsection (1) all defined terms other than Series 26 Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the Series 26 Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by
assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of issuance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the Series 26 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 202 of the Resolution, it delivers to the Trustee at the time of the delivery of such additional Bonds a certificate of an Authorized Officer setting forth that the aggregate of the amounts set forth in paragraphs (1) and (2) of such subsection after deducting the amount set forth pursuant to paragraph (3) (a) of such subsection 3 and the Operating Expenses set forth pursuant to paragraph (3) (c) of such subsection, will be at least 2.0 times the aggregate amount set forth in (3) (b) of such subsection for each Fiscal Year.

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

SECTION 402. State Convenant. (1) In accordance with the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended to the date hereof, being Chapter 1 of Title 16 of McKinney’s Unconsolidated Laws of State of New York (hereinafter
called the "Control Act"), the Corporation hereby includes in this Series 26 Resolution the pledge and agreement of the State with the holders of the Series 26 Bonds that the State will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 26 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 26 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 26 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 26 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and or
interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 26 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 26 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holders of these Series 26 Bonds is in full force and effect.

(2) If the State shall take any action which is described in Section 402(1) hereinbefore, as an action which the State will not take the Trustee may, on advice of counsel, (i) by suit, action or proceeding in accordance with the New York Civil Practice Law and Rules enforce all rights of Bondholders and (ii) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of Bondholders.

Section 403. **Authorized Officers.** The Chairman, Vice Chairman, Chairman of the Finance Committee, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to deliver and execute in the name and on behalf of the Corporation any certificate, opinion, record or other document required by or authorized pursuant to the Resolution, this Series 26 Resolution, or the Bond Purchase Agreement in connection with the issuance of the Series 26 Bonds.

Section 404. **When Effective.** The Series 26 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

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

This resolution shall take effect immediately upon the filing of a certified copy with the Trustee as identified in each of the Resolutions.

Adopted: November 14, 1978
Certified copy filed with
Trustee November 17, 1978
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
SECOND GENERAL BOND RESOLUTION

TABLE OF CONTENTS*

ARTICLE I
Definitions and Statutory Authority

SECTION 101. Definitions ........................................ 1
SECTION 102. Authority for this Resolution ...................... 5
SECTION 103. Resolution to Constitute Contract .................. 5

ARTICLE II
Authorization and Issuance of Bonds

SECTION 201. Authorization of Bonds ............................ 6
SECTION 202. Provision for Issuance of Bonds .................... 6
SECTION 203. Provisions for Refunding Bonds ..................... 10
SECTION 204. Additional Obligations ............................. 12

ARTICLE III
General Terms and Provisions of Bonds

SECTION 301. Medium of Payment; Form and Date ................ 12
SECTION 302. Legends .............................................. 13
SECTION 303. Execution and Authentication ........................ 13
SECTION 304. Interchangeability of Bonds ......................... 15
SECTION 305. Negotiability, Transfer and Registry ................. 15
SECTION 306. Transfer and Registration of Coupon Bonds ........... 15
SECTION 307. Transfer of Registered Bonds ........................ 17
SECTION 308. Regulations with Respect to Exchanges and Transfers . 17
SECTION 309. Bonds Mutilated, Destroyed, Stolen or Lost .......... 18
SECTION 310. Preparation of Definitive Bonds; Temporary Bonds ... 18

ARTICLE IV
Redemption of Bonds

SECTION 401. Privilege of Redemption and Redemption Price ........ 19
SECTION 402. Redemption at the Election or Direction of the Corporation 20
SECTION 403. Redemption Other Than at Corporation's Election or Direction .................................................. 20
SECTION 404. Selection of Bonds to Be Redeemed by Lot ............ 20
SECTION 405. Notice of Redemption ................................ 21
SECTION 406. Payment of Redeemed Bonds ........................ 22

* This Table of Contents was not part of the Resolution as adopted.
## ARTICLE V

**CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>501. Application of Certain Proceeds</td>
<td>23</td>
</tr>
</tbody>
</table>

## ARTICLE VI

**ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>601. The Pledge Effect ed by the Resolution</td>
<td>24</td>
</tr>
<tr>
<td>602. Establishment of Funds</td>
<td>24</td>
</tr>
<tr>
<td>603. Application of Payments</td>
<td>24</td>
</tr>
<tr>
<td>604. Operating Fund</td>
<td>25</td>
</tr>
<tr>
<td>605. Bond Service Fund</td>
<td>25</td>
</tr>
<tr>
<td>606. Capital Reserve Fund</td>
<td>26</td>
</tr>
<tr>
<td>607. Certificate to the State Comptroller and to the Mayor of the City of New York</td>
<td>27</td>
</tr>
</tbody>
</table>

## ARTICLE VII

**SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>701. Security for Deposits</td>
<td>28</td>
</tr>
<tr>
<td>702. Investment of Funds and Accounts Held by the Trustee</td>
<td>29</td>
</tr>
<tr>
<td>703. Liability of Trustee for Investments</td>
<td>31</td>
</tr>
</tbody>
</table>

## ARTICLE VIII

**THE TRUSTEE AND THE PAYING AGENTS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>801. Appointment and Acceptance of Duties of Trustee</td>
<td>31</td>
</tr>
<tr>
<td>802. Appointment and Acceptance of Duties of Paying Agents</td>
<td>32</td>
</tr>
<tr>
<td>803. Responsibilities of Trustee and Paying Agents</td>
<td>32</td>
</tr>
<tr>
<td>804. Evidence on Which Fiduciaries May Act</td>
<td>33</td>
</tr>
<tr>
<td>805. Compensation</td>
<td>34</td>
</tr>
<tr>
<td>806. Permitted Acts and Functions</td>
<td>34</td>
</tr>
<tr>
<td>807. Resignation of Trustee</td>
<td>34</td>
</tr>
<tr>
<td>808. Removal of Trustee</td>
<td>34</td>
</tr>
<tr>
<td>809. Appointment of Successor Trustee</td>
<td>35</td>
</tr>
<tr>
<td>810. Transfer of Rights and Property to Successor Trustee</td>
<td>35</td>
</tr>
<tr>
<td>811. Merger, Conversion or Consolidation</td>
<td>36</td>
</tr>
<tr>
<td>812. Resignation or Removal of the Paying Agents and Appointment of Successors</td>
<td>36</td>
</tr>
</tbody>
</table>
### ARTICLE IX

**Covenants of the Corporation**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>901. Payment of Bonds</td>
<td>37</td>
</tr>
<tr>
<td>902. Extension of Payment of Bonds and Coupons</td>
<td>37</td>
</tr>
<tr>
<td>903. Offices for Payment and Registration of Bonds and Coupons</td>
<td>38</td>
</tr>
<tr>
<td>904. Further Assurances</td>
<td>38</td>
</tr>
<tr>
<td>905. Power to Issue Bonds and Make Pledges</td>
<td>39</td>
</tr>
<tr>
<td>906. Agreement of the State</td>
<td>39</td>
</tr>
<tr>
<td>907. Creation of Liens</td>
<td>39</td>
</tr>
<tr>
<td>908. Accounts and Reports</td>
<td>40</td>
</tr>
<tr>
<td>909. General</td>
<td>40</td>
</tr>
</tbody>
</table>

### ARTICLE X

**Series Resolutions and Supplemental Resolutions**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001. Modification and Amendment Without Consent</td>
<td>42</td>
</tr>
<tr>
<td>1002. Supplemental Resolutions Effective With Consent of Bondholders</td>
<td>43</td>
</tr>
<tr>
<td>1003. General Provisions Relating to Series Resolutions and Supplemental Resolutions</td>
<td>43</td>
</tr>
</tbody>
</table>

### ARTICLE XI

**Amendments of Resolutions**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1101. Powers of Amendment</td>
<td>44</td>
</tr>
<tr>
<td>1102. Consent of Bondholders</td>
<td>45</td>
</tr>
<tr>
<td>1103. Modifications by Unanimous Consent</td>
<td>47</td>
</tr>
<tr>
<td>1104. Mailing and Publication</td>
<td>47</td>
</tr>
<tr>
<td>1105. Exclusion of Bonds</td>
<td>48</td>
</tr>
<tr>
<td>1106. Notation on Bonds</td>
<td>48</td>
</tr>
</tbody>
</table>

### ARTICLE XII

** Defaults and Remedies**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1201. Trustee to Exercise Powers of Statutory Trustee</td>
<td>48</td>
</tr>
<tr>
<td>1202. Events of Default</td>
<td>48</td>
</tr>
<tr>
<td>1203. Remedies</td>
<td>50</td>
</tr>
<tr>
<td>Section</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1204.</td>
<td>Priority of Payments After Default</td>
</tr>
<tr>
<td>1205.</td>
<td>Termination of Proceedings</td>
</tr>
<tr>
<td>1206.</td>
<td>Bondholders’ Direction of Proceedings</td>
</tr>
<tr>
<td>1207.</td>
<td>Limitation on Rights of Bondholders</td>
</tr>
<tr>
<td>1208.</td>
<td>Possession of Bonds by Trustee Not Required</td>
</tr>
<tr>
<td>1209.</td>
<td>Remedies Not Exclusive</td>
</tr>
<tr>
<td>1210.</td>
<td>No Waiver of Default</td>
</tr>
<tr>
<td>1211.</td>
<td>Notice of Event of Default</td>
</tr>
</tbody>
</table>

**ARTICLE XIII**

**EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1301.</td>
<td>Evidence of Signatures of Bondholders and Ownership of Bonds</td>
<td>56</td>
</tr>
</tbody>
</table>

**ARTICLE XIV**

**DEFEASANCE**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1401.</td>
<td>Defeasance</td>
<td>57</td>
</tr>
</tbody>
</table>

**ARTICLE XV**

**MISCELLANEOUS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1501.</td>
<td>Preservation and Inspection of Documents</td>
<td>60</td>
</tr>
<tr>
<td>1502.</td>
<td>Parties of Interest</td>
<td>60</td>
</tr>
<tr>
<td>1503.</td>
<td>No Recourse Under Resolution or on Bonds</td>
<td>60</td>
</tr>
<tr>
<td>1504.</td>
<td>Severability</td>
<td>60</td>
</tr>
<tr>
<td>1505.</td>
<td>Headings</td>
<td>61</td>
</tr>
<tr>
<td>1506.</td>
<td>Conflict</td>
<td>61</td>
</tr>
<tr>
<td>1507.</td>
<td>Effective Date</td>
<td>61</td>
</tr>
</tbody>
</table>
SECOND GENERAL BOND RESOLUTION

Be It Resolved by the Board of Directors of the Municipal Assistance Corporation For The City of New York as follows:

ARTICLE I

Definitions and Statutory Authority

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

"Act" shall mean the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, and as further amended by Chapters 868 and 870 of the Laws of 1975, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law, both as amended to the date of adoption of this Second General Bond Resolution.

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

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

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

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

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

"Bondholders" or "Holder of Bonds" or "Holder" (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the bearer of any Outstanding Bond or Bonds
registered to bearer or not registered or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and "Holder" (when used with reference to coupons) shall mean any person who shall be the bearer of such coupons.

"Capital Reserve Fund" means the fund by that name established by Section 602.

"Capital Reserve Fund Requirement" shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 4 of Section 3036-å of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

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

"City" shall mean The City of New York.

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

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

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

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

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

"Mayor" shall mean the Mayor of the City.

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

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

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

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

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

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

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

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

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

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

"Revenues" shall mean all payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except any payments to the Corporation for credit to the Operating Fund.

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

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

"Series of Bonds" or "Bonds of a Series" or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

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

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

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

"State" shall mean the State of New York.

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

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

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

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

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

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

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

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

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. All of the Bonds of such Series shall be executed by the Corporation for issuance under the Resolution and delivered to the Trustee and thereupon shall from time to time and in such amounts as directed by the Corporation be authenticated by the Trustee and by it delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of:

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

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

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

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

3. No Series of Bonds, other than any Series of Bonds authorized by one or more Series Resolutions adopted prior to November 30, 1975, issued under the Resolution shall be authenticated and delivered by the Trustee except upon receipt by the Trustee of:

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

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

(2) A certificate of the State Comptroller or the State Director of the Budget setting forth the estimated amount of Per Capita Aid available to be apportioned and paid (or to the extent previously apportioned and paid, the actual amount so apportioned and paid and the estimated amount, if any, available to be apportioned and paid) into the Special Aid Account for the fiscal year of the State during which such Series of Bonds are issued, provided, however, that for the fiscal year of the State ending March 31, 1976, such certificate shall set forth the amount actually apportioned and paid to the City;

(3) A certificate by an Authorized Officer setting forth (a) the maximum amount of principal and interest maturing or otherwise coming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolutions (b) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including such Series, for each Fiscal Year and (c) the aggregate amount of Operating Expenses as estimated by an Authorized Officer for the current Fiscal Year; and

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

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

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

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

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

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

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 203.
204. **Additional Obligations.** The Corporation reserves the right to issue bonds, notes or any other obligations, under another and separate resolution so long as the same are not entitled to a charge or lien or right prior or equal to the charge or lien created by, or prior or equal to the rights of the Corporation and Holders of the Bonds provided by, this Resolution and the Act, or with respect to the monies pledged under the Resolution or with respect to proceeds from the Per Capita Aid, the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act, provided however, that, except as otherwise provided in Section 909 hereof the foregoing shall not limit any right, including the right to issue additional obligations, which the Corporation has on the date of adoption of this Resolution under the First General Bond Resolution.

**ARTICLE III**

**General Terms and Provisions of Bonds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

308. *Regulations with Respect to Exchanges and Transfers.* In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee, provided however, the Trustee is authorized to retain any coupon Bond so surrendered and to re-issue any Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered Bond or Bonds in accordance with the provisions of Section 304 hereof (any Bond or coupons so retained by the Trustee
shall not be deemed Outstanding while so retained). For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new coupon Bond or registered Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an Operating Expense. The Corporation shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

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

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

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

ARTICLE IV
Redemption of Bonds

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.
402. Redemption at the Election or Direction of the Corporation. In the case of any redemption of Bonds other than as provided in Section 403, the Corporation shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Resolution and any Series Resolution) and of the monies to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, the Trustee, if it holds the monies to be applied to the payment of the Redemption Price, or otherwise the Corporation, shall, prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other monies, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The Corporation shall promptly notify the Trustee in writing of all such payments made by the Corporation to a Paying Agent.

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

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

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

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

ARTICLE V

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

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

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

Establishment of Funds and Application Thereof

601. The Pledge Effectuated by the Resolution. The proceeds of sale of the Bonds, the Revenues, and all funds established by the Resolution, and other monies and securities referred to herein (other than monies and securities in the Operating Fund) are hereby pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The pledge created by this Resolution, insofar as it relates to revenues, monies and securities and funds pledged either under the First General Bond Resolution or the Outstanding Note Resolutions is, and is hereby expressly declared to be, subordinate in all respects to the pledge of such revenues, monies and securities and funds created by the First General Bond Resolution or the Outstanding Note Resolutions. This pledge shall be valid and binding from and after the time of adoption of this Resolution, and the proceeds of sale of the Bonds, the Revenues as received by the Corporation, all funds and other monies and securities herein pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof.

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

(1) Bond Service Fund, to be held by the Trustee,

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

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

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

605. Bond Service Fund.

1. The Trustee shall on or before the business day preceding each interest payment date for any of the Bonds pay, out of the amounts then held in the Bond Service Fund, to itself and the Paying Agents, the amounts respectively required for the payment of principal, Sinking Fund Installments, if any, and Redemption Price of, if any, and interest on any Bonds due and payable on such date, and such amounts so paid out shall be irrevocably pledged to and applied to such payments.

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

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

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

606. Capital Reserve Fund.

1. The Corporation shall deposit into the Capital Reserve Fund (i) all monies paid to the Corporation pursuant to subdivisions 1, 2 and 3 of Section 3036-a of the Act for the purpose of maintaining or restoring the amount in the Capital Reserve Fund to the amount of the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by Series Resolution; and (iii) any other monies which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

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

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

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

607. Certificate to the State Comptroller and to the Mayor of The City of New York. In order to assure the maintenance of the Operating Fund, the Bond Service Fund and the Capital Reserve Fund, not less than one hundred and twenty days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year) (but not later than March 1, 1976 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to pay all interest on and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds maturing or otherwise coming due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the obligations of the Corporation, including the Bonds, each quarterly payment (to be made on or before April 12, June 25, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification, shall be an amount,
after taking into account monies then in the Bond Service Fund and available for the purposes of such Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds the interest on which is payable from the Bond Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation hereby covenants to make the certifications referred to in this Section at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to pay the principal of, Redemption Price, if any, and interest on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor (with a copy to the Trustee). The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

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

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

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

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

(4) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Corporation in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.
(5) In lieu of the investments of monies in obligations authorized in paragraph (1) above, the Trustee shall, to the extent permitted by the Act then in effect, upon direction of the Corporation in writing, signed by an Authorized Officer, deposit monies from any fund or account held by the Trustee under the terms of this Resolution, in interest-bearing time deposits, or shall make other similar investment arrangements, including, but not limited to, repurchase agreements covering obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation or securities dealers approved by an Authorized Officer; provided, that each such interest-bearing time deposit or other similar investment arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in each such interest-bearing time deposit or other similar investment arrangement shall be continuously and fully secured by obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, of a market value equal at all times to the amount of the deposit or of the other similar investment arrangement.

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

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

ARTICLE VIII
THE TRUSTEE AND THE PAYING AGENTS

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

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

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

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

803. Responsibilities of Trustee and Paying Agents. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or coupons issued hereunder or in respect of the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the applica-
tion of the proceeds thereof or the application of any monies paid to the Corporation. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others.

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

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

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

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

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

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

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

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

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

810. **Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, an instrument accepting such appointment, and thereupon
such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Corporation, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

811. Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any states of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

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

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

ARTICLE IX
Covenants of the Corporation

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

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

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

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

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

905. Power to Issue Bonds and Make Pledges. The Corporation
is duly authorized pursuant to law to create and issue the Bonds and to
adopt this Resolution and to pledge the Revenues and other monies,
securities and funds purported to be pledged by this Resolution
in the manner and to the extent provided in this Resolution. Except to
the extent otherwise provided in Section 601, the Revenues and other
monies, securities and funds so pledged are and will be free and clear
of any pledge, lien, charge or encumbrance thereon or with respect
thereto prior to, or of equal rank with, the pledge created by this Reso-
lution, and all corporate action on the part of the Corporation to that
end has been duly and validly taken. The Bonds and the provisions
of this Resolution are and will be the valid and legally enforceable obli-
gations of the Corporation in accordance with their terms and the terms
of this Resolution. The Corporation shall at all times, to the extent
permitted by law, defend, preserve and protect the pledge of the Re-
venues and other monies, securities and funds pledged under this Reso-
lution and all the rights of the Bondholders under this Resolution
against all claims and demands of all persons whomsoever.

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

907. Creation of Liens. The Corporation shall not issue any bonds
or other evidences of indebtedness, other than the Bonds, secured by
a pledge of the revenues, monies and securities in the Capital Reserve
Fund, and shall not create or cause to be created any lien or charge
prior to the Bonds on revenues, monies and securities in the Bond Service Fund; provided, however, that nothing contained in this Resolution shall prevent the Corporation from issuing (i) bonds, notes, or any other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution, (ii) obligations issued in accordance with Article II of the First General Bond Resolution except as limited in Section 909 hereof and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Sections 304 and 306 through 310 or Sections 405 or 1106 of the First General Bond Resolution.

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

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

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

If the Corporation shall exercise its power to limit the implementation of the conditions set forth in Section 3038 of the Act or thereafter to permit such conditions to be further limited, any such action shall
be taken by resolution of the Board. When so acting the Board shall make a determination that any such limitation is not so substantial as effectively to constitute a waiver of any of the conditions in Section 3033, or shall make a determination that the conditions shall impose a further condition on the City which determination shall be conclusive and binding upon the holders of the Bonds and the Trustee. A copy of such resolution shall promptly be delivered to the Trustee and to the Governor, the State Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council and the City Comptroller and promptly be published by the Corporation.

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

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

SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

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

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

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

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

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

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

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

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

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

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

A copy of every Series Resolution and Supplemental Resolution adopted by the Corporation when filed with the Trustee shall be accompanied by a Counsel’s Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Corporation and enforceable in accordance with its terms.
The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

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

ARTICLE XI
AMENDMENTS OF RESOLUTIONS

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

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

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

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

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

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

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

ARTICLE XII
DEFAULTS AND REMEDIES

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

1202. Events of Default. Each of the following events is hereby declared an "event of default," that is to say; if
(a) the Corporation shall default in the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or

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

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

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

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

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

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

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

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

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

(b) by bringing suit upon the Bonds;

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

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

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

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

1204. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,
First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

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

1205. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1206. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

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

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

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

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

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

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

ARTICLE XIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

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

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

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

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

**ARTICLE XIV**

**Defeasance**

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

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

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

MISCELLANEOUS

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

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

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

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

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

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

1507. Effective Date. This Resolution shall take effect immediately upon its adoption.
I, STEPHEN J. WEINSTEIN, Secretary of the Municipal Assistance Corporation for the City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State"), constituting a public benefit corporation created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act"), HEREBY CERTIFY as follows:

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

2. That the members of the Board of Directors of the Corporation (the "Board"), their Corporation offices, if any, and the dates of the expiration of their terms are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Corporation Office</th>
<th>Date of Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn</td>
<td>Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Edward M. Kresky</td>
<td>Vice Chairman</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry</td>
<td></td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin</td>
<td></td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker</td>
<td></td>
<td>December 31, 1977 (1)</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td></td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td></td>
<td>December 31, 1979 (1)</td>
</tr>
<tr>
<td>Andrew P. Steffan</td>
<td></td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td></td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

(1) Holdover pursuant to law.
3. That each of the said persons named in paragraph 2 is the duly elected or appointed, designated, qualified and acting Director of the Corporation holding the office, if any, indicated above.

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

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

6. That the By-Laws of the Corporation adopted April 7, 1978, as amended March 28, 1979, are in full force and effect on the date hereof and have not been repealed, modified or amended.

7. That except as set forth in the Supplemented Official Statement dated October 2, 1980, attached to the Record of Proceedings as document no. 1 and by this reference made a part hereof, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending (or to the best of the knowledge of the Corporation threatened) against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding would in any material respect (a) adversely affect the transactions contemplated by the Bond Purchase Agreement dated as of November 15, 1978, among the Corporation and
the Financial Institutions and Pension Funds listed on Schedule I thereto, as amended and supplemented (the "Agreement"), (b) impair the powers, limit the duties or shorten the duration of the Control Board (as defined in the Agreement), each as referred to in the State Covenant (as defined in the Agreement), (c) limit the obligations in Section 9-a or 9-b of the FCBC Act (as defined in the Agreement) or the obligations of the City under the FCBC Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Control Board, (d) declare the State Covenant or the Adherence Agreement (as defined in the Agreement) invalid or unenforceable in whole or in material part, (e) in any other manner adversely affect provisions or sources of payment for the principal of or premium, if any, or interest on the Bonds, as such provisions and sources are described in the Official Statement, (f) declare the Resolutions, as defined below, the MAC Act (as defined in the Agreement) or the Corporation's obligation under the Bonds to be invalid or unenforceable in whole or in material part, (g) in any material respect adversely affect the transactions contemplated by the Agreement, the issuance of the $300,000,000 Series 25 Bonds and Series 26 Bonds (the "Bonds"), (h) adversely affect any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with the consummation of the issuance of the Bonds or (i) restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or which in any way contest or affect the validity of the Bonds, and proceedings of the Cor-
poration 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.

8. That the Second General Bond Resolution of the Corporation adopted November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), and the Series 25 and 26 Resolutions of the Corporation both adopted September 30, 1980 (such resolutions being hereinafter collectively called the "Resolutions"), attached to the Record of Proceedings as documents no. 4, 2 and 3, respectively, copies of which are being delivered contemporaneously herewith to the Trustee named in such Resolutions, which I hereby certify pursuant to Section 202 of the Second General Bond Resolution, are true and correct copies of the duly adopted originals thereof in their entireties on file and of record in the principal office of the Corporation and that the same are in full force and effect on the date hereof and have not been repealed, modified or amended.

9. That the Extract of the Minutes of the Meeting of the Corporation attached to the Record of Proceedings as document no. 5 is a true and correct copy of the duly adopted original thereof on file and of record in the principal office of the Corporation and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended.

10. That the specimens of the Bonds, attached hereto as Exhibit A, are identical in all respects, except as to number, denomination and name of registered owner, with the Bonds this
day delivered to the Purchasers referred to in the Resolutions (the "Purchasers") and said specimens are substantially in the forms required by the Resolutions.

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

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

2. That at the time of the signing and execution of the Bonds and on the date hereof, Felix G. Rohatyn was and is the duly chosen, qualified and acting Chairman of the Corporation authorized to execute the Bonds and Stephen J. Weinstein was and is the duly chosen qualified and acting Secretary of the Corporation authorized to attest to the execution of the Bonds.

3. That a facsimile of the seal, an impression of which appears below, has been imprinted on the Bonds, and it is the legally adopted, proper and only official corporate seal of the Corporation.

4. That the Corporation is not in default in the performance
of any of the covenants, conditions, agreements or provisions contained in the Resolutions or the General Bond Resolution adopted by the Corporation on July 2, 1975, as amended and supplemented (the "First General Bond Resolution").

5. That (a) the maximum amount of principal and interest maturing or otherwise becoming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolutions is $358,064,662; (b) the aggregate amount of principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including the Bonds, for each Fiscal Year is as set forth in Exhibit B attached hereto; and (c) the aggregate estimated amount of Operating Expenses for the current Fiscal Year is $6,400,000. (All defined terms in this paragraph number 5 are defined in the Second General Bond Resolution).

6. That the aggregate of (i) the amount set forth in the Certificate of the New York State Commissioner of Taxation and Finance, a copy of which is attached to the Record of Proceedings as document no. 8, as representing the Sales Tax and Stock Transfer Tax, and (ii) the amount set forth in the certificates attached to the Record of Proceedings as document no. 9, as representing the actual amount of Per Capita Aid apportioned and paid into the Special Aid Account after deducting (iii) the aggregate amount set forth in paragraphs 5(a) and 5(c) herein, will be at least 2.0 times the aggregate amount set forth in paragraph 5(b) herein.
7. That each of the representations of the Corporation set forth in Section 2 of the Agreement is true, accurate and complete in all material respects as though made with respect to and as of the date hereof.

8. That each of the agreements set forth in Section 3 of the Agreement to be complied with at or prior to the delivery of the Bonds on the date hereof has been complied with as of the date hereof.

9. That the Bonds and the Resolutions conform in all material respects to the descriptions thereof in the Official Statement.

10. That with regard to any representations, agreements or descriptions with respect to the Official Statement, this certificate is based on the Official Statement dated September 25, 1980, as supplemented by the Supplemented Official Statement dated October 2, 1980.

11. That the Corporation has not issued any Bonds, Notes or Other Obligations which would cause the aggregate amount of principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. (All defined terms in this paragraph number 11 are defined in the First General Bond Resolution.)
IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 2nd day of October, 1980.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Official Title</th>
<th>Term of Office Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix L. Klein</td>
<td>Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Stephen M. Landeck</td>
<td>Secretary</td>
<td>Indefinite</td>
</tr>
</tbody>
</table>

(SEAL)

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

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Trustee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pat Santusano</td>
<td>Assistant Secretary</td>
<td>United States Trust Company of New York</td>
</tr>
</tbody>
</table>
After discussion, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Series 25 Resolution and the Series 26 Resolution, substantially in the form as presented to the meeting, with such non-substantive changes as General Counsel and Bond Counsel may in their discretion require, be and hereby are adopted; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the Series 25 Bonds and the Series 26 Bonds be and hereby is approved, and distribution of the Official Statement be and hereby is authorized.
29 September 1980

Honoroble Edward V. Regan
Comptroller
State of New York
Department of Audit and Control
Alfred E. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

This letter is to request your approval of the simultaneous sales, pursuant to the Bond Purchase Agreement (the "Agreement") dated November 15, 1978, among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various Financial Institutions and Pension Funds, as those terms are defined in the Agreement, of $174,735,000 of Series 25 Bonds and $125,295,000 of Series 26 Bonds of the Corporation (collectively, the "Bonds") to be issued pursuant to its Second General Bond Resolution, to certain of the Financial Institutions and Pension Funds. Enclosed for your information is a copy of the Corporation's Official Statement, dated September 25, 1980, with respect to the sales.

The Corporation is issuing the Bonds to each of the Financial Institutions and Pension Funds in the respective amounts set forth in the annexed notice to them dated August 27, 1980, at a purchase price of 100%. Of the $300 million proceeds of sale, $257 million will be used to finance a portion of the City of New York's capital program through the purchase of City bonds, approximately $32 million will be deposited into the Capital Reserve Aid Fund established pursuant to the Second General Bond Resolution, and the balance of the net proceeds, $11 million will be deposited into the Guarantee Fund established pursuant to the federal New York City Loan Guarantee Act of 1978 (P.L. 95-339) in connection with the issuance of federally guaranteed City bonds unless not required for such purpose on or before December 31, 1980, in which case they will be deposited into the Capital Reserve Aid Fund.

The Bonds will bear interest at the rate of 10.75%, and will mature July 1, 2000, subject to certain optional redemption and mandatory sinking fund installments after July 1, 1982, as fully described in the Series 25 and 26 Official Statement. In accordance with §1.3 of the Agreement, the rate at which the Bonds will bear interest was determined in the manner described in Schedule III of the Agreement.
While the approvals required by §§3012(1)(e) and 3013(4) of the New York State Municipal Assistance Corporation Act, relating to the issuance of all bonds to be issued pursuant to the Agreement, including the Bonds, and the system of accounts prescribed in the Second General Resolution of the Corporation and the series resolutions annexed to the Agreement, were obtained by your predecessor's endorsement upon the Corporation's letter to him, dated November 15, 1978, a copy of which is annexed hereto, the Corporation requests your approval of the issuance of the Bonds upon the specific terms described in this letter. Your approval of the system of accounts of the Corporation to the extent the same is prescribed in the Second General Resolution of the Corporation, adopted November 25, 1975, and the Series 25 and Series 26 Bond Resolutions of the Corporation, adopted September 30, 1980, is also requested.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

HLR:jar
Enclosures

The sale of the above described bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described and the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution and the Series 25 and 26 Bond Resolution of the Corporation, are hereby approved pursuant to §§3012(1)(e) and 3013(4) of the New York State Municipal Assistance Corporation Act, as amended.

[Signature]

First Deputy Comptroller of the State of New York

Dated: September 30, 1980
October 2, 1980

I hereby certify that, as of the date hereof, John J. Feeney serves as First Deputy Comptroller of the State of New York and, in this capacity, has statutory authority to execute documents in lieu of Edward V. Regan, Comptroller of the State of New York.

[Signature]

Counsel to the Comptroller
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 25 BOND

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, acting through its Officers, hereby issues hereof one hundred thousand ($100,000) 3.75% bonds of the Series 25 Bond, to be sold and issued in whole or in part at such price or prices as may be determined by the Corporation, in such manner as the Corporation may determine, upon the terms and conditions hereinafter set forth.

Certificate of Authenticity

This bond is one of the Series 25 Bonds of the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK and is one of the Series 25 Bonds of the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK and is hereby issued in accordance with the provisions of the Municipal Assistance Corporation Act of the State of New York, as amended, and the provisions of the Municipal Securities Act of 1973, as amended, and the provisions of the Municipal Securities Rulemaking Board, as amended.

By:

Authorized Signature

Chairman

Secretary

American Bank Note Company

New York, New York

1975
No. 26-00-

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
CUSIP 626190 FW 7

5000

10 1/4%
SERIES 26 BOND

DATED OCTOBER 1, 1980

PRINCIPAL DUE
JULY 1, 2000

SUBJECT TO PRIOR REDEMPTION
AS PROVIDED HEREIN

INTEREST PAYABLE ON JANUARY 1, 1981 AND ON JULY 1, 1981 AND SEMI-ANNUALLY THEREAFTER ON JANUARY 1 AND ON JULY 1

PRINCIPAL AND INTEREST PAYABLE AT THE CORPORATE TRUST OFFICE OF THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION) IN THE BOROUGH OF MANHATTAN CITY AND STATE OF NEW YORK OR, AT THE OPTION OF THE HOLDER, AT THE CORPORATE TRUST OFFICE OF BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION IN THE CITY AND COUNTY OF SAN FRANCISCO STATE OF CALIFORNIA

THE PRINCIPAL OF THIS BOND, IF REGISTERED, IS PAYABLE ONLY AT THE CORPORATE TRUST OFFICE OF UNITED STATES TRUST COMPANY OF NEW YORK TRUSTEE, IN THE
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

$100,000
SERIES 26 BOND

No. 26C-00

$100,000

ONE HUNDRED THOUSAND DOLLARS ($100,000)

MUNICIPAL ASSISTANCE CORPORATION

NEW YORK

By

MUNICIPAL ASSISTANCE CORPORATION

NEW YORK

By

MUNICIPAL ASSISTANCE CORPORATION

NEW YORK

By

MUNICIPAL ASSISTANCE CORPORATION

NEW YORK
No. 26C-00

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
CUSIP 626190 FU 7

100,000

10 3/4%

SERIES 26 BOND

DATED OCTOBER 1, 1980

PRINCIPAL DUE

JULY 1, 2000

SUBJECT TO PRIOR REDEMPTION AS PROVIDED HEREIN

INTEREST PAYABLE ON JANUARY 1, 1981 AND ON JULY 1, 1981 AND SEMI-ANNUALLY THEREAFTER ON JANUARY 1 AND ON JULY 1

PRINCIPAL AND INTEREST PAYABLE AT THE CORPORATE TRUST OFFICE OF THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION) IN THE BOROUGH OF MANHATTAN CITY AND STATE OF NEW YORK OR, AT THE OPTION OF THE HOLDER, AT THE CORPORATE TRUST OFFICE OF BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION IN THE CITY AND COUNTY OF SAN FRANCISCO STATE OF CALIFORNIA

THE PRINCIPAL OF THIS BOND, IF REGISTERED, IS PAYABLE ONLY AT THE CORPORATE TRUST OFFICE OF UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE, IN THE BOROUGH OF MANHATTAN, CITY AND STATE OF NEW YORK
Municipal Assistance Corporation  
For The City of New York  

Debt Service Payment Requirements by Fiscal Year  

SECOND RESOLUTION AFTER ISSUANCE OF SERIES 25 AND 26  
(In Thousands of Dollars)  

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>65,645</td>
<td>326,730</td>
<td>392,375</td>
</tr>
<tr>
<td>1982</td>
<td>70,150</td>
<td>345,892</td>
<td>416,042</td>
</tr>
<tr>
<td>1983</td>
<td>97,249</td>
<td>339,299</td>
<td>436,544</td>
</tr>
<tr>
<td>1984</td>
<td>108,680</td>
<td>329,682</td>
<td>468,362</td>
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<tr>
<td>1985</td>
<td>181,560</td>
<td>316,152</td>
<td>497,712</td>
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<tr>
<td>1986</td>
<td>209,325</td>
<td>299,447</td>
<td>508,772</td>
</tr>
<tr>
<td>1987</td>
<td>226,860</td>
<td>280,832</td>
<td>507,692</td>
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<tr>
<td>1988</td>
<td>227,200</td>
<td>261,640</td>
<td>488,840</td>
</tr>
<tr>
<td>1989</td>
<td>229,310</td>
<td>242,642</td>
<td>471,952</td>
</tr>
<tr>
<td>1990</td>
<td>248,145</td>
<td>222,871</td>
<td>471,016</td>
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<tr>
<td>1991</td>
<td>253,640</td>
<td>201,641</td>
<td>455,281</td>
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<tr>
<td>1992</td>
<td>283,305</td>
<td>178,919</td>
<td>462,224</td>
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<tr>
<td>1993</td>
<td>311,725</td>
<td>154,339</td>
<td>465,974</td>
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<tr>
<td>1994</td>
<td>150,890</td>
<td>135,154</td>
<td>286,044</td>
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<td>1995</td>
<td>180,350</td>
<td>120,922</td>
<td>301,272</td>
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<tr>
<td>1996</td>
<td>179,010</td>
<td>104,436</td>
<td>303,446</td>
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<tr>
<td>1997</td>
<td>162,880</td>
<td>83,740</td>
<td>246,620</td>
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<tr>
<td>1998</td>
<td>78,655</td>
<td>78,241</td>
<td>156,896</td>
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<tr>
<td>1999</td>
<td>83,025</td>
<td>71,142</td>
<td>154,167</td>
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<tr>
<td>2000</td>
<td>108,430</td>
<td>62,805</td>
<td>171,235</td>
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<tr>
<td>2001</td>
<td>54,370</td>
<td>55,074</td>
<td>121,444</td>
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<tr>
<td>2002</td>
<td>94,680</td>
<td>49,689</td>
<td>104,369</td>
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<tr>
<td>2003</td>
<td>80,055</td>
<td>44,744</td>
<td>104,801</td>
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<td>2004</td>
<td>65,320</td>
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<tr>
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<td>91,555</td>
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<tr>
<td>2009</td>
<td>95,655</td>
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</tr>
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</table>

Total 4,186,720 4,447,856 8,634,776
STATE OF NEW YORK
DEPARTMENT OF
TAXATION AND FINANCE
ALBANY, N. Y. 12227

JAMES H. TULLY, JR.
COMMISSIONER OF TAXATION AND FINANCE
PRESIDENT TAX COMMISSION

CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation and Finance of the State of New York, do HEREBY CERTIFY as follows:

A. Reference is made to the Second General Bond Resolution (the "Resolution") adopted November 25, 1975 by the Municipal Assistance Corporation for the City of New York (the "Corporation"). All terms defined in the Resolution are used in this certificate with the meanings ascribed to them at the indicated page in the Resolution.

B. 1. The most recent collections for the twelve (12) consecutive calendar months ended August 31, 1980 of the Sales Tax (p. 4) after deduction of cost of administering, collecting and distributing such tax was $1,152,524,560

2. The most recent collections for the twelve (12) consecutive calendar months ended August 31, 1980 of the Stock Transfer Tax (p. 5) after deduction of cost of administering, collecting and distributing such tax was $461,094,475

3. The most recent collections for the twelve (12) consecutive calendar months ended August 31, 1980 of other taxes which, as of the date hereof, are levied and collected by New York State and are payable into the Special Account in the Municipal Assistance Tax Fund described in section 92-d of the State Finance Law established for the Corporation was $0

Total of $1,613,619,035
C. The total amount of $1,613,619,035 for the twelve (12) consecutive calendar months ended August 31, 1980 as set forth in Paragraph B above (taking into account, among other factors, those factors set forth in Paragraph E below), is less than the revenues expected by me, taking into account the statements set forth in Paragraph D below, for the next succeeding twelve (12) consecutive calendar months from the Sales Tax and Stock Transfer Tax.

D. While the undersigned believes that it is not presently possible to predict the effect of a future material adverse change in the economic and/or financial conditions of the State of New York and/or the City of New York upon the Sales Tax and Stock Transfer Tax revenue the undersigned, as of this date, has no reasonable basis upon which to form a conclusion that the total revenues for the next succeeding twelve (12) consecutive calendar months commencing September 1, 1980 from the Sales Tax and Stock Transfer Tax will be less than $1,613,619,035.

E. With respect to Sales Tax collection for the twelve (12) consecutive calendar months ended August 31, 1980, several factors which occasioned a change in the pattern of revenue flow from and distribution of Sales Tax during the period should be noted. Such factors include the requirement of monthly filing by certain large vendors, an authorized method of monthly payments on a historical basis and distribution of Sales Tax on such basis.

Commencing March 1976, in addition to regular quarterly reporting, a monthly sales tax report and remittance was required from certain large vendors, i.e. all vendors with taxable receipts of $300,000 or more in any quarter of the preceding four quarters. Such vendors are also required to make an estimated payment of Sales Tax liability for the month of March by the twentieth (20th) day thereof. In filing and making such monthly report and remittance, such large vendors may estimate sales tax liability for certain months based upon historical experience rather than upon actual sales tax liability for such months. Moreover,
commencing March 1976, Sales Tax distribution to the Special Tax Account of the Corporation is made upon a historical rather than upon an actual basis and commencing June 1, 1980, a greater consideration is given to current unverified vendor quarterly collection data in making distribution for a quarterly period. As a consequence, in order to reflect actual experience, adjustments to subsequent distributions to such Special Account will be required to be made from time to time during the twelve (12) consecutive calendar months commencing September 1980. Overdistributions were made to the Special Account which ranged from $492,729 to $11,122,699 for certain three-month periods. The State Department of Taxation and Finance has made reductions in subsequent distributions to the Special Account to reflect these overpayments and, in addition, has made increases in distributions commencing January 1976 in approximate amounts ranging from $750,000 to $7.2 million to reflect under-distributions for certain prior periods. The statements herein do not purport to be a full and complete statement of existing law and its effect and reference is made to Chapter 89 of the Laws of 1976 and all amendments thereto.

In addition, legislation (Chapter 878 of the Laws of 1977) with respect to the Stock Transfer Tax alters the pattern of flow of Stock Transfer Tax moneys into the Stock Transfer Tax fund. However, it is not expected, at the present time, that such legislation or the implementation of a nationwide market system in securities pursuant to Congressional mandate and Securities and Exchange Commission rules would occasion a change in my expectations set forth in Paragraph C above.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of October 1980.

[Signature]

JAMES H. TULLY, JR.

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

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

The estimated amount of per capita aid payable to The City of New York pursuant to Section 54 of the State Finance Law, as amended, available to be apportioned and paid into the Special Aid Account of the Municipal Assistance Corporation For The City of New York in the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law for the fiscal year of the State ending March 31, 1981, was $484,036,000.00.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of October, 1980.

[Signature]
Howard F. Miller
Director of the Budget of the State of New York
Municipal Assistance Corporation For The City of New York
Series 25 Bonds
Series 26 Bonds

I. GENERAL

1.1. I, Harris A. Decker, Deputy Executive Director and Treasurer of the Municipal Assistance Corporation For The City of New York (the "Corporation"), HEREBY CERTIFY with respect to the Corporation's $174,705,000 Series 25 Bonds and $125,295,000 Series 26 Bonds (collectively, the "Bonds"), which are being issued and delivered on the date of this certificate pursuant to a general bond resolution of the Corporation dated November 25, 1975 (the "Second Resolution") and series resolutions adopted September 30, 1980, as follows:

1.2. I am an officer of the Corporation charged with the responsibility for issuing the Bonds.

1.3. This certificate is made for the purpose of establishing the reasonable expectations of the Corporation as to the amount and use of the proceeds of the Bonds. It is intended and may be relied upon as a certification described in Section 1.103-13(a)(2)(ii) of the Treasury Regulations under Section 103(c) of the Internal Revenue Code of 1954 (the "Code") and is being executed and delivered as part of the record of proceedings in connection with the issuance of the Bonds.
1.4. The Commissioner of Internal Revenue has not published notice of, nor has the Corporation been notified of any listing or proposed listing of the Corporation by the Internal Revenue Service as an issuer whose certification may not be relied upon for arbitrage purposes by holders of its obligations.

1.5. This certificate sets forth the facts, estimates and circumstances now in existence which are the basis for the Corporation's expectation that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be arbitrage bonds under Section 103(c) of the Code. To the best of my knowledge and belief, the expectations contained herein, including the expectations relating to the use of the proceeds of the Bonds, are reasonable and there are no other facts, estimates or circumstances that would materially change such expectations.

II. PURPOSES OF ISSUE

2.1. The Corporation is issuing the Bonds pursuant to the modification to and extension of the four year plan of financing developed in November 1978 (the "Four Year Plan"), which is designed to provide alternative methods of financing the capital program of the City of New York (the "City") until such time as the City has regained full access to the long-term public credit markets. In order to implement the objectives of the Four Year Plan as modified, provide for
the Corporation's debt service reserve fund requirements, and, if necessary, provide certain requirements of the New York City Loan Guarantee Act of 1978 (P.L. 95-339), the proceeds of the Bonds will be used (i) to finance a portion of the City's capital requirements through the purchase of bonds issued by the City (the "City Bonds"), (ii) to augment the Capital Reserve Fund established under the Second Resolution and (iii), if necessary, to make a deposit into the Guarantee Fund in connection with the issuance of Federally guaranteed City bonds.

2.2. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

III. AMOUNT AND USE OF PROCEEDS

3.1. The proceeds from the sale of the Bonds are $300,000,000 exclusive of accrued interest on the Bonds for 1 day of $89,583.34. Such proceeds will be applied as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of City Bonds</td>
<td>$257,000,000</td>
</tr>
<tr>
<td>Deposit into Second Resolution Capital Reserve Fund</td>
<td>$31,000,000</td>
</tr>
<tr>
<td>Deposit into Guarantee Fund (if necessary)</td>
<td>$12,000,000</td>
</tr>
</tbody>
</table>

$300,000,000

3.2. The accrued interest on the Bonds of $89,583.34, representing 1 day's interest, will be applied on January 1, 1981, to payment of interest on all bonds of the Corporation issued pursuant to the Second Resolution and may be invested prior to such expenditure without restriction as to yield.
3.3. With respect to the proceeds of the Bonds to be used to finance City capital requirements through the purchase of the City Bonds:

a. The City Bonds will be purchased pursuant to agreements between the City and the Corporation to be entered into on or before April 1, 1981 (the "Bond Purchase Agreements") which, in the aggregate, will obligate the City to sell, and the Corporation to purchase, City Bonds in a principal amount equal to such proceeds of the Bonds. The Corporation expects to hold the City Bonds to maturity.

b. The City will use the proceeds of sale of the City Bonds to finance a portion of its capital program. The Corporation reasonably expects, on the basis of letters from the Comptroller's office of the City and the Office of Management and Budget of the City, both attached hereto as Exhibit B and an arbitrage certificate of the City to be delivered at such times as the City Bonds are purchased pursuant to the Bond Purchase Agreements, that such proceeds will be used in a manner consistent with the arbitrage regulations promulgated under Section 103(c) of the Code as though all the City Bonds had been issued as of the date hereof.

c. All such proceeds will be expended on or before October 1, 1983, upon certification by the City for its capital financing requirements as described in Exhibit B, and will be invested without restriction as to yield during the interim. Interest received from
the investment of these proceeds by the Corporation will be deposited in the Bond Service Fund, will be applied to the payment of debt service on all Second Resolution Bonds within one year of receipt, and will be invested without restriction as to yield during the interim.

3.4 The Corporation will use principal and interest payments to be received on the City Bonds for debt service on all its outstanding obligations. Such payments will be deposited in either the Debt Service Fund (for obligations issued under a general bond resolution of the Corporation dated July 2, 1975) or the Bond Service Fund (for Second Resolution Bonds), will be so used within one year of receipt, and will be invested without restriction as to yield during the interim.

3.5. With respect to $31,000,000 of the proceeds of the Bonds deposited in the Second Resolution Capital Reserve Fund:

a. Such Capital Reserve Fund is a debt service reserve fund for all bonds issued pursuant to the Second Resolution. Moneys in such fund are derived both from Revenues (as defined in Section 5.1 hereof) and from proceeds of the Corporation's bonds and are approximately equal, on any given date, to debt service on all Second Resolution Bonds coming due in the succeeding calendar year (the "Requirement"). This amount has never exceeded, and will never exceed, 15% of the face amount of all bonds issued pursuant to the Second Resolution, taking into account the terms of a letter
ruling (as supplemented and clarified) issued to the Corporation by the Internal Revenue Service on April 29, 1980.

b. All such proceeds will be deposited in order to maintain such Fund at its Requirement following issuance of the Series 25 and 26 Bonds, and will be invested without restriction as to yield.

3.6. With respect to the proceeds to be deposited, if necessary, into the Guarantee Fund:

a. Such proceeds will be held in the Bond Proceeds Account of the Bond Service Fund pending disbursement, on or before December 31, 1980, and will be invested without restriction as to yield during the interim.

b. If such proceeds are required for deposit into the Guarantee Fund in connection with the issuance of Federally guaranteed City bonds pursuant to Public Law number 95-339 of the United States, they will be so deposited on the date such City bonds are issued. They will be used to reimburse the United States for the payment of principal and interest on such guaranteed City bonds to the extent provision for such payment is not made by the City when due, in accordance with the terms of an agreement made by and among the United States, the State of New York, the New York State Emergency Control Board, and the Corporation, and, if so used, the Corporation has no assurance that such amounts will be repaid to the Corporation.
c. If such proceeds are not needed for deposit into the Guarantee Fund, they will be deposited into the Second Resolution Capital Reserve Fund in anticipation of the Requirement computed as of January 1, 1981, and will be invested without restriction as to yield.

IV. TERMS OF THE BONDS AND THE PURCHASE THEREOF

4.1. The date, maturities, denominations, rates of interest and redemption features of the Bonds are shown on Exhibit A attached hereto.

4.2. The Bonds are being purchased by the Purchasers named in the Series Resolutions (collectively, the "Purchasers") pursuant to an agreement (the "Purchase Agreement") by and among the Corporation and the commercial banks, savings banks, insurance companies, and pension funds listed in Schedule I thereto, at a purchase price of par. The Purchase Agreement prohibits the resale of such Bonds by the Purchasers prior to the expiration of 40 days from the date hereof. The Corporation has no control over the disposition of the Bonds by the Purchasers following such period of time, and therefore has no reasonable expectations as of the date hereof with respect to the final disposition of the Bonds.
V. DEBT SERVICE

5.1. The Corporation expects to pay debt service on the Bonds from amounts received from the State of New York (the "State") as per capita state aid and, to the extent necessary and available, from revenues from the State sales tax imposed only in The City of New York and State stock transfer tax (collectively, the "Revenues"), which deposited in the Bond Service Fund, as well as monies received as principal and interest payments on the City Bonds.

5.2. The Bond Service Fund is a debt service fund for all bonds of the Corporation issued pursuant to the Second Resolution. It is expected that the amount of Revenues and principal and interest payments on City Bonds deposited in the Bond Service Fund will be expended on the payment of debt service on all such bonds within 13 months of the date of deposit. Further it is expected that the amount deposited in the Bond Service Fund will be depleted at least once a year except possibly for a carryover amount which will not exceed the greater of one year's earnings on such Fund or one-twelfth of annual debt service. Consequently, moneys deposited in the Bond Service Fund may be invested without restriction as to yield.

5.3. The Corporation has not created, nor intends to create or establish, any funds other than the Bond Service Fund and the Capital Reserve Fund established under the Second Resolution for the payment of debt service on the Bonds or which may be pledged as security for the Bonds.
While other funds and accounts of the Corporation are subject to a general pledge in favor of the holders of the Bonds, if amounts in such funds and accounts are needed for corporate purposes of the Corporation other than the payment of debt service on the Bonds, they will be so used. Accordingly, it cannot be said with any reasonable assurance that any of these amounts will be available for the payment of debt service on the Bonds if such need should ever arise.

5.4. Interest received from the investment of amounts deposited in the Bond Service Fund will be expended on the payment of debt service within one year of receipt and will be invested without restriction as to yield during the interim.

5.5. Interest received from the investment of amounts deposited in the Capital Reserve Fund established under the Second Resolution will be retained for investment in such Fund to the extent necessary to meet the Requirement. Any excess amount will be transferred to the Bond Service Fund and expended on the payment of debt service within one year of receipt.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of October 1980.

[Signature]

Harris A. Decker, Deputy Executive Director and Treasurer
Municipal Assistance Corporation
For The City of New York
The Series 25 and Series 26 Bonds are dated as of October 1, 1980, bear interest at the rate of 10.75% and mature on July 1, 2000. Such bonds are being purchased pursuant to the Bond Purchase Agreement dated as of November 15, 1978, to which reference is made in paragraph 4.2 hereof, at a purchase price of par.

Optional Redemption

The Series 25 and 26 Bonds are subject to redemption at the option of the Corporation on and after July 1, 1990, as a whole on any date, or in part by lot on any interest payment date or dates, at the following redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1990 to June 30, 1991</td>
<td>102%</td>
</tr>
<tr>
<td>July 1, 1991 to June 30, 1992</td>
<td>101-1/2%</td>
</tr>
<tr>
<td>July 1, 1992 to June 30, 1993</td>
<td>101</td>
</tr>
<tr>
<td>July 1, 1993 to June 30, 1994</td>
<td>100-1/2</td>
</tr>
<tr>
<td>July 1, 1994 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The Series 25 and 26 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years, and in the respective principal amounts, set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of
redemption, from mandatory "Sinking Fund Installments" which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 25 and 26 Bonds specified for each of the years shown below:

### Sinking Fund Installments
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Series 25</th>
<th>Series 26</th>
<th>Year</th>
<th>Series 25</th>
<th>Series 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$3,335</td>
<td>$2,395</td>
<td>1992</td>
<td>$6,970</td>
<td>$5,000</td>
</tr>
<tr>
<td>1983</td>
<td>3,615</td>
<td>2,590</td>
<td>1993</td>
<td>4,475</td>
<td>3,210</td>
</tr>
<tr>
<td>1984</td>
<td>12,030</td>
<td>8,625</td>
<td>1994</td>
<td>15,160</td>
<td>10,870</td>
</tr>
<tr>
<td>1985</td>
<td>12,890</td>
<td>9,245</td>
<td>1995</td>
<td>15,620</td>
<td>11,200</td>
</tr>
<tr>
<td>1986</td>
<td>13,760</td>
<td>9,865</td>
<td>1996</td>
<td>9,480</td>
<td>6,800</td>
</tr>
<tr>
<td>1987</td>
<td>11,855</td>
<td>8,505</td>
<td>1997</td>
<td>9,120</td>
<td>6,540</td>
</tr>
<tr>
<td>1988</td>
<td>6,870</td>
<td>4,925</td>
<td>1998</td>
<td>8,820</td>
<td>6,325</td>
</tr>
<tr>
<td>1989</td>
<td>7,090</td>
<td>5,085</td>
<td>1999</td>
<td>9,435</td>
<td>6,770</td>
</tr>
<tr>
<td>1990</td>
<td>7,310</td>
<td>5,240</td>
<td>2000</td>
<td>9,345*</td>
<td>6,705*</td>
</tr>
<tr>
<td>1991</td>
<td>7,525</td>
<td>5,400</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Payment at maturity.
October 2, 1980

Municipal Assistance Corporation
for The City of New York
Two World Trade Center
New York, New York 10048

Attention: Mr. H. Andrew Decker

Re: $300 Million Series 25 and 26 Bonds
Dated as of October 1, 1980

Dear Sirs:

In connection with the issuance by the Municipal Assistance Corporation for The City of New York ("Corporation") of its $300 million Series 25 and 26 Bonds, dated as of October 1, 1980, and the proposed use of $112.3 million of the proceeds thereof to purchase bonds to be issued by The City of New York ("City"), we refer you to the Arbitrage Certificates of the City dated the date hereof and attached hereto and authorize you to rely on the expectations set forth therein. With respect to such $112.3 million of proceeds, the City has incurred as of the date hereof, or reasonably expects to incur within six months from the date hereof or, if there are good business reasons, one year from the date hereof, substantial binding obligations to commence or acquire capital improvement projects which will be financed with such proceeds. With respect to the proposed use of $144.7 million of the proceeds thereof to purchase bonds to be issued by the City, we hereby advise you as follows:

1. The City will sell to the Corporation on or before October 1, 1983, its general obligation serial bonds
in an aggregate principal amount equal to $144.7 million with the maturities set forth in Exhibit A.

2. On or before October 1, 1983, the City will use the proceeds from such sale either to reimburse its General Fund for a portion of the monies of the City which will have been authorized to be temporarily used, and which will be so used on or before October 1, 1983, for various capital improvement projects in the City's capital budget in effect on the date hereof, or other projects which may be subsequently added thereto (the "Capital Improvement Projects") having at least the periods of probable usefulness set forth in Exhibit B, or, in the event and to the extent that no such temporary advances have been made and are outstanding, such proceeds will be used as needed to finance expenditures for various Capital Improvement Projects of the City having at least the periods of probable usefulness set forth in Exhibit B. Any amounts transferred to the General Fund shall be expended from the General Fund for various operating expenses of the City on or before October 1, 1983.

3. The City has determined that the expenditure of the $144.7 million referred to above can reasonably be expected to take place on or before October 1, 1983 based on (i) the projected expenditures during such period for the purposes for which such funds will be expended; (ii) the previous experience of the City with respect to the expenditure of proceeds from the sale of bonds; and (iii)
the rate of expenditure of funds for capital improvement projects of the City in previous fiscal years and during the period from July 1, 1980 through the date hereof.

The City has incurred, or reasonably expects to incur within six months, or, to the extent there are good business reasons, one year from the date hereof, substantial binding obligations to commence or acquire the Capital Improvement Projects which will be financed by the proceeds of the bonds sold to the Corporation as described above. In addition, the City reasonably expects to proceed with due diligence to completion on Capital Improvement Projects having at least the periods of probable usefulness set forth in Exhibit B after substantial binding obligations have been incurred.

Very truly yours,

[Signature]

Thomas DeRogatis
Deputy Comptroller for Finance of The City of New York

[Signature]

James R. Brigham, Jr.
Director of Management of Budget of The City of New York

-3-
**EXHIBIT A**

Terms of City Bonds to be Purchased by MAC

(In $ Thousands)

<table>
<thead>
<tr>
<th>Bonds To Mature September 15:</th>
<th>Structure of City Debt To Be Issued Within Maximum Period of Probable Usefulness Permitted by Local Finance Law*</th>
<th>Total To Be Purchased by MAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>6,700 3,145 1,030 3,100</td>
<td>13,975</td>
</tr>
<tr>
<td>1984</td>
<td>7,445 3,310 1,065 3,165</td>
<td>14,985</td>
</tr>
<tr>
<td>1985</td>
<td>8,185 3,475 1,100 3,235</td>
<td>15,995</td>
</tr>
<tr>
<td>1986</td>
<td>8,930 3,640 1,135 3,300</td>
<td>17,005</td>
</tr>
<tr>
<td>1987</td>
<td>3,805 1,170 3,360</td>
<td>8,335</td>
</tr>
<tr>
<td>1988</td>
<td>3,970 1,205 3,425</td>
<td>8,600</td>
</tr>
<tr>
<td>1989</td>
<td>4,135 1,240 3,490</td>
<td>8,865</td>
</tr>
<tr>
<td>1990</td>
<td>4,300 1,275 3,555</td>
<td>9,130</td>
</tr>
<tr>
<td>1991</td>
<td>4,460 1,310 3,620</td>
<td>9,390</td>
</tr>
<tr>
<td>1992</td>
<td>1,345 3,690</td>
<td>5,035</td>
</tr>
<tr>
<td>1993</td>
<td>1,380 3,755</td>
<td>5,135</td>
</tr>
<tr>
<td>1994</td>
<td>1,420 3,820</td>
<td>5,240</td>
</tr>
<tr>
<td>1995</td>
<td>1,455 3,885</td>
<td>5,340</td>
</tr>
<tr>
<td>1996</td>
<td>1,485 3,950</td>
<td>5,435</td>
</tr>
<tr>
<td>1997</td>
<td>4,015</td>
<td>4,015</td>
</tr>
<tr>
<td>1998</td>
<td>4,085</td>
<td>4,085</td>
</tr>
<tr>
<td>1999</td>
<td>4,135</td>
<td>4,135</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>144,700</strong></td>
</tr>
</tbody>
</table>

* Maturities of City bonds may vary by up to $5,000 per maturity.
EXHIBIT B

<table>
<thead>
<tr>
<th>Periods of Probable Usefulness</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>$31,260,000</td>
</tr>
<tr>
<td>10 years</td>
<td>34,240,000</td>
</tr>
<tr>
<td>15 years</td>
<td>17,615,000</td>
</tr>
<tr>
<td>20 years</td>
<td>61,585,000</td>
</tr>
</tbody>
</table>
October 1, 1980

Mr. Harris A. Decker  
Treasurer  
Municipal Assistance Corporation  
One World Trade Center  
New York, N. Y. 10048

Dear Mr. Decker:

This will confirm advice given to you by Lazard Freres & Co., your financial advisor, to the effect that for market requirements it is necessary to maintain the capital reserve funds established under the Second General Bond Resolution of the Municipal Assistance Corporation for the City of New York from the proceeds of Series 25 and 26 issues in the manner described in the Supplemental Official Statement dated October 2, 1980.

Yours very truly,

[Signature]

John S. Tamagni

JST:AMM
THE CITY OF NEW YORK

ARBITRAGE CERTIFICATE

I, THOMAS DE ROGATIS, Deputy Comptroller for Finance of The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. On August 16, 1979, pursuant to Section 94 of the Charter of the City, the Comptroller of the City delegated to me, as Deputy Comptroller for Finance of the City, the following powers and duties:

(a) Pursuant to Section 50.00 of the New York Local Finance Law (the "LFL"), the power to prescribe the terms, form and contents of every or any type of bond or note of the City; and pursuant to Section 56.00 of the LFL, all powers and duties which are vested in the Finance Board pursuant to Sections 57.00, 58.00, 59.00, 60.00, 62.00 and 63.00 of the LFL and any other powers and duties which the Finance Board may have pertaining or incidental to the sale or issuance of obligations of the City;

(b) (1) The power to represent him and act for him relative to the issuance of all notes and bonds of the City, and

(2) The power to represent him and act for him relative to and to sign for and on his
behalf any papers, documents, agreements, certificates
or materials whatsoever relative to the exercise of
the powers and duties set forth above and relative
to all bonds and notes of the City.

Such delegation executed by the Comptroller of
the City has been duly filed with the Office of the Mayor
of the City pursuant to Section 160.10 of the LFL, is in
full force and effect and has not been amended, modified
or revoked as of the date hereof.

2. This certificate is issued with respect to
the $70,300,000 aggregate principal amount of serial
bonds of the City dated October 2, 1980 (the "Bonds")
and sold to, taken up and paid for by the Municipal
Assistance Corporation For The City of New York ("MAC")
on that date. This certificate shall constitute and be
a document related to the Bonds. The Bonds bear interest
from October 2, 1980 until maturity at the rate specified
on Exhibit A attached hereto payable semi-annually on each
March 15 and September 15 commencing on March 15, 1981.
As set forth on Exhibit A, the Bonds mature in annual
installments payable on September 15 in each year beginning
in 1981.

3. The aggregate proceeds from the sale of the
Bonds will be deposited in a bank or trust company in a
special account (the "Account"). The proceeds of the
Bonds will remain on deposit in the Account for a period of not more than one year from the date hereof and during such period will be transferred and paid into the General Fund in repayment of temporary advances made from such fund which temporary advances have been authorized pursuant to Section 165.10 of the LFL and which were so advanced after June 30, 1980, and, in the event that no such temporary advances have been made and are outstanding, proceeds shall be transferred and paid into the General Fund, as needed, to finance expenditures for the purposes set forth below for which the aggregate principal amount of $70,300,000 of the Bonds is being issued:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition, Construction and Reconstruction of and Additions to Water Supply and Distribution Systems (50 years)</td>
<td>$22,335,000</td>
</tr>
<tr>
<td>Acquisition, Construction and Reconstruction of Solid Waste Management-Resource Recovery Facilities (20 years)</td>
<td>172,000</td>
</tr>
<tr>
<td>Construction of Additions to and Reconstruction of Buildings (10 years)</td>
<td>71,000</td>
</tr>
<tr>
<td>Construction of Additions to and Reconstruction of Buildings (15 years)</td>
<td>358,000</td>
</tr>
<tr>
<td>Construction of Additions to and Reconstruction of Buildings (20 years)</td>
<td>20,290,000</td>
</tr>
<tr>
<td>Original Improvements and Embellishments of Certain Parks, Playgrounds and Recreational Areas (15 years)</td>
<td>47,000</td>
</tr>
<tr>
<td>Construction, Reconstruction, Widening and Resurfacing of Certain Highways, Roads, Streets, Parkways and Parking Areas (5 years)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Purpose</td>
<td>Amount</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Purchase and Installation of Certain Systems of Communications and Transmission and Additions thereto (10 years)</td>
<td>3,205,000</td>
</tr>
<tr>
<td>Purchase of Certain Motor Vehicles Used for Fighting Fires (10 years)</td>
<td>9,795,000</td>
</tr>
<tr>
<td>Acquisition, Construction and Reconstruction of and Additions to Boardwalks (10 years)</td>
<td>32,000</td>
</tr>
<tr>
<td>Renovation of Playgrounds and Public Parks (5 years)</td>
<td>3,995,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$70,300,000</strong></td>
</tr>
</tbody>
</table>

Funds transferred to the General Fund from the Account shall be expended from the General Fund within one year from the date hereof for various operating expenses of the City.

4. The City has determined that the expenditure of the amount of proceeds retained in the Account in accordance with paragraph 3 above can reasonably be expected to take place within one year from the date hereof based on (i) the projected expenditures during such period for the purposes for which the proceeds will be expended; (ii) the previous experience of the City with respect to the expenditure of the proceeds from the sale of bonds; and (iii) the rate of expenditure of funds for capital improvement projects of the City in previous years and during the period from July 1, 1980 through the date hereof. The City reasonably expects to proceed with due diligence to expend the proceeds retained in the Account for the capital improvement projects described in paragraph 4.
5. Except to the extent that the general debt service fund (the "Debt Service Fund") established by the City pursuant to Section 9-a of the New York State Financial Emergency Act for The City of New York (the "Act") for the purpose of paying debt service due or becoming due on any outstanding bonds and notes of the City, including principal of and interest on the Bonds, and the Account referred to in paragraph 4 above may be deemed to be reserve or replacement funds, no reserve or replacement fund will be created or established. The City reasonably expects that there will be no funds other than those described above in this Paragraph 6 that will be used, or may be deemed to be used, to pay principal or interest on the Bonds.

6. Payments of real estate taxes to the City will be deposited in the Debt Service Fund, will be used to pay the debt service on certain outstanding City bonds and notes, including principal of and interest on the Bonds, and will be retained as follows: (i) during the first month of a fiscal quarter, amounts are to be retained in the Debt Service Fund equal to the "monthly debt service", as defined in the Act, for the second and third months of such fiscal quarter; and (ii) during the second and third months of each fiscal quarter, amounts are to be retained in the Debt Service Fund equal to the monthly debt service for the first month of the next succeeding fiscal quarter. The Debt Service Fund was created primarily to achieve a proper matching of revenues and debt service within the City's fiscal year. Under the
first-in-first-out method of accounting, any money deposited in the Debt Service Fund will be expended within a 13-month period from the date of deposit, and any money received from investment of money held in the Debt Service Fund will be expended within a one-year period from the date of receipt.

7. The City disposes of its property in the ordinary course because of obsolescence and normal wear and tear. As of this date, the City does not plan, prior to the maturity of the Bonds, the cash sale of any capital improvements projects the cost of which is being financed by the Bonds and which would otherwise require the establishment of a mandatory reserve fund for the purpose of retiring the Bonds from the proceeds from such cash sales.

8. To the best of my knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances which would materially change such expectations.

9. The City has not been notified of any listing of the City by the Internal Revenue Service, as provided in Section 1.103-13(a)(2)(iv) of the Treasury Regulations, as an issuer that may not certify with respect to its bonds.

10. This certificate is being executed and delivered pursuant to Section 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under the Internal Revenue Code of 1954, as amended.
IN WITNESS WHEREOF, I have set my hand this 2nd day of October, 1980.

Thomas DeRogatis,
Deputy Comptroller for Finance
EXHIBIT A

Bonds are payable in annual installments on September 15 in each year beginning in 1981 as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Rate</th>
<th>Amount of Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>10.75%</td>
<td>$5,729,000</td>
</tr>
<tr>
<td>1982</td>
<td></td>
<td>6,205,000</td>
</tr>
<tr>
<td>1983</td>
<td></td>
<td>6,681,000</td>
</tr>
<tr>
<td>1984</td>
<td></td>
<td>7,156,000</td>
</tr>
<tr>
<td>1985</td>
<td></td>
<td>7,629,000</td>
</tr>
<tr>
<td>1986</td>
<td></td>
<td>3,356,000</td>
</tr>
<tr>
<td>1987</td>
<td></td>
<td>3,465,000</td>
</tr>
<tr>
<td>1988</td>
<td></td>
<td>3,574,000</td>
</tr>
<tr>
<td>1989</td>
<td></td>
<td>3,686,000</td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td>3,794,000</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td>2,583,000</td>
</tr>
<tr>
<td>1992</td>
<td></td>
<td>2,646,000</td>
</tr>
<tr>
<td>1993</td>
<td></td>
<td>2,708,000</td>
</tr>
<tr>
<td>1994</td>
<td></td>
<td>2,770,000</td>
</tr>
<tr>
<td>1995</td>
<td></td>
<td>2,833,000</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>1,332,000</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>1,358,000</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>1,385,000</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>1,410,000</td>
</tr>
</tbody>
</table>

$70,300,000
THE CITY OF NEW YORK
ARBITRAGE CERTIFICATE

I, THOMAS DE ROGATIS, Deputy Comptroller for Finance of The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. On August 16, 1979, pursuant to Section 94 of the Charter of the City, the Comptroller of the City delegated to me, as Deputy Comptroller for Finance of the City, the following powers and duties:

   (a) Pursuant to Section 50.00 of the New York Local Finance Law (the "LFL"), the power to prescribe the terms, form and contents of every or any type of bond or note of the City; and pursuant to Section 56.00 of the LFL, all powers and duties which are vested in the Finance Board pursuant to Sections 57.00, 58.00, 59.00, 60.00, 62.00 and 63.00 of the LFL and any other powers and duties which the Finance Board may have pertaining or incidental to the sale or issuance of obligations of the City;

   (b) (1) The power to represent him and act for him relative to the issuance of all notes and bonds of the City, and

   (2) The power to represent him and act for him relative to and to sign for and on his
behalf any papers, documents, agreements, certificates or materials whatsoever relative to the exercise of the powers and duties set forth above and relative to all bonds and notes of the City.

Such delegation executed by the Comptroller of the City has been duly filed with the Office of the Mayor of the City pursuant to Section 160.10 of the LFL, is in full force and effect and has not been amended, modified or revoked as of the date hereof.

2. This certificate is issued with respect to $342,000,000 aggregate principal amount of serial bonds of the City dated October 2, 1980 (the "Bonds") and sold to, taken up and paid for by certain City and State pension funds (collectively, the "Pension System Purchasers") and the Municipal Assistance Corporation For The City of New York ("MAC") on the date hereof. This certificate shall constitute and be a document related to the Bonds. The Bonds bear interest from October 2, 1980 until maturity at the rates set forth in Exhibit A hereto. As set forth in Exhibit A, the Bonds mature in annual installments payable on September 15 in each year beginning in 1981.

3. The aggregate proceeds from the sale of the Bonds will be deposited in a bank or trust company in a special account (the "Account"), and not less than $67,968,000 of such proceeds will be transferred and paid into the general fund of the City (the "General
Fund") within seven days of the date hereof to replenish the General Fund for funds of the City which were authorized to be temporarily used, and which were so used on or before June 30, 1980, for the purposes set forth below for which the aggregate principal amount of $67,968,000 of Bonds is being issued:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets and Sewer Improvements (40)</td>
<td>$29,967,973.43</td>
</tr>
<tr>
<td>Sanitary and Combined Sewers (42)</td>
<td>3,307,512.28</td>
</tr>
<tr>
<td>Water Pollution Control Projects (43)</td>
<td>240,813.36</td>
</tr>
<tr>
<td>Various Municipal Purposes (51) (52)</td>
<td>26,458,634.31</td>
</tr>
<tr>
<td>Education (53)</td>
<td>2,061,478.39</td>
</tr>
<tr>
<td>Docks (54)</td>
<td>4,701,009.28</td>
</tr>
<tr>
<td>Transit (58)</td>
<td>1,230,578.95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$67,968,000.00</strong></td>
</tr>
</tbody>
</table>

Such funds will be expended from the General Fund within 180 days of the date hereof for various operating expenses of the City. The purposes set forth above include the acquisition, construction, reconstruction or addition to various capital improvement projects of the City.

4. Up to $274,032,000 of the proceeds of the Bonds will remain on deposit in the Account after the seven day period referred to in paragraph 3 above; it is expected that such amount will remain on deposit for a period of not more than one year from the date hereof and during such period will be transferred and paid into the General Fund in repayment of temporary advances made from such fund which temporary advances have been authorized pursuant to Section 165.10 of the LFL and which were so advanced after
June 30, 1980, and, in the event that no such temporary advances have been made and are outstanding, proceeds shall be transferred and paid into the General Fund, as needed, to finance expenditures for the purposes set forth below for which the aggregate principal amount of $274,032,000 of Bonds is being issued:

Acquisition, Construction and Reconstruction of and Additions to Water Supply and Distribution Systems.......................... $11,505,000

Acquisition, Construction and Reconstruction of and Additions to Sewer Systems...... 64,000,000

Acquisition, Construction and Reconstruction of Additions to Docks, Piers and Wharf Properties.............................................. 2,713,000

Acquisition and Construction of Buildings.............. 59,048,000

Construction of Additions to and Reconstruction of Buildings............... 10,861,000

Installation and Reconstruction of Certain Heating, Lighting, Plumbing, Ventilating, Elevators and Power Plants and Systems in Certain Buildings........................ 15,000,000

Construction, Reconstruction, Widening and Resurfacing of Certain Highways, Roads, Streets, Parkway and Parking Areas........... 54,401,000

Acquisition of Land and Certain Rights in Land........................................... 157,000

Purchase of Certain Motor Vehicles Used For Fighting Fires...................... 10,205,000

Purchase of Certain Motor Vehicles.................. 25,000,000

Acquisition, Construction and Reconstruction of and Additions to Certain Physical Public Betterments and Improvements.......................... 15,000,000

Renovation of Playgrounds and Public Parks.............................. 6,142,000

$274,032,000
Funds transferred to the General Fund from the Account shall be expended from the General Fund within one year from the date hereof for various operating expenses of the City.

5. The City has determined that the expenditure of the amount of proceeds retained in the Account in accordance with paragraph 4 above can reasonably be expected to take place within one year from the date hereof based on (i) the projected expenditures during such period for the purposes for which the proceeds will be expended; (ii) the previous experience of the City with respect to the expenditure of the proceeds from the sale of bonds; and (iii) the rate of expenditure of funds for capital improvement projects of the City in previous years and during the period from July 1, 1980 through the date hereof. The City reasonably expects to proceed with due diligence to expend the proceeds retained in the Account for the capital improvement projects described in paragraph 4.

6. Except to the extent that the general debt service fund (the "Debt Service Fund") established by the City pursuant to Section 9-a of the New York State Financial Emergency Act for The City of New York (the "Act") for the purpose of paying debt service due or becoming due on any outstanding bonds and notes of the City, including principal of, and interest on the Bonds, the guarantee reserve fund (the "Guarantee Reserve Fund")
established by resolution adopted November 14, 1978, as amended and supplemented by further resolutions adopted November 16, 1978, February 13, 1979 and June 27, 1979 (the "Resolutions"), of MAC in accordance with the requirements of the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the "Guarantee Act"), and the Account referred to in paragraph 3 above, may be deemed to be reserve or replacement funds, no reserves or replacement fund will be created or established. The City reasonably expects that there will be no funds other than those described above in this Paragraph that will be used, or may be deemed to be used, to pay principal or interest on the Bonds or which are pledged as security for the Bonds and for which there is a reasonable assurance amounts therein will be available to pay principal and interest on the Bonds if the City encounters financial difficulties.

7. Payments of real estate taxes to the City will be deposited in the Debt Service Fund, will be used to pay the debt service on certain outstanding City bonds and notes, including principal of and interest on the Bonds, and will be retained as follows: During the first month of a fiscal quarter, amounts are to be retained in the Debt Service Fund equal to the "monthly debt service", as defined in the Act, for the second and third months of such fiscal quarter; and during the second and third months of each fiscal quarter, amounts are to be retained in the Debt Service Fund equal to the monthly debt service for the
first month of the next succeeding fiscal quarter. The Debt Service Fund was created primarily to achieve a proper matching of revenues and debt service within the City's fiscal year. Under the first-in first-out method of accounting, any money deposited in the Debt Service Fund will be expended within a thirteen month period from the date of deposit, and any money received from investment of money held in the Debt Service Fund will be expended within a one year period from the date of receipt.

8. The Guarantee Reserve Fund is required pursuant to the Guarantee Act. The Guarantee Act provides that the payment of interest and principal on the bonds sold to the Pension System Purchasers is guaranteed by the United States of America, except that such guarantee is effective only with respect to bonds issued to and held by certain City and State pension funds and terminates after such bonds are sold or otherwise disposed of by such pension funds (other than to a successor in interest not involving a change in beneficial ownership) and requires the State or an agency of the State to establish a fund equal to 5% of the principal amount of the bonds guaranteed pursuant to the Guarantee Act plus 5% of one year's interest payments on such bonds. In order to satisfy this requirement, MAC has agreed to establish the Guarantee Reserve Fund and to deposit in such fund an amount equal to at least 5% of the principal of and of one year's interest on the bonds of the City which are guaranteed.
pursuant to the Guarantee Act. At the direction of the Secretary of the Treasury and in accordance with the terms of the Resolutions, MAC has agreed to use such funds to pay principal of and interest on the bonds guaranteed pursuant to the Guarantee Act which are in default or to reimburse the United States of America upon demand for amounts paid pursuant to such guarantees. The City does not anticipate that there shall be a default with respect to any bonds of the City which are guaranteed pursuant to the Guarantee Act. The monies held in such fund shall be invested in obligations of the United States of America or obligations guaranteed by the United States of America.

9. The City disposes of its property in the ordinary course because of obsolescence and normal wear and tear. As of this date, the City does not plan, prior to the maturity of the Bonds, the cash sale of any capital improvement projects the cost of which is being financed by the Bonds and which would otherwise require the establishment of a mandatory reserve fund for the purpose of retiring the Bonds from the proceeds from such cash sales.

10. To the best of my knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances which would materially change such expectations.

11. The City has not been notified of any listing of the City by the Internal Revenue Service, as provided in Section 1.103-13(a) (2) (iv) of the Treasury Regulations,
as an issuer that may not certify with respect to its bonds.

12. This certificate is being executed and delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under the Internal Revenue Code of 1954, as amended.

IN WITNESS WHEREOF, I have set my hand this 2nd day of October 1980.

Thomas DeRogatis,
Deputy Comptroller for Finance of The City of New York
October 2, 1980

To the Board of Directors of

Municipal Assistance Corporation
For The City of New York
and
The Purchasers referred to in the
Official Statement described herein

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") as of June 30, 1980 and 1979, and for the years then ended (the "Financial Statements") included in the Supplemented Official Statement of the Corporation dated October 2, 1980 for the Series 25 and Series 26 Bonds (the "Official Statement"); our report with respect thereto is also included in such Official Statement. In connection with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the Corporation's Financial Statements for the years ended June 30, 1980 and 1979 and expressed our opinion thereon dated July 28, 1980. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1980; although we have made an examination for the year ended June 30, 1980, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1980 and for the year then ended.

2. For purposes of this letter we have read the Official Statement and the minutes of the meetings of the Board of Directors of the Corporation for the period commencing July 1, 1980 and ending on October 1, 1980, as set forth in the minute books or made available to us in draft form at the offices of the Corporation on October 1, 1980. (Our work did not extend to October 2, 1980.) Officials of the Corporation have advised us that such minutes represent minutes of all such meetings for such period.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
The Purchasers referred to in the
Official Statement described herein - 2 - October 2, 1980

3. Corporation officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 1980 are available. With respect to the period from July 1, 1980 to October 1, 1980, we have made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether (i) there has been any increase in total bonds payable of the Corporation, (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund and (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Municipal Assistance Corporation For The City of New York Act, as amended (the "Act"), to be in such Fund.

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

On the basis of these inquiries and our reading of the minutes as described in 2, nothing came to our attention as of October 1, 1980 that caused us to believe that: (i) there was any increase in the total bonds payable of the Corporation, except for increases which are disclosed in the Financial Statements or the Official Statement. (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund or (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Act to be in such Fund.

4. In addition to the examination of the Financial Statements and the limited procedures described above, we have, for the purposes of this letter, and at your request, read and performed the following procedures with respect to the table entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" (the "Table") which appears on page 16 of the Official Statement:

A. We compared the amounts of total debt service on First Resolution Bonds for each year set forth in column I of the Table to amounts shown in the first column of Exhibit III to the Financial Statements, appearing on page F-11 of the Official Statement, and found them to be in agreement.
To the Board of Directors of  
Municipal Assistance Corporation  
For The City of New York   
and  
The Purchasers referred to in the  
Official Statement described herein - 3 -  
October 2, 1980

B. With respect to the data set forth in column 4 of the  
Table, we reviewed an unaudited calculation sheet which  
showed the addition of the pro forma debt service payment  
amounts on the Series 25 and 26 Bonds for each year to the  
Corporation's existing Second Resolution debt service  
payment requirements for each year, as shown in the fourth  
column of the table appearing on page 16 of the Corpora-
tion's Official Statement for Series 24 Bonds assuming,  
for the purposes of such calculations, the maturity,  
interest and redemption provisions set forth or referred  
to on the cover page of the Official Statement for the  
Series 25 and Series 26 Bonds. Such addition appears to  
be correctly applied to the debt service amounts.

C. With respect to the data set forth in column 5 of the  
Table, we divided the total of all revenues including the  
total of the Aggregate Sales and Stock Transfer Taxes and  
Adjusted Per Capita Aid appearing on page 15 of the Offi-
cial Statement (which revenue amounts have been reduced by  
$6.4 million, representing the Corporation's current esti-
mate of its operating expenses for the fiscal year ending  
June 30, 1981) less the debt service amounts appearing in  
column 1 of the Table, by the corresponding debt service  
amount in column 4 for the years 1981 through 1995 and  
found such ratios to be correct.

D. With respect to the coverage ratios set forth in the para-
graph immediately following the Table, we reviewed an  
unaudited calculation sheet showing the division of the  
total of all revenues, referred to in 4C, by the total of  
each year's debt service amount appearing in columns 1 and  
4 of the Table and found the range of coverage for the  
years 1981 through 1995 stated in such paragraph to be  
correct.

E. With respect to the average coverage ratio stated in such  
paragraph, we reviewed an unaudited calculation sheet  
showing the addition of the coverage ratios for the years  
1981 through 1995, referred to in 4D above, divided by the  
number of ratios included in the addition, and found the  
average of such ratios to be correct.

Price Waterhouse & Co.
To the Board of Directors of
Municipal Assistance Corporation
For the City of New York

and

The Purchasers referred to in the
Official Statement described herein - 4 - October 2, 1980

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

5. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the Purchasers in conducting and documenting their review of the affairs of the Corporation in connection with the delivery of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except the Bond Purchase Agreement between the Corporation and the Purchasers and related closing documents.

Yours very truly,

[Signature]

Price Waterhouse & Co.
I, Howard F. Miller, Director of the Budget of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. Responsible and knowledgeable officials of the Division of the Budget of the State under my supervision have reviewed the information contained in the Supplemented Official Statement dated October 2, 1980 (the "Supplemented Official Statement") of the Municipal Assistance Corporation For The City of New York under the section captioned "Certain Developments Affecting the State."

2. Such section of the Supplemented Official Statement does not contain any untrue statement of a material fact concerning the State of New York or omit any statement of a material fact necessary to make the statements therein concerning the State, in light of the circumstances under which they were made, not misleading.

3. Such officials have also reviewed the information contained in the Supplemented Official Statement under the section captioned "Provisions for Payment of the Bonds-Per Capita Aid."

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

Witness my signature this 2nd day of October 1980.

Howard F. Miller
Director of the Budget of the State of New York
James H. Flynn Jr.

2nd day of October, 1980.

In Witness Whereof, I have hereunto set my hand this

commission.

accurate in all material respects and there are no material
Stock Transfer Tax, such tabular data and footnotes are
"Paying of the Bonds--Sales Tax" and "Payment of the Bonds--
hearsal (the "Official Statement") under the sections captioned
have been herefore supplied or amended as of the date
for the City of New York, dated October 2, 1980, with respect
official statement of the Municipal Assistance Corporation
commissioning the "Sales Tax Software" in the City and governmental
for the State of New York, do hereby certify as
I, James H. Flynn, Jr., Commissioner of Taxation and
of Taxation and Finance

Certificate of the Commissioner

ALBANY, N.Y. 12227
Taxation and Finance
Department of
State of New York
2. The information set forth in such section under the subheading "Recent Financial History" to the effect that the explanation of such information, Official Statement, or other documents for a more complete explanation of the amount of the general obligation serial bonds, hereinafter referred to as the City's official statement with the sale of $300 million, mentioned in the paragraph numbered 2 through 11 of the certificates of the City. Certain of such information which is referred to in the Official Statement of the city of New York (the "Corporation") under the Official Statement relating to the Series 25 and 26 Bonds, I have reviewed the information contained in the Official Statement relating to the Series 25 and 26 Bonds.

HEREBY CERTIFY AS FOLLOWS:

I, James A. Brigham, Jr., Director of Management of the Corporation of the City of New York,

CERTIFICATE OF THE DIRECTOR OF MANAGEMENT AND BUDGET OF THE CITY OF NEW YORK
the City, after it lost access to the public credit markets, took a number of steps which were intended to enable it to
balance its budget and to regain access to the public credit markets, including accounting reforms and development of a
three-year financial plan (the "Three Year Financial Plan"),
is accurate and not misleading in any material respect.

3. The information contained in such section under
the subheading "Recent Financial History" to the effect that
the City, among other actions, took steps to reduce the number
of its employees, entered into labor contracts consistent
with the assumptions contained in the Three Year Financial
plan and with the wage guidelines adopted by the Control Board
(as defined in the Official Statement), began charging general
revenue from the City University of New York, and received addi-
tional State and Federal aid, is accurate and not misleading
in any material respect.

4. The information set forth in such section under
the subheading "Recent Financial History" with respect to the
City's failure to regain access to the public credit mar-
kets during its 1978 fiscal year, (b) actions proposed by the
City and others to provide for the City's long-term financing
through the 1982 fiscal year and to enable the City to re-
enter the public credit markets, and (c) the results of those
proposals, is accurate and not misleading in any material
respect.
expenditures of 813,887.87 with an increase according to
the City's budget for Fiscal Year 1987 and 1988 to the effect that
the subheading "Fiscal Years 1981-1984" to the effect that
the information forth in such section under

7. The information set forth in any material respects.
Fiscal Year 1980 under the accounting principles permitted by State
1980 FYR Plan Proposed a Balanced Operating Budget for
approved & modified, the "1980 FYR Plan", and (e) the
and subsequently approved modifications to the plan (a)
Fiscal Year Financial Plan for the 1980 through 1983 Fiscal Years
after, (d) June 1979, the Contract Board approved a four
through Fiscal Year 1981 and in accordance with State Law
provide for a budget balanced in accordance with State Law
contract board, (c) the Emergency Act requires that the City
Year upon request of the City and approved of the
Fiscal Plan may be modified from time to time during the
Emergency Act ("the covered organizations") (b) the Four Year
Fiscal Plan for the next Four Fiscal Years, covering the
City and certain agencies subject to the provisions of other
Fiscal Plan for the next Four Fiscal Years, covering the
1980 contract board at least sixty days
required to submit to the Contract Board at least sixty days
(pursuant to the act and the Emergency Act, the City is
the subheading "Recent Fiscal History" to the effect that
The information set forth in such section under

3
the 1981 through 1984 fiscal years, (b) subsequently, the
submitted to the control board a financial plan which covered
(a) as required by the Emergency Act, in May 1980, the City
the subsection "fiscal years 1981-1984." to the effect that
7. The information set forth in such section under
respects.

Cash payments, as accurate and not misleading in any material

This Fiscal 1980 month to fund continuation of the $750 annual
July 1, 1982, and (c) the City has set aside a reserve from
included in the base wage, will be so included effective
a $750 annual cash payment, which payment, presumably not

allowance, (e) both agreements provide for continuation of an increase of $100 in 1981 and $200 in 1982 in the uniform
increase for Fiscal Years 1981 and 1982, respectively, and
the uniformed workers' continuation includes a $5 and $8 wage
button to the welfare fund, (d) the agreement reached with
for each fiscal year and an increase in the City's contract-
includes a wage increase of $5 or $900, whichever is greater,
on uniformed workers' unions for Fiscal Years 1981 and 1982
workers' unions, (c) the agreement reached with the municipal

and subsequently reached by the City with its municipal
the full cost of labor settlements than being negotiated
city's budget as adopted on June 12, 1980 did not reflect
Gap one year earlier than required by state law. (b) the

4
offset by additional growth in local revenues, increased

additional federal aid, which costs are projected to be

Labor Settlements and the Loss of $110 Million of previously
budget of $168 million resulting from the recently concluded
additional costs not reflected in the fiscal 1981 adopted
year period, (c) for fiscal year 1981, the plan projects

a combination of actions to be implemented during the four
years 1982, 1983 and 1984, respectively, to be closed through
$73 million, $129 million and $312 million in fiscal
budget for fiscal year 1981, and potential budget gaps of

18, (b) the 1981 four-year plan projects a gap-balanced
year plan which the Control Board approved on September

year plan approved by the Control Board, the "1981 four
year plan" with the Control Board (as modified, the "1981 four
year plan") of August 11, 1980, the city submitted a revised four

the supplementary fiscal years 1981-1984" to the extent that

8. The information set forth in such section under

not misleading in any material respects.

By August 15, 1980 a revised four-year plan is accepted and

year, (d) the Control Board also required the city to submit
1981 and the covered organizations for the entire 1981 fiscal
plan covering the city for the first quarter of fiscal

a revised plan by August 15, 1980, (c) pursuant to the city

City with the proposed plan stating that it would submit
new state aid of $136 million, 5209 million and $283 million

estimate, debt service, and savings of $50 million per year, the
year, $2 million per year from accelerated payment of real
property tax, and the estimated to provide approximately $75 million each
year to the track corporation (OTTB). To include "Sports
"activities" inclusive of expansion such as expansion of the scope of
the acts, which it realizes including the action above are
these actions in the budget, which in each of the 1982 through 1984 fiscal years, (b)
that the city has proposed a combination of gap-closing
and the health and hospital corporation for fiscal years
for the transit authority in fiscal years 1982 through 1984
do not include significant debt service which have been projected
and (f) the projected gaps for fiscal years 1982 through 1984
increases of 3% for each of the 1983 and 1984 fiscal years,
and the increased tax rate, (e) the plan also reflects wage
revenues as a result of increased real property assessments
the plan assumes substantial increase in real estate tax
property tax rate, (d) for fiscal years 1982 through 1984,
state aid, expenditure reductions and an increase in the

9. The information set forth in such section


these issues, (c) the City has reported that as of June 30,
possible impact on the City of an adverse decision involving
alleged overvaluation or inequity of assessment and the
proceedings presently pending against the City on grounds of
each fiscal year, (b) numerous real estate tax certiorari
outstanding against the City appropriated to be settled during
vailing in the 1981 four-year plan for the amount of claims.
the subheading "litigation" in relation to (a) the City pro-
the information set forth in such section under
material respects.

Fiscal Year 1982 is accurate and not misleading in any
fiscal details of the $200 million contingency program for
be implemented in Fiscal Year 1981 to produce annual savings
which could, if necessary,
the 1981 four-year plan, the City (1) provided an additional
and (d) in connection with the approval of
and 1984, including receipt of additional State aid for the
in Fiscal Year 1982, and $500 million in Fiscal Years 1983
and further expenditure reductions totaling $200 million
proposed a contingency program consisting of increased taxes
for each of those years, respectively, (c) the City has also
Federal aid of $200 million, $400 million and $710 million
for Fiscal Years 1982 through 1984, respectively, and new
By

THE CITY OF NEW YORK

2nd day of October, 1980.

IN WITNESS WHEREOF, I have hereunto set my hand this

respect.

designated, is accurate and not misleading in any material

tions regarding the public education of children with learning

Department of Education’s implementation of Federal regulations

retirement system, and (d) the action challenging the State

action challenging purchases of City bonds by the teachers

the Superintendent’s “Litigation with respect to (a) the pending

II. The information set forth in such section under

respect. is accurate and not misleading in any material respect.

such liability and litigation challenging that legislation,

fiscal years, and (e) remedial legislation with respect to

approximately $40 million annually in the 1980 through 1984

ment for overpayments of real estate taxes in amounts of

provision in the 1981 four year plan for estimated adjust-

proceedings could amount to approximately $1.7 billion.

1979, the estimated potential exposure to the City in these
CERTIFICATE OF THE FIRST DEPUTY
COMPTROLLER OF THE CITY OF NEW YORK

Pursuant to Section 1.12 of the
Closing Memorandum Relating to
the Series 25 and 26 Bonds

I, MARTIN IVES, First Deputy Comptroller of The
City of New York, do HEREBY CERTIFY as follows:

1. I have reviewed the information contained in
the Official Statement relating to the Series 25 and 26 Bonds,
dated September 25, 1980, as the same may have been heretofore
supplemented or amended, of the Municipal Assistance Corpora-
tion For The City of New York (the "Corporation") under the
section captioned "PART 9 -- Certain Developments Affecting
the City." Certain of such information, which is referred to
in the paragraphs numbered 2 through 8 of this certificate,
represents certain information contained in official reports,
statements or other documents made public by the Office of
the Comptroller of The City of New York (the "City"). Refer-
ence is made to such official reports, statements or other
documents for a more complete explanation of such information.

2. The information set forth in such section under
the subheading "Recent Financial History" to the effect that
the State advanced $800 million to the City in each of the
1975 through 1978 City fiscal years is true and accurate.
3. The information set forth in such section under the subheading "Recent Financial History" to the effect that the accounting principles permitted by State law deviate from GAAP with respect to accounting for contributions to employee retirement systems and inclusion of certain expense items in the City's Capital Budget is true and accurate.

4. The information set forth in such section under the subheading "Recent Financial History" relating to provisions for seasonal and long-term financing for the City through June 30, 1978, as described, and to provision for the notes affected by the Moratorium Act (as defined in the Official Statement) is true and accurate.

5. The information set forth in such section under the subheading "Recent Financial History" with respect to the operating deficits reported in accordance with the accounting principles permitted by State law and estimated in accordance with GAAP for the 1976 and 1977 fiscal years and the results of the audit of the City's 1978 financial statements is true and accurate.

6. The information set forth in such section under the subheading "Recent Financial History" with respect to the results of the audit of the City's 1979 financial statements and the opinion of the consortium of independent accounting firms is true and accurate.
7. The information set forth in such section under the subheading "Recent Financial History" to the effect that the operating results for the 1980 fiscal year are expected to show a surplus under the accounting principles permitted by State law but a deficit under GAAP is true and accurate.

8. The information set forth in such section under the subheading "Litigation" to the effect that the notes to the City's audited financial statements report certain information regarding outstanding claims against the City, and the City's estimated potential future liability thereon is true and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of October, 1980.

[Signature]

First Deputy Comptroller of The City of New York
CERTIFICATE OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Heather L. Ruth, the Executive Director of the Municipal Assistance Corporation For The City of New York (the "Corporation"), hereby certifies that:

1. The Corporation has performed all of its agreements to be performed on or prior to the date hereof pursuant to the Bond Purchase Agreement dated as of November 15, 1978 among the Corporation and the several Purchasers named in Schedule I thereto (the "Bond Purchase Agreement"), the Corporation's Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (the "Second Bond Resolution") and the Series 11 Resolution, the Series 12 Resolution, and the Series 13 Resolution, each as adopted November 14, 1978 and supplemented November 16, 1978, the Series 17 Resolution and the Series 18 Resolution, each as adopted August 28, 1979, the Series 21 Resolution and the Series 22 Resolution, each as adopted December 11, 1979, and the Series 25 Resolution and the Series 26 Resolution, each as adopted September 30, 1980 (together with the Second Bond Resolution, the "Resolutions"). After giving effect to the issuance of Bonds (as defined in the Bond Purchase Agreement) on the date hereof, the Corporation will be in compliance with the provisions of Section 4.3 of the Bond Purchase Agreement.

2. The representations and warranties of the Corporation in 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.

3. No event or condition which constitutes an event of default under the Second Bond Resolution, the First Bond Resolution (as defined in the Bond Purchase Agreement) or any other resolution pursuant to which the Corporation has issued bonds, notes or other evidences of indebtedness, and no event or condition which, with the passage of time or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

4. The Corporation is not in default in (a) the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued, assumed or guaranteed by the Corporation, (b) the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing with the consent of the Corporation the payment of any
indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money or (c) the performance or observance of any covenant or a condition under the Resolutions, the Bond Purchase Agreement or the Agreement to Guarantee.

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

6. The prospects for payment of the principal or premium, if any, or interest on the Bonds when due have not been materially adversely affected since the date of the Bond Purchase Agreement by the existence of a lien, claim, charge or encumbrance (other than as described in the Official Statement delivered in connection with the execution of the Bond Purchase Agreement) or by any legislative, executive or other action or inaction by any Governmental Authority (as defined in the Bond Purchase Agreement), such as but not limited to a failure to appropriate Per Capita Aid, Sales Taxes or Stock Transfer Taxes, each as defined in the Second Bond Resolution, but in any case excluding the issuance by the Corporation of its bonds and notes as permitted by the Resolutions, the First Bond Resolution and the Bond Purchase Agreement.

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

8. The Bonds and the Resolutions conform in all material respects to the description thereof in the Corporation's Official Statement dated September 25, 1980 and the Supplemented Official Statement dated October 2, 1980 (collectively, the "Official Statement").

9. The Official Statement 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 light of the circumstances under which they were made, not misleading.
10. Nothing has come to the Corporation's attention which would indicate that any of the conditions specified in Section 3 of the Bond Purchase Agreement has not been satisfied as of the date hereof.

IN WITNESS WHEREOF, I have set forth my hand this 2nd day of October, 1980.

[Signature]

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

John J. Feeney, the First Deputy Comptroller of the State of New York, acting on behalf of Edward V. Regan, the Comptroller of the State of New York, hereby certifies 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.

IN WITNESS WHEREOF, I have set forth my hand this 2nd day of October, 1980.

[Signature]
First Deputy Comptroller of the State of New York
October 2, 1980

I hereby certify that, as of the date hereof, John J. Peency serves as First Deputy Comptroller of the State of New York and, in this capacity, has statutory authority to execute documents in lieu of Edward V. Regan, Comptroller of the State of New York.

[Signature]

Counsel to the Comptroller

2. No agency or instrumentality or public benefit corporation of the City may appropriate or expend funds to the extent that it provides a public benefit as to which statutory provision has been made whereby the payment of any bond or any other evidence of indebtedness of such agency, instrumentality or public benefit corporation is in default. If, as the principal of the bond or note, the interest on any bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation is pending or contemplates, the payment of any other bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation, adherence to agreements made with the City in the bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation is suspended until the payment of such bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation is made.

3. No bankruptcy, insolvency, moratorium, legislative or any other similar proceeding or moratorium, legislative or any other similar proceeding in respect of the City or any agency, instrumentality or public benefit corporation referred to above or any other agency, instrumentality or public benefit corporation, in the City or any agency, instrumentality or public benefit corporation referred to above or any other agency, instrumentality or public benefit corporation, 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 were issued in the fiscal year after the fiscal year in which the amounts permitted under Section 6.13 of the Financial and budget for any Fiscal Year after the fiscal year 1978 in excess of the amounts included in the Capital Budget.
6. The Monthly Financial Plan Statement for New York City (the 'Statement') submitted to the City Council and approved by the Board of Estimate shall include statements concerning estimates of certain revenues, expenditures, and other matters for purposes of estimation and budgeting. The most recent Monthly Financial Plan Statement dated September 12, 1980, forecasted the City's financial condition for the current fiscal year ending June 30, 1981. It was expected that the City would incur a deficit of $13,695,000 in this fiscal year. However, subsequent to the preparation of the May 28, 1980, forecast, the City's financial condition has deteriorated significantly, and it is now estimated that the City will incur a deficit of $700,000,000, which is equal to 5.18% of 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 forecasts are correct, the need for such certification is reflected in the current statement. The notice of such judgment will be given to those addressed by this certificate, if reflected in the current statement as of the date of this certificate for the current fiscal year of a deficit in excess of 2% of total revenues in excess of total revenues.
and Budget

By

Director of Management

By

First Deputy Comptroller

By

Corporation Counsel

The City of New York

hands this 2nd day of October, 1980.

IN WITNESS WHEREOF, we have hereunto set our
Comer S. Coppie, the Executive Director of the New York State Financial Control Board (the "Control Board"), hereby certifies for and on behalf of the Control Board as follows:

1. On September 18, 1980, the Control Board approved a financial plan for the City and the covered organizations, as that term is 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 1981 through Fiscal Year 1984. On October 2, 1980, the Control Board approved a modification to such financial plan and determined that such modification was consistent with applicable provisions of Section 8 of the Act (such financial plan, as modified, is hereafter referred to as the "Financial Plan"). A true and complete copy of the Financial Plan is attached hereto as Exhibit A.

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 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 that (a) Total Revenues of the City during the current Fiscal Year will be $13,695,000,000 and the City will not incur a Deficit during the current Fiscal Year, and (b) actual and anticipated seasonal borrowings of the City during the current Fiscal Year will aggregate up to $800,000,000 which is equal to 5.84% of projected Total Revenues. As of October 2, 1980, the Control Board determined, pursuant to its statutory obligations under the Act, that no further modification of the Financial Plan would then be required.

The financial plan in effect at the end of Fiscal Year 1980 did not project a Deficit.

3. On the basis of audited financial reports of the City for Fiscal Years 1978 and 1979, in the judgment of the Control Board the City made substantial progress in Fiscal Year 1979 toward achieving a budget prepared and balanced so that the results thereof would not show a deficit when reported in Fiscal Year 1982 and thereafter in accordance with generally accepted accounting principles, subject to the provisions of Section 8.2-a of the Act.
4. In the judgment of the Control Board, the City is in substantial compliance with all outstanding orders of the Control Board.

5. The Control 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. 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 named in Schedule I thereto.

IN WITNESS WHEREOF, I have hereunto set forth my hand this 2nd day of October, 1980.

NEW YORK STATE FINANCIAL CONTROL BOARD

By: [Signature]

Executive Director
EXHIBIT A

FINANCIAL PLAN FOR THE CITY AND
THE COVERED ORGANIZATIONS COVERING
FISCAL YEARS 1981 THROUGH 1984

(As Modified Through October 2, 1980)
# TABLE OF CONTENTS

## Exhibit A

<table>
<thead>
<tr>
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<td>A</td>
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### City of New York Four Year Financial Plan

- Projection of Revenues and Expenditures
- Projection of Cash Sources and Uses
- Financing Program
- Projected Capital Commitments and Expenditures

## Exhibit B

<table>
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</tbody>
</table>

### Four Year Financial Plan-Covered Organizations

- Covered Organization currently Exempt
- Covered Organizations Not Currently in operation
- City University Construction Fund
- City University of New York
- New York City Educational Construction Fund
- New York City Health and Hospitals Corporation
- New York City Housing Authority
- New York City Housing Development Corporation
- New York City Industrial Development Agency
- New York City Off-Track Betting Corporation
- New York City Rehabilitation Mortgage Insurance Corporation
- Staten Island Rapid Transit Operating Authority
- New York City Transit Authority & MABSTOA
## NEW YORK CITY
### Four Year Financial Plan Revenues and Expenditures
($ In Millions)

#### REVENUES

<table>
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<tr>
<th></th>
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<tr>
<td><strong>Taxes</strong></td>
<td></td>
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<tr>
<td>General Property Tax</td>
<td>$3,259</td>
<td>$3,493</td>
<td>$3,614</td>
<td>$3,743</td>
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<tr>
<td>Other Taxes</td>
<td>$3,986</td>
<td>$4,025</td>
<td>$4,325</td>
<td>$4,879</td>
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<td><strong>Miscellaneous Revenues</strong></td>
<td>$1,364</td>
<td>$1,322</td>
<td>$1,266</td>
<td>$1,274</td>
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<td><strong>Unrestricted Intergovernmental Aid</strong></td>
<td>$996</td>
<td>$855</td>
<td>$854</td>
<td>$871</td>
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<td><strong>Less: Intra-City Revenue</strong></td>
<td>$63</td>
<td>$63</td>
<td>$63</td>
<td>$63</td>
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<tr>
<td>Disallowances Against Categorical Grants</td>
<td>$(345)</td>
<td>$(346)</td>
<td>$(348)</td>
<td>$(351)</td>
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<tr>
<td><strong>Total City Funds</strong></td>
<td>$9,190</td>
<td>$9,382</td>
<td>$9,749</td>
<td>$10,244</td>
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<td>Federal Categorical Grants</td>
<td>$2,174</td>
<td>$2,202</td>
<td>$2,259</td>
<td>$2,318</td>
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<td>State Categorical Grants</td>
<td>$2,331</td>
<td>$2,396</td>
<td>$2,457</td>
<td>$2,492</td>
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<td><strong>Total Revenues</strong></td>
<td>$13,595</td>
<td>$13,980</td>
<td>$14,465</td>
<td>$15,054</td>
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#### EXPENDITURES

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<td><strong>Personal Service</strong></td>
<td>$6,516</td>
<td>$7,057</td>
<td>$7,588</td>
<td>$7,799</td>
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<tr>
<td><strong>Other Than Personal Service</strong></td>
<td>$5,726</td>
<td>$6,076</td>
<td>$6,384</td>
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<td><strong>Debt Service</strong></td>
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<td>$1,334</td>
<td>$1,369</td>
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<td><strong>MAC Debt Service Funding</strong></td>
<td>$225</td>
<td>$492</td>
<td>$640</td>
<td>$746</td>
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<td><strong>Less: Intra-City Expenses</strong></td>
<td>$14,040</td>
<td>$15,059</td>
<td>$16,072</td>
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<td><strong>Total Expenditures</strong></td>
<td>$(345)</td>
<td>$(346)</td>
<td>$(348)</td>
<td>$(351)</td>
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<td><strong>Gap To Be Closed</strong></td>
<td>$ -</td>
<td>$(733)</td>
<td>$(1,259)</td>
<td>$(1,312)</td>
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<td>City Program</td>
<td>$397</td>
<td>$410</td>
<td>$319</td>
<td>$283</td>
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<td>State Actions</td>
<td>$136</td>
<td>$269</td>
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<td>Federal Actions</td>
<td>$200</td>
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<td>$710</td>
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<td><strong>Total</strong></td>
<td>$733</td>
<td>$1,259</td>
<td>$1,312</td>
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<tr>
<td>Year</td>
<td>Cash Beginning of Period</td>
<td>Cash Transactions</td>
<td>Cash End of Period</td>
<td>Net Sources (Uses) of Cash</td>
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<tr>
<td>-------</td>
<td>-------------------------</td>
<td>-------------------</td>
<td>--------------------</td>
<td>--------------------------</td>
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<tr>
<td>1982</td>
<td>$49 949</td>
<td>$49 474</td>
<td>$49 591</td>
<td>$685</td>
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<tr>
<td></td>
<td>12 (142)</td>
<td>(94)</td>
<td>12 954</td>
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<td>1983</td>
<td>$64 35</td>
<td>$70 646</td>
<td>$64 846</td>
<td>$696</td>
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<td></td>
<td>9 715</td>
<td>9 736</td>
<td>9 742</td>
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<td>1984</td>
<td>$2 106</td>
<td>$6 264</td>
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<td></td>
<td>6 712</td>
<td>6 736</td>
<td>6 742</td>
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</table>

**Total Uses**

- Repayment of Seasonal Borrowings
- City Federal and State Capital Disbursements
- Other Uses
- Disallowances Paid

**Total Sources**

- Sale of Mitchell-Jama Mortgages
- Bond Proceeds
- Increase (decrease) in Restricted Cash From Long Term Borrowings - City Bonds
- Proceeds from Seasonal Borrowings
- Proceeds of Reinvestment in Capital
- Other Sources of Reinvestment

**Funds Provided (used) from Operations**

- Provision for Disallowance of All Revenues
- Increase (Decrease) in Accountable Liabilities & Other Liabilities
- Increase (Decrease) in Accounts Receivable
- Surplus (Deficit)

**Exhibit A-2**

*New York City Financial Plan for Year Projections of Cash Sources and Uses*
NEW YORK CITY FINANCIAL PLAN
FISCAL YEAR 1981 FINANCING

($ In Millions)

<table>
<thead>
<tr>
<th>Fiscal Year Quarter</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Total Financing</th>
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<tbody>
<tr>
<td>Short Term City</td>
<td>$ -</td>
<td>$450-600</td>
<td>$150-200</td>
<td>$(600) - (800)</td>
<td>$ -</td>
</tr>
<tr>
<td>Financing</td>
<td></td>
<td></td>
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<tr>
<td>7-Year Term City</td>
<td>$ -</td>
<td>$300</td>
<td>$50</td>
<td>$50</td>
<td>$400*</td>
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<tr>
<td>7-Year Term City</td>
<td>$ -</td>
<td>$112</td>
<td>$160</td>
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<td>$312*</td>
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<td>Issuance to MAC</td>
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</table>

* Total 1981 issuances for City capital of $712 million is made up of $43 million to reimburse the general fund for FY 1980 capital expenditures and $669 million for estimated FY 1981 capital expenditures.
NEW YORK CITY FINANCIAL PLAN
Four Year Capital Plan
City and Non-City Funds

($ in Millions)

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<tbody>
<tr>
<td>City</td>
<td>$1,116</td>
<td>$963</td>
<td>$1,003</td>
<td>$1,013</td>
<td>$4,095</td>
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<td>Non-City</td>
<td>1,327</td>
<td>1,068</td>
<td>1,202</td>
<td>792</td>
<td>4,389</td>
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<td>Total</td>
<td>$2,443</td>
<td>$2,031</td>
<td>$2,205</td>
<td>$1,805</td>
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<tr>
<td>City</td>
<td>$669</td>
<td>$975</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$3,644</td>
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<td>Non-City</td>
<td>398</td>
<td>736</td>
<td>846</td>
<td>647</td>
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<tr>
<td>Total</td>
<td>$1,067</td>
<td>$1,711</td>
<td>$1,846</td>
<td>$1,647</td>
<td>$6,271</td>
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COVERED ORGANIZATION CURRENTLY EXEMPT
BATTERY PARK CITY

EXHIBIT B-1
CERTAIN COVERED ORGANIZATIONS
NOT CURRENTLY IN OPERATION

Covered Organization

Brooklyn Sports Center
Authority

New York City Sports
Authority

New York City Convention
and Exhibition Center
Corporation


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<th></th>
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<tr>
<td><strong>Revenues</strong></td>
<td></td>
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<tr>
<td>State</td>
<td>$36,355</td>
<td>$44,157</td>
<td>$44,152</td>
<td>$44,152</td>
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<tr>
<td>City</td>
<td>36,355</td>
<td>44,157</td>
<td>44,152</td>
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<tr>
<td>Interest</td>
<td>4,500</td>
<td>4,500</td>
<td>4,500</td>
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<td><strong>Total</strong></td>
<td>77,210</td>
<td>92,814</td>
<td>92,804</td>
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<td><strong>Expenditures</strong></td>
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<tr>
<td>Debt Service</td>
<td>$75,114</td>
<td>$84,517</td>
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<td>Admin. Costs</td>
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<td>3,997</td>
<td>3,996</td>
<td>3,997</td>
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<td><strong>Total</strong></td>
<td>79,110</td>
<td>88,514</td>
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<td><strong>Surplus/(Deficit)</strong></td>
<td>$(1,900)</td>
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<td>Cash Flow Adjustment</td>
<td>7,208</td>
<td>5,308</td>
<td>9,608</td>
<td>13,908</td>
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<tr>
<td>Adjusted Surplus/ (Deficit)</td>
<td>5,308</td>
<td>9,608</td>
<td>13,908</td>
<td>13,208</td>
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<td><strong>Net City Liability</strong></td>
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<tr>
<td>City Funds-Plan</td>
<td>$36,355</td>
<td>$44,157</td>
<td>$44,152</td>
<td>$44,152</td>
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<tr>
<td>State Offset</td>
<td>15,447</td>
<td>25,124</td>
<td>28,849</td>
<td>28,836</td>
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<td>Net City Funds</td>
<td>$20,908</td>
<td>$19,033</td>
<td>$15,303</td>
<td>$15,315</td>
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City University of New York

Financial Plan Fiscal Year 1981-1984

($ in thousands)

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<td>(2,500)</td>
<td>(2,500)</td>
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<td>Disallowance</td>
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<td>Net City Funds</td>
<td>121,000</td>
<td>101,321</td>
<td>81,668</td>
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<td>Tuition/Fees/Misc.</td>
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<td>141,456</td>
<td>141,200</td>
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<td>2,806</td>
<td>2,806</td>
<td>2,806</td>
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<tr>
<td>Total Revenues</td>
<td>$546,357</td>
<td>$551,173</td>
<td>$556,343</td>
<td>$560,993</td>
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</table>

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<tr>
<th></th>
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<tbody>
<tr>
<td>Personal Service</td>
<td>$450,395</td>
<td>$456,321</td>
<td>$463,155</td>
<td>$464,974</td>
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<td>Other Than Personal Service</td>
<td>95,962</td>
<td>94,852</td>
<td>93,188</td>
<td>96,019</td>
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<tr>
<td>Total Expenditures</td>
<td>$546,357</td>
<td>$551,173</td>
<td>$556,343</td>
<td>$560,993</td>
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<tr>
<td>Surplus/(Deficit)</td>
<td>0</td>
<td>0</td>
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# NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND

## FOUR YEAR PLAN

($ 000's)

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<tr>
<td><strong>REVENUES</strong></td>
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<td>Non-School Rental Revenue</td>
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<td>587</td>
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<td><strong>Total</strong></td>
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<td>Personal Service</td>
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<td>260</td>
<td>260</td>
<td>260</td>
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<td>OTPS</td>
<td>510</td>
<td>530</td>
<td>550</td>
<td>570</td>
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<tr>
<td>Debt Service</td>
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<tr>
<td>Principal</td>
<td>510</td>
<td>550</td>
<td>590</td>
<td>1,170</td>
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<td>Interest</td>
<td>2,886</td>
<td>6,019</td>
<td>9,121</td>
<td>9,078</td>
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<td><strong>Total</strong></td>
<td>4,166</td>
<td>7,359</td>
<td>10,521</td>
<td>11,078</td>
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<tr>
<td>Surplus (Deficit)</td>
<td>5,929</td>
<td>2,736</td>
<td>(426)</td>
<td>(983)</td>
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## CAPITAL FUNDS

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<td>Provided</td>
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<td>75,700</td>
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<td>Used</td>
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<td>75,700</td>
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<td>Net to Cash Balance</td>
<td>162</td>
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## CASH BALANCE

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<tr>
<td>Beginning</td>
<td>28,595</td>
<td>34,686</td>
<td>37,422</td>
<td>36,996</td>
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<tr>
<td>Ending</td>
<td>34,686</td>
<td>37,422</td>
<td>36,996</td>
<td>36,013</td>
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<tr>
<td>Net Change</td>
<td>6,091</td>
<td>2,736</td>
<td>(426)</td>
<td>(983)</td>
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## PERSONNEL

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<tr>
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<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
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<tbody>
<tr>
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## SUMMARY OF PROJECT BORROWINGS FOR 1981

BY FISCAL QUARTER

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<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
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</thead>
<tbody>
<tr>
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### NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
### FOUR YEAR FINANCIAL PLAN
### FISCAL YEARS 1981-1984
### ($ 000's)

<table>
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<tr>
<th></th>
<th>Fiscal Year 1981</th>
<th>Fiscal Year 1982</th>
<th>Fiscal Year 1983</th>
<th>Fiscal Year 1984</th>
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<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Third Party</td>
<td></td>
<td></td>
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<tr>
<td>Medicaid</td>
<td>$560,179</td>
<td>$502,727</td>
<td>$305,060</td>
<td>$534,877</td>
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<tr>
<td>Medicare</td>
<td>$227,245</td>
<td>$245,380</td>
<td>$273,508</td>
<td>$305,064</td>
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<tr>
<td>Blue Cross</td>
<td>$55,040</td>
<td>$51,798</td>
<td>$61,118</td>
<td>$65,234</td>
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<tr>
<td>Other Payors</td>
<td>$68,460</td>
<td>$74,370</td>
<td>$70,460</td>
<td>$70,460</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$910,924</td>
<td>$876,285</td>
<td>$910,148</td>
<td>$975,515</td>
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<tr>
<td><strong>OTHER REVENUES</strong></td>
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<tr>
<td>City Funds</td>
<td>$286,851</td>
<td>$364,432</td>
<td>$338,799</td>
<td>$306,093</td>
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<td>CETA</td>
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<td>$12,016</td>
<td>$12,016</td>
<td>$12,016</td>
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<td>Mental Health</td>
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<td>$35,163</td>
<td>$35,163</td>
<td>$35,163</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
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<td>$411,611</td>
<td>$385,978</td>
<td>$353,272</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$1,244,954</td>
<td>$1,237,876</td>
<td>$1,296,124</td>
<td>$1,329,977</td>
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</table>

|                  |                  |                  |                  |                  |
| **EXPENDITURES** |                  |                  |                  |                  |
| Personal Services| $599,277         | $599,277         | $599,277         | $599,277         |
| Other Than Personal Services | $201,831 | $220,566 | $241,817 | $266,060 |
| Affiliation Contracts | $186,800 | $202,016 | $216,157 | $231,283 |
| CETA             | $12,016          | $12,016          | $12,016          | $12,016          |
| Other City Services and Charges | $245,729 | $254,001 | $269,863 | $271,099 |
| **TOTAL EXPENDITURES** | $1,247,653 | $1,247,976 | $1,339,130 | $1,379,740 |

|                  | $ (2,699)        | $ (0)            | $ (43,006)       | $ (50,333)       |
| **TO BE CLOSED** |                  |                  |                  |                  |

|                  | $ (2,699)        | $ (0)            | $ (43,006)       | $ (50,333)       |
| **CLOSING MEASURES** |                  |                  |                  |                  |

|                  |                  |                  |                  |                  |
| **PLUS/(DEFICIT)** | $ (0)            | $ (0)            | $ (43,006)       | $ (50,333)       |
### SCHEDULE OF ESTIMATED REVENUES

**State Program**

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<tbody>
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<td>City Subsidy</td>
<td>$15,364</td>
<td>$16,359</td>
<td>$16,582</td>
<td>$16,323</td>
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<tr>
<td>State Subsidy</td>
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<td>13,177</td>
<td>13,177</td>
<td>13,177</td>
</tr>
<tr>
<td>Rent</td>
<td>25,250</td>
<td>25,317</td>
<td>25,581</td>
<td>25,849</td>
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<tr>
<td>Interest and Other Income</td>
<td>1,149</td>
<td>1,149</td>
<td>1,140</td>
<td>1,140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52,170</td>
<td>53,353</td>
<td>55,650</td>
<td>57,119</td>
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</table>

**City Program**

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</thead>
<tbody>
<tr>
<td>City Subsidy</td>
<td>6,146</td>
<td>6,874</td>
<td>7,014</td>
<td>7,143</td>
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<tr>
<td>Rent</td>
<td>21,087</td>
<td>19,237</td>
<td>19,447</td>
<td>19,559</td>
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<td>Interest and Other Income</td>
<td>1,747</td>
<td>1,725</td>
<td>1,753</td>
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<td><strong>Total</strong></td>
<td>29,980</td>
<td>27,336</td>
<td>28,214</td>
<td>28,453</td>
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**Housing Police**

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<tbody>
<tr>
<td>City Subsidy</td>
<td>30,631</td>
<td>30,981</td>
<td>31,533</td>
<td>31,975</td>
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<tr>
<td>Federal Program Revenue</td>
<td>26,204</td>
<td>25,838</td>
<td>27,145</td>
<td>27,322</td>
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<tr>
<td><strong>Total</strong></td>
<td>56,835</td>
<td>56,819</td>
<td>58,679</td>
<td>59,297</td>
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</table>

**Federal Program**

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<td>Federal Subsidies - Operating</td>
<td>163,945</td>
<td>186,474</td>
<td>203,273</td>
<td>221,316</td>
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<td>Debt Service</td>
<td>109,530</td>
<td>112,567</td>
<td>112,567</td>
<td>112,567</td>
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<tr>
<td>State Subsidy - Debt Service</td>
<td>14,120</td>
<td>14,377</td>
<td>14,377</td>
<td>14,377</td>
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<tr>
<td>on ATP I-VII, Modernization</td>
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<tr>
<td>Notes</td>
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<tr>
<td>Rent</td>
<td>219,456</td>
<td>238,575</td>
<td>240,961</td>
<td>243,371</td>
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<tr>
<td>Interest and Other Income</td>
<td>11,466</td>
<td>11,671</td>
<td>11,671</td>
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<tr>
<td><strong>Total</strong></td>
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<td>252,632</td>
<td>255,042</td>
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**Leased Housing**

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<td>Subsidy</td>
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<td>96,354</td>
<td>102,901</td>
<td>109,923</td>
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<tr>
<td>Rent</td>
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<td>3,627</td>
<td>3,627</td>
<td>3,627</td>
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<tr>
<td>Interest and Other Income</td>
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<td>1,571</td>
<td>1,571</td>
<td>1,571</td>
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<tr>
<td><strong>Total</strong></td>
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<td>101,552</td>
<td>108,159</td>
<td>115,121</td>
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**Section 8**

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*Figures for the State Program are for the fiscal year ending March 31.
**Figures for the Federal Program are for the fiscal year ending December 31.*
# New York City Housing Authority Financial Plan

## Schedule of Estimated Expenditures


(All amounts are in thousands)

### State Program

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### City Program

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### Housing Police

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### Section 8

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*Figures for the State Program are for the 1981-1984 period.*
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Consolidated Financial Plan
For Fiscal Years 1981 - 1984
(In Millions)

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| Expenditures:                 |       |       |       |       |
| Operating Expenses            |       |       |       |       |
| General Housing               | 1.091 | 1.167 | 1.233 | 1.322 |
| Multi-family                  | .575  | .575  | .575  | .575  |
| Section 8                     | .175  | .231  | .246  | .254  |
| Multi-Unit                    | .159  | .159  | .159  | .159  |
| Midwood Ave. K.               | .117  | .015  | .053  | .056  |
| Total Operating Expenses      | 2.117 | 2.147 | 2.256 | 2.375 |
| Fees to HPD                   | .383  | .383  | .383  | .383  |
| Debt. Service                 |       |       |       |       |
| General Housing               | 25.023| 22.612| 22.629| 22.623|
| Multi-family Funds            | 25.672| 26.684| 26.697| 26.712|
| Section 8                     | 3.595 | 3.595 | 3.595 | 3.997 |
| Multi-Unit                    | 8.886 | 10.174| 10.170| 10.174|
| Midwood Ave. K. Gardens       | .812  | .682  | .682  | .744  |
| Total Debt Service            | 64.688| 63.747| 63.773| 64.250|
| Multi-family Funds            |       |       |       |       |
| Remitted to NYC               | 3.886 | 3.752 | 3.749 | 3.734 |
| Section 8 Mort. Reserve       | -     | -     | -     | -     |
| Total Expenditure             | 71.074| 70.039| 70.172| 70.742|
| Surplus Deficit               | 5.067 | 2.445 | 2.561 | 1.799 |
## NEW YORK INDUSTRIAL DEVELOPMENT AGENCY
### FISCAL YEARS 1981-1984 SUMMARY

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### Financial Plan Summary for Fiscal Year 1981-1984
($ in Millions)

#### Revenues

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#### Expenses

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</table>

#### Gross Surplus (Deficit)

-0-  -0-  -0-  -0-

#### Cash Flow Adjustments

-0-  -0-  -0-  -0-

#### Budget Gap

-0-  -0-  -0-  -0-

#### Working Capital

<table>
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### New York City Transit Authority & Maestro

**Modified Financial Plan For FY 1981-1984**

(In Millions)

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<td>Fare Revenue</td>
<td>$869.3</td>
<td>$869.3</td>
<td>$869.3</td>
<td>$869.3</td>
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<td>Transit Tax Revenue</td>
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<td>175.0</td>
<td>190.0</td>
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<td>City Payments</td>
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<td>328.5</td>
<td>333.6</td>
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<td>State Payments</td>
<td>122.2</td>
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<tr>
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<td>Tertia Payments</td>
<td>86.0</td>
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<td>Miscellaneous Revenues</td>
<td>14.9</td>
<td>14.9</td>
<td>14.9</td>
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<td><strong>TOTAL</strong></td>
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<td>$1,733.0</td>
<td>$1,743.1</td>
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### Expenses

**Operations, Maintenance**

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<tr>
<td>TA Police</td>
<td>107.4</td>
<td>109.7</td>
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<td>Capital Engineering</td>
<td>33.0</td>
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<td>34.0</td>
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<td>TA Debt Service</td>
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<td>10.6</td>
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<td>General Reserve</td>
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<td><strong>TOTAL</strong></td>
<td>$1,639.6</td>
<td>$1,811.3</td>
<td>$1,920.8</td>
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**Surplus/(Deficit)**

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<tr>
<th>&lt; ( ) &gt;</th>
<th>FY 1981</th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
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</thead>
<tbody>
<tr>
<td>Surplus/(Deficit)</td>
<td>17.1</td>
<td>(108.3)</td>
<td>(177.7)</td>
<td>(225.6)</td>
</tr>
<tr>
<td>Cash Flow Adjustments</td>
<td>(23.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
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<td>Net Surplus (Gap)</td>
<td>(3.9)</td>
<td>(108.3)</td>
<td>(177.7)</td>
<td>(225.6)</td>
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</table>

### Gap Closing Actions

<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Other Actions</td>
<td>3.2</td>
<td>13.1</td>
<td>143.2</td>
<td>194.8</td>
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<td><strong>TOTAL</strong></td>
<td>18.2</td>
<td>108.3</td>
<td>177.7</td>
<td>225.6</td>
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</tbody>
</table>

### Working Capital

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Closing Balance</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
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</table>

Exhibit B-13
NEW YORK STATE FINANCIAL CONTROL BOARD

Comer S. Coppel, the Executive Director of the New York State Financial Control Board (the "Control Board"), hereby certifies for and on behalf of the Control Board as follows:

1. Reference is made to the financial plan for The City of New York (the "City") and the covered organizations, as that term is defined in the New York State Financial Emergency Act for The City of New York as amended (the "Covered Organizations"), covering Fiscal Years 1979 through 1982, as modified and in effect at the end of Fiscal Year 1979 (the "1979 financial plan").

2. Reference is made to the financial plan for the City and the Covered Organizations covering Fiscal Years 1980 through 1983, as modified and in effect at the end of Fiscal Year 1980 (the "1980 financial plan").

3. Reference is made to the financial plan for the City and the Covered Organizations, covering Fiscal Years 1981 through 1984, which was approved by the Control Board on September 18, 1980. On October 2, 1980, the Control Board approved a modification to such financial plan (such financial plan, as modified, is hereafter referred to as the "Financial Plan").

4. In the judgment of the Control Board:

(i) borrowings during Fiscal Year 1979, as set forth on the borrowing schedule attached hereto as Exhibit A, were consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the 1979 financial plan;

(ii) borrowings during Fiscal Year 1980, as set forth on the borrowing schedule attached hereto as Exhibit B, were consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the 1980 financial plan;

(iii) actual and projected borrowings during Fiscal Year 1981, as set forth on the borrowing schedule attached hereto as Exhibit C, 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

(iv) actual and projected borrowings, as set forth on the borrowing schedule attached hereto as Exhibit C, have been taken into consideration by the Control 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 2nd day of October, 1980.

NEW YORK STATE FINANCIAL CONTROL BOARD

By: [Signature]
Executive Director
### Aggregate Principal Amount by Month

**[$Millions]**

<table>
<thead>
<tr>
<th>Issuer, Type of Securities, Type of Offering, Type of Investor</th>
<th>Pursuant To</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. City of New York Serial Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Unsecured Direct Placement Police Pension Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Federally Guaranteed Direct Placement State Pension Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Federally Guaranteed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total City Serial Bonds</td>
<td>$100</td>
<td>$200</td>
<td>$200</td>
<td>$200</td>
<td>$500</td>
<td>$500</td>
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</table>

<table>
<thead>
<tr>
<th><strong>II. Municipal Assistance Corporation Revenue Resolution Bonds</strong></th>
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</thead>
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<tr>
<td>A. Direct Placement MAC bond Purchase</td>
<td>$200</td>
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</tr>
<tr>
<td>Insurance Companies</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Direct Placement</td>
<td>$200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Public Offering</td>
<td>$100</td>
<td>$125</td>
<td>$325</td>
<td>$1,050</td>
<td>$1,050</td>
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<tr>
<td>For MAC Purposes</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>For Transfers to City</td>
<td>$100</td>
<td>$125</td>
<td>$325</td>
<td>$1,050</td>
<td>$1,050</td>
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</table>

<table>
<thead>
<tr>
<th><strong>III. City of New York - Revenue Anticipation Notes</strong></th>
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<tbody>
<tr>
<td>A. Unsecured Direct Placement Financial Institution</td>
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<td>City Pension Funds</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>B. Public Offerings Negotiated Sales</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>C. Repayment Financial Institutions</td>
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<tr>
<td>City Pension Funds</td>
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<tr>
<td>Public Offerings</td>
<td></td>
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<tr>
<td>Total</td>
<td>$250</td>
<td>$125</td>
<td>$275</td>
<td>$250</td>
<td>$275</td>
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</table>

<table>
<thead>
<tr>
<th><strong>IV. City of New York Serial Bonds Exchanged for Bond Anticipation Notes</strong></th>
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<tbody>
<tr>
<td>A. Municipal Assistance MAC and State</td>
<td>$20</td>
<td>$654.5</td>
<td>$674.0</td>
<td>$674.0</td>
<td>$674.0</td>
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</tbody>
</table>
## Actual Borrowing Schedule of the City and MAC for Fiscal Year 1980

### Aggregate Principal Amount by Month

($ Millions)

<table>
<thead>
<tr>
<th>Issuer, Type of Securities, Type of Offering, Type of Investor</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City of New York Serial Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>A. Federally Guaranteed Direct Placements Pursuant to Guaranteed Bond Purchase Agreement</td>
<td></td>
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</tr>
<tr>
<td>State Pension Funds</td>
<td>$--</td>
<td>$75</td>
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<td>City Pension Funds</td>
<td>$100</td>
<td>$50</td>
<td></td>
<td></td>
<td>$225</td>
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<td>Total Federally Guaranteed</td>
<td>$100</td>
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<td>$150</td>
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<tr>
<td><strong>Municipal Assistance Corporation</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Second Resolution Bonds</strong></td>
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<tr>
<td>A. Direct Placement Pursuant to MAC Bond Purchase Agreement*</td>
<td>$99</td>
<td>$201</td>
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<td>Total Direct Placements</td>
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<td>$154*</td>
<td>$125</td>
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<td>$411</td>
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<tr>
<td>B. Public Offerings</td>
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<tr>
<td>Total MAC</td>
<td>$132</td>
<td>$154</td>
<td>$125</td>
<td></td>
<td>$411</td>
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</table>

*Includes the issuance of $54.270 million of Series 20 second resolution bonds in exchange for Series D and Series X bonds held by the New York State Insurance Fund.*
### ACTUAL BORROWING SCHEDULE OF THE CITY AND MAC FOR FISCAL YEAR 1980

#### AGGREGATE PRINCIPAL AMOUNT BY MONTH

($ MILLIONS)

<table>
<thead>
<tr>
<th>ISSUER, TYPE OF SECURITIES, TYPE OF OFFERING, TYPE OF INVESTOR</th>
<th>FIRST QUARTER</th>
<th></th>
<th></th>
<th>SECOND QUARTER</th>
<th></th>
<th></th>
<th>THIRD QUARTER</th>
<th></th>
<th></th>
<th>FOURTH QUARTER</th>
<th></th>
<th></th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JULY</td>
<td>AUG.</td>
<td>SEPT.</td>
<td>JUN.</td>
<td>JUL.</td>
<td>AUG.</td>
<td>SEPT.</td>
<td>OCT.</td>
<td>NOV.</td>
<td>DEC.</td>
<td>JAN.</td>
<td>FEB.</td>
<td>MAR.</td>
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<tr>
<td>III. CITY OF NEW YORK - SHORT-TERM BORROWINGS</td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>A. Revenue Anticipation Notes - Public</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>B. Borrowings under Loan Agreement</td>
<td>$200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$175</td>
<td></td>
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<td>Total Short-Term Borrowings</td>
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<tr>
<td>C. Repayment</td>
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<td></td>
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<tr>
<td>Revenue Anticipation Notes</td>
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<tr>
<td>Borrowings under Loan Agreement</td>
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<td>$75</td>
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<td>Total Redemption</td>
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</tbody>
</table>

...
**BORROWING SCHEDULE OF THE CITY AND MAC FOR FISCAL YEAR 1981**

**AGGREGATE PRINCIPAL AMOUNT BY MONTH**

($ MILLIONS)

<table>
<thead>
<tr>
<th>ISSUER, TYPE OF SECURITIES, TYPE OF OFFERING, TYPE OF INVESTOR</th>
<th>FIRST QUARTER</th>
<th>SECOND QUARTER</th>
<th>THIRD QUARTER</th>
<th>FOURTH QUARTER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF NEW YORK SERIAL BONDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Federally Guaranteed Direct Placements Pursuant to Guaranteed Bond Purchase Agreement</td>
<td></td>
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</tr>
<tr>
<td>State Pension Funds</td>
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<td></td>
<td></td>
<td></td>
<td>$150</td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>$150</td>
<td></td>
<td></td>
<td></td>
<td>150</td>
</tr>
<tr>
<td>Total Federally Guaranteed</td>
<td>$300</td>
<td></td>
<td></td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>B. Public Offerings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Direct Placement to Municipal Assistance Corporation</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Serial Bonds</td>
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<td></td>
<td></td>
<td></td>
<td>112</td>
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<tr>
<td>MUNICIPAL ASSISTANCE CORPORATION</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SECOND MORTGAGE BONDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Direct Placement Pursuant to MAC Bond Purchase Agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Financial Institutions</td>
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</tr>
<tr>
<td>Insurance Companies</td>
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<td></td>
<td>167</td>
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<tr>
<td>City Pension Funds</td>
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<td>125</td>
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<tr>
<td>Total Direct Placements</td>
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<td></td>
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<td>237</td>
</tr>
<tr>
<td>B. Public Offerings</td>
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</tr>
<tr>
<td>Total MAC</td>
<td>$100</td>
<td></td>
<td>$100</td>
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</tbody>
</table>
## Borrowing Schedule of the City and MAC for Fiscal Year 1981
### Aggregate Principal Amount by Month
($ Millions)

<table>
<thead>
<tr>
<th>Issue Type, Type of Securities</th>
<th>Type of Investor</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Total</th>
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<tbody>
<tr>
<td>City of New York - Short-Term</td>
<td></td>
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<tr>
<td>A. Public Sales</td>
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<tr>
<td>Revenue Anticipation Notes</td>
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<tr>
<td>Total Short-Term Sales</td>
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<tr>
<td>B. Repayment</td>
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<tr>
<td>Revenue Anticipation Notes</td>
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<tr>
<td>Total Short-Term Redemptions</td>
<td></td>
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</tbody>
</table>

### Notes
- A. Public Sales
- B. Repayment
October 2, 1980

Mrs. Heather L. Ruth  
Executive Director  
Municipal Assistance Corporation  
One World Trade Center  
Room 8091  
New York, New York 10048

Dear Mrs. Ruth:

In compliance with your request Moody's Rating Committee has reviewed for rating purposes the information submitted by the Municipal Assistance Corporation in connection with its proposed private placement of $174,705,000 Series 25 and $125,295,000 Series 26 bonds to be issued pursuant to the Corporation's Second General Resolution. Such series of bonds to be dated October 1, 1980, and due in their entirety on July 1, 2000.

This review has been undertaken in accordance with Moody's policy of making available to investment bankers or financial agents, subject to certain conditions and for a fee, ratings for debt issues placed privately. In order that we may maintain the currency of this rating over the period of the loan, we will require current financial and other updating information. We will appreciate your continued cooperation in the future.

We have reviewed the documents made available concerning the present financings and conclude that they are consistent with our understanding of the Corporation's purposes and debt issuing plans. It is understood that the Series 25 and Series 26 bonds are to be issued pursuant to the Corporation's second General Resolution through respective private placements with the Financial Institutions and the City Pension Funds as part of the 4-year Debt Issuance Plan. These issues are also presented as an element of the newly supplemented debt issuance plan for the City of New York as proposed by the City and the Corporation. The new revisions to the earlier 4-year Plan running through June 30, 1982 are a recognition that the City has not yet regained direct access to long-term public credit markets and that any near-term return to these markets by the City, if at all possible, will not be likely to finance more than a small portion of the City's sizeable capital requirements.
The primary changes in the proposed program are an expanded MAC role and a full utilization of available federal guarantees by the City, including that portion that had earlier been considered as a back-up contingency. State legislation enacted in June 1980 enabled the expanded MAC role by increasing its overall debt issuance limit from $8.8 billion and by extending from June 30, 1982 to December 31, 1984 the time period during which the Corporation can issue its obligations. Of the total $1.65 billion federal guarantee program, the City has to date utilized $750 million for debt that has been placed in accordance with agreements with certain City and State pension funds. The additional $900 million of available federal guarantees were anticipated to be utilized only to the extent that the City and MAC had difficulty in issuing their non-guaranteed obligations. The supplemented plan, however, now requires utilizing the entire guarantee in addition to anticipated City and MAC public debt issuances. On September 30, 1980 Congress acted to remove legislative language that would have prevented use of the additional guarantees, clearing the way for the Secretary of the Treasury to approve the City's current application to issue $300 million of the federally guaranteed bonds. The final element of the newly supplemented debt issuance plan is a revision in the expectation of sales to the public of City bonds. The plan envisions $1 billion of City issuance through fiscal 1984 through the sale of the $100 million in 1981, $200 million in 1982, $300 million in 1983 and $400 million in 1984. By changing the funding sources of the Financing Plan while making no revision to either the private placement agreements or to the timing provisions as stipulated in the federal guarantee act results in the plan having its greatest financing capability during 1981 and 1982. It is therefore now anticipated that the proceeds of certain bond issues of the Corporation will be deposited in escrow and held for the Corporation until needed for release to the City in 1983 and 1984. Because the $4.3 billion of financings for the 1981-84 period are primarily for the City's capital program and certain bond reserve requirements, officials now anticipate that any reduction in the expected release of federal guarantees or level of direct City bonding will lead to a shrinkage in the City's capital spending. The proceeds of the current offering of Series 25 and Series 26 bonds will be applied $257 million to the City for capital improvements, $32 million for deposit to the Capital Reserve Aid Fund unless needed for deposit into the Guaranteed Fund created in connection with the federal guarantee of City bonds.

The security for the Series 25 and 26 bonds is provided under the Second General Resolution of the Corporation. Bonds issued under the Second General Bond Resolution are general obligations of the Corporation payable out of any available revenues of the Corporation not otherwise pledged. The bonds are entitled to a lien created by the pledge under the Second General Bond Resolution of all moneys and securities paid into the Bond Service Fund and Capital Aid Fund held by the Trustee. Corporation revenues pledged to the repayment of these bonds are from three sources: per capita aid, and after certain conditions are satisfied, the sales tax and the stock transfer tax. Approximately $4.14.2 million
of per capita state aid, net of prior claims, was available to the corporation in fiscal year 1980. Combined sales and stock transfer tax receipts, net of certain operating expenses of the Corporation, amounted to approximately $1,607.2 million for the 12 months ending August 31, 1980, compared to maximum future debt service on the first and second resolution bonds, including the current issue of $829.5 million. Coverage on combined debt service after 1980 by the aggregate of all revenues currently available to the Corporation, ranges from a low of 2.43 times in 1989 to 3.42 times in 1981. After 1995 all first resolution bonds outstanding will be retired and broad coverage will be available for the then outstanding second resolution bonds. Coverage is further protected by covenants limiting the issuance of additional bonds so that maximum debt service on second resolution bonds must be covered 2.0 times by pledged revenues, raised in 1978 from a 1.2 times test.

We have assigned Baa 1 ratings to the $174,705,000 Series 25 and $125,295,000 Series 26 bonds. The security afforded all bonded debt of the Corporation rests primarily with the strength inherent in the stream of pledged revenues. Sufficiency of revenues is currently adequate, and per capita aid has held constant at the state ceiling while Sales and Compensating Use Taxes and the Stock Transfer Tax have grown. Requirements for additional bonds and the Corporation's overall debt limit will control the requirements placed upon the pledged revenues. Additionally, there appears to be little likelihood of an interruption or other impairment of the revenue stream to the Corporation.

This letter, in its entirety, may be shown to prospective purchasers. A statement covering our fee for this service will be sent under separate cover.

Sincerely yours,

[Signature]

Freda Stern Ackerman
Senior Vice President

FSA:gw

Note: The information provided by the Corporation for this review included information in the Official Statement dated 9/25/80.
Mr. Harris A. Decker, Treasurer
Municipal Assistance Corporation
for the City of New York
One World Trade Center
New York, New York 10048

Re: $300,000,000 Municipal Assistance Corporation for the City of New York, New York, $174,705,000 Series 25 Bonds and $125,295,000 Series 26 Bonds (Issued Pursuant to the Second General Bond Resolution), dated: October 1, 1980.

Dear Mr. Decker:

Pursuant to request for a Standard & Poor's rating on the above debt obligations, which are to be sold privately, we have reviewed the information furnished to us and have assigned a rating of "A" to the obligations.

These obligations have been rated on the basis of the information furnished to us, but not on any subsequently available information. A permanent record of this rating has been made in our files, but it will not be published as the issuer plans to place the obligations privately. Final documentation should be sent to us as soon as it is available. Should such documentation not be received by us within a reasonable amount of time after the closing, we reserve the right to nullify our rating.

In the event that this rating is disseminated to a third party or parties, it must be plainly indicated that S&P is not required to review or modify any private placement rating at a later date. Moreover, should the rating be published in a Bond Fund Prospectus, it must be footnoted "Private Placement Rating as of ________", with the date of this letter inserted therein.

We are pleased to have had the opportunity to be of service to you. Our bill will be sent in due course. If you have any questions, please contact us.

Very truly yours,

Hyman C. Grossman

/c

cc: Mr. Eugene J. Kelin, Vice President
Lazard Freres & Company
MUNICIPAL ACCOUNTING AND FINANCIAL REPORTING

Standard & Poor's Policy Statement

An integral part of Standard & Poor's municipal rating process is the timely receipt and analysis of financial statements certified by independent certified public accountants, or appropriate state or local auditing agencies. With the 1979 Restatement of Governmental Accounting and Financial Reporting by the National Council on Governmental Accounting (NCGA), GAAPR for municipal purposes is recognized as GAAP, generally accepted accounting principles.

With the need for improved, timely and standardized financial accounting and reporting becoming increasingly evident to many of the participants in the municipal marketplace, including issuers, analysts, underwriters and investors, as well as the Congress and state legislatures, it is appropriate that S&P state its position on this subject.

Although S&P does not and cannot perform an audit function, S&P can and must take into account in its rating process the type and quality of reporting and accounting standards being used by the issuers under review.

All financial statements submitted to S&P, either in connection with a rating request for a bond sale or for a review, are expected to be prepared in accordance with Generally Accepted Accounting Principles (GAAP). Where legal requirements for recording transactions differ from GAAP, the accounting system employed should make provision for both, but in the preparation of general financial statements, GAAP must take precedence.

These statements should be independently audited, either by a certified public accounting firm, or by a qualified independent State or local agency, on a timely basis, i.e. no later than six months after the fiscal year-end. The audit should include the auditor's opinion, as well as comprehensive disclosure notes covering such items as a summary of significant accounting policies (fund accounting, encumbrances, reserves, investments, etc.), any departures from GAAP which materially impact results, status of pension plans, lease obligations if applicable, contingent liabilities (such as vacation and sick leave), and any pending litigation. Also, although not part of the audit itself, the auditor's management letter is an extremely useful document in that it may point out any weaknesses or deficiencies in financial and/or management controls. If such a management letter exists, it should be furnished to S&P; if none exists, a written statement to that effect should be furnished to S&P.

The standards of accounting employed refer to the point in time when revenues, expenditures/expenses, transfers and the relative assets and liabilities are recognized in the accounts and reported in the financial statements. They relate specifically to the timing of the measurements being made on either the cash or accrual method. Under the cash basis of accounting, revenues and transfers in are not recorded until cash is received, and expenditures or expenses and transfers out are recorded only when cash is disbursed.

Under the accrual basis of accounting, most transactions are recorded when they occur, regardless of when cash is received or disbursed. Items not practicably measurable until cash is received or disbursed are accounted for at that time in both commercial and governmental accounting, as may be items whose measurements would be approximately the same under either basis or which are immaterial.

The accrual basis is the superior method of accounting for the economic resources of any organization. It results in accounting measurements based on the substance of transactions and events, rather than merely when cash is received or disbursed, and thus enhances their relevance, objectivity, timeliness, completeness, and comparability. With this in mind, the use of the accrual basis to the fullest extent practicable in the government environment is preferred. The accrual basis is necessarily applied somewhat differently in the enterprise funds than in the general governmental funds where the modified accrual basis is used. However, the cash basis of accounting is not appropriate. The modified accrual basis has been extensively defined in the GAAPR Restatement with the above standards.
In the absence of financial reports prepared in accordance with the aforementioned guidelines, S&P will specifically reflect such absence in its rating process as a negative factor and where the report is not timely or is substantially deficient in terms of reporting, will not rate at all. Each issuer is expected to immediately furnish to S&P any material changes in, or additions to, any information contained in the aforementioned documents.

Where cash basis accounting is modified to account for liabilities and/or encumbrances, such modification will be considered by S&P and may serve to lessen the negative impact upon the financial reporting considerations in the rating process.
CERTIFICATE OF THE ASSISTANT SECRETARY OF THE
TREASURY OF THE UNITED STATES OF AMERICA

I, Roger C. Altman, Assistant Secretary of the Treasury
of the United States of America (the "United States") hereby
certify that:

1. Reference is made to that certain Guaranteed Bond
Purchase Agreement (the "Agreement") dated as of November 15,
1978, by and among the City of New York, each of the City
pension funds' signatories thereto, each of the State pension
funds' signatories thereto and the United States acting by and
through the Secretary of the Treasury.

2. The representations and warranties of the United States
in Section 3.2 of the Agreement are true and correct on and as
of the date hereof as if made on and as of the date hereof.

3. Attached hereto as Exhibits A, B, and C are true,
complete and correct copies of the New York City Loan Guarantee
(the "Appropriations Act"), and P.L. 95-497 (the "Pension Fund
Act"), respectively, each as in full force and effect on the
date hereof and that there have been no amendments to the
Guarantee Act, the Appropriations Act, or the Pension Fund Act.

4. Attached hereto as Exhibits D and E are true, complete
and correct copies of Treasury Department Order Nos. 101-5 and
191 as in full force and effect on the date hereof; the position
of General Counsel is vacant on the date hereof.
5. Pursuant to Section 104(a)(3) of the Guarantee Act, prior to July 1, 1980, neither the Senate nor the House of Representatives agreed to a resolution stating that it disapproves of the extension of guarantees during the City's fiscal year beginning on July 1, 1980.

6. The signatures appearing below are the true and correct signatures of G. William Miller, the Secretary of the Treasury of the United States, and David R. Brennan, Deputy General Counsel of the Treasury.

Signature

G. WILLIAM MILLER
Secretary of the Treasury

DAVID R. BRENNAN
Deputy General Counsel of the Treasury

IN WITNESS WHEREOF, I have hereunto set my hand this 2 day of October, 1980.

ROGER C. ALTMAN
Assistant Secretary of the Treasury
NEW YORK CITY LOAN GUARANTEE ACT OF 1978
Public Law 95-339
95th Congress

An Act

To authorize the Secretary of the Treasury to provide financial assistance for
the city of New York.

Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "New York City Loan
Guarantee Act of 1978".

TITLE I—LOAN GUARANTEES

DEFINITIONS

31 USC 1521.

Sec. 101. For the purpose of this title, the term—
(1) "city" means the city of New York;
(2) "State" means the State of New York;
(3) "Secretary" means the Secretary of the Treasury;
(4) "independent fiscal monitor" means an agency, board, or
other entity authorized by the law of the State which has the
authority to control the fiscal affairs of the city during the entire
period for which assistance under this title will be outstanding
and which authority the State has covenanted will not be sub-
substantially impaired during such period;
(5) "financing agent" means any agency or instrumentality of
the State duly authorized by the law of the State 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;
(6) "city indebtedness" means indebtedness for borrowed money
of (A) a financing agent, but only if the proceeds thereof are
advanced to or applied for the benefit of the city, or (B) the city;
and
(7) "fiscal year" means a fiscal year of the city, except in
section 111.

GUARANTEE AUTHORITY

Sec. 102. (a) Upon the written request of the city and the Governor
of the State, the Secretary may guarantee the payment, in whole or
in part, of interest, principal, or both, of city indebtedness in accordance
with this title, but any such guarantee shall cease to be effective
not later than fifteen years after the date of the issuance of the city
indebtedness involved.

(b) A guarantee under this title is effective only with respect to city
indebtedness which is issued or is to be issued to employee pension
funds of the city or of the State, or of any agency of the city or of
the State, and shall terminate whenever such indebtedness is sold or
otherwise disposed of by such a fund (other than to a successor in
interest not involving a change in beneficial ownership).

(c) Whenever the payment of principal and interest on city
indebtedness is guaranteed under this title, the Secretary shall assess
and collect from the issuer, no less frequently than annually, a guarantee fee computed daily at a rate of no less than one-half of 1 percent per annum on the outstanding principal amount of city indebtedness guaranteed hereunder. All funds received by the Secretary in payment of such fees shall be paid into the general fund of the Treasury. The Secretary may periodically escalate the guarantee fee to induce the obligor to enter the public credit markets.

CONDITIONS OF ELIGIBILITY

SEC. 103. The Secretary may make guarantees under this title only if—

(1) there is a reasonable prospect of repayment of the city indebtedness to be guaranteed in accordance with its terms and conditions;

(2) the Secretary determines that the city is effectively unable to obtain credit in the public credit markets or elsewhere in amounts and terms sufficient to meet the city's financing needs;

(3) the interest rate on such city indebtedness is reasonable, taking into consideration current average market yields for other obligations guaranteed by the United States;

(4) during the four-year period ending June 30, 1982, the long-term and seasonal borrowing needs of the city (other than borrowing assisted or to be assisted under this title) 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, when the guarantee authority conferred by this title has terminated, to meet all of its long-term and seasonal borrowing needs through the public credit markets, and for the purpose of making such determination, the Secretary may assume that all other conditions under this section are and will be fulfilled;

(5) (A) the independent fiscal monitor 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 and, for fiscal years of the city beginning on or prior thereto but after June 30, 1978, to make substantial progress toward that goal, and, for each fiscal year of the city beginning prior to June 30, 1981, but after June 30, 1978, 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 accounting principles established under State law;

(B) the city has submitted to the Secretary, with the approval of the independent fiscal monitor, 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 full fiscal years of the city beginning after June 30, 1978, and the city agrees to publish, after the completion of each fiscal year covered by the plan, an analysis reconciling its actual revenues and expenditures with projected revenues and expenditures, and to publish periodic projections which reflect the impact of the plan on tax rates; and
(C) the city submits, with the approval of the independent fiscal monitor, 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 final fiscal year of the four year period which begins with the fiscal year beginning July 1, 1978, and the city is required, on or before the first day of each fiscal year thereafter during which city indebtedness guaranteed under this title is outstanding, to have prepared and submit a plan covering the four year period beginning with such fiscal year which will result in budgets which would not show a deficit when reported in accordance with accounting principles set forth in subparagraph (A);

(6) the independent fiscal monitor demonstrates to the satisfaction of the Secretary that it has the authority to control the fiscal affairs of the city for the entire period during which assistance under this title will be outstanding;

(7) the city has agreed—

(A) to obtain and submit to the Secretary, as soon as practicable after the close of each fiscal year of the city during which the Secretary 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;

(8) (A) in the case of guarantees issued after June 30, 1979, the State has 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 not be less than the amount of such assistance which was provided during the fiscal year ending June 30, 1978, except during any fiscal year for which the city has presented a budget which the Secretary has determined is balanced in accordance with generally accepted accounting principles; and

(B) the State or an agency of the State, subject to and in accordance with applicable State law, when any guarantee hereunder is made by the Secretary, shall deposit in a fund approved by the Secretary, an amount which, together with all amounts
previously so deposited in such fund, shall equal not less than 5 per centum of the principal of and of one year's interest on the then outstanding city indebtedness then guaranteed under this title, and which shall, under the direction of the Secretary, be used to pay, or to reimburse the Treasury for paying, principal and interest which the city fails to pay, the payment of which is guaranteed under this title, but in no case will the fund be used to pay or reimburse an amount in excess of 5 per centum of the principal amount of and of one year's interest on all guaranteed city indebtedness outstanding on the date of the failure:

(9) the city has agreed, in addition to other efforts undertaken by the city to increase employee productivity, to establish a productivity council (A) which shall consist of representatives of the city government and of city employee unions, (B) which shall develop and seek to implement methods for enhancing the productivity of the city's labor force, and (C) which shall have a representative of the independent fiscal monitor as an observer, and the independent fiscal monitor shall review and report, not less than annually, on the development and implementation of such methods, such report to be published and made available to the public, and transmitted to the Secretary;

(10) the city has agreed to offer to sell for distribution to the public its short-term notes in fiscal years 1980, 1981, and 1982 and its long-term bonds in fiscal years 1981 and 1982, unless the Secretary determines that any such offer would be inconsistent with the financial interests of the city;

(11) the city has agreed that—

(A) following the fiscal year ending June 30, 1982, and during any fiscal year thereafter in which a guarantee under this title is outstanding, the city will pay or provide for the payment of city indebtedness then guaranteed hereunder, giving priority to city indebtedness having the longest maturity or maturities, in a principal amount not less than 15 per centum of the net proceeds of city indebtedness issued in public credit markets during such year, except that the Secretary may modify or waive such 15 per centum requirement to the extent he determines that its application (i) would substantially impair the city's ability to meet its essential capital needs, or (ii) would substantially overburden the market for long-term city indebtedness; and

(B) 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 will implement a program satisfactory to the Secretary of refunding any outstanding city indebtedness guaranteed under this title for the purpose of achieving complete repayment of such indebtedness at the earliest practicable date, taking into consideration such factors as the Secretary deems appropriate, 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; and

(12) the city and the State are meeting their respective obligations under this section.

Any determination by the Secretary that the conditions set forth in this section have been met shall be conclusive, such determination to be evidenced by the making of such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of the holder of
such city indebtedness, except for fraud or material misrepresentation on the part of such holder. The Secretary is authorized to determine the manner in which such guarantees will be issued and, in addition to the terms and conditions required by this section, to require from, or agree to with, the city, a financing agent, the holders of the city indebtedness, guaranteed, and any other party in interest such other terms and conditions as he may deem appropriate, including provision of security for the repayment of amounts paid pursuant to any guarantee under this title. Any such other term or condition may be modified, amended, or waived in the discretion of the Secretary.

LIIMTATIONS ON GUARANTEE AUTHORITY

31 USC 1524.

Sec. 101. (a) (1) The authority of the Secretary to extend guarantees under this title shall not at any time exceed $1,650,000,000 in the aggregate principal amount outstanding.
(2) During the fiscal year beginning on July 1, 1978, not to exceed $750,000,000 shall be available for the guarantee of city indebtedness—
(A) of which not to exceed $500,000,000 shall be available for the guarantee of city indebtedness maturing more than one year after its date of issuance, and
(B) of which not to exceed $250,000,000 shall be available for the guarantee of city indebtedness maturing in one year or less after its date of issuance, but only to the extent authorized by the provisions of subsection (b).
(3) During the fiscal year beginning on July 1, 1979, not to exceed the sum of—
(A) $250,000,000, and
(B) $750,000,000 reduced by the principal amount of city indebtedness guaranteed prior to July 1, 1979, and outstanding on the date on which the guarantees are made under this paragraph, shall be available for the guarantee of city indebtedness maturing more than one year after its date of issuance, except that no guarantees may be made under this paragraph if prior to July 1, 1979, either the Senate or the House of Representatives agrees to a resolution stating in substance that it disapproves such guarantees.
(4) During the fiscal year beginning on July 1, 1980, not to exceed the sum of—
(A) $250,000,000, and
(B) $1,000,000,000 reduced by the sum of (i) the principal amount of city indebtedness guaranteed under paragraphs (2) (A) and (3) outstanding on the date on which the guarantees are made under this paragraph, and (ii) the amount, if any, covered by a resolution agreed to by the Senate or the House of Representatives pursuant to paragraph (3), shall be available for the guarantee of city indebtedness maturing more than one year after its date of issuance, except that no guarantees may be made under this paragraph if prior to July 1, 1980, either the Senate or the House of Representatives agrees to a resolution stating in substance that it disapproves such guarantees.
(5) During the fiscal year beginning on July 1, 1981, not to exceed the sum of—
(A) $250,000,000, if the Secretary determines, in accordance with generally accepted accounting principles, that the city has presented a balanced budget, and
(B) $1,325,000,000 reduced by the sum of (i) the principal amount of city indebtedness guaranteed under paragraphs (2)(A), (3), and (4) and outstanding on the date on which the guarantees are made under this paragraph, and (ii) the sum of the amounts, if any, covered by resolutions agreed to by the Senate or the House of Representatives pursuant to paragraphs (3) and (4), shall be available for the guarantee of city indebtedness maturing more than one year after its date of issuance.

(b) The Secretary may guarantee the payment of principal or interest, or both, on city indebtedness issued prior to January 1, 1979, maturing prior to July 1, 1979, but only to the extent that the Secretary determines, after taking into account any commitments the employee pension funds of the city have made with respect to the purchase of city indebtedness maturing more than one year from its issuance, that the employee pension funds of the city are not able to provide sufficient amounts of seasonal financing as required under section 103(4) of this title without being considered to have failed to meet the requirements of section 401(a) of the Internal Revenue Code of 1954 (as such requirements apply to such pension funds), or being considered to have engaged in a prohibited transaction described in section 503(b) of the Internal Revenue Code of 1954.
United States to those of any creditor of the city or any financing agent.

(f) The Secretary may bring a civil action in any United States district court or any other appropriate court to enforce compliance with the provisions of this title, any agreement related thereto, or any provision of State law related thereto, by the city, the State, the financing agent, the independent fiscal monitor, or any official of any of the foregoing, or any other party to any such agreement, and such court shall have jurisdiction to enforce such compliance and enter such orders as may be appropriate.

INSPECTION OF DOCUMENTS

31 USC 1526. Sec. 106. At any time a request for a guarantee is pending or indebtedness guaranteed under this title is outstanding, the Secretary is authorized to inspect and copy all accounts, books, records, minutes, correspondence, and other documents of the city or any financing agent relating to the city's financial affairs.

GENERAL ACCOUNTING OFFICE AUDITS

31 USC 1527. Sec. 107. The General Accounting Office is authorized to make such audits as may be deemed appropriate by the Comptroller General, and any accounts, books, records, and transactions of the city and any financing agent, no guarantee may be made under this title unless and until the city and any financing agent agree in writing to allow the General Accounting Office to make such audits. The General Accounting Office shall report the results of any such audit to Congress.

REPORTS TO CONGRESS

31 USC 1528. Sec. 108. Within three months after the date of enactment of this title, and at six-month intervals until June 30, 1982, and thereafter at twelve-month intervals, the Secretary shall transmit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a report containing a detailed statement of his activities under this title.

SEVERABILITY

31 USC 1529. Sec. 109. If any provision of this title is held to be invalid, or the application of such provision to any person or circumstance, is held to be invalid by a court of competent jurisdiction, the remainder of this title, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

TERMINATION

31 USC 1530. Sec. 110. The authority of the Secretary to make guarantees under this title terminates on June 30, 1982. Such termination does not affect the carrying out of any contract, guarantee, or other obligation entered into pursuant to this title, or the taking of any action necessary to preserve or protect the interests of the United States arising hereunder, except that no commitment to guarantee the payment of principal or interest on city indebtedness under this title shall be effective after such date.
AUTHORIZATION

SEC. 111. (a) There are authorized to be appropriated beginning October 1, 1978, and to remain available without fiscal year limitation, such sums as may be necessary to carry out this title. (b) Any other provision of this title to the contrary notwithstanding, the authority of the Secretary to make any guarantee under this title shall be limited to such extent or amounts as are provided in advance in appropriation Acts.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SEC. 201. TAXABILITY OF CERTAIN FEDERALLY GUARANTEED OBLIGATIONS.

(a) Certain Federally Guaranteed Obligations.—Section 103 of the Internal Revenue Code of 1954 (relating to interest on certain governmental obligations) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) Certain Federally Guaranteed Obligations.—Any obligation the payment of interest or principal (or both) of which is guaranteed in whole or in part under title I of the New York City Loan Guarantee Act of 1978 shall, with respect to interest accrued during the period for which such guarantee is in effect, be treated as an obligation not described in subsection (a)."

(b) Obligations May Not Be Acquired by Federal Financing Bank.—Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire any obligation the payment of interest or principal of which has at any time been guaranteed in whole or in part under title I of the New York City Loan Guarantee Act of 1978.

(c) Effective Date.—The amendments made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

Approved August 8, 1978.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 95-1129, Pt. 1 (Comm. on Banking, Finance and Urban Affairs), and Pt. 2 (Comm. on Ways and Means); and No. 95-1369 (Comm. of Conference).

SENATE REPORT No. 95-952 (Comm. on Banking, Housing, and Urban Affairs).

June 6-8, considered and passed House.
June 29, considered and passed Senate, amended.
July 25, House agreed to conference report.
July 27, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 14, No. 32:
Aug. 8, Presidential statement.
Public Law 95-415
95th Congress

Joint Resolution
Providing financial assistance for the city of New York.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized to guarantee the payment of principal and interest on loans in accordance with the provisions of the New York City Loan Guarantee Act of 1978 in amounts not to exceed $1,650,000,000 in principal outstanding at any time, and there is hereby appropriated effective October 1, 1978, such amounts as may be necessary for payment of principal and interest on loans in default and guaranteed pursuant to the New York City Loan Guarantee Act of 1978, to remain available until September 30, 1998.


LEGISLATIVE HISTORY:

HOUSE REPORT No. 95-1404 (Comm. on Appropriations).
SENATE REPORT No. 95-1192 (Comm. on Appropriations).
Sept. 6, considered and passed House.
Sept. 20, considered and passed Senate.
An Act

Relating to the application of certain provisions of the Internal Revenue Code of 1954 to specified transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. QUALIFIED STATUS OF PARTICIPATING PENSION PLANS.

(a) GENERAL RULE.—A participating pension plan shall not be considered to fail to satisfy the requirements of section 401(a) of the Internal Revenue Code of 1954, and shall not be considered to have engaged in a prohibited transaction described in section 403(b) of such Code, merely because—

(1) during the period beginning on July 1, 1978, and ending on June 30, 1982, the plan acquires city indebtedness which meets the applicable requirements of section 2, or

(2) the plan continues to hold any city indebtedness acquired—

(A) pursuant to this Act or Public Law 94–296, or

(B) before November 26, 1975.

(b) ACQUISITION OF INDEBTEDNESS PURSUANT TO AGREEMENT.—The acquisition of city indebtedness by a participating pension plan under an agreement for the acquisition of city indebtedness meets the applicable requirements of section 2 if—

(1) the agreement is not disapproved by the Secretary under subsection (c), and

(2) the plan certifies to the Secretary (and furnishes to the Secretary and to the appropriate committees of the Congress) such supporting information and documentation as the Secretary shall require that the acquisition—

(A) is made under the agreement, and

(B) meets the applicable requirements of section 2 (determined without regard to the provisions of subsection (b), (c), and (f) of section 2).

(c) SIXTY-DAY PERIOD FOR DISAPPROVAL.—

(1) IN GENERAL.—Before entering into an agreement described in subsection (b), and before acquiring any city indebtedness not covered by such an agreement, the participating pension plan shall notify the Secretary of the proposed agreement or acquisition. If the Secretary determines (not later than 60 days after the date of such submission or such shorter period as the Secretary may establish) that such agreement or acquisition does not meet any requirement of section 2, the Secretary shall disapprove such agreement or acquisition (as the case may be). For purposes of this subsection, an amendment, or a waiver of any provision, of such an agreement shall be treated as a new agreement.

(2) NOTIFICATION.—The Secretary shall, not later than the 10th day after the close of the period applicable under paragraph (1), notify the appropriate committees of the Congress of the determinations he has made with respect to the submission and the reasons on which such determinations were based.
SEC. 2. REQUIREMENTS.

(a) LIMITATIONS ON AMOUNT OF DEBT TO BE ACQUIRED.—

(1) PERCENTAGE LIMITATIONS.—An acquisition of city indebtedness by a participating pension plan does not meet the requirements of this section if—

(A) AGGREGATE LIMIT ON ACQUISITIONS BY CITY PLANS.—In the case of a city plan, the plan acquires any city indebtedness after June 30, 1979, and before the city plans meet the percentage limitation on holdings of city indebtedness applicable under this subparagraph for the 12-month period ending on the most recently preceding June 30. The percentage limitation on holdings of city indebtedness under this subparagraph is not met if the value of city indebtedness held by all city plans exceeds a percentage of the aggregate assets of all city plans equal to—

(i) 40 percent for the 12-month period ending on June 30, 1979,
(ii) 36 percent for the 12-month period ending on June 30, 1980,
(iii) 33 percent for the 12-month period ending on June 30, 1981, and
(iv) 30 percent for the 12-month period ending on June 30, 1982.

(B) LIMIT ON ACQUISITIONS BY EACH CITY PLAN.—In the case of a city plan, the plan acquires any city indebtedness which, when added to other city indebtedness held by such plan, would cause such holdings to exceed 50 percent of the assets of such plan at the time of the acquisition.

(C) LIMIT ON ACQUISITIONS BY STATE PLAN.—In the case of a State plan, the plan acquires any city indebtedness which, when added to other city indebtedness held by such plan, would cause such holdings to exceed 10 percent of the assets of such plan at the time of the acquisition.

(D) DETERMINATIONS OF WHETHER THE PERCENTAGE LIMITATIONS HAVE BEEN MET.—

(i) AGGREGATE LIMIT.—For the purpose of determining whether the percentage limitation on holdings of city indebtedness under subparagraph (A) has been met for any 12-month period described in that subparagraph, the plan shall use the arithmetic mean (expressed as a percentage) of 4 fractions, the numerators of which are the value of city indebtedness held by all city plans as of the close of each calendar quarter within the 12-month period for which the determination is being made and the denominators of which are the value of the assets of all city plans as of the close of each such calendar quarter. If the percentage limitation under subparagraph (A) is not met for a 12-month period on the basis of the 4 fractions for the 4 calendar quarters within that 12-month period, the plan shall make a redetermination for that 12-month period as of the close of the first calendar quarter, if necessary, the second calendar quarter and, if necessary, the third calendar quarter following the 12-month period using the 4 fractions for the 12-month
period and the fraction or fractions for the additional quarter or quarters, if, the value of city indebtedness or plan assets is not available, for any quarter at the time the determination of the fraction for that quarter is being made, the plan shall use a value derived from interpolations from the most recently available semi-annual valuations.

(ii) PLAN LIMIT.—In making a determination of whether or not an acquisition of city indebtedness meets the requirements of subparagraph (B) or (C), the plan shall make determinations based on the most current data available as to the holdings of city indebtedness and on the basis of the most recently available semianual valuation of assets of the plan.

(2) METHOD OF VALUATION.—For purposes of this subsection—
(A) city indebtedness is to be valued by the plan at its face value, and
(B) all other assets are to be valued by the plan under methods determined by the Secretary to be consistent with the methods of valuing assets for purposes of section 412 of the Internal Revenue Code of 1954.

(b) STANDARDS.—
(1) OVERALL STANDARD.—The overall standard used by the Secretary under this Act in determining whether or not to disapprove an agreement for the acquisition of city indebtedness under section 1(c) shall be the extent to which the acquisition of city indebtedness under the agreement will, in the case of a city plan—
(A) maintain the ability of the city—
(i) to make future contributions to the plan or trust, and
(ii) to satisfy its future obligations to pay pension and retirement benefits to members and beneficiaries of such plan or trust, and
(B) protect the sources of funds to provide retirement benefits for members and beneficiaries of the plan or trust.
(2) FACTORS TO BE TAKEN INTO ACCOUNT.—In determining whether or not to disapprove such an agreement the Secretary shall take into account (among other factors) the terms of the obligations which are to be acquired under the agreement.
(3) FISCAL PARTICIPATION BY PRIVATE SOURCES OR PUBLIC CREDIT MARKETS.—The Secretary shall disapprove any such agreement unless he has received assurances to his satisfaction that there will be significant participation in the acquisition of city indebtedness by the State, an agency of the State, or private sources, or through public credit markets.

(c) REQUIREMENTS WITH RESPECT TO FISCAL CONDITION OF THE CITY.
(1) SUBSTANTIAL PROGRESS TOWARD A BALANCED BUDGET BY 1981.—An acquisition of city indebtedness by a participating pension plan during any fiscal year beginning after June 30, 1973, does not meet the requirements of this section unless the Secretary has
determined for such fiscal year that the city is making substantial progress toward operating under expense budgets which do not show a deficit.

(2) Principles to be applied under paragraph (1).—The Secretary shall make the determination required under paragraph (1) on the basis of—

(A) whether or not the requirements of paragraph (5) of section 103 of the New York City Loan Guarantee Act of 1978 (as such Act is in effect on the date of enactment of this Act) are being met, and

(B) the annual audited financial statements of the city prepared in accordance with generally accepted accounting principles (including principles applicable to municipal governments which provide for a clear division between operating outlays and revenues on the one hand and capital expenditures and revenues on the other hand) and in accordance with generally accepted auditing standards.

(d) Plans Having Negative Cash Flow.—

(1) In general.—An acquisition of any city indebtedness by a city plan does not meet the requirements of this section if the plan would have a negative cash flow for the fiscal year of acquisition.

(2) Special rules.—For purposes of paragraph (1)—

(A) cash flow shall be determined by the plan for each fiscal year, and also whenever the plan enters into an agreement which must be submitted to the Secretary under section 1(e) (including any amendment of, or waiver under, such agreement),

(B) cash flow shall be determined in the same manner as provided in paragraph (3) of subsection (e), and

(C) the effect of completed and proposed acquisitions during the plan year on the cash flow shall be taken into account.

(e) Reports.—

(1) Annual report by plans on receipts, disbursements, holdings, and cash flow.—

(A) Annual report.—An acquisition of any city indebtedness by any participating city pension plan does not meet the requirements of this section unless, for each preceding plan year beginning after June 30, 1978, and ending more than 8 months and 15 days before the date of the acquisition, the plan has submitted an annual report which meets the requirements of paragraph (2) to the Secretary and to the appropriate committees of the Congress.

(B) Projected cash flow.—An acquisition of city indebtedness by any participating city pension plan for any plan year does not meet the requirements of this section unless the plan has submitted to the Secretary and to the appropriate committees of the Congress a statement showing the projected cash flow for the plan year.

(2) Annual report by independent public accountant.—An annual report does not meet the requirements of this paragraph unless it—
(A) includes an analysis of compliance by the plan throughout the fiscal year with the requirements of subparagraphs (A) and (B) of subsection (a) (1),
(B) is prepared in accordance with generally accepted accounting principles, and
(C) meets the requirements of paragraph (3) of section 103(a) of the Employees Retirement Income Security Act of 1974, as in effect on the date of enactment of this Act (without regard to the last 2 sentences of subparagraph (A) of that paragraph).

(3) RULES FOR DETERMINING CASH FLOW.—For purposes of paragraph (1) (B), the cash flow—
(A) shall take into account contributions and other income (such as dividends and interest) on the one hand and the payment of benefits and expenses on the other hand, and
(B) shall not take into account items properly chargeable to capital account (such as the proceeds from the sale or redemption of assets), other than—
(i) payment of principal during the period a debt is outstanding,
(ii) payment of principal at maturity or redemption, and
(iii) proceeds from the sale of obligations having a maturity of one year or less at the time of sale.

(1) CITY MUST COMPLY WITH REQUIREMENTS OF SECTION 103(7) OF NEW YORK CITY LOAN GUARANTEE ACT OF 1976.—An acquisition of city indebtedness by a city pension plan for any plan year does not meet the requirements of this section unless, at the time of the acquisition, the Secretary has determined that the requirements of paragraph (7) of section 103 of the New York City Loan Guarantee Act of 1976, as in effect on the date of enactment of this Act, have been met.

SEC. 3. NOTIFICATION OF PLANS AND CITY OF ACQUISITIONS WHICH FAIL TO MEET REQUIREMENTS OF THE ACT; REGULATIONS.

(a) NOTIFICATION OF PLANS AND CITY.—
(1) NOTICE OF FAILURE TO MEET REQUIREMENTS.—Whenever the Secretary determines that an acquisition of city indebtedness has not met one of the requirements of section 2, he shall notify the participating plan or plans involved.
(2) NOTICE OF POSSIBLE PROSPECTIVE FAILURE.—The Secretary shall notify each participating pension plan and the city whenever he finds, based on information available to the Secretary, that a future acquisition of city indebtedness will fail to meet the requirements of section 2 because of the requirement of subsection (a) (1) (A) or (c) of that section, and he shall notify the participating pension plan concerned and the city whenever it appears that a future acquisition of city indebtedness by that plan will fail to meet the requirements of section 2 for any other reason.

(b) REGULATIONS.—The Secretary of the Treasury or his delegate is authorized to prescribe such regulations as may be necessary to carry out the provisions of this Act.

SEC. 4. DEFINITIONS AND SPECIAL RULES.

For purposes of this Act—
(1) PARTICIPATING PENSION PLAN.—The term “participating pension plan” means any city plan or State plan.
(2) **City plan.**—The term "city plan" means any of the following:

(A) the New York City employees' retirement system,

(B) the teachers' retirement system for the city of New York,

(C) the New York City Police Pension Fund, article 2,

(D) the New York City Fire Department Pension Fund, article 1-B, and

(E) the board of education retirement system for the city of New York.

(3) **State plan.**—The term "State plan" means any of the following:

(A) the New York State employees' retirement system,

(B) the New York State policemen's and firemen's retirement system, and

(C) the New York State teachers' retirement system.

(4) **Appropriate committees of the Congress.**—The term "appropriate committees of the Congress" means the Committee on Ways and Means of the House of Representatives and the Finance Committee of the Senate.

(5) **References to plan include references to trust.**—A reference to a plan includes a reference to any trust forming a part thereof.

(6) **City indebtedness.**—The term "city indebtedness" means any city obligation or any State financing agency obligation.

(7) **City obligation.**—The term "city obligation" means any indebtedness for money borrowed by the city.

(8) **State financing agency obligation.**—The term "State financing agency obligation" means any indebtedness for money borrowed by the State financing agency.

(9) **State financing agency.**—The term "State financing agency" means any agency or instrumentality of the State of New York duly authorized by such State to act on behalf of or in the interest of the city, and to no other subdivision of the State, with respect to the city's financial affairs.

(10) **City.**—The term "city" means the city of New York.

(11) **Fiscal year.**—The term "fiscal year" means a 1-year period beginning on July 1 or, where the Secretary determines it to be appropriate, the plan year of a participating pension plan.

(12) **Secretary.**—The term "Secretary" means the Secretary of the Treasury. Except as provided in section 3, no function, power, or duty of the Secretary under section 1, section 2, or this section may be delegated.

(13) **Acquisition.**—The term "acquisition" includes—

(A) a purchase or an exchange (whether pursuant to a rollover or otherwise), and

(B) to the extent provided in regulations prescribed by the Secretary, any modification in the terms of an obligation or in the rights of the holder of an obligation.
SEC. 5. RELATIONSHIP OF THIS ACT TO PUBLIC LAW 94-236.

Effective on the date of the enactment of this Act, the waiver of the requirements of sections 401(a) and 503(b) of the Internal Revenue Code of 1954 contained in subsection (a) of the first section of Public Law 94-236 shall not apply to acquisitions of city indebtedness on or after such date.

Thomas F. O'Neill, Jr.
Speaker of the House of Representatives.

Robert Morgan
Vice President of the United States and
Acting President of the Senate, per rota

APPROVED
OCT 21 1978

Jimmy Carter
DEPARTMENT OF THE TREASURY ORDER

Number: 101-5

Subject: Supervision of Bureaus and Offices, Delegation of Certain Authority, and Order of Succession in the Department of the Treasury

Date: May 16, 1979

1. The Deputy Secretary shall be under the direct supervision of the Secretary.

2. The following officials shall be under the supervision of the Secretary, and shall report to the Secretary through the Deputy Secretary:

   Under Secretary for Monetary Affairs
   Under Secretary
   General Counsel
   Assistant Secretary (Domestic Finance)
   (Also reports through Under Secretary for Monetary Affairs for debt management purposes.)
   Assistant Secretary (Economic Policy)
   Assistant Secretary (Legislative Affairs)
   Assistant Secretary (Public Affairs)
   Assistant Secretary (Tax Policy)
   Executive Secretary
   Comptroller of the Currency
   Commissioner of Internal Revenue
   Inspector General
   Director, Office of Small and Disadvantaged Business Utilization

3. The following officials shall be under the supervision of the Under Secretary for Monetary Affairs, and shall exercise supervision over those officers and organizational entities listed:
Assistant Secretary (International Affairs)
Deputy Assistant Secretary for Developing Nations
Deputy Assistant Secretary for Trade and Investment Policy
Deputy Assistant Secretary for Commodities and Natural Resources
Deputy Assistant Secretary for International Monetary Affairs
Deputy to the Assistant Secretary for Saudi Arabian Affairs
Deputy to the Assistant Secretary and Secretary of International Monetary Group
Inspector General for International Finance

(The Assistant Secretary (Domestic Finance) reports through the Under Secretary for Monetary Affairs for debt management purposes.)

Fiscal Assistant Secretary
Deputy Fiscal Assistant Secretary
Commissioner, Bureau of Government Financial Operations
Commissioner of the Public Debt

4. The following officials shall be under the supervision of the Under Secretary, and shall exercise supervision over those officers and organizational entities listed:

Assistant Secretary (Administration)
Deputy Assistant Secretary (Administration)
Director, Office of Administrative Programs
Director, Office of Audit
Director, Office of Budget and Program Analysis
Director, Office of Computer Science
Director, Office of Equal Opportunity Program
Director, Office of Management and Organization
Director, Office of Personnel

Assistant Secretary (Enforcement and Operations)
Deputy Assistant Secretary (Operations)
Deputy Assistant Secretary (Enforcement)
Director, Bureau of Alcohol, Tobacco and Firearms
Commissioner of Customs
Director, U. S. Secret Service
Director, Federal Law Enforcement Training Center
Director, Office of Foreign Assets Control

Treasurer of the United States
National Director, U. S. Savings Bonds Division

Director, Bureau of the Mint

Director, Bureau of Engraving and Printing

5. The following officials shall exercise supervision over those officers and organizational entities listed:

General Counsel
Deputy General Counsel
Legal Division
Office of Director of Practice
Deputy Assistant Secretary (Tariff Affairs)
Assistant Secretary (Domestic Finance)

Deputy Assistant Secretary for Debt Management
Senior Adviser (Debt Research)
Director, Office of Government Financing
Director, Office of Agency Finance and Market Policies
Deputy Assistant Secretary for Capital Markets Policy
Director, Office of Securities Market Policies
Director, Office of Capital Markets Legislation
Deputy Assistant Secretary for State and Local Finance
Director, Office of Municipal Finance
Director, Office of New York Finance
Director, Office of Urban Economics
Director, Office of Revenue Sharing

Assistant Secretary (Economic Policy)

Deputy Assistant Secretary for Domestic Economic Policy
Director, Office of Financial Analysis
Director, Office of Special Studies
Energy Legislative and Regulatory Analysis Staff
Deputy Assistant Secretary for International Economic Analysis
Director, Office of Monetary Research
Director, Office of Trade Research
Director, Office of Balance of Payments
Director, Office of International Energy Research
Director, Office of Statistical Reports
Director, Office of Data Services
Foreign Portfolio Investment Survey Project
Assistant Secretary (Legislative Affairs)
Deputy Assistant Secretary (Legislative Affairs)
Office of Legislative Affairs

Assistant Secretary (Public Affairs)
Deputy Assistant Secretary (Public Affairs)
Office of Public Affairs

Assistant Secretary (Tax Policy)
Deputy Assistant Secretary for Tax Analysis
Associate Director, Office of Tax Analysis
Deputy Assistant Secretary for Tax Legislation
Office of Tax Legislative Counsel (also part of Legal Division)
Office of International Tax Counsel (also part of Legal Division)
Director, Office of Industrial Economics

6. The Deputy Secretary, the Under Secretary for Monetary Affairs, the Under Secretary, the General Counsel, and the Assistant Secretaries are authorized to perform any functions the Secretary is authorized to perform. Each of these officials shall perform functions under this authority in his or her own capacity and under his or her own title and shall be responsible for referring to the Secretary any matter on which action should appropriately be taken by the Secretary. Each of these officials will ordinarily perform under this authority only functions which arise out of, relate to, or concern the activities or
functions of, or the laws administered by or relating to, the bureaus, offices, or other organizational units over which the incumbent has supervision. Any action heretofore taken by any of these officials in the incumbent's own capacity and under his or her own title is hereby affirmed and ratified as the action of the Secretary.

7. The following officers shall, in the order of succession indicated, act as Secretary of the Treasury in case of the death, resignation, absence, or sickness of the Secretary and other officers succeeding the incumbent, until a successor is appointed, or until the absence or sickness shall cease:

A. Deputy Secretary
B. Under Secretary for Monetary Affairs
C. Under Secretary
D. General Counsel
E. Assistant Secretaries, or Deputy Under Secretaries, appointed by the President with Senate confirmation, in the order in which they took the oath of office as Assistant Secretary, or Deputy Under Secretary.
8. Treasury Department Order No. 190 (Revision 15), March 16, 1978, is rescinded.

[Signature]

W. Michael Blumenthal
Secretary of the Treasury
TREASURY DEPARTMENT ORDER NO. 191  
(Revision 5)  

Designation of Deputies

1. In addition to other assignments, the principal assistant to each of the following officials is designated to serve as deputy to the principal involved:

<table>
<thead>
<tr>
<th>Principal</th>
<th>Deputy</th>
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<tbody>
<tr>
<td>General Counsel</td>
<td>Deputy General Counsel</td>
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<tr>
<td>Assistant Secretary (Administration)</td>
<td>Deputy Assistant Secretary (Administration)</td>
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<tr>
<td>Assistant Secretary (Domestic Finance)</td>
<td>Deputy Assistant Secretary for Debt Management</td>
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<td>Assistant Secretary (Economic Policy)</td>
<td>Deputy Assistant Secretary for Domestic Economic Policy</td>
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<td>Assistant Secretary (Enforcement and Operations)</td>
<td>Deputy Assistant Secretary (Enforcement)</td>
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<td>Assistant Secretary (International Affairs)</td>
<td>Deputy Assistant Secretary for Developing Nations</td>
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<td>Assistant Secretary (Tax Policy)</td>
<td>Deputy Assistant Secretary for Tax Analysis</td>
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<tr>
<td>Fiscal Assistant Secretary</td>
<td>Deputy Fiscal Assistant Secretary</td>
</tr>
<tr>
<td>Commissioner of Internal Revenue</td>
<td>Deputy Commissioner</td>
</tr>
<tr>
<td>Comptroller of the Currency</td>
<td>First Deputy Comptroller</td>
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COPIES TO:  INTERNAL COUNSEL  
DEPUTY GENERAL COUNSEL  
ASSISTANT GENERAL COUNSEL  
LEGAL AFFAIRS  
FINANCE
2. Each deputy shall have authority to perform, during any absence or disability of his or her principal, or when there is a vacancy in that office, any function his or her principal is authorized to perform, consistent with Treasury Department Order No. 190 (Revised).

3. All principals shall maintain, in writing, a current order of succession within their own organizations which specifies the order in which subordinate officials shall serve in an acting capacity in the event the principal and the deputy are absent, disabled or when a vacancy exists in either office.
4. Treasury Department Order No. 191 (Revision 4) is rescinded.

W. Michael Blumenthal
Secretary of the Treasury

Date: June 12, 1978
CERTIFICATE OF THE SECRETARY OF THE TREASURY
CONCERNING SECTION 1(b) OF P.L. 95-497
(PENSION FUND ACT)

In connection with the proposed acquisition this 27th day of
October, 1980 of City indebtedness by the City pension funds,
and in accordance with the Pension Fund Act, I, G. WILLIAM
MILLER, Secretary of the Treasury, DO HEREBY DETERMINE as
required by the Pension Fund Act that:

(1) the Bond Purchase Agreement (the "Agreement")
dated as of November 15, 1978, by and among
the Municipal Assistance Corporation for The
City of New York, certain financial institutions
and certain City pension funds (the "Agreement")
has not been disapproved under Section 1(c), and

(2) the City pension funds have certified to me
that the acquisitions (A) are made under the
Agreement, and (B) meet the requirements of
Sections 2(a)(1), 2(d), and 2(e) of the Act.

G. WILLIAM MILLER
Secretary of the Treasury
October 2, 1980

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 acquisition this 2 day of
October, 1980 of City indebtedness by the City pension funds,
and in connection with Section 2(f) of the Pension Fund Act, I,
G. WILLIAM MILLER, Secretary of the Treasury, DO HEREBY
DETERMINE THAT:
the City has agreed:

(A) to obtain and submit to the Secretary, as soon
as practicable after the close of each fiscal year
of the city during which he may make guarantees
under the Act 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.

[Signature]

WILLIAM MILLER
Secretary of the Treasury
October 2, 1980

CERTIFICATE OF THE SECRETARY OF THE TREASURY  
CONCERNING SECTION 2(c) OF P.L. 95-497  
(PENSION FUND ACT)

In connection with the proposed acquisition this 2nd day of October, 1980 of City indebtedness by the City pension funds, and in accordance with the Pension Fund Act, I,  
G. WILLIAM MILLER, Secretary of the Treasury, DO HEREBY  
DETERMINE as required by the Pension Fund Act that:

The City is making substantial progress for the fiscal year ending June 30, 1981, toward operating under expense budgets which do not show a deficit.

G. WILLIAM MILLER  
Secretary of the Treasury
October 2, 1980

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

Dear Mr. Secretary:

In connection with the proposed purchase of bonds of the City of New York pursuant to the Guaranteed Bond Purchase Agreement dated November 15, 1978, scheduled for October 2, 1980, and the proposed purchase of bonds of the Municipal Assistance Corporation for the City of New York pursuant to the Bond Purchase Agreement dated November 15, 1978, also scheduled for October 2, 1980, the undersigned hereby submits to you pursuant to P.L. 95-497 (the "Act") information required thereunder to assist you in making the determinations required under the Act.

Attached hereto is the information required by Sections 2(a)(1)(A), 2(a)(1)(B), 2(d)(1), and 2(e)(1)(B) of the Act, such information having been prepared by the Chief Actuary in accordance with the appropriate provisions of the Act.

Sincerely,

/s/ PATRICK J. KIERNAN

Patrick J. Kiernan
Assistant Executive Director
The Secretary of the Treasury
Department of the Treasury
15th and Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

In connection with the proposed purchase of bonds of the City of New York pursuant to the Guaranteed Bond Purchase Agreement dated November 15, 1978, scheduled for October 2, 1980, and the proposed purchase of bonds of the Municipal Assistance Corporation for The City of New York pursuant to the Bond Purchase Agreement dated November 15, 1978, also scheduled for October 2, 1980, the undersigned hereby submits to you pursuant to P.L. 95-497 (the "Act") information required thereunder to assist you in making the determinations required under the Act.

Attached hereto is the information required by Sections 2(a)(1)(A), 2(a)(1)(B), 2(d)(1), and 2(e)(1)(B) of the Act, such information having been prepared by the Chief Actuary in accordance with the appropriate provisions of the Act.

Sincerely,

/s/ PATRICK J. KIERNAN

Patrick J. Kiernan
Assistant Executive Director
October 2, 1980

Mr. Wallace F. Sullivan
Executive Director
Teachers' Retirement System
of the City of New York
40 Worth Street, Room 1405
New York, NY 10013

Re: Purchase of $40,095,000 of bonds of the Municipal Assistance Corporation for the City of New York ("City indebtedness")

Dear Mr. Sullivan:

You have advised me that the Teachers' Retirement System for the City of New York proposes to purchase City indebtedness on or about October 2, 1980, and in connection therewith have requested that I prepare the determinations required by Sections 2(a)(1)(A), 2(a)(1)(B), 2(d)(1) and 2(e)(1)(B) of an Act relating to the application of certain provisions of the Internal Revenue Code of 1954 to specified transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions, P.L. 95-497 (the "Act").

Attached hereto are (1) the determination required by Section 2(a)(1)(A), which has been prepared in accordance with the provisions of Sections 2(a)(1)(D)(i) and 2(a)(2) of the Act; (2) the determination required by Section 2(a)(1)(B), which has been prepared in accordance with the provisions of Sections 2(a)(1)(D)(ii) and 2(a)(2) of the Act; (3) the statement required by Section 2(d)(1), which has been prepared in
accordance with the provisions of Section 2(d)(2) of the Act; and (4) the statement required by Section 2(e)(1)(B), which has been prepared in accordance with the provisions of Section 2(e)(3) of the Act.

Sincerely yours,

James A. Beirne
Assistant Chief Actuary
**TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK**

Estimated Determination pursuant to Section 2(a)(1)(A) of Public Law 95-497

For 12-Month Period Ending 6/30/80

<table>
<thead>
<tr>
<th></th>
<th>9/30/79</th>
<th>12/31/79</th>
<th>3/31/80</th>
<th>6/30/80</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Face value of City indebtedness held by City Pension Funds*</td>
<td>$3,536</td>
<td>$3,516</td>
<td>$3,563</td>
<td>$3,460</td>
</tr>
<tr>
<td>2. Assets of City Pension Funds (including City indebtedness) (valuation takes into account the fair market value of equity securities)</td>
<td>$11,531</td>
<td>$12,012</td>
<td>$12,338</td>
<td>$12,663</td>
</tr>
<tr>
<td>3. Ratio for each calendar quarter-end, expressed as percentage of assets</td>
<td>30.67%</td>
<td>29.27%</td>
<td>28.88%</td>
<td>27.32%</td>
</tr>
<tr>
<td>4. Arithmetic mean of four quarter-end ratios</td>
<td>29.04%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SOURCE:** OFFICE OF THE ACTUARY

---

*The City Pension Funds consist of New York City Employees' Retirement System, The Teachers' Retirement System for the City of New York, the Board of Education Retirement System for the City of New York, the New York City Police Pension Fund, Article 2 and the New York City Fire Department Pension Fund, Article 1-B.*
(2) TEACHERS’ RETIREMENT SYSTEM OF THE CITY OF NEW YORK

Determination pursuant to Section 2(a)(1)(B)
Of Public Law 95-497

October 1, 1980

1. (a) Projected face value of City indebtedness held by T.R.S. as of October 1, 1980 $1,143,444,300.

   (b) Face value of City indebtedness T.R.S. proposes to acquire $ 40,095,000.

Total 1(a) plus 1(b) $1,183,539,300.

2. Assets of T.R.S. (including City indebtedness) as reported on the December 31, 1979 semiannual valuation of plan assets (which valuation takes into account the fair market value of equity securities) $3,742,894,997.

3. Total of City indebtedness after proposed acquisition expressed as a percentage of total assets 31.6%

SOURCE: OFFICE OF THE ACTUARY
(3) TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

STATEMENT OF PROJECTED CASH FLOW
FOR PLAN YEAR ENDING JUNE 30, 1981

Pursuant to Section 2(d)(1) of Public Law 95-497

October 1, 1980

Receipts

City Contributions (1) $461,000,000.

Employee Contributions 52,000,000.

New York City and Municipal Assistance Corporation Bonds Due to Mature 116,000,000.

Corporate and Miscellaneous Bonds Due to Mature 4,000,000.

Interest and Dividend Income 260,000,000.

Total Receipts $893,000,000.

Disbursements

Pension Benefits $293,000,000.

Death Benefits 24,000,000.

Loans and Excess Contributions 48,000,000.

Total Disbursements $365,000,000.

Excess (Deficiency) of Receipts Over Disbursements $528,000,000.
Less Proposed Purchases of:

New York City Serial Bonds $48,000,000.

Municipal Assistance Corporation
Second Resolution Bonds $71,770,000.

Total Proposed Purchases $119,770,000.

Net Excess (Deficiency) of Receipts
Over Disbursements $408,230,000.

(1) Includes a reserve for pension accrual of $24 million.
Assumes legislation will be enacted to revise certain provisions
of the current statutory method of contribution in order that
the City would contribute as well as budget in accordance with
generally accepted accounting principles.

SOURCE: OFFICE OF THE ACTUARY
(4) TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

STATEMENT OF PROJECTED CASH FLOW
FOR PLAN YEAR ENDING JUNE 30, 1981

Pursuant to Section 2(e)(1)(B) of Public Law 95-497

October 1, 1980

Receipts

City Contribution (1) $461,000,000.
Employee Contributions 52,000,000.
New York City and Municipal Assistance Corporation
Bonds Due to Mature 116,000,000.
Corporate and Miscellaneous
Bonds Due to Mature . 4,000,000.
Interest and Dividend Income 260,000,000.
Total Receipts $893,000,000.

Disbursements

Pension Benefits $293,000,000.
Death Benefits 24,000,000.
Loans and Excess Contributions 48,000,000.
Total Disbursements $365,000,000.

Excess (Deficiency) of Receipts
Over Disbursements $528,000,000.

(1) Includes a reserve for pension accrual of $24 million.
Assumes legislation will be enacted to revise certain provisions
of the current statutory method of contribution in order that the
City would contribute as well as budget in accordance with
generally accepted accounting principles.
TEACHERS' RETIREMENT SYSTEM FOR
THE CITY OF NEW YORK

The undersigned hereby certifies that the copy of the resolutions of the Retirement Board of the Teachers' Retirement System for The City of New York annexed hereto is a true and correct copy of the resolutions of the Retirement Board duly adopted at a meeting of such board held on September 18, 1980 and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended as of the date hereof.

Dated: October 2, 1980

[Signature]
Patrick J. Kiernan
Assistant Executive Director
WHEREAS, the Teachers' Retirement System for The City of New York (the "System") has, along with certain commercial banks, savings banks, insurance companies and other New York City pension funds, entered with the Municipal Assistance Corporation For The City of New York ("MAC") into a Bond Purchase Agreement dated as of November 15, 1978, as amended by an Amendment dated as of August 30, 1979 (the "Bond Purchase Agreement") providing for the purchase by the System from time to time during the period ending January 31, 1982 of bonds of MAC (the "Bonds"); and

WHEREAS, MAC has scheduled a closing under the Bond Purchase Agreement on October 2, 1980 (such date or any date within five business days thereafter to which said closing may be adjourned pursuant to the Bond Purchase Agreement to be referred to as the "Closing Date") in which the System has been asked to purchase its pro rata portion of Bonds under the Bond Purchase Agreement
of the aggregate principal amount of Bonds to be issued on the Closing Date (which pro rata portion it is anticipated will not exceed $40,095,000 in principal amount); and

WHEREAS, a notice under Section 3 of an Act in relation to the Tax Treatment of Special Transactions by New York Public Employee Retirement Systems, P.L. 95-497 (the "Pension Legislation"), with respect to said contemplated acquisition by the System on the Closing Date has not been received from the United States Secretary of the Treasury (the "Secretary"); and

WHEREAS, the computations called for by Sections 2(a) and 2(d) of the Pension Legislation have been made and presented to this meeting with respect to the System and such computations indicate that the various tests called for under Sections 2(a) and 2(d) are satisfied by within at least 3/4 of one percent;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Subject to the determination by the Chairman of the Board or, in his absence, the Executive Director, or the Deputy Executive Director, or an Assistant Executive Director of the System, in consultation with and acting in reliance upon the written advice of special counsel to the System that all necessary closing conditions set forth in the Bond Purchase
Agreement have been met, such determination to be conclusively evidenced by the delivery by the person making such determination at the closing on the Closing Date of a check in payment for the Bonds proposed to be purchased on that date, and provided that the System does not, prior to the closing scheduled for the Closing Date, receive notice from the Secretary under Section 3 of the Pension Legislation that he has determined that the acquisition scheduled to be made by the System on the Closing Date will not meet one of the requirements of Section 2 of the Pension Legislation, the proposed purchase by the System on the Closing Date of its pro rata portion under the Bond Purchase Agreement (but in no event in excess of $40,095,000 principal amount) of the aggregate principal amount of Bonds to be issued on the Closing Date is hereby approved at par plus accrued interest, if any, and the Chairman of the Board or, in his absence, the Executive Director, or the Deputy Executive Director, or an Assistant Executive Director of the System is hereby authorized and directed to deliver at the closing on the Closing Date a check of the System in payment therefor.

2. Simultaneously with the taking place of said closing on the Closing Date, the Chairman of the Board or, in his absence, the Executive Director, or the Deputy Executive Director, or an Assistant Executive Director of the System is hereby authorized and directed to (i) deliver
to the Secretary the certification contemplated by Section 1(b) of the Pension Legislation and (ii) furnish to the Secretary and the appropriate committees of the Congress such supporting information and documentation as the Secretary may require.

3. The Chairman of the Board and the Executive Director, the Deputy Executive Director, and the Assistant Executive Directors of the System, individually, and their respective representatives are, upon the advice of special counsel, authorized and directed to take all such other actions necessary and appropriate to effectuate this resolution.
In accordance with the provisions of Section 1(b) of an Act relating to the application of certain provisions of the Internal Revenue Code of 1954 to specified transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions, P.L. 95-497 (the "Act"), the Teachers' Retirement System for the City of New York (the "Plan") hereby certifies to the Secretary of the Treasury (the "Secretary") that:

1. An agreement, dated as of November 15, 1978 by and among the Municipal Assistance Corporation For The City of New York ("MAC"), the Plan, certain other New York City pension funds and certain commercial banks, savings banks and insurance companies, as amended (the "Bond Purchase Agreement"), was submitted to the Secretary, and the Secretary advised the Plan in writing on November 15, 1978 that he did not disapprove said Agreement, and on August 30, 1979, that he did not disapprove the amendment thereto.
2. On the date hereof, the Plan is acquiring $40,095,000 of aggregate principal amount of bonds of MAC issued pursuant to the Second General Bond Resolution and the Series 26 Resolution of MAC, which acquisition is being made pursuant to the provisions of the Bond Purchase Agreement.

3. The acquisition of the Bonds meets the applicable requirements of Section 2 of the Act (determined without regard to the provisions of subsections (b), (c) and (f) of such Section 2).

Dated: October 2, 1980

TEACHERS' RETIREMENT SYSTEM
FOR THE CITY OF NEW YORK

By: ________________________________
    Patrick J. Kiernan
    Assistant Executive Director
TEACHERS' RETIREMENT SYSTEM FOR
THE CITY OF NEW YORK
CERTIFICATE OF INCUMBENCY AND
AUTHENTICITY OF SIGNATURE

I, Donald S. Miller, Deputy Executive Director
of the Teachers' Retirement System for The City of New
York, hereby certify that the persons whose names are
set forth below are the duly appointed holders of the
offices set forth opposite their respective names, and
the signatures set forth opposite their respective names
are their genuine signatures.

<table>
<thead>
<tr>
<th>NAME</th>
<th>OFFICE</th>
<th>SPECIMEN SIGNATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor F. Condello</td>
<td>Chairman, Retirement Board, Teachers' Retirement System for The City of New York</td>
<td>Victor F. Condello</td>
</tr>
<tr>
<td>Wallace F. Sullivan</td>
<td>Executive Director, Teachers' Retirement System for The City of New York</td>
<td>Wallace Sullivan</td>
</tr>
<tr>
<td>Patrick J. Kiernan</td>
<td>Assistant Director, Teachers' Retirement System for The City of New York</td>
<td>Patrick J. Kiernan</td>
</tr>
</tbody>
</table>
Claire Moses  Assistant Director, Teachers' Retirement System for the City of New York

Dated: October 1980

Donald S. Miller  Deputy Executive Director  Teachers' Retirement System for The City of New York
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

220 CHURCH STREET, NEW YORK, N.Y. 10013
Telephone: 566-

HAROLD HERKOMMER, Executive Director
JONATHAN SCHWARTZ, Chief Actuary

October 2, 1980

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

Dear Mr. Secretary:

Reference is made to the certificate submitted to you in connection with the acquisition by the New York City Employees' Retirement System (the "Plan") of a total of $62,395,000 of City Indebtedness, consisting of term bonds of the Municipal Assistance Corporation for the City of New York, on or about October 2, 1980. In connection therewith, you have requested that we give to you (1) the calculations underlying the determination required by Section 2(a)(1)(A) of an Act relating to the application of certain provisions of the Internal Revenue Code of 1954 to transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions, and for other purposes, P.L. 95-497 (the "Act"); (2) the calculations underlying the determination required by Section 2(a)(1)(B) of the Act; (3) the cash flow determination required by Section 2(d)(1) of the Act; and (4) the cash flow determination required by section 2(e)(1)(B) of the Act. On September 3, 1980, the Plan submitted to you the annual report required by Section 2(e)(1)(A) of the Act.

Enclosed are the determinations which were submitted to the New York City Employees' Retirement System by Jonathan Schwartz, Chief Actuary.

Sincerely,

[Signature]

Harold Herkomeer
Executive Director

HH:ka
enc.
October 2, 1980

Mr. Harold Herkommer
Executive Director
New York City Employees' Retirement System
220 Church Street
New York, New York 10013

Dear Hal:

You have advised me that the New York City Employees' Retirement System proposes to purchase a total of $62,395,000 of City Indebtedness, consisting of term bonds of the Municipal Assistance Corporation for the City of New York, on or about October 2, 1980, and in connection there-with have requested that I prepare the determinations required by Sections 2(a)(1)(A), 2(a)(1)(B), 2(d)(1) and 2(e)(1)(B) of an Act relating to the application of certain provisions of the Internal Revenue Code of 1954 to transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions, P.L. 95-497 (the "Act").

Attached hereto are (1) the determination required by Section 2(a)(1)(A), which has been prepared in accordance with the provisions of Section 2(a)(1)(D)(i) and 2(a)(2) of the Act; (2) the determination required by Section 2(a)(1)(B), which has been prepared in accordance with the provisions of Section 2(a)(1)(D)(ii) and 2(a)(2) of the Act; (3) the determination required by Section 2(d)(1), which has been prepared in accordance with the provisions of Section 2(d)(2) of the Act; and (4) the determination required by Section 2(e)(1)(B), which has been prepared in accordance with the provisions of Section 2(e)(3) of the Act.

Sincerely,

Jonathan Schwartz
Chief Actuary

JS:ka
cnc.
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

Estimated Determination pursuant to Section 2(a)(1)(A)
of Public Law 95-497

For 12-Month Period Ending 6/30/80

<table>
<thead>
<tr>
<th></th>
<th>3/30/79</th>
<th>12/31/79</th>
<th>3/31/80</th>
<th>5/30/80</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Face value of City</td>
<td>$3,536</td>
<td>$3,516</td>
<td>$3,563</td>
<td>$3,460</td>
</tr>
<tr>
<td>indebtedness held</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>by City Pension</td>
<td>(In Millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Assets of City</td>
<td>$11,531</td>
<td>$12,012</td>
<td>$12,338</td>
<td>$12,563</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>(including City</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including City</td>
<td>indebtedness)</td>
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<td>(valuation takes</td>
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<td>into account the</td>
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<tr>
<td>fair market value</td>
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<tr>
<td>of equity</td>
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<td></td>
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<tr>
<td>securities)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3. Ratio for each</td>
<td>30.67%</td>
<td>29.27%</td>
<td>28.88%</td>
<td>27.32%</td>
</tr>
<tr>
<td>calendar quarter-end</td>
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<tr>
<td>expressed as</td>
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<td>4. Arithmetic mean of</td>
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<tr>
<td>four quarter-end</td>
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<tr>
<td>ratios</td>
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<td></td>
<td>29.04%</td>
<td></td>
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</tr>
</tbody>
</table>

SOURCE: OFFICE OF THE ACTUARY

The City Pension Funds consist of New York City Employees' Retirement System, The Teachers' Retirement System for the City of New York, the Board of Education Retirement System for the City of New York, the New York City Police Pension Fund, Article 2 and the New York City Fire Department Pension Fund, Article 1-B.
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

Determination pursuant to Section 2(a)(1)(B)
of Public Law 95-497

October 2, 1980

1. (a) Projected face value of City indebtedness held by NYCERS as of October 1, 1980 $1,656,531,700

(b) Face value of City indebtedness NYCERS proposes to acquire $ 62,395,000

TOTAL 1(a) plus (b) $1,718,926,700

2. Assets of NYCERS (including City indebtedness as reported on the December 31, 1979 semiannual valuation of plan assets (which valuation takes into account the fair market value of equity securities)) $5,711,984,824

3. Total of City indebtedness after proposed acquisition expressed as a percentage of total assets. 30.1%

SOURCE: OFFICE OF THE ACTUARY
STATEMENT OF PROJECTED CASH FLOW
FOR PLAN YEAR ENDING JUNE 30, 1981
Pursuant to Section 2(d)(1) of Public Law 95-497

September 26, 1980

Receipts

(1) City Contributions $580,000,000
Employee Contributions 115,000,000

New York City and Municipal Assistance Corporation
Bonds due to Mature 160,000,000

Corporate and Miscellaneous Bonds Due to Mature 3,000,000

Interest and Dividend Income 448,000,000

TOTAL RECEIPTS $1,306,000,000

Disbursements

Pension Benefits $531,000,000
Sick Benefits 54,000,000

Salaries and Excess Contributions 48,000,000

Transfers of Reserves to New York State Employees' Retirement System 12,000,000

TOTAL DISBURSEMENTS $645,000,000

Excess (Deficiency) of Receipts Over Disbursements $661,000,000

Excess Proposed Purchases of:
New York City Serial Bonds $74,700,000

Municipal Assistance Corporation Second Resolution Bonds 111,690,000

Total Proposed Purchases $186,390,000

Net Excess (Deficiency) of Receipts Over Disbursements $474,610,000

) Includes a reserve for pension accrual of ($18) million. Assumes legislation will be enacted to revise certain provisions of the current statutory method of contribution in order that the City would contribute as well as budget in accordance with generally accepted accounting principles.

SOURCE: OFFICE OF THE ACTUARY
# New York City Employees' Retirement System

**Statement of Projected Cash Flow**

*For Plan Year Ending June 30, 1981*

Pursuant to Section 2(e)(1)(B) of Public Law 95-497

**September 26, 1980**

### Receipts

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>City Contributions</td>
<td>$580,000,000</td>
</tr>
<tr>
<td>Employee Contributions</td>
<td>$115,000,000</td>
</tr>
<tr>
<td>New York City and Municipal Assistance Corp.</td>
<td></td>
</tr>
<tr>
<td>Bonds due to Maturities</td>
<td>160,000,000</td>
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<tr>
<td>Corporate and Miscellaneous</td>
<td></td>
</tr>
<tr>
<td>Bonds due to Maturities</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Interest and Dividend Income</td>
<td>448,000,000</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>$1,306,000,000</td>
</tr>
</tbody>
</table>

### Disbursements

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Benefits</td>
<td>$531,000,000</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>54,000,000</td>
</tr>
<tr>
<td>Loans and Excess Contributions</td>
<td>48,000,000</td>
</tr>
<tr>
<td>Transfers of Reserves to New York State Employees' Retirement System</td>
<td>12,000,000</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>$645,000,000</td>
</tr>
</tbody>
</table>

### Excess (Deficiency) of Receipts Over Disbursements

- **$661,000,000**

---

(1) Includes a reserve for pension accrual of ($18) million. Assumes legislation will be enacted to revise certain provisions of the current statutory method of contribution in order that the City would contribute as well as budget in accordance with generally accepted accounting principles.

**Source:** Office of the Actuary
WHEREAS, the New York City Employees' Retirement System ("NYCERS") is a party to an agreement dated as of November 15, 1978 by and among the Municipal Assistance Corporation for the City of New York ("MAC"), certain other New York City pension funds, and certain commercial banks, savings banks, and insurance companies (the "Bond Purchase Agreement"), and

WHEREAS, pursuant to the Bond Purchase Agreement there is a closing scheduled for October 2, 1980 (the "Closing Date"), and

WHEREAS, NYCERS is scheduled to purchase $62,395,000.00 of bonds of MAC (the "Bonds"), on the Closing Date, and

WHEREAS, an Act in relation to the tax treatment of specified transactions by New York public employee retirement systems, P.L. 95-497, has been enacted by the Congress of the United States and signed by the President (the "Pension Legislation"), and

WHEREAS, a notice, as contemplated by Section 3 of the Pension Legislation, has not been received from the Secretary of the Treasury, and

WHEREAS, the chief actuary of NYCERS has made the computations contemplated by subsections 2(a), (d) and (e) of the Pension Legislation and has delivered such computations to the Executive Director of NYCERS;

NOW THEREFORE, be it resolved as follows:

1. The Board of Trustees hereby approves the purchase by NYCERS of $62,395,000.00 of Bonds on the Closing Date or any day within five business days after October 2, 1980 to which said closing may be adjourned pursuant to the Bond Purchase Agreement, subject to the satisfaction of all of the closing conditions set forth in the Bond Purchase Agreement, as determined by the Executive Director or the Chairman of the Board in consultation with special counsel; provided, however, that such purchase shall not be made if prior to the closing the Secretary of the Treasury shall have, pursuant to Section 3 of the Pension Legislation, notified NYCERS that the requirements set forth in Section 2 of the Pension Legislation have not or will not be met.

2. The Board of Trustees hereby authorizes and directs the Chairman of the Board and the Executive Director to take such actions and execute such documents as may be necessary to effectuate the closing.

3. Simultaneously with the occurrence of such closing, the Executive Director is hereby authorized and directed to (i) deliver to the Secretary of the Treasury the certification contemplated by subsection 1(b) of the Pension Legislation and (ii) furnish the Secretary of the Treasury and the appropriate committees of the Congress any supporting information and documentation as the Secretary may require.

The foregoing is a true copy of a resolution adopted by the

Board of Trustees on  September 29, 1980

(Signed)  [Signature]

Executive Director
CERTIFICATE

The undersigned hereby certifies that the copy of the Resolution of the Board of Trustees of the New York City Employees' Retirement System annexed hereto is a true and correct copy of the Resolution of the Board of Trustees duly adopted at a meeting of the Board of Trustees held on September 26, 1980 and recessed to September 29, 1980, and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended as of this date.

Dated: October 2, 1980

Harold E. Herkommer,
Executive Director
New York City Employees' Retirement System
CERTIFICATE OF INCUMBENCY

AND

AUTHENTICITY OF SIGNATURE

I, Raymond Ragonese, First Deputy Executive Director of the New York City Employees' Retirement System, hereby certify that the person whose name is set forth below is the duly appointed holder of the office set forth opposite his name, and the signature set forth opposite his name is his genuine signature.

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Specimen Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harold E. Herkommer</td>
<td>Executive Director</td>
<td>Harold E. Herkommer</td>
</tr>
<tr>
<td></td>
<td>New York City Employees'</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retirement System</td>
<td></td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this day of

Raymond Ragonese
First Deputy Executive Director
of the New York City Employees' Retirement System
CERTIFICATE

In accordance with the provisions of Section 1(b) of an Act relating to the application of certain provisions of the Internal Revenue Code of 1954 to transactions by certain public employee retirement systems created by the State of New York or any of its political subdivisions, P.L. 95-497 (the "Act"), the New York City Employees' Retirement System (the "Plan") hereby certifies to the Secretary of the Treasury (the "Secretary") that:

1. An agreement, dated as of November 15, 1978, by and among the Municipal Assistance Corporation for the City of New York ("MAC"), the Plan, certain other New York City pension funds, and certain commercial banks, savings banks, and insurance companies (the "Bond Purchase Agreement") was submitted to the Secretary and the Secretary advised the Plan in writing on November 15, 1978 that he did not disapprove said agreement. An amendment to the Bond Purchase Agreement dated as of August 30, 1979 was submitted to the Secretary and the Secretary advised the Plan in writing, on August 30, 1979, that he did not disapprove such amendment.

2. On the date hereof, the Plan is acquiring $62,395,000.00 principal amount of bonds of MAC (the "MAC Bonds") issued pursuant to its Second General Bond Resolution, which acquisition is being made under and pursuant to the provisions of the Bond Purchase Agreement, as amended.
3. The acquisition of the MAC Bonds meets the applicable requirements of Section 2 of the Act (determined without regard to the provisions of subsections (b), (c) and (f) of such Section 2).

Dated: October 2, 1980

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

BY: [Signature]

[Name]
ORDER TO TRUSTEE AS TO AUTHENTICATION AND DELIVERY OF SERIES 25 BONDS AND SERIES 26 BONDS

October 2, 1980

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

Gentlemen:

We have heretofore delivered to you duly printed and executed Series 25 Bonds and Series 26 Bonds, in definitive form, each dated October 1, 1980 (the Bonds) of the Municipal Assistance Corporation For The City of New York (the Corporation) in the aggregate principal amounts of $174,705,000 and $125,295,000, respectively. The Bonds are authorized pursuant to the Second General Bond Resolution of the Corporation adopted November 25, 1975, as amended and supplemented (the Second General Resolution) and the Series 25 Resolution and the Series 26 Resolution, each adopted September 30, 1980, and issued pursuant to the Bond Purchase Agreement dated as of November 15, 1978, as amended, and the Supplemented Official Statement of the Corporation dated October 2, 1980.

You are hereby requested, authorized and ordered to authenticate the Bonds and when so authenticated to deliver them, upon receipt of the documents and opinions which together with this order constitute all the conditions precedent to the delivery of the Bonds pursuant to the Second General Resolution and payment of the respective principal amounts of the Bonds, as aforesaid, together with accrued interest in the aggregate amount of $89,583.34, to the Purchasers designated in the Bond Purchase Agreement, against the receipt of said Purchasers
therefor, all in accordance with the schedules heretofore furnished to you by the Corporation.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]

By [Signature]
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, as amended and supplemented, and the Series 25 Resolution and the Series 26 Resolution, each adopted by the Corporation on September 30, 1980 (collectively, the Resolutions), authorizing the issuance of the Corporation's Series 25 Bonds and Series 26 Bonds (the Bonds) in the aggregate principal amounts of $174,705,000 and $125,295,000 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>Series 25 Bonds</td>
<td>$174,705,000</td>
</tr>
<tr>
<td>Series 26 Bonds</td>
<td>125,295,000</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 2nd day of October, 1980.

UNITED STATES TRUST COMPANY OF NEW YORK

(SEAL)

By Assistant Vice President

Attest:

Assistant Secretary
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 Series 25 and Series 26 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on September 30, 1980. 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: [Signature]
Title: Vice President

Attest: [Signature]

Dated: September 29, 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 Series 25 and Series 26 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on September 30, 1980. 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 /s/ John A. Fable
Title: Vice Pres.

Attest: /s/ Richard Newmeyer
Dated: September 29, 1980
Commercial Banks

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 the Series 25 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 of such Commercial Banks, pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

IN WITNESS WHEREOF, this receipt has been executed this 2nd day of October, 1980.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered By Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bankers Trust Company</td>
<td>10,840,000</td>
<td>10,843,236.94</td>
<td></td>
</tr>
<tr>
<td>2. The Bank of New York</td>
<td>4,675,000</td>
<td>4,676,396.01</td>
<td></td>
</tr>
<tr>
<td>3. The Chase Manhattan Bank, N.A.</td>
<td>21,050,000</td>
<td>21,056,285.76</td>
<td></td>
</tr>
<tr>
<td>4. Chemical Bank</td>
<td>16,350,000</td>
<td>16,855,031.60</td>
<td></td>
</tr>
<tr>
<td>5. Citibank, N.A.</td>
<td>24,870,000</td>
<td>24,877,426.46</td>
<td></td>
</tr>
<tr>
<td>6. Irving Trust Company</td>
<td>5,000,000</td>
<td>5,001,493.06</td>
<td></td>
</tr>
<tr>
<td>7. Manufacturers Manover Trust</td>
<td>15,385,000</td>
<td>15,389,594.13</td>
<td></td>
</tr>
<tr>
<td>8. Marine Midland Bank</td>
<td>8,080,000</td>
<td>8,082,412.73</td>
<td></td>
</tr>
<tr>
<td>9. Morgan Guaranty Trust Company</td>
<td>13,935,000</td>
<td>13,939,161.15</td>
<td></td>
</tr>
<tr>
<td>1. United States Trust of New York</td>
<td>1,290,000</td>
<td>1,290,385.21</td>
<td></td>
</tr>
</tbody>
</table>

Total: 125,295,000 125,332,414.49
Receipt is hereby acknowledged of checks from each of the above-listed commercial Banks in the respective amounts listed opposite each institution's name, totaling $125,322,414.49 and constituting payment in full of the purchase price together with accrued interest for the Series 25 Bonds purchased by Commercial Banks.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By: __________________________
Savings Banks

CROSS RECEIPT

On behalf of the saving banks indicated, the undersigned hereby acknowledges receipt from the United States Trust Company of New York, as trustee of the Series 25 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 of such Savings Banks, pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

IN WITNESS WHEREOF, this receipt has been executed this 2nd day of October, 1980.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered By Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Anchor Savings Bank</td>
<td>840,000</td>
<td>840,250.83</td>
<td></td>
</tr>
<tr>
<td>2. The Bowery Savings Bank</td>
<td>5,320,000</td>
<td>5,321,588.61</td>
<td></td>
</tr>
<tr>
<td>3. The Brooklyn Savings Bank</td>
<td>1,185,000</td>
<td>1,185,353.85</td>
<td></td>
</tr>
<tr>
<td>4. Central Savings Bank</td>
<td>765,000</td>
<td>765,228.44</td>
<td></td>
</tr>
<tr>
<td>5. College Point Savings Bank</td>
<td>70,000</td>
<td>70,020.90</td>
<td></td>
</tr>
<tr>
<td>6. The Dime Savings Bank of New York</td>
<td>3,120,000</td>
<td>3,120,931.67</td>
<td></td>
</tr>
<tr>
<td>7. The Dime Savings Bank of Williamsburgh</td>
<td>420,000</td>
<td>420,125.42</td>
<td></td>
</tr>
<tr>
<td>8. Dollar Savings Bank of New York</td>
<td>2,480,000</td>
<td>2,480,740.56</td>
<td></td>
</tr>
<tr>
<td>9. The East New York Savings Bank</td>
<td>835,000</td>
<td>835,249.34</td>
<td></td>
</tr>
<tr>
<td>10. Emigrant Savings Bank</td>
<td>2,930,000</td>
<td>2,930,874.93</td>
<td></td>
</tr>
<tr>
<td>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>11. Empire Savings Bank</td>
<td>600,000</td>
<td>600,179.17</td>
<td></td>
</tr>
<tr>
<td>12. Flushing Savings Bank</td>
<td>210,000</td>
<td>210,062.71</td>
<td></td>
</tr>
<tr>
<td>13. Franklin Savings Bank</td>
<td>1,355,000</td>
<td>1,355,404.62</td>
<td></td>
</tr>
<tr>
<td>14. The Green Point Savings Bank</td>
<td>975,000</td>
<td>975,291.15</td>
<td></td>
</tr>
<tr>
<td>15. The Greenwich Savings Bank</td>
<td>2,110,000</td>
<td>2,110,630.07</td>
<td></td>
</tr>
<tr>
<td>16. Hamburg Savings Bank</td>
<td>140,000</td>
<td>140,041.81</td>
<td></td>
</tr>
<tr>
<td>17. Harlem Savings Bank</td>
<td>700,000</td>
<td>700,209.03</td>
<td></td>
</tr>
<tr>
<td>18. Independence Savings Bank</td>
<td>840,000</td>
<td>840,250.83</td>
<td></td>
</tr>
<tr>
<td>19. The Lincoln Savings Bank</td>
<td>1,760,000</td>
<td>1,760,525.56</td>
<td></td>
</tr>
<tr>
<td>20. Metropolitan Savings Bank</td>
<td>840,000</td>
<td>840,250.83</td>
<td></td>
</tr>
<tr>
<td>21. Northfield Savings Bank</td>
<td>80,000</td>
<td>80,023.89</td>
<td></td>
</tr>
<tr>
<td>22. North Side Savings Bank</td>
<td>460,000</td>
<td>460,137.36</td>
<td></td>
</tr>
<tr>
<td>23. Queens County Savings Bank</td>
<td>280,000</td>
<td>280,083.61</td>
<td></td>
</tr>
<tr>
<td>24. Richmond County Savings Bank</td>
<td>70,000</td>
<td>70,020.90</td>
<td></td>
</tr>
<tr>
<td>25. Richmond Hills Savings Bank</td>
<td>560,000</td>
<td>560,167.22</td>
<td></td>
</tr>
<tr>
<td>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>26. Roosevelt Savings Bank</td>
<td>505,000</td>
<td>505,150.80</td>
<td></td>
</tr>
<tr>
<td>27. The Seaman’s Bank for Savings</td>
<td>1,745,000</td>
<td>1,745,521.08</td>
<td></td>
</tr>
<tr>
<td>28. Staten Island Savings Bank</td>
<td>280,000</td>
<td>280,083.61</td>
<td></td>
</tr>
<tr>
<td>29. Union Dime Savings Bank</td>
<td>1,535,000</td>
<td>1,535,458.37</td>
<td></td>
</tr>
<tr>
<td>30. United Mutual Savings Bank</td>
<td>350,000</td>
<td>350,104.51</td>
<td></td>
</tr>
<tr>
<td>31. The Williamsburgh Savings Bank</td>
<td>1,815,000</td>
<td>1,815,541.98</td>
<td></td>
</tr>
<tr>
<td>Sub-Total</td>
<td>34,995,000</td>
<td>35,005,449.91</td>
<td></td>
</tr>
<tr>
<td>32. Dry Dock Savings Bank</td>
<td>2,570,000</td>
<td>2,570,767.43</td>
<td></td>
</tr>
<tr>
<td>33. The New York Bank for Savings</td>
<td>3,490,000</td>
<td>3,491,042.15</td>
<td></td>
</tr>
<tr>
<td>34. Ridgewood Savings Bank</td>
<td>840,000</td>
<td>840,250.83</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41,895,000</td>
<td>41,907,510.32</td>
<td></td>
</tr>
</tbody>
</table>

Receipt is hereby acknowledged of checks on behalf of each of the above listed Savings Banks, totaling $41,907,510.32 and constituting payment in full of the purchase price together with accrued interest for the Series 25 Bonds purchased by Savings Banks.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
Insurance Companies

CROSS RECEIPT

Each of the following Insurance Companies listed below hereby acknowledges receipt from the United States Trust Company of New York, as trustee of the Series 25 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 of such Insurance Companies, pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

IN WITNESS WHEREOF, this receipt has been executed this 2nd day of October, 1980.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Amount of Bonds Received</th>
<th>Amount Delivered By</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Columbian Mutual Life Insurance Company</td>
<td>30,000</td>
<td>30,000</td>
<td>[Signature]</td>
</tr>
<tr>
<td>2. New York Life Insurance Company</td>
<td>7,150,000</td>
<td>7,152,135.07</td>
<td>[Signature]</td>
</tr>
<tr>
<td>3. Security Mutual Life Insurance</td>
<td>55,000</td>
<td>55,016.42</td>
<td>[Signature]</td>
</tr>
<tr>
<td>4. Teachers Insurance and Annuity Association of America</td>
<td>280,000</td>
<td>280,083.61</td>
<td>[Signature]</td>
</tr>
</tbody>
</table>

Total 7,515,000 7,517,244.06

Receipt is hereby acknowledged of checks from each of the above-listed Insurance Companies in the respective amounts listed opposite each institution name, totaling $7,517,244.06 and constituting payment in full of the purchase price together with accrued interest for the Series 25 Bonds purchased by Insurance Companies.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]
Pension Funds

CROSS RECEIPT

Each of the following Pension Funds listed below hereby acknowledges receipt from the United States Trust Company of New York, as trustee of the Series 26 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 of such Pension Funds, pursuant to the Bond Purchase Agreement dated as of November 15, 1978.

IN WITNESS WHEREOF, this receipt has been executed this 2nd day of October, 1980.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Principal Amount of Bonds Received</th>
<th>Amount Delivered By Institution</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New York City Employees' Retirement System for the City of New York</td>
<td>62,395,000</td>
<td>62,413,631.84</td>
<td>Jack R. Meyer</td>
</tr>
<tr>
<td>2. Teachers' Retirement System for the City of New York</td>
<td>40,095,000</td>
<td>40,106,972.81</td>
<td>[Signature]</td>
</tr>
<tr>
<td>3. Board of Education Retirement System for the City of New York</td>
<td>2,130,000</td>
<td>2,130,636.04</td>
<td>Jack R. Meyer</td>
</tr>
<tr>
<td>4. New York City Police Pension Fund, Article 2</td>
<td>20,675,000</td>
<td>20,681,173.78</td>
<td>[Signature]</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125,295,000</strong></td>
<td><strong>125,332,414.47</strong></td>
<td><strong>[Signature]</strong></td>
</tr>
</tbody>
</table>

Receipt is hereby acknowledged of checks from each of the above-listed Pension Funds in the respective amounts listed opposite each institution's name, totaling $125,332,414.47 and constituting payment in full of the purchase price together with accrued interest for the Series 26 Bonds purchased by Pension Funds.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By: [Signature]
Official Check

Chemical Bank
Bond Department
66 Water Street
New York, N.Y. 10041

Date: October 6, 2000
BD: 799231
Payee: The Municipal Assistance Corporation for New York City

Official Check

Chase
Date: 10/2/80
Payee: Twenty One Million Fifty Six Thousand
Payee: $21,656,283.76
The Order Of:

Municipal Assistance Corp.

Authorized Signature

CitiBank
Treasury Division
Investment Portfolio Operations
Date: October 2, 1980

TO CITIBANK (NEW YORK STATE), N.A.
PAY TO THE ORDER OF Municipal Assistance Corporation for the City of New York
Twenty Four Million Eight Hundred Seventy Seven Thousand Four Hundred
Twenty Six Dollars & 46 Cents

Citibank N.A.

P.O. Box 2903 New York, N.Y.
Irving Trust Company
New York Bank

October 2, 1980

OFFICIAL CHECK

PAY
F0750393 00G 00
TO THE ORDER OF: MUNICIPAL ASSISTANCE CORP. FOR THE CITY OF NEW YORK

AUTHORIZED SIGNATURE

$5,001,483.06

MARINE MIDLAND BANK, N.A.

DATE: October 2, 1980

PAY
30000 0096055
TO THE ORDER OF: MUNICIPAL ASSISTANCE CORP. OF THE CITY OF NEW YORK

AUTHORIZED SIGNATURE

$10,005.96

PERSONAL TRUST DIVISION

DATE: OCT 2, 1980

PAY $640,330.63
TO THE ORDER OF: MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

RIDGEWOOD SAVINGS BANK - 3D ACCOUNT CUST PRINCIPAL

AUTHORIZED SIGNATURE

$25

MANUFACTURERS HANOVER TRUST COMPANY

SEC. 724976
DATE: 10/2/80

OFFICIAL CHECK

PAY $15,389,594.13
TO THE ORDER OF: MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

AUTHORIZED SIGNATURE
Morgan Guaranty Trust Company of New York

New York

Pay

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

MARINE MIDLAND BANK, N.A.

DATE October 1, 1980

PAY

TO THE ORDER OF MUNICIPAL ASSISTANCE CORP. OF THE CITY OF NEW YORK

CHASE

The Chase Manhattan Bank
NATIONAL ASSOCIATION
New York, N.Y. 10017

Official Check

Date October 2, 1980

Pay Thirty-five million five thousand four hundred forty nine--91/100

To the Order Of MUNICIPAL ASSISTANCE CORP

Morgan Guaranty Trust Company of New York
FOLD THIS WHITE STUB AND REMOVE BEFORE CASHING

POLICE PENSION FUND
ARTICLE 2 OF
THE CITY OF NEW YORK

DATE
6-1-12 2166

CHECK NO.
1223

OFFICE OF THE CONTROLLER
PENSION DIVISION

PAY TO THE ORDER OF
TWENTY MILLION SIX HUNDRED EIGHTY
ONE THOUSAND ONE HUNDRED SEVENTY
THREE DOLLARS AND 78/100
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

AMOUNT

DOLLARS
78

CENTS
00

NOT VALID UNLESS PRESENTED WITHIN 90 DAYS

$20,681,173.78

European-American Bank & Trust Co.
New York, New York

FOLD THIS WHITE STUB AND REMOVE BEFORE CASHING

BOARD OF EDUCATION
RETIREMENT SYSTEM
OF THE CITY OF NEW YORK

DATE
6-1-12 2166

SUNDAY PAYMENT

CHECK NO.
1223

PAY TO THE ORDER OF
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

AMOUNT

DOLLARS
04

CENTS
130,636

NOT VALID UNLESS PRESENTED WITHIN 90 DAYS

$130,636.04

Manhattan Municipal Securities Corporation
New York, New York

FOLD THIS WHITE STUB AND REMOVE BEFORE CASHING

TEACHERS' RETIREMENT SYSTEM
OF THE CITY OF NEW YORK

DATE
October 2, 1960

INVESTMENT

SUNDAY PAYMENT

CHECK NO.
1665

PAY TO THE ORDER OF
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

AMOUNT

DOLLARS
81

CENTS
106,972.81

NOT VALID UNLESS PRESENTED WITHIN 90 DAYS

$106,972.81

Chancellor

Chairman

Comptroller of the City of New York as Custodian of the Funds
of the Teachers' Retirement System

Comptroller of the City of New York as Custodian of the Funds
of the Teachers' Retirement System

Comptroller of the City of New York as Custodian of the Funds
of the Teachers' Retirement System
CERTIFICATE OF TRUSTEE AS TO RECEIPT OF PROCEEDS OF THE SALE OF SERIES 25 BONDS AND SERIES 26 BONDS

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

United States Trust Company of New York, as Trustee (the Trustee) under the Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (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 Series.25 Bonds and Series 26 Bonds in the aggregate principal amounts of $174,705,000 and $125,295,000, respectively (the Bonds), as authorized by the Series 25 Resolution and Series 26 Resolution, each adopted by the Corporation on September 30, 1980, 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 2nd day of October, 1980.

(SEAL)

Assistant Vice President

ATTEST:

[Signature]
Assistant Secretary
### 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><strong>I. Commercial Banks:</strong></td>
<td></td>
</tr>
<tr>
<td>Bankers Trust Company</td>
<td>$ 10,843,236.94</td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>4,676,396.01</td>
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<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>21,056,285.76</td>
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<tr>
<td>Chemical Bank</td>
<td>16,855,031.60</td>
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<tr>
<td>Citibank, N.A.</td>
<td>24,877,426.46</td>
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<tr>
<td>Irving Trust Company</td>
<td>5,001,493.06</td>
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<tr>
<td>Manufacturers Hanover Trust Company</td>
<td>15,389,594.13</td>
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<tr>
<td>Marine Midland Bank</td>
<td>8,082,412.78</td>
</tr>
<tr>
<td>Morgan Guaranty Trust Company of New York</td>
<td>13,939,161.15</td>
</tr>
<tr>
<td>National Bank of North America</td>
<td>3,320,991.39</td>
</tr>
<tr>
<td>United States Trust Company of New York</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,290,385.21</td>
</tr>
<tr>
<td></td>
<td><strong>$125,332,414.49</strong></td>
</tr>
</tbody>
</table>

| **II. Savings Banks:**                                               | **$ 41,907,510.32**                                         |

<p>| <strong>III. Insurance Companies:</strong>                                        |                                                           |
| Columbia Mutual Life Insurance Company                               | $ 30,008.96                                                |
| New York Life Insurance Company                                      | $ 7,152,135.07                                             |</p>
<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Mutual Life Insurance Company of New York</td>
<td>55,016.42</td>
</tr>
<tr>
<td>Teachers Insurance and Annuity Association of America</td>
<td>280,083.61</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$7,517,244.06</strong></td>
</tr>
</tbody>
</table>

**IV. Pension Funds:**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City Employees' Retirement System for The City of New York</td>
<td><strong>$62,413,631.84</strong></td>
</tr>
<tr>
<td>Teachers' Retirement System for The City of New York</td>
<td>40,106,972.81</td>
</tr>
<tr>
<td>Board of Education Retirement System for The City of New York</td>
<td>2,130,636.04</td>
</tr>
<tr>
<td>New York City Police Pension Fund, Article 2</td>
<td>20,681,173.78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$125,332,414.47</strong></td>
</tr>
</tbody>
</table>

**TOTAL**                                                                   | **$300,089,583.34** |
ORDER AS TO DEPOSIT AND INVESTMENT
OF PROCEEDS FROM SALE OF SERIES 25
BONDS AND SERIES 26 BONDS

October 2, 1980

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

Gentlemen:

You have today received the amount of
$300,089,583.34 from the Municipal Assistance Corporation
for the City of New York (the Corporation) which consti-
tutes the aggregate proceeds, including accrued interest,
of the Corporation's sale of its Series 25 Bonds and
Series 26 Bonds, each dated October 1, 1980 (the Pro-
cceeds). You are hereby requested, authorized and ordered
to deposit the Proceeds in the Corporation's Series 25 &
26 Proceeds Account (the Proceeds Account).

You are hereby further requested, authorized and
ordered on October 2, 1980 (i) to deposit $31,000,000 of
the Proceeds Account in the Capital Reserve Fund under the
Second General Bond Resolution adopted on November 25,
1975, as amended and supplemented (the Second General
Resolution), (ii) to pay over on or before December 31,
1980 $12,000,000 of the Proceeds Account to Morgan
Guaranty Trust Company of New York for deposit by it into
the Guaranty Fund established pursuant to a resolution of
the Corporation adopted November 14, 1978, as amended and
supplemented if the Corporation instructs you such deposit
is needed in connection with the guarantee of bonds issued
by the City of New York (the City) by the Federal govern-
ment, if you are not instructed to make such deposit on or
before December 31, 1980 such $12,000,000 is to be
deposited into the Capital Reserve Fund under the Second General Bond Resolution and (iii) to deposit $89,583.34 of the Proceeds Account in the Bond Service Fund under the Second General Resolution. The balance shall continue to be held in the Proceeds Account pending further written direction from the Corporation. Such written direction shall cause $257,000,000 of the Proceeds Account to be used to purchase varying amounts of bonds issued by the City to finance capital improvements includable in the City's capital budget, and shall include the certification of the Mayor of the City that such amounts are required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the funds are paid to the City.

Pending directions as to the expenditure of the Proceeds Account, the Capital Reserve Fund and the Bond Service Fund for the purposes authorized by the Second General Resolution you are hereby requested, authorized and directed to invest monies in the Proceeds Account, Capital Reserve Fund and the Bond Service Fund, and any accrued interest thereon, in the manner provided in Section 702 of the Second General Resolution.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]

By
2 October 1980

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

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

On October 2, 1980, the Municipal Assistance Corporation For The City of New York (the "Corporation") delivered to you for deposit in the Series 25 and 26 Proceeds Account $300,089,583.34 of proceeds from the Corporation's sale and issuance of its Second General Resolution Series 25 and 26 Bonds.

You are hereby instructed to pay by check payable in clearinghouse funds to the Morgan Guaranty Trust Company $12,000,000 for deposit by Morgan Guaranty Trust Company in the Guaranty Fund.

Sincerely yours,

[Signature]
Harris A. Decker
Deputy Executive Director
and Treasurer

HAD:jar
October 2, 1980

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 issuance and sale by the Corporation of $300,000,000 aggregate principal amount of its Series 25 and 26 Bonds (the "Bonds") to you pursuant to the 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. 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 Series 25 Resolution and the Series 26 Resolution each adopted by the Board of Directors of the Corporation on September 30, 1980 (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 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
SCHEDULE I

Purchaser

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
Marine Midland Bank
Morgan Guaranty Trust Company
National Bank of North America
United States Trust Company of New York
Anchor Savings Bank
The Bowery Savings Bank
The Brooklyn 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

Purchaser

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
North Side Savings Bank
Queens County Savings Bank
Richmond County Savings Bank
Richmond Hill Savings Bank
Ridgewood Savings Bank
Roosevelt Savings Bank
The Seaman's Bank for Savings
Staten Island Savings Bank
Union Dime Savings Bank
United Mutual Savings Bank
The Williamsburgh Savings Bank
Columbian Mutual Life Insurance Company
New York Life Insurance Company
Security Mutual Life Insurance
Teachers Insurance and Annuity Association of America
Board of Education Retirement System for The City of New York

New York City Employees' Retirement System

New York City Policy Pension Fund, Article 2

Teachers' Retirement System for The City of New York
October 2, 1980

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

Gentlemen:

We have delivered to each of the Purchasers listed on Schedule I thereto, an opinion dated the date hereof with respect to the issuance of the Series 25 and 26 Bonds of the Municipal Assistance Corporation For The City of New York, a copy of which is attached hereto. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
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 $174,705,000 aggregate principal amount of Series 25 Bonds (the “Series 25 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 Series 25 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the “Second General Bond Resolution”), and the Series 25 Resolution, adopted September 30, 1980 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 25 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 Series 25 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 25 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 25 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 Series 25 Bonds are dated October 1, 1980 except as otherwise provided in the Resolutions with respect to fully registered Series 25 Bonds, will mature on July 1, 2000 and will bear interest payable January 1, 1981 and semi-annually thereafter on July 1 and January 1 in each year at the rate of ten and three-quarters per centum (10 3/4 %) per annum.
The Series 25 Bonds are issued 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 Series 25 Bonds are interchangeable as provided in the Resolutions. Coupon Series 25 Bonds in the denomination of $5,000 are numbered 25-00- , coupon Series 25 Bonds in the denomination of $100,000 are numbered and lettered 25C-00- and fully registered Series 25 Bonds are numbered and lettered 25R-00- , followed, in each case, by the number of the Series 25 Bonds. Coupon Series 25 Bonds and fully registered Series 25 Bonds are numbered consecutively from one upward in order of issuance.

The Series 25 Bonds are subject to redemption, commencing on July 1, 1982 and on each July 1 thereafter prior to maturity, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 25 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 25 Bonds are subject to redemption at the election of the Corporation and after July 1, 1990, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1230 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 Series 25 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"), and 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 Series 25 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 25 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 25 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 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 Series 25 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 Series 25 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 as aforesaid, 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.

3
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 Series 25 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 Series 25 Bonds be payable out of any funds other than those of the Corporation.

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

(a) to provide for the appropriation of, and 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 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 or will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the
Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

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

10. Under existing statutes and court decisions, interest on the Series 25 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 Series 25 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 25 Bonds, and the execution and delivery of the Series 25 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 Series 25 Bond numbered 25R-00-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

[Signature]
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
New York, New York

DEAR SIRS:

We have examined the record of proceedings relating to the issuance of $125,295,000 aggregate principal amount of Series 26 Bonds (the "Series 26 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 Series 26 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the "Second General Bond Resolution"), and the Series 26 Resolution, adopted September 30, 1980 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 26 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 Series 26 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 26 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 26 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 Series 26 Bonds are dated October 1, 1980 except as otherwise provided in the Resolutions with respect to fully registered Series 26 Bonds, will mature on July 1, 2000 and will bear interest payable January 1, 1981 and semi-annually thereafter on July 1 and January 1 in each year at the rate of ten and three-quarters per centum (10 3/4%) per annum.
The Series 26 Bonds are issued 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 Series 26 Bonds are interchangeable as provided in the Resolutions. Coupon Series 26 Bonds in the denomination of $5,000 are numbered 26-00- , coupon Series 26 Bonds in the denomination of $100,000 are numbered and lettered 26C-00- and fully registered Series 26 Bonds are numbered and lettered 26R-00- , followed, in each case, by the number of the Series 26 Bond. Coupon Series 26 Bonds and fully registered Series 26 Bonds are numbered consecutively from one upward in order of issuance.

The Series 26 Bonds are subject to redemption, commencing on July 1, 1982 and on each July 1 thereafter prior to maturity, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 26 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 26 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1990, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Assistance Aid Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Aid Account") amending section 54 of the State Finance Law to provide for the apportionment and payment into the 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 125-3 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 Series 26 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 aid fund (the "Assistance Aid Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Aid Account") and 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 Series 26 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 26 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 26 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 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 Series 26 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 Series 26 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 as aforesaid, 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 Corpora-
tion 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 Series 26 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 Series 26 Bonds be payable out of any funds
other than those of the Corporation.

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

(a) to provide for the appropriation of, and 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 provide for the appropriation of, and at least annually to appropriate to, the Corpora-
tion, 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 or will they have a lien on the
per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the
Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are
further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the
Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

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

10. Under existing statutes and court decisions, interest on the Series 26 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 Series 26 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 26 Bonds, and the execution and delivery of the Series 26 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 Series 26 Bond numbered 26R-00-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

[Signature]
United States Trust Company
of New York, as Trustee
130 John Street
New York, New York

The Purchasers named in the
Series 25 Resolution and the
Series 26 Resolution of the
Municipal Assistance Corporation
For the City of New York, each
adopted September 30, 1980

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation 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 Series 25 and Series 26 Bonds of the Corporation, an opinion dated the date hereof with respect to an arbitrage certificate of the Corporation of even date herewith and an opinion dated the date hereof as to the validity of the New York State Financial Emergency Act For The City of New York and a certain covenant of the State of New York, copies of which are annexed hereto. You are entitled to rely on said opinions as if the same were addressed to you.

We are further of the opinion that the Bond Purchase Agreement dated as of November 15, 1978, by and among the Corporation and the Purchasers named in Schedule I thereto, as amended, 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.

Very truly yours,

Hawkins, Delafield & Wood
October 2, 1980

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

Gentlemen:

We have reviewed the accompanying arbitrage certificate of Mr. Harris A. Decker, Treasurer of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation") relating to the reasonable expectation as of the date of issuance of the Corporation's Series 25 Bonds and Series 26 Bonds, dated October 1, 1980 (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 to the date hereof.

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 regulations thereunder 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, makes unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Signature]
October 2, 1980

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

Gentlemen:

You have requested our opinion as to (i) the validity of the New York State Financial Emergency Act For The City of New York (Chapter 868 of the Laws of New York of 1975) as amended to the date hereof (the "Act") and (ii) the enforceability by a holder of obligations of the Municipal Assistance Corporation For The City of New York (the "Corporation") of the covenant of the State of New York 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 obligation.

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 expressed 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 reserve police power.

Very truly yours,

[Hawkins, Delafield & Wood Signature]

Hawkins, Delafield & Wood
67 Wall Street, New York 10005
October 2, 1980

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 September 25, 1980, relating to the authorization, sale and issuance of the Series 25 and 26 Bonds dated October 1, 1980 in the aggregate principal amount of $300,000,000 (herein called the “Series 25 and 26 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, 1978 between the Purchasers and the Corporation (herein called the “Bond Purchase Agreement”).

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. The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, created pursuant to Chapters 168 and 169 of the Laws of 1975, as amended by Chapters 868, 870, 874, 875, 889 and 891 of the Laws of 1975, by Chapters 185 and 456 of the Laws of 1977, by Chapters 201, 466 and 777 of the Laws of 1978 and by Chapters 561 and 562 of the Laws of 1980 (herein referred to as the “Acts”). The passage of these Acts conforms to the provisions of Article III § 14 and, where applicable, Article IX, § 2 of the Constitution of the State of New York. I conclude therefore that they have been validly enacted and have become law in accordance with the Constitution and laws of the State of New York and are 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 and, subject to certain prior claims as described in paragraph "2" above, 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 an independent 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 1980 calendar year, the Capital Reserve Fund Requirement as of any given date, shall equal 100 per cent of the amount of the principal and interest maturing or otherwise due or becoming due during the 1980 calendar year on all bonds of the Corporation secured by the Capital Reserve Fund outstanding on such date. 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 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) at least annually to appropriate to the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations; and

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

6. The Legislature appropriated per capita aid, including aid for the benefit of the Corporation for the fiscal year ending March 31, 1981, to the Department of Taxation and Finance in the maximum amount of $800,860,900 by Chapter 53 of the Laws of 1980. The Appropriation Act entitled “An Act (Local Assistance Budget)” (S. 7255-A) was passed in the Senate on March 29, 1980, and in the Assembly on March 30, 1980. Except for his disapproval of certain items of appropriation which, however, did not disturb the figure of $800,860,900 referred to above, the bill was approved by the Governor on April 3, 1980. Some of the items disapproved by the Governor subsequently became law on May 12, 1980 upon their passage by the Legislature over the Governor’s objections. The passage of this bill conforms to the provisions of Article III, § 14, Article VII, § 4 and Article IV, § 7 of the Constitution of the State of New York and I conclude, therefore, that such Act has been validly enacted and has become law and is in full force and effect.

7. The Series 25 and 26 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 Series 25 and 26 Bonds be payable out of any funds other than those of the Corporation.

This opinion constitutes my only opinion on the Acts as to the Series 25 and 26 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 Series 25 and 26 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,

Robert Abrams
Attorney General

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

Solicitor General
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 September 25, 1980, relating to the authorization, sale and issuance of the Series 25 and 26 Bonds, dated October 1, 1980, in the aggregate principal amount of $300,000,000 (herein called “the Series 25 and 26 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, 1978, 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 was added by Chapter 868 of the Laws of 1975, as amended by Chapters 869 and 870 of the Laws of 1975, Chapters 201, 777 and 778 of the Laws of 1978, and Chapter 562 of the Laws of 1980 (the “Act”). The passage of these acts 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 in accordance with the Constitution and laws of the State of New York and are in full force and effect.

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

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

Furthermore, the Act as amended was validly enacted as stated above in “1”, and under the Constitution and laws of the State, is entitled to the exceedingly strong presumption of constitutionality afforded to all acts of the Legislature which are validly enacted. Our Court of Appeals has said that “as a matter of substantive law every legislative enactment is deemed to be constitutional until its challengers have satisfied the courts to the contrary.” Montgomery v. Daniels, 38 NY 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 NY 2d 37, 40.
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") between the Municipal Assistance Corporation For The City of New York (the "Corporation") and the Financial Institutions and certain New York pension funds which are also named on Schedule I 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, 1975, as supplemented and amended (the "Second Resolution"). On September 30, 1980 the Corporation adopted the Series 25 Resolution under the Second Resolution pursuant to which Series 25 Bonds (the "Bonds") in the aggregate
principal amount of $174,705,000 are being issued to certain of the Financial Institutions pursuant to the Bond Purchase Agreement on the date hereof. (The Second Resolution and the Series 25 Resolution are sometimes hereinafter referred to as the "Resolutions".)

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 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 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 Bonds. We hereby
confirm that all proceedings of the Corporation and (i) the opinion of Paul, Weiss, Rifkind, Wharton & Garri- son, general counsel for the Corporation, delivered pursuant to Section 3.12(a) of the Bond Purchase Agree- ment (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 hereafter, 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 certifi- cates 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 spe- cial counsel to the Financial Institutions solely for their benefit in connection with their several pur- chases of the Bonds on the date hereof pursuant to the Bond Purchase Agreement. This opinion may not be fur- nished to, relied upon or used by, any other person, including any other party to the Bond Purchase Agree- ment or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institu- tions.

Very truly yours,

[Signature]
October 2, 1980

To each of the Purchasers
Referred to Below

Dear Sirs:

Reference is made to an agreement, dated as of November 15, 1978, as amended (the "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 one 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 one 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]

3
October 2, 1980

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 $300,000,000 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 contains 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.
To each of the Purchasers
Referred to Below

October 2, 1980

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
To each of the Purchasers
Referred to Below

October 2, 1980

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-b 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 Code 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]
Municipal Assistance Corporation
For The City of New York
One World Trade Center
Suite 8901
New York, New York 10048

Dear Sirs:

Our client, United States Trust Company of New York, has requested that we furnish you with our opinion as to its authority to act as Trustee pursuant to its appointment by the Municipal Assistance Corporation For The City of New York (the Corporation) in the Second General Bond Resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, and as to its due authentication and delivery of the Corporation's Series 25 Bonds and Series 26 Bonds issued today in the aggregate principal amounts of $174,705,000 and $125,295,000, respectively, (the Bonds) pursuant to the Second General Bond Resolution and the Series 25 Resolution and the Series 26 Resolution, each adopted by the Corporation on September 30, 1980 (the Resolutions) and being issued pursuant to the Bond Purchase Agreement dated as of November 15, 1978, as amended, and the Official Statement of the Corporation dated September 25, 1980.

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 organized 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
Municipal Assistance Corporation
For The City of New York

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

RAMcT:dc
SCHEDULE I

COMMERCIAL 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

Anchor Savings Bank
The Bowery Savings Bank
The Brooklyn 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
North Side Savings Bank
Queens County Savings Bank
Richmond County Savings Bank
Richmond Hill Savings Bank
Ridgewood Savings Bank
Roosevelt Savings Bank
The Seaman'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
New York Life Insurance Company
Security Mutual Life Insurance Company
of New York
Teachers Insurance and Annuity Association
of America

PENSION FUNDS

New York City Employees' Retirement System
for The City of New York
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

9.29.80.
DATE: 27 June 1980

TO: Purchasers under Bond Purchase Agreement
    Dated November 15, 1978

FROM: Harris A. Decker

Pursuant to Section 1.6(b) of the Bond Purchase Agreement (the "BPA") dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation"), various commercial banks, savings banks, insurance companies and New York City pensions funds (the "Purchasers"), notice is hereby given that the scheduled issuances for fiscal year 1981 are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2, 1980</td>
<td>$300,000,000</td>
</tr>
<tr>
<td>January 8, 1981</td>
<td>$237,000,000</td>
</tr>
<tr>
<td></td>
<td>$537,000,000</td>
</tr>
</tbody>
</table>
27 August 1980

TO: Purchasers under Bond Purchase Agreement, as listed on Schedule I annexed hereto

FROM: Heather L. Ruth, Executive Director

Pursuant to Paragraph (e) of Section 1.6 of the Bond Purchase Agreement dated as of November 15, 1978, among the Municipal Assistance Corporation For The City of New York, (the "Corporation") and various commercial banks, savings banks, insurance companies and New York City pension funds (the "Purchasers"), the Corporation hereby gives to each of the Purchasers notice that Bonds (as such term is defined in the Bond Purchase Agreement) are scheduled to be sold by the Corporation to the Purchasers in an aggregate principal amount of $300 million on October 2, 1980 at eleven o'clock in the forenoon in accordance with the provisions of Section 1.7 of the Bond Purchase Agreement. The aggregate principal amount of Bonds to be purchased by each Purchaser on such Closing Date is set forth on Schedule I annexed hereto opposite the name of such purchaser.

Heather L. Ruth
### Schedule

**Municipal Assistance Corporation for the City of New York**

**Thirty Day Notice of Bonds to Be Purchased Pursuant to the Bond Purchase Agreement on October 2, 1980**

<table>
<thead>
<tr>
<th>Bank/Trust</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bankers Trust Company</td>
<td>10,840,000.00</td>
</tr>
<tr>
<td>2. The Bank of New York</td>
<td>4,675,000.00</td>
</tr>
<tr>
<td>3. The Chase Manhattan Bank, N.A.</td>
<td>21,050,000.00</td>
</tr>
<tr>
<td>4. Chemical Bank</td>
<td>16,850,000.00</td>
</tr>
<tr>
<td>5. Citibank, N.A.</td>
<td>24,870,000.00</td>
</tr>
<tr>
<td>6. Irving Trust Company</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>7. Manufacturers Hanover Trust</td>
<td>15,385,000.00</td>
</tr>
<tr>
<td>8. Marine Midland Bank</td>
<td>8,080,000.00</td>
</tr>
<tr>
<td>9. Morgan Guaranty Trust Company</td>
<td>13,935,000.00</td>
</tr>
<tr>
<td>10. National Bank of North America</td>
<td>3,320,000.00</td>
</tr>
<tr>
<td>11. United States Trust of New York</td>
<td>1,290,000.00</td>
</tr>
<tr>
<td><strong>Commercial Banks</strong></td>
<td><strong>125,295,000.00</strong></td>
</tr>
<tr>
<td>12. American Savings Bank</td>
<td>.00</td>
</tr>
<tr>
<td>13. Anchor Savings Bank</td>
<td>840,000.00</td>
</tr>
<tr>
<td>14. The Bowery Savings Bank</td>
<td>5,320,000.00</td>
</tr>
<tr>
<td>15. The Brooklyn Savings Bank</td>
<td>1,185,000.00</td>
</tr>
<tr>
<td>16. Central Savings Bank</td>
<td>765,000.00</td>
</tr>
<tr>
<td>Bank</td>
<td>Par Value</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>College Point Savings Bank</td>
<td>70,000.00</td>
</tr>
<tr>
<td>The Dime Savings Bank of New York</td>
<td>3,120,000.00</td>
</tr>
<tr>
<td>The Dime Savings Bank of Williamsburgh</td>
<td>420,000.00</td>
</tr>
<tr>
<td>Dollar Savings Bank of New York</td>
<td>2,430,000.00</td>
</tr>
<tr>
<td>Dry Dock Savings Bank</td>
<td>2,570,000.00</td>
</tr>
<tr>
<td>The East New York Savings Bank</td>
<td>835,000.00</td>
</tr>
<tr>
<td>Emigrant Savings Bank</td>
<td>2,930,000.00</td>
</tr>
<tr>
<td>Empire Savings Bank</td>
<td>600,000.00</td>
</tr>
<tr>
<td>Flushing Savings Bank</td>
<td>210,000.00</td>
</tr>
<tr>
<td>Franklin Savings Bank</td>
<td>1,355,000.00</td>
</tr>
<tr>
<td>The Green Point Savings Bank</td>
<td>975,000.00</td>
</tr>
<tr>
<td>The Greenwich Savings Bank</td>
<td>2,110,000.00</td>
</tr>
<tr>
<td>Hamburg Savings Bank</td>
<td>140,000.00</td>
</tr>
<tr>
<td>Harlem Savings Bank</td>
<td>700,000.00</td>
</tr>
<tr>
<td>Independence Savings Bank</td>
<td>660,000.00</td>
</tr>
<tr>
<td>The Lincoln Savings Bank</td>
<td>1,760,000.00</td>
</tr>
<tr>
<td>Metropolitan Savings Bank</td>
<td>840,000.00</td>
</tr>
<tr>
<td>The New York Bank for Savings</td>
<td>3,490,000.00</td>
</tr>
</tbody>
</table>
Date: 25 September 1980

To: Purchasers under the Bond Purchase Agreement Dated as of November 15, 1978

From: Municipal Assistance Corporation For The City of New York

Re: October 2, 1980 Closing

We hereby deliver to you, as required by Section 2.2 of 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 and the financial institutions (the "Financial Institutions") and New York City pension funds (the "Pension Funds") listed on Schedule I thereto, an Official Statement with respect to the scheduled sale on October 2, 1980 by the Corporation of its Series 25 Bonds to certain of the Financial Institutions and its Series 26 Bonds to the Pension Funds. We have previously delivered to you a notice setting forth the principal amount of bonds to be purchased by each purchaser on that date. You will receive at the closing on October 2, 1980 a Supplemented Official Statement setting forth the interest rate on the bonds.

We are also required to deliver to you, under Section 1.6(c) of the Bond Purchase Agreement, notice of the maturity, redemption provisions and date when interest first accrues for the bonds to be purchased October 2, 1980. This information is contained in the Official Statement.
<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Northfield Savings Bank</td>
<td>80,000.00</td>
</tr>
<tr>
<td>2. North Side Savings Bank</td>
<td>460,000.00</td>
</tr>
<tr>
<td>3. Queens County Savings Bank</td>
<td>280,000.00</td>
</tr>
<tr>
<td>4. Richmond County Savings Bank</td>
<td>70,000.00</td>
</tr>
<tr>
<td>5. Richmond Hills Savings Bank</td>
<td>560,000.00</td>
</tr>
<tr>
<td>6. Ridgewood Savings Bank</td>
<td>840,000.00</td>
</tr>
<tr>
<td>7. Roosevelt Savings Bank</td>
<td>505,000.00</td>
</tr>
<tr>
<td>8. The Seaman's Bank for Savings</td>
<td>1,745,000.00</td>
</tr>
<tr>
<td>9. Staten Island Savings Bank</td>
<td>280,000.00</td>
</tr>
<tr>
<td>10. Union Dime Savings Bank</td>
<td>1,535,000.00</td>
</tr>
<tr>
<td>11. United Mutual Savings Bank</td>
<td>350,000.00</td>
</tr>
<tr>
<td>12. The Williamsburg Savings Bank</td>
<td>1,815,000.00</td>
</tr>
<tr>
<td><strong>Total Savings Banks</strong></td>
<td><strong>41,895,000.00</strong></td>
</tr>
<tr>
<td>13. Columbian Mutual Life Insurance Company</td>
<td>30,000.00</td>
</tr>
<tr>
<td>14. Companion Life Insurance Company</td>
<td>.00</td>
</tr>
<tr>
<td>15. The Equitable Life Assurance Society</td>
<td>.00</td>
</tr>
<tr>
<td>16. Home Life Insurance Company</td>
<td>.00</td>
</tr>
<tr>
<td>17. Metropolitain Life Insurance Company</td>
<td>.00</td>
</tr>
</tbody>
</table>
Municipal Assistance Corporation
For The City of New York

Thirty Day Notice of Bonds to Be Purchased Pursuant to the Bond Purchase Agreement on October 2, 1980

<table>
<thead>
<tr>
<th>Insurance Company</th>
<th>Par Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. The Mutual Life Insurance Company</td>
<td>0.00</td>
</tr>
<tr>
<td>3. New York Life Insurance Company</td>
<td>7,150,000.00</td>
</tr>
<tr>
<td>4. Security Mutual Life Insurance</td>
<td>55,000.00</td>
</tr>
<tr>
<td>5. Teachers Insurance and Annuity Association of America</td>
<td>280,000.00</td>
</tr>
<tr>
<td>6. United States Life Insurance Company in the City of New York</td>
<td>0.00</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>7,515,000.00</td>
</tr>
<tr>
<td>7. New York City Employees' Retirement System for the City of New York</td>
<td>62,395,000.00</td>
</tr>
<tr>
<td>8. Teachers' Retirement System for the City of New York</td>
<td>40,095,000.00</td>
</tr>
<tr>
<td>9. Board of Education Retirement System for the City of New York</td>
<td>2,130,000.00</td>
</tr>
<tr>
<td>10. New York City Police Pension Fund, Article 2</td>
<td>20,675,000.00</td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>125,295,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>300,000,000.00</td>
</tr>
</tbody>
</table>
Date: 25 September 1980

To: Purchasers under the Bond Purchase Agreement

From: Municipal Assistance Corporation

Re: Dated as of November 15, 1978
For The City of New York
October 2, 1980 Closing

We hereby deliver to you, as required by Section 2.2 of 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 and the financial institutions (the "Financial Institutions") and New York City pension funds (the "Pension Funds") listed on Schedule I thereto, an Official Statement with respect to the scheduled sale on October 2, 1980 by the Corporation of its Series 25 Bonds to certain of the Financial Institutions and its Series 26 Bonds to the Pension Funds. We have previously delivered to you a notice setting forth the principal amount of bonds to be purchased by each purchaser on that date. You will receive at the closing on October 2, 1980 a Supplemented Official Statement setting forth the interest rate on the bonds.

We are also required to deliver to you, under Section 1.6(c) of the Bond Purchase Agreement, notice of the maturity, redemption provisions and date when interest first accrues for the bonds to be purchased October 2, 1980. This information is contained in the Official Statement.
26 September 1980

To: Purchasers under the Bond Purchase Agreement Dated as of November 15, 1978

From: Municipal Assistance Corporation For The City of New York

Re: October 2, 1980 Closing

We hereby deliver to you the reports of the Calculator and Lead Underwriter described in Schedule III 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 and the financial institutions (the "Financial Institutions") and New York City pension funds (the "Pension Funds") listed on Schedule I thereto, with respect to the scheduled sale on October 2, 1980 by the Corporation of its Series 25 Bonds to certain of the Financial Institutions and its Series 26 Bonds to the Pension Funds.

You are hereby notified that the meeting of the Committee with respect to the interest rate on the Series 25 and 26 Bonds will be held at our offices, Suite 8901, One World Trade Center, New York, New York on Monday, September 29, 1980 at 2:00 p.m.
DATE: 25 September 1980

TO: Parties to the Bond Purchase Agreement

FROM: Albert F. Barnes, Calculator

RE: Calculator's Report

In accordance with Municipal Assistance Corporation for the City of New York memorandum dated as of 9 July 1979 and in compliance with the Bond Purchase Agreement dated as of 15 November 1978, the following is the Calculator's report covering the time period 3 July 1980 through 25 September 1980.

Contained herein are:

1) The calculation of Market Yields to Maturity and supporting data for the calculation.

2) Yield to maturity of the pertinent Second Resolution term bonds and actively traded serial bonds.

In the best judgement of the Calculator and in following the formulas and accepted rules of calculation set out in the Bond Purchase Agreement, the coupon rate for 25 September 1980 would have been 10.50.

In the calculation we have obtained information from secondary sources deemed reputable by us. Although such sources are usually considered reliable we cannot guarantee their accuracy.

If any of the parties have any questions or need further information, I hope they will feel free to call me. (212-530-0906)

mjs
Exhibit 1

Derivation of the Coupon Rate for Bonds to be Issued

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield to Maturity</th>
<th>Bond Buyer 20 Bond Index</th>
<th>Excess of Market Yield to Maturity over Bond Buyer 20 Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10.515</td>
<td>9.18</td>
<td>1.335</td>
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<tr>
<td>2</td>
<td>10.230</td>
<td>8.98</td>
<td>1.250</td>
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<tr>
<td>3</td>
<td>10.180</td>
<td>8.82</td>
<td>1.360</td>
</tr>
<tr>
<td>4</td>
<td>9.985</td>
<td>8.78</td>
<td>1.205</td>
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<tr>
<td>5</td>
<td>10.490</td>
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<tr>
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<td>10.050</td>
<td>8.68</td>
<td>1.370</td>
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<td>8.53</td>
<td>.980</td>
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<tr>
<td>8</td>
<td>9.795</td>
<td>8.61</td>
<td>1.185</td>
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<tr>
<td>9</td>
<td>9.820</td>
<td>8.59</td>
<td>1.230</td>
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<tr>
<td>10</td>
<td>9.360</td>
<td>8.19</td>
<td>1.170</td>
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<td>9.415</td>
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<td>1.385</td>
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<td>9.235</td>
<td>7.95</td>
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</tr>
<tr>
<td>13</td>
<td>9.140</td>
<td>7.88</td>
<td>1.260</td>
</tr>
</tbody>
</table>

Average of Excesses 1.28115
Plus Week 1 Index 9.18

TOTAL 10.46115
Rounded to nearest eighth 10.50
### 7⅞% Bonds

**Price and Yield information relating to Series 8 7⅞% of July 1992**

For 13 Weeks Preceding Week of Actual Closing Date

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th>Market Maker 2</th>
<th>Market Maker 3</th>
<th>Market Price</th>
<th>Yield</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
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<tr>
<td>1</td>
<td>79.000</td>
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Exhibit III

Other Bonds

Price and Yield Information Relating to Series 16 7-5/8% of July 1999

For 13 Weeks Preceding Week of Actual Closing Date

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th></th>
<th>Market Maker 2</th>
<th></th>
<th>Market Maker 3</th>
<th></th>
<th>Market</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
<td>Price</td>
<td>Yield</td>
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<td>80.000</td>
<td>80.500</td>
<td>79.500</td>
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<td>85.000</td>
<td>9.32</td>
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<td>84.500</td>
<td>85.500</td>
<td>84.000</td>
<td>85.500</td>
<td>84.833</td>
<td>9.45</td>
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</tbody>
</table>
Exhibit IV

Calculation of the Basis Point Adjustment

Bonds to be issued

<table>
<thead>
<tr>
<th>Average Life</th>
<th>Final Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.10 years</td>
<td>July 1, 2000</td>
</tr>
</tbody>
</table>

Basis Point Adjustment for 7 1/4% Bonds

Series 8

<table>
<thead>
<tr>
<th>Average Life</th>
<th>Final Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.40 years</td>
<td>July 1, 1992</td>
</tr>
</tbody>
</table>

\[
5 \times \frac{3 \times (11.10 - 8.40) + (2000 - 1992)}{20.12} = 20.12
\]

4

Basis Point Adjustment for Other Bonds

Series 16

<table>
<thead>
<tr>
<th>Average Life</th>
<th>Final Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.90 years</td>
<td>July 1, 1999</td>
</tr>
</tbody>
</table>

\[
5 \times \frac{3 \times (11.10 - 16.90) + (2000 - 1999)}{20.50} = (20.50)
\]

4

Average of Basis Point Adjustments

\[
\frac{20.12 + (20.50)}{2} = 0.19
\]
Exhibit V

Calculation of Market Yields to Maturity

For 13 Weeks Preceding Week of Actual Closing Date

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield From Exhibit II 7û% Bonds</th>
<th>Market Yield From Exhibit III Other Bonds</th>
<th>Average</th>
<th>Basis Point Adjustment Exhibit IV</th>
<th>Market Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10.57</td>
<td>10.46</td>
<td>10.515</td>
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<td>10.36</td>
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<td>10.24</td>
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<td>10.07</td>
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</tr>
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<td>9.820</td>
<td>0.00</td>
<td>9.820</td>
</tr>
<tr>
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<td>9.23</td>
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<td>9.360</td>
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<td>9.58</td>
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<tr>
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<tr>
<td>13</td>
<td>8.83</td>
<td>9.45</td>
<td>9.140</td>
<td>0.00</td>
<td>9.140</td>
</tr>
</tbody>
</table>
Exhibit VI

Yields to Maturity for Pertinent Second Resolution Term Bonds

<table>
<thead>
<tr>
<th></th>
<th>Bid</th>
<th>Ask</th>
<th>Average</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>7/91</td>
<td>85.500</td>
<td>87.000</td>
<td>86.250</td>
</tr>
<tr>
<td>9.750</td>
<td>7/92</td>
<td>97.500</td>
<td>97.750</td>
<td>97.625</td>
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<tr>
<td>9.375</td>
<td>7/93</td>
<td>81.000</td>
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<td>81.500</td>
</tr>
<tr>
<td>8.625</td>
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<td>84.000</td>
<td>86.000</td>
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</tr>
<tr>
<td>7.625</td>
<td>7/99</td>
<td>76.000</td>
<td>78.000</td>
<td>77.000</td>
</tr>
</tbody>
</table>
September 26, 1980

TO: Municipal Assistance Corporation for the City of New York
   The City of New York
   Purchasers of MAC Bonds to be sold on October 2, 1980
   Members of the Committee to determine interest rate on MAC
   Bonds to be sold October 2, 1980

FROM: Salomon Brothers

Pursuant to Schedule III to the Bond Purchase Agreement dated as
of November 15, 1978, among the Municipal Assistance Corporation for
the City of New York ("MAC") and various commercial banks, savings
banks, insurance companies, and New York City pension funds, Salomon
Brothers hereby notifies you that in its judgment the coupon rate for
a successful public distribution on September 25, 1980, at par of $250
million of MAC Second Resolution Bonds, having the same maturity,
average life and optional redemption provisions of the MAC Second
Resolution Bonds to be sold under the Bond Purchase Agreement on
October 2, 1980 would have been 10 3/4%.

[Signature]
John J. O'Brien
General Partner
TO: Municipal Assistance Corporation For The City of New York

The Purchasers

The City of New York

Pursuant to the provisions of Schedule III of the Bond Purchase Agreement, dated November 15, 1978, among the Corporation and various Financial Institutions and Pension Funds, as those terms are defined in such agreement, notice is hereby given that the Committee, appointed pursuant to the Agreement, on this date has held a meeting with representatives of the Calculator, Lead Underwriter, Purchasers, the City, and the Corporation to hear their views regarding the interest rate for $300,000,000 Series 25 and 26 Second Resolution Bonds having a final maturity date of July 1, 2000, a first call price of 102% at July 1, 1990, an average life of 11.14 years as of the issuance date, and to be delivered on October 2, 1980. After reviewing the reports of the Calculator, Lead Underwriter, and views of interested parties, the Committee has determined that the Series 25 and 26 Second Resolution Bonds of the Corporation, issued pursuant to the Supplemented Official Statement to be dated October 2, 1980, shall bear an interest rate of 10-3/4.

The Committee also represents that it consists of three recognized experts in pricing municipal bonds who are not, and are not affiliated with, any managing underwriter of obligations of or financial advisor to the Corporation or the City and who are independent from each of the Purchasers.

Dated: September 29, 1980

Members of the Committee:

By /David Rochat

By /John F. Thompson

By /Robert Tighe
Date: 29 September 1980
To: Purchasers Under the Bond Purchase Agreement Dated as of November 15, 1978
From: Municipal Assistance Corporation For The City of New York
Re: Series 25 and 26 Bonds

Attached hereto for your information is a schedule setting forth the principal amount of Series 25 and 26 Bonds to be purchased on October 2, 1980, by each purchaser under the Bond Purchase Agreement, together with each such purchaser's proportionate share of the accrued interest due on such bonds. The amount owed the Corporation by each purchaser at closing (the aggregate of the par amount of bonds to be purchased and the allocable share of accrued interest thereon) appears at the extreme right-hand column of such schedule.

The Corporation intends to invoke the restriction on resale set forth in Section 5.7 of the Bond Purchase Agreement with respect to the Series 25 and 26 Bonds.
Bonds to be Purchased Pursuant to the Bond Purchase Agreement
October 2, 1980

<table>
<thead>
<tr>
<th>Bank</th>
<th>Par Value</th>
<th>Accrued</th>
<th>Check</th>
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<tr>
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<tr>
<td>The Bank of New York</td>
<td>4,675,000.00</td>
<td>1,396.01</td>
<td>4,676,396.0</td>
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<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>21,050,000.00</td>
<td>6,285.76</td>
<td>21,056,285.76</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>16,850,000.00</td>
<td>5,031.60</td>
<td>16,855,031.60</td>
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<tr>
<td>Citibank, N.A.</td>
<td>24,870,000.00</td>
<td>7,426.46</td>
<td>24,877,426.46</td>
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<tr>
<td>Irving Trust Company</td>
<td>5,000,000.00</td>
<td>1,493.06</td>
<td>5,001,493.06</td>
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<tr>
<td>Manufacturers Hanover Trust</td>
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<td>4,594.18</td>
<td>15,389,594.18</td>
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<tr>
<td>Marine Midland Bank</td>
<td>8,080,000.00</td>
<td>2,412.78</td>
<td>8,082,412.78</td>
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<td>Morgan Guaranty Trust Company</td>
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<td>4,161.15</td>
<td>13,939,161.15</td>
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<td>National Bank of North America</td>
<td>3,320,000.00</td>
<td>991.39</td>
<td>3,320,991.39</td>
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<td>United States Trust of New York</td>
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<td>365.21</td>
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<tr>
<td><strong>Commercial Banks</strong></td>
<td><strong>125,295,000.00</strong></td>
<td><strong>37,414.49</strong></td>
<td><strong>125,332,414.49</strong></td>
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<tr>
<td>American Savings Bank</td>
<td>.00</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>Anchor Savings Bank</td>
<td>840,000.00</td>
<td>250.83</td>
<td>840,250.83</td>
</tr>
<tr>
<td>The Bowery Savings Bank</td>
<td>5,320,000.00</td>
<td>1,588.61</td>
<td>5,321,588.61</td>
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<td>The Brooklyn Savings Bank</td>
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<td>353.85</td>
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<td>Central Savings Bank</td>
<td>765,000.00</td>
<td>228.44</td>
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<td>College Point Savings Bank</td>
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<td>70,020.90</td>
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<tr>
<td>The Dime Savings Bank of New York</td>
<td>5,100,000.00</td>
<td>931.67</td>
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<tr>
<td>Bank Name</td>
<td>Par Value</td>
<td>Accrued</td>
<td>Check</td>
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<tr>
<td>-----------------------------------------------</td>
<td>------------</td>
<td>---------</td>
<td>-------------</td>
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<tr>
<td>The Dime Savings Bank of Williamsburgh</td>
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<td>125.42</td>
<td>420,125.42</td>
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<tr>
<td>Dollar Savings Bank of New York</td>
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<td>740.56</td>
<td>2,480,740.56</td>
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<tr>
<td>Dry Dock Savings Bank</td>
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<td>767.43</td>
<td>2,570,767.43</td>
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<td>The East New York Savings Bank</td>
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<td>249.34</td>
<td>835,249.34</td>
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<td>Emigrant Savings Bank</td>
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<td>2,930,874.93</td>
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<td>Empire Savings Bank</td>
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<td>600,179.17</td>
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<td>Flushing Savings Bank</td>
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<td>210,062.71</td>
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<td>Franklin Savings Bank</td>
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<td>The Green Point Savings Bank</td>
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<td>The Greenwich Savings Bank</td>
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<td>Hamburg Savings Bank</td>
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<td>Harlem Savings Bank</td>
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<td>700,209.03</td>
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<td>Independence Savings Bank</td>
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<td>660,197.08</td>
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<td>The Lincoln Savings Bank</td>
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<td>1,760,525.56</td>
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<tr>
<td>Metropolitan Savings Bank</td>
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<td>250.83</td>
<td>840,250.83</td>
</tr>
<tr>
<td>The New York Bank for Savings</td>
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<td>1,042.15</td>
<td>3,491,042.15</td>
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<td>Northfield Savings Bank</td>
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<td>23.89</td>
<td>80,023.89</td>
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<td>North Side Savings Bank</td>
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<td>Queens County Savings Bank</td>
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<td>280,083.61</td>
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<td>Richmond County Savings Bank</td>
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<td>70,020.90</td>
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<tr>
<td>Richmond Hills Savings Bank</td>
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<td>167.22</td>
<td>30,167.22</td>
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### Municipal Assistance Corporation
For The City of New York

**Bonds to be Purchased Pursuant to the Bond Purchase Agreement**
**October 2, 1980**

<table>
<thead>
<tr>
<th>0. Ridgewood Savings Bank</th>
<th>Par Value</th>
<th>Accrued</th>
<th>Check</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>840,000.00</td>
<td>250.83</td>
<td>840,250.83</td>
</tr>
</tbody>
</table>

| 1. Roosevelt Savings Bank  | 505,000.00  | 150.80  | 505,150.80 |

| 2. The Seaman's Bank for Savings | 1,745,000.00 | 521.08 | 1,745,521.08 |

| 3. Staten Island Savings Bank | 280,000.00  | 83.61   | 280,083.61  |

| 4. Union Dime Savings Bank   | 1,535,000.00 | 458.37  | 1,535,458.37 |

| 5. United Mutual Savings Bank | 350,000.00  | 104.51  | 350,104.51  |

| 6. The Williamsburgh Savings Bank | 1,815,000.00 | 541.98 | 1,815,541.98 |

| **Savings Banks**            | **41,895,000.00** | **12,510.32** | **41,907,510.32** |

| 7. Columbian Mutual Life Insurance Company | 30,000.00 | 8.96 | 30,008.96 |

| 8. Companion Life Insurance Company | .00 | .00 | .00 |

| 9. The Equitable Life Assurance Society | .00 | .00 | .00 |

| 10. Home Life Insurance Company | .00 | .00 | .00 |

| 11. Metropolitan Life Insurance Company | .00 | .00 | .00 |

| 12. The Mutual Life Insurance Company | .00 | .00 | .00 |

| 13. New York Life Insurance Company | 7,150,000.00 | 2,135.07 | 7,152,135.07 |

| 14. Security Mutual Life Insurance | 55,000.00 | 16.42 | 55,016.42 |

| 15. Teachers Insurance and Annuity Association of America | 30,000.00 | 83.61 | 30,083.61 |
**Municipal Assistance Corporation**  
For The City of New York  

Bonds to be Purchased Pursuant to the Bond Purchase Agreement  
October 2, 1980

<table>
<thead>
<tr>
<th></th>
<th>Par Value</th>
<th>Accrued</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Life</td>
<td>7,515,000.00</td>
<td>2,244.06</td>
<td>7,517,244.06</td>
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<tr>
<td>Insurance Company in the</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>City of New York</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>7,515,000.00</td>
<td>2,244.06</td>
<td>7,517,244.06</td>
</tr>
<tr>
<td>New York City Employees'</td>
<td>62,395,000.00</td>
<td>18,631.84</td>
<td>62,413,631.84</td>
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<td>Retirement System for the</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>City of New York</td>
<td>62,395,000.00</td>
<td>18,631.84</td>
<td>62,413,631.84</td>
</tr>
<tr>
<td>Teachers' Retirement</td>
<td>40,095,000.00</td>
<td>11,972.81</td>
<td>40,106,972.81</td>
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<tr>
<td>System for the City of New</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>York</td>
<td>40,095,000.00</td>
<td>11,972.81</td>
<td>40,106,972.81</td>
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<tr>
<td>Board of Education</td>
<td>2,130,000.00</td>
<td>636.04</td>
<td>2,130,636.04</td>
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<td>Retirement System for the</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>City of New York</td>
<td>2,130,000.00</td>
<td>636.04</td>
<td>2,130,636.04</td>
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<tr>
<td>New York City Police</td>
<td>20,675,000.00</td>
<td>6,173.78</td>
<td>20,681,173.78</td>
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<td>Pension Fund, Article 2</td>
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<td></td>
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<tr>
<td>City Pension Funds</td>
<td>125,295,000.00</td>
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<td>125,332,414.47</td>
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<td><strong>Total</strong></td>
<td>300,000,000.00</td>
<td>89,583.34</td>
<td>300,089,583.34</td>
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</tbody>
</table>
RECEIVED from The Municipal Assistance Corporation For The City of New York a check dated October 2, 1980 in the amount of $12,000,000 for deposit in the Guaranty Fund, established by the Corporation pursuant to a resolution of the Board of Directors adopted on November 14, 1978, as amended, in connection with the New York City Loan Guarantee Act of 1978 (P.L. 95-339).

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By:

D. G. HOPE TRUST OFFICER

Dated: October 2, 1980
Date: 2 October 1980

To: Purchasers under the Bond Purchase Agreement dated as of November 15, 1978

From: Municipal Assistance Corporation
        For The City of New York

Re: Resale Restrictions on Series 25 and 26 Bonds

You are hereby notified of the Corporation's intention to make a public offering for which, it is expected, a bond purchase agreement will be executed within 40 calendar days of the date hereof. Therefore, the 40-day resale restrictions of Section 5.7(a) of the Bond Purchase Agreement, which limits the sale or other disposition of the Series 25 and 26 Bonds before November 12, 1980, apply to this sale.
October 2, 1980

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
MEMORANDUM OF CLOSING

Closing on October 2, 1980
Under the Bond Purchase Agreement
dated as of November 15, 1978
Series 25 Bonds ($174,705,000)
Series 26 Bonds ($125,295,000)

I. Execution of Bond Purchase Agreement;
First, Second and Third Closings

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 $1,799,700,000 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"). The First Closing under the Bond Purchase Agreement was held on November 17, 1978. The Second and Third Closings
were held on August 30, 1979 and December 14, 1979, respectively.

At the Fourth Closing (the "Closing") held on October 2, 1980, the Corporation issued $174,705,000 aggregate principal amount of its Series 25 Bonds and $125,295,000 aggregate principal amount of its Series 26 Bonds (collectively, the "Bonds") under the Second Bond Resolution and the Series 25 Resolution and Series 26 Resolution, respectively (the "Series Resolutions"), and sold the Bonds to the several Purchasers.

II. Actions Taken Prior to the Closing

1. By notice dated June 27, 1980, the Corporation delivered to each of the Purchasers pursuant to Section 1.6(b) of the Bond Purchase Agreement a schedule setting forth the dates in the 1981 Fiscal Year on which it was anticipated that Bonds would be purchased thereunder and the aggregate principal amount of Bonds to be purchased on each date.

2. By notice dated August 27, 1980, the Corporation gave notice to each of the Purchasers pursuant to Section 1.6(c) of the Bond Purchase Agreement that $300 million aggregate principal amount of Bonds would be issued and sold to the Purchasers at 11:00 a.m. on October 2, 1980. The
aggregate principal amount of Bonds to be purchased by each Purchaser were set forth in Schedule I annexed thereto.

3. Pursuant to Section 1.7 of the Bond Purchase Agreement, on or before October 2, 1980 each Purchaser desiring to (a) receive definitive Bonds in a denomination other than in the full principal amount being purchased by it or (b) to receive definitive Bonds in bearer form, gave notice to the Corporation of the authorized denominations and form (and, if registered, the name in which such Bond or Bonds were to be registered) of the Bonds to be purchased by it on the Closing Date.

4. On September 25, 1980 the Corporation delivered to each Purchaser (a) an official statement dated September 25, 1980 pursuant to Section 2.2 of the Bond Purchase Agreement and (b) notice pursuant to Section 1.6(c) of the Bond Purchase Agreement setting forth the maturity of, redemption provisions for and the date as of which interest shall first accrue on the Bonds.

5. On September 26, 1980 the Purchasers, the Corporation, The City of New York (the "City"), and the members of the Committee (the "Committee") described in Schedule III to the Bond Purchase Agreement received the reports of the Calculator and the Lead Underwriter, and by notice of the Corporation dated September 26, 1980 the Purchasers, the
City, the members of the Committee, the Calculator and the Lead Underwriter were notified that the Committee would meet at 2:00 p.m. on September 29, 1980.

6. On September 29, 1980 the Committee determined the interest rate on the Bonds in accordance with the provisions of such Schedule III to the Bond Purchase Agreement.

7. By notice dated September 29, 1980 the Corporation notified the Purchasers of the purchase price, including accrued interest, to be paid by each of them.

8. On September 30, 1980 the Board of Directors of the Corporation (the "Board of Directors"), among other things, (a) adopted the Series Resolutions, (b) approved the final Official Statement relating to the Bonds and (c) authorized the issuance and sale of the Bonds.

9. Notice of the Corporation to the Purchasers as to restrictions on resale of the Series 25 and 26 Bonds.

III. Preclosing

At 2:00 p.m. on Wednesday, October 1, 1980, a preclosing was held at the Ground Floor Auditorium, 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

-4-
All actions taken at the Closing were deemed to occur simultaneously and no action was deemed effected until all other actions required to be completed at the Closing 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:

1.1. Copy of the Supplemental Official Statement dated October 2, 1980 of the Corporation relating to the Bonds, executed by the Executive Director of the Corporation.

1.2. Copies of the Series 25 and 26 Resolutions and the Second General Bond Resolution.

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

1.4. Extracts of the minutes of Board of Directors of the Corporation showing among other things: (a) adoption of the Series Resolutions, (b) approval of the final Official Statement relating to the Bonds and (c) authorization of the issuance and sale of the Bonds.
1.5. (a) Certificate of the Secretary of the Corporation as to (i) members, officers, terms of office and other details of the Corporation, including attached minutes and certain resolutions, litigation and signatures; (ii) attached forms of specimen Bonds; and (iii) certifications by an Authorized Officer required pursuant to (A) Sections 202.2(4) (no default) and 202.3(3)(4) (debt coverage) of the Second Bond Resolution and (B) Sections 401(1) (debt service) and 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. [Exhibit C to Bond Purchase Agreement.]

1.6. Certificate of the State Commissioner of Taxation and Finance pursuant to Section 202(1) of the Second Bond Resolution.

1.7. Certificate of the State Director of the Budget pursuant to Section 202.3(2) of the Second Bond Resolution.

1.8. Certificates of the Executive Director of the Control Board pursuant to Section 3.3(b) and pursuant to Section 3.10(b) of the Bond Purchase Agreement [Exhibits D-1 and 2 to Bond Purchase Agreement] and Certificate of the Director of the Office of Management and Budget and First Deputy Comptroller as to borrowing schedule delivered pursuant to
Section 3.3(a) of the Bond Purchase Agreement.

1.9. Certificate of the State Comptroller pursuant to Section 3.10(c) of the Bond Purchase Agreement. [Exhibit E to Bond Purchase Agreement.]

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

1.11. Certificate of the Mayor of the City or an appropriate deputy as to the Official Statement.


1.15. Letter dated the Closing Date of Price Waterhouse & Co.

1.16. In response to the requirements of Section 3.6(d) of the Bond Purchase Agreement, letters dated the Closing Date from Moody's Investors Service, Inc. and Standard & Poor's Corporation setting forth their respective conditional ratings of the Bonds.

1.17. Approval of State Comptroller to be delivered pursuant to Section 3.14(b) of the Bond Purchase Agreement.
1.8. Certificates of the New York State Financial Control Board as to the Financial Plan and the Borrowing Schedule.

2. The City delivered:

2.1. Certificate of the First Deputy Comptroller and the Director of Management and Budget of the City pursuant to Section 3.10(d) of the Bond Purchase Agreement.

3. The Trustee delivered to the Corporation, with copies to Special Counsels for 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. Opinion of General Counsel to the Corporation, addressed to the Purchasers, pursuant to Section 3.12(a) of the Bond Purchase Agreement, together with reliance opinion to the Trustee. [Exhibit G to Bond Purchase Agreement.]

*4.2. Opinions of Bond Counsel for the Corporation, pursuant to Section 3.12(b) of the Bond Purchase Agreement.
Agreement, which meet the requirements of Sections 202.2(1) of the Second Bond Resolution, addressed to the Corporation with respect to the Series 25 and Series 26 Bonds and with respect to the State Covenant, together with a reliance opinion to the Trustee and the Purchaser. [Exhibit H-1,2 and 3 to Bond Purchase Agreement.]

*4.3. Opinion of Bond Counsel for the Corporation, addressed to the Corporation and the Purchasers, pursuant to Section 3.13(b) of the Bond Purchase Agreement as to no arbitrage.

4.4. Opinions of State Attorney General, addressed to the Chairman of the Corporation, pursuant to Section 3.12(c) of the Bond Purchase Agreement. [Exhibits I-1 and 2 to Bond Purchase Agreement.]

*4.5. Opinion of City Corporation Counsel, addressed to the Purchasers, pursuant to Section 3.12(d) of the Bond Purchase Agreement. [Exhibit J to Bond Purchase Agreement.]

*4.6. Opinion of Bond Counsel to the City, addressed to the Purchasers, pursuant to Section 3.12(e) of the Bond Purchase Agreement. [Exhibit K to Bond Purchase Agreement.]

4.7. 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.

*4.8. Opinion of Special Counsel for the Financial Institutions, addressed to the Financial Institutions, pursuant to Section 3.12(f) of the Bond Purchase Agreement. [Exhibit L to Bond Purchase Agreement.]

5. The following documents were delivered pursuant to Section 3.18 of the Bond Purchase Agreement:

5.1. Determinations of the Secretary of the United States Treasury 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. $300 million 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 amount of the purchase price plus accrued interest for the bonds purchased by it.

6.3. (a) The Trustee delivered to the Purchasers its acknowledgment 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. The Corporation delivered to the Trustee its order as to the deposit and the investment of the proceeds of the sale of the Bonds.

6.5. The Corporation delivered to the Trustee its order as to the deposit into the Guarantee Fund.