MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$40,495,000 Series 34 Bonds

and

$59,505,000 Series 35 Bonds

with

Warrants to Purchase

$59,505,000 Series 36 Bonds

TABLE OF CONTENTS

I. BASIC DOCUMENTS AND CERTIFICATIONS OF THE CORPORATION

1. Copy of the final Official Statement of the Corporation relating to the Series 34 Bonds and the Series 35 Bonds with Warrants (the "Official Statement").

2. Copy of the preliminary Official Statement of the Corporation relating to the Series 34 Bonds and the Series 35 Bonds with Warrants (the "Preliminary Statement").

3. Conformed Copy of the Bond Purchase Agreement dated November 12, 1981.

4. Extract of the Minutes of the Board of Directors Meeting held on November 12, 1981 showing (a) approval of the Official Statement and authorization of distribution of the Official Statement, (b) adoption of the Series 34, 35 and 36 Resolutions and (c) adoption of the Warrant Resolution authorizing execution of the Warrant Agreement and execution and delivery of the Warrants.

5. Copy of the Second General Bond Resolution.

6. Copy of the Series 34 Resolution.

7. Copy of the Series 35 Resolution.

8. Copy of the Series 36 Resolution.

9. Copy of the Warrant Resolution.

11. Written order of the Corporation as to the authentication, countersignature and delivery to Salomon Brothers of the Series 34 and 35 Bonds and the Warrants.

12. Written order of the Corporation as to the authentication and delivery of the Series 36 Bonds.

13. Certificate of the Director of the Budget of New York State (the "State") with respect to the Official Statement.


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

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

17. The approval of the terms of sale of Comptroller of the State.


19. 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 and warrants, litigations, signatures and certificates required pursuant to Section 202 of the Second General Bond Resolution and Section 401 of the Series 34, 35, and Series 36 Resolutions.

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

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


II. TRUSTEE’S DOCUMENTS

23. Certificate as to acceptance of duties of Trustee and Warrant Agent and showing authority for Authorized Officers to authenticate the Series 34 and 35 Bonds, and to countersign the Warrants.

24. Opinion of Messrs. Carter, Ledyard & Milburn, Counsel to United States Trust Company, with respect to the Trust Company’s authority to act as Trustee, and authentication
of the Series 34 and 35 Bonds, together with reliance
opinion to the Underwriters.

25. Opinion of Messrs. Carter, Ledyard & Milburn, Counsel to
the Trust Company, with respect to the Trust Company's
authority to act as Warrant Agent, and countersignature
of the Warrants together with reliance opinion to the
Underwriters.

III. PAYING AGENT

26. Acceptance of the office of Paying Agent from Chase
Manhattan Bank (National Association) and Bank of
America National Trust and Savings Association for the
Series 34, 35 and 36 Bonds.

IV. OPINIONS

Garrison, General Counsel, addressed to the
Representatives, together with reliance opinion to the
Trust Company.

28. Approving Opinion as to the Series 34 Bonds of Messrs.
Hawkins, Delafield & Wood, Bond Counsel to the
Corporation, addressed to the Corporation.

Hawkins, Delafield & Wood, Bond Counsel to the
Corporation, addressed to the Corporation.

30. Approving Opinion as to the Warrants of Messrs. Hawkins,
Delafield & Wood, Bond Counsel to the Corporation,
adressed to the Corporation.

31. Reliance Opinion of Bond Counsel addressed to the Trust
Company and the Underwriters.

32. Opinion of Bond Counsel addressed to the
Representatives, as to the Official Statement.

33. Opinion of Bond Counsel addressed to the Corporation as
to arbitrage.

34. Opinion of Bond Counsel addressed to the Corporation as
to the 1978 State Covenant.

35. Opinion of Messrs. White & Case, Counsel to the
Underwriters.

36. Survey of the applicable "Blue Sky" laws of various
jurisdictions.
V. PROCEEDS

37. Certificate of Trustee as to Receipt of Proceeds of Sale of the Series 34 and 35 Bonds and the Warrants.

38. Receipt of Salomon Brothers for the Series 34 and 35 Bonds, the Warrants, and Closing Documents.

39. Order as to Deposit and Investment of the Proceeds of Sale of the Series 34 and 35 Bonds and the Warrants.

VI. MISCELLANEOUS

40. Copy of "Tombstone" ad.

41. Memorandum of Closing.
NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 34 and 35 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.

$100,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

(A Public Benefit Corporation of the State of New York)

Dated November 1, 1981

Due July 1, as shown below

Principal of and interest on the Series 34, 35 and 36 Bonds are payable at the corporate trust office of The Chase Manhattan Bank, N.A., New York, New York, or at the option of the holder at Bank of America NT&SA, San Francisco, California, unless registered. The Series 34 and 35 Bonds will be dated and bear interest from November 1, 1981, payable July 1, 1982 and semi-annually thereafter on each January 1 and July 1. The Series 36 Bonds issued prior to July 1, 1982 will bear interest from November 1, 1981 and the Series 36 Bonds issued thereafter will bear interest from the interest payment date immediately preceding delivery thereof, payable semi-annually on each January 1 and July 1 thereafter. The Series 34, 35 and 36 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon and registered bonds are interchangeable as more fully described herein.

The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity. The Series 34 Bonds maturing on July 1, 1989 are not subject to redemption at the option of the Corporation prior to maturity. The Series 35 and 36 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, as a whole on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus in each case accrued interest to the redemption date, all as more fully described herein. The Series 34 Bonds maturing on July 1, 1989 and the Series 35 and 36 Bonds are subject to redemption from mandatory sinking fund installments on each July 1, commencing on July 1, 1987 for the Series 34 Bonds maturing on July 1, 1989, on July 1, 1990 for the Series 35 Bonds and on July 1, 1985 for the Series 36 Bonds, in each case at a redemption price of 100% of the principal amount thereof, plus 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 34, 35 and 36 Bonds are to be issued) is United States Trust Company of New York.

$16,495,000 Series 34 Serial Bonds

<table>
<thead>
<tr>
<th>Amount</th>
<th>Due</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,940,000</td>
<td>1985</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>7,520,000</td>
<td>1986</td>
<td>10½%</td>
<td>100%</td>
</tr>
<tr>
<td>2,035,000</td>
<td>1987</td>
<td>10¾%</td>
<td>100%</td>
</tr>
</tbody>
</table>

$24,000,000 11¼% Series 34 Term Bonds Due July 1, 1989 @ 100%

$59,505,000 12¾% Series 35 Term Bonds Due July 1, 2008 @ 99½%

With Warrants to Purchase until January 18, 1983

$59,505,000 12¼% Series 36 Term Bonds Due July 1, 2007 @ 99½%

(Plus, in each case, accrued interest)

There will be delivered with each $5,000 principal amount of Series 35 Bonds one Warrant certificate representing five Warrants which together entitle the holder thereof to purchase $5,000 principal amount of Series 36 Bonds at 99½% plus accrued interest to the delivery date thereof. The Warrants will expire on January 18, 1983, will be delivered only in bearer form and may be transferred separately from the Series 35 Bonds immediately after issuance. The Series 36 Bonds will be deliverable on the 25th day of each month upon exercise of the Warrants on or prior to the 18th day of such month. The Warrants, the exercise thereof and the Series 35 and 36 Bonds are more fully described herein.

The Series 34, 35 and 36 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain other 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 34, 35 and 36 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 34, 35 and 36 Bonds.

The Series 34 and 35 Bonds and the Warrants are offered when, and as if issued by the Corporation and received by the Underwriters and subject to all terms and conditions of the Underwriting Agreement and the prospectus and prospectus supplement delivered pursuant thereto.

Salomon Brothers Inc

Goldman, Sachs & Co.

Citibank, N.A.

Merrill Lynch White Weld Capital Markets Group

The Chase Manhattan Bank, N.A.

Morgan Guaranty Trust Company of New York

Bache Halsey Stuart Shields

Bear, Stearns & Co.

Incorporated

L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is November 12, 1981.
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 34 or 35 Bonds or the Warrants or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 34 BONDS AND THE SERIES 35 BONDS WITH WARRANTS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**TABLE OF CONTENTS**

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>The Corporation</td>
<td>1</td>
</tr>
<tr>
<td>The Bonds and the Warrants</td>
<td>1</td>
</tr>
<tr>
<td>Payment of the Bonds and Debt Service</td>
<td>1</td>
</tr>
<tr>
<td>Coverage</td>
<td>1</td>
</tr>
<tr>
<td>Limitations on Bond Issuance</td>
<td>2</td>
</tr>
<tr>
<td>Appropriation of Revenues</td>
<td>2</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>2</td>
</tr>
<tr>
<td>Debt Issuance Plan</td>
<td>2</td>
</tr>
<tr>
<td>Certain Factors</td>
<td>3</td>
</tr>
<tr>
<td>2. BONDS AND WARRANTS BEING OFFERED</td>
<td>3</td>
</tr>
<tr>
<td>General</td>
<td>3</td>
</tr>
<tr>
<td>The Series 34 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>The Series 35 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>The Warrants</td>
<td>5</td>
</tr>
<tr>
<td>The Series 36 Bonds</td>
<td>6</td>
</tr>
<tr>
<td>Certain Tax Consequences</td>
<td>7</td>
</tr>
<tr>
<td>Additional Bonds and Notes</td>
<td>8</td>
</tr>
<tr>
<td>3. USE OF PROCEEDS</td>
<td>9</td>
</tr>
<tr>
<td>4. THE CORPORATION</td>
<td>9</td>
</tr>
<tr>
<td>Background, Purposes and Powers</td>
<td>9</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>10</td>
</tr>
<tr>
<td>5. DEBT ISSUANCE PLAN</td>
<td>10</td>
</tr>
<tr>
<td>6. PAYMENT OF THE BONDS</td>
<td>12</td>
</tr>
<tr>
<td>General</td>
<td>12</td>
</tr>
<tr>
<td>Appropriation by Legislature</td>
<td>15</td>
</tr>
<tr>
<td>Per Capita Aid</td>
<td>15</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>16</td>
</tr>
<tr>
<td>Stock Transfer Tax</td>
<td>17</td>
</tr>
<tr>
<td>Maintenance of Capital Reserve Aid Fund</td>
<td>18</td>
</tr>
<tr>
<td>7. DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS</td>
<td>19</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>19</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>20</td>
</tr>
<tr>
<td>Debt Service Requirements and Estimated Coverage Ratios</td>
<td>20</td>
</tr>
<tr>
<td>8. CERTAIN DEVELOPMENTS AFFECTING THE STATE</td>
<td>22</td>
</tr>
<tr>
<td>Long-Term Trends</td>
<td>22</td>
</tr>
<tr>
<td>Financial Developments—Fiscal Years 1975-1981</td>
<td>23</td>
</tr>
<tr>
<td>Program for the 1982 Fiscal Year</td>
<td>23</td>
</tr>
<tr>
<td>Problems of Authorities and Localities</td>
<td>24</td>
</tr>
<tr>
<td>Litigation</td>
<td>26</td>
</tr>
<tr>
<td>9. CERTAIN DEVELOPMENTS AFFECTING THE CITY</td>
<td>26</td>
</tr>
<tr>
<td>Fiscal Years 1973-1981</td>
<td>27</td>
</tr>
<tr>
<td>Fiscal Years 1982-1985</td>
<td>28</td>
</tr>
<tr>
<td>Litigation</td>
<td>29</td>
</tr>
<tr>
<td>Federal Bankruptcy Legislation</td>
<td>31</td>
</tr>
<tr>
<td>10. VARIOUS CONTROL PROGRAMS</td>
<td>31</td>
</tr>
<tr>
<td>The Corporation</td>
<td>31</td>
</tr>
<tr>
<td>Control Board</td>
<td>32</td>
</tr>
<tr>
<td>11. AGREEMENT OF THE STATE OF NEW YORK</td>
<td>33</td>
</tr>
<tr>
<td>12. MANAGEMENT</td>
<td>34</td>
</tr>
<tr>
<td>13. LITIGATION</td>
<td>36</td>
</tr>
<tr>
<td>14. SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION</td>
<td>37</td>
</tr>
<tr>
<td>15. TRUSTEE</td>
<td>43</td>
</tr>
<tr>
<td>16. LEGAL INVESTMENT</td>
<td>43</td>
</tr>
<tr>
<td>17. TAX EXEMPTION</td>
<td>43</td>
</tr>
<tr>
<td>18. LEGAL OPINIONS</td>
<td>43</td>
</tr>
<tr>
<td>19. UNDERWRITING</td>
<td>44</td>
</tr>
<tr>
<td>20. FINANCIAL STATEMENTS</td>
<td>44</td>
</tr>
<tr>
<td>APPENDIX—Definitions</td>
<td>45</td>
</tr>
<tr>
<td>Exhibit A—Financial Statements</td>
<td>F-1</td>
</tr>
<tr>
<td>Exhibits B and C—Opinions of Bond Counsel</td>
<td>B-1, C-1</td>
</tr>
</tbody>
</table>

Lazard Frères & Co.—Financial Advisor
PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 34 and 35 Bonds and the Warrants 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 hereto.

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 and the Warrants ........ The Series 34, 35 and 36 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 34, 35 and 36 Bonds, which are general obligations of the Corporation and are not obligations of either the State or the City. The Warrants will be executed and delivered pursuant to the Warrant Agreement and will, upon delivery, entitle the holders thereof to purchase Series 36 Bonds of the Corporation until January 18, 1983. For a more detailed description of the Warrants, the manner of exercise thereof, certain conditions which must be satisfied prior to the issuance and delivery of the Series 36 Bonds, and certain tax consequences of purchases and sales of Series 35 and 36 Bonds and the Warrants, see "PART 2—BONDS AND WARRANTS BEING OFFERED."

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 34 and 35 Bonds and assuming the issuance of $59.51 million of Series 36 Bonds, would be as follows:

(Dollars in Millions)

$1,330 Sales Tax (12 months ended September 30, 1981)
plus 616 Stock Transfer Tax (12 months ended September 30, 1981)
minus 8 Operating expenses of the Corporation
minus 358 Maximum annual debt service payment on currently outstanding First Resolution obligations (issuance test limits annual debt service to $425 million)
$1,580 Available tax revenues after provision for First Resolution obligations
plus 420 Available Per Capita Aid (for the Corporation's 1981 fiscal year), net of $64 million of potential prior claims (none of which has been asserted since the inception of the Corporation)

$2,000 Available Revenues

divided by $674 Maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 34 and 35 Bonds and assuming the issuance of $59.51 million of Series 36 Bonds)

2.97 Debt Service Coverage
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 6—PAYMENT OF THE BONDS" and "PART 7—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 34 and 35 Bonds, the Corporation will have an aggregate of $7,455 billion of its bonds; $5,073 billion issued under the Second General Bond Resolution and $2,382 billion issued under the First General Bond Resolution. These amounts assume the issuance of $100 million of Series 28 Bonds and $59.51 million of Series 36 Bonds which may be issued pursuant to warrants of the Corporation. The Corporation has covenanted with holders of its warrants that it will treat the aggregate authorized amount of its bonds issuable upon exercise of warrants as issued and outstanding and, accordingly, unless otherwise indicated, the issuance and coverage figures set forth in this Official Statement are presented on the basis of such an assumption.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. At September 30, 1981, there was on deposit in such funds securities valued in accordance with the Act at $331.7 million and $509.5 million, respectively, including accrued interest.

Debt Issuance Plan

The Series 34, 35 and 36 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan is intended to provide necessary long-term financing for the City to enable the City to finance its capital needs through June 30, 1985.

The Debt Issuance Plan provides for completion of public sales of $1.65 billion of the Corporation's bonds through December 31, 1964, completion of public sales of $1.6 billion of City bonds through fiscal year 1985, of which $100 million were sold in July 1981, and private sales of $600 million of federally guaranteed City bonds during the 1982 fiscal year. In October 1981 the Corporation completed sales of $324.7 million of its bonds to the Financial Institutions and the City Pension Funds pursuant to the Debt Issuance Plan.

The Corporation has issued $100 million of its bonds publicly during the 1982 fiscal year and intends to issue an additional $300 million of its obligations during such year, after the issuance of the Series 34 and 35 Bonds.
The implementation of the Debt Issuance Plan 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 1982 fiscal year, which he may give or withhold in his discretion. The Treasury Department has informed the Corporation that the Secretary is reexamining the appropriateness of granting the Federal guarantees, including the issuance of $300 million of such guarantees requested to be issued on November 19, 1981. See “PART 5—DEBT ISSUANCE PLAN.”

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation. Such investors may, from time to time during and after the time when the Series 34 Bonds and the Series 35 Bonds with Warrants are being offered to the public, offer or sell bonds or warrants of the Corporation, which may have an adverse effect on the market price of the Series 34, 35 and 36 Bonds and the Warrants.

The Corporation believes that the market for and the market price of the Series 34, 35 and 36 Bonds and the Warrants, and the sources of payment of the Series 34, 35 and 36 Bonds may be affected by certain other factors described elsewhere in this Official Statement. See “PART 5—DEBT ISSUANCE PLAN,” “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE CITY,” and “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY.”

PART 2—BONDS AND WARRANTS BEING OFFERED

General

The Series 34, 35 and 36 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 34, 35 and 36 Resolutions, respectively. The Series 34 and 35 Bonds will be dated and bear interest from November 1, 1981 and will mature as set forth on the cover of this Official Statement. The Series 36 Bonds issued prior to July 1, 1982 will bear interest from November 1, 1981 and the Series 36 Bonds issued thereafter will bear interest from the interest payment date on the Series 36 Bonds immediately preceding the delivery of such Bonds. The Series 36 Bonds will mature on July 1, 2007.

The Series 34, 35 and 36 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 34, 35 and 36 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 34, 35 or 36 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 34, 35 or 36 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 34, 35 and 36 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.”

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund, Series 34, 35 and 36 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 Bonds 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 such Bonds, the likelihood of redemption by lot of any holder's Bonds of such Series 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 34, 35 and 36 Bonds.

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. For further information concerning the Trustee, see "PART 15—TRUSTEE."

The Series 34 Bonds

Sinking Fund Redemption

The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity. The Series 34 Bonds maturing on July 1, 1989 are 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 Series 34 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Sinking Fund Installments</th>
<th>Series 34 Bonds Due July 1, 1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Amount</td>
</tr>
<tr>
<td>1987</td>
<td>$6,065,000</td>
</tr>
<tr>
<td>1988</td>
<td>8,680,000</td>
</tr>
<tr>
<td>1989</td>
<td>9,255,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 34 Bonds maturing on July 1, 1989 would be approximately 6.8 years, calculated from November 1, 1981.

The Series 35 Bonds

Optional Redemption

The Series 35 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
Sinking Fund Redemption

The Series 35 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 35 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$4,375,000</td>
<td>1999</td>
<td>$1,970,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,535,000</td>
<td>2000</td>
<td>1,435,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,690,000</td>
<td>2001</td>
<td>1,460,000</td>
</tr>
<tr>
<td>1993</td>
<td>4,855,000</td>
<td>2002</td>
<td>3,020,000</td>
</tr>
<tr>
<td>1994</td>
<td>5,015,000</td>
<td>2003</td>
<td>3,275,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,810,000</td>
<td>2004</td>
<td>3,570,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,850,000</td>
<td>2005</td>
<td>2,860,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,890,000</td>
<td>2006</td>
<td>3,220,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,930,000</td>
<td>2007</td>
<td>3,630,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>4,115,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 35 Bonds would be approximately 17.1 years, calculated from November 1, 1981.

The Warrants

General

The Warrants are to be delivered in bearer form only, pursuant to a Warrant Agreement between the Corporation and United States Trust Company of New York, as Warrant Agent. The Warrants will be offered together with the Series 35 Bonds and purchasers will receive, for each $5,000 in principal amount of Series 35 Bonds purchased, one Warrant certificate representing five Warrants. The Warrants may be transferred separately from the Series 35 Bonds. Each Warrant certificate will entitle the holder to purchase $5,000 in principal amount of Series 36 Bonds at a purchase price of $4,975, plus accrued interest to the delivery date of such Series 36 Bonds.

The Warrantholders do not have the rights of bondholders under the Second General Bond Resolution or the Series 35 or 36 Resolutions.

The Corporation can give no assurance that a market for the Warrants will develop. The value of the Warrants from time to time will be determined primarily by the market rate of interest on bonds of the Corporation comparable to the Series 36 Bonds, which rate will be affected by numerous factors, including the amount and timing of future issuances of the Corporation’s bonds. See “PART 5—DEBT ISSUANCE PLAN.”

Exercise of Warrants

Warrant certificates may be exercised by physical delivery thereof and payment of the purchase price to the Warrant Agent at any time after November 24, 1981, and on or before 3:30 P.M., New York City time, on January 18, 1983, all as more fully described in the Warrants. Warrants not exercised on or before 3:30 P.M., New York City time, on January 18, 1983, shall become void. Series 36 Bonds will be delivered on the 25th day of each month with respect to all Warrants exercised on or prior to 3:30 P.M., New York City time, on the 18th day of such month. Series 36 Bonds to be delivered upon the exercise of Warrants will be delivered in accordance with the instructions of the person exercising the Warrants, but at the sole cost and risk of such person.

Conditions to Issuance of Series 36 Bonds

The Corporation has undertaken in the Warrants to deliver Series 36 Bonds upon proper exercise of the Warrants, and to deliver therewith an opinion of Bond Counsel as to approval of legality, including an opinion to the effect that under statutes and court decisions existing as of the date of such opinion, interest on the Series 36 Bonds is exempt from Federal income taxation. This undertaking is unconditional. The Corporation has heretofore authorized the issuance of up to $59,505 million of its Series 36 Bonds. If the Corporation fails or is unable to deliver such Bonds or such opinion, a breach of contract would exist and the Warrantholders could
pursue their legal remedies. The legal power of the Corporation to issue such Series 36 Bonds is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each Series 36 Bond is issued and delivered. The ability of the Corporation to satisfy such provisions or comply with then applicable law, however, may be affected by factors not within the control of the Corporation which could prevent the Corporation from issuing Series 36 Bonds upon the exercise of the Warrants. The ability of Bond Counsel to deliver its opinion is subject to laws and regulations then in effect and certain factual and legal determinations to be made at the time of such issuance. For a description of coverage ratio limitations on the issuance of additional bonds and the Corporation’s estimate that it can issue the Series 36 Bonds within all applicable coverage ratio requirements, see “Additional Bonds and Notes” in this Part 2 and “Part 7—Debt Service Payment Requirements and Estimated Coverage Ratios—Debt Service Requirements and Estimated Coverage Ratios.”

Covenants for the Benefit of Holders of Warrants

To protect the interests of the holders of Warrants, the Corporation has covenanted in the Warrants (i) to consider as issued and outstanding all Series 36 Bonds issuable upon exercise of all outstanding Warrants for purposes of determining the Corporation’s right to issue additional bonds, (ii) to obtain the consent of the holders of a majority (or in certain cases all) of the outstanding Warrants prior to amendment of either the Series 36 Resolution or the Second General Bond Resolution in any manner that would adversely affect the Warrantholders, and (iii) to deliver to exercising Warrantholders, simultaneously with delivery of the Series 36 Bonds, an opinion of the Corporation’s Bond Counsel as to approval of legality of the Series 36 Bonds, including an opinion to the effect that under statutes and court decisions existing as of the date of such opinion interest on the Series 36 Bonds is exempt from Federal income taxation.

The Series 36 Bonds

Optional Redemption

The Series 36 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The Series 36 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years set forth below, at 100% of the principal amount required to be redeemed, as determined by applying the percentage set forth below to the principal amount of all Series 36 Bonds issued upon the exercise of the Warrants (with certain rounding adjustments permitted by the Series 36 Resolution), plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments”:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>7.109%</td>
<td>1997</td>
<td>1.949%</td>
</tr>
<tr>
<td>1986</td>
<td>7.697</td>
<td>1998</td>
<td>1.983</td>
</tr>
<tr>
<td>1987</td>
<td>8.285</td>
<td>1999</td>
<td>2.025</td>
</tr>
<tr>
<td>1988</td>
<td>8.882</td>
<td>2000</td>
<td>1.513</td>
</tr>
<tr>
<td>1989</td>
<td>9.461</td>
<td>2001</td>
<td>1.538</td>
</tr>
<tr>
<td>1990</td>
<td>4.529</td>
<td>2002</td>
<td>3.277</td>
</tr>
<tr>
<td>1991</td>
<td>4.689</td>
<td>2003</td>
<td>3.554</td>
</tr>
<tr>
<td>1993</td>
<td>5.025</td>
<td>2005</td>
<td>3.168</td>
</tr>
<tr>
<td>1994</td>
<td>5.184</td>
<td>2006</td>
<td>3.571</td>
</tr>
<tr>
<td>1995</td>
<td>1.865</td>
<td>2007</td>
<td>4.033*</td>
</tr>
<tr>
<td>1996</td>
<td>1.907</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 36 Bonds would be approximately 12.1 years, calculated from November 1, 1981 on the assumption that all $59,505 million of the Series 36 Bonds were issued on that date.

Certain Tax Consequences

This summary of certain tax consequences of the purchase and sale of Series 35 and 36 Bonds and the Warrants does not purport to deal with all aspects of taxation which may be relevant to particular investors. For example, special rules apply to insurance companies and dealers in tax-exempt securities. There are no provisions of the Internal Revenue Code (the “Code”) or regulations (the “Regulations”) or rulings of the Internal Revenue Service (the “IRS”) that expressly apply to tax-exempt securities issued with Warrants such as the Series 35 Bonds. However, the IRS has applied certain principles of the Code and Regulations that are applicable to taxable securities in certain rulings concerning tax-exempt securities. Although the Corporation can give no assurance that the IRS will apply the principles reflected in the Code and such Regulations relating to taxable securities to the Series 35 and 36 Bonds and the Warrants, the Corporation has no reason to believe that the IRS would not do so in respect of questions for which no tax-exempt rules are applicable. If such principles were to be applied, certain tax consequences of purchases and sales of the Series 35 Bonds, the Warrants or the Series 36 Bonds would be as described below. Persons with questions concerning the detailed tax consequences of transactions in Series 35 and 36 Bonds and the Warrants should consult their own tax advisors.

The Series 35 Bonds

Subject to the foregoing, the offering price of each unit consisting of a Series 35 Bond together with Warrants, should be allocated between the Series 35 Bond and the Warrants. Such allocation should be made in the proportion that the “fair market value” of each bears to the aggregate of the fair market values of the Bond and Warrants comprising the unit on the date the unit is issued. For example, if the fair market value of the Series 35 Bond were 95 and the fair market value of the Warrants were 6, the allocation of the offering price to such Bond would be 95 / (95 + 6) = 94.06% of the unit offering price of 99% and the allocation to the Warrants would be 6 / (95 + 6) = 5.94% of such offering price. If the fair market value of the Series 35 Bond were 95 and the fair market value of the Warrants 4, the allocation to the Bond would be 95 / (95 + 4) = 95.96% of such offering price and the allocation to the Warrants would be 4 / (95 + 4) = 4.04% of such offering price. “Fair market value” should be determined by taking the mean between the highest and the lowest selling prices of the Series 35 Bonds and of the Warrants, trading separately, on the date of issuance or the first day on which substantial trading in such securities exists. The portion of the offering price of a unit so allocated to a Series 35 Bond should constitute the original holder’s tax basis in such Bond.

It appears that the principal amount of the Series 35 Bond will exceed the price so allocated to such Bond (because the unit offering price will be equal to 99½% of the principal amount of the Series 35 Bond and a portion of the unit offering price expected to be in excess of ½ of 1% should be allocated to the Warrants). Consequently, the Series 35 Bond should be considered to have an “original issue discount” of not less than an amount equal to such excess. The Corporation intends to ascertain and make public selling prices for use by the holders of the Series 35 Bonds in calculating original issue discount in respect of the Series 35 Bonds.

An appropriate portion of the original issue discount described above, depending on the holding period of a Series 35 Bond by each holder, should, upon disposition or payment of such Bond, be treated as tax-exempt interest, rather than as taxable gain, for Federal income tax purposes. The portion so treated should be at least that determined by apportioning the amount of original issue discount among the original holder and each subsequent holder of such Bond based upon the relation that the number of days (computed on a calendar year basis) for which such Bond was owned by each holder bears to the total number of days elapsed from the date of issuance to the maturity date of such Bond. For example, if a Series 35 Bond with Warrants were offered at 99½ and the “fair market values” of the Series 35 Bond and the Warrants, as determined in the manner described above, were 94½ and 5½, respectively, the original issue discount would be 5½ and the purchaser’s tax basis for such Bond would be 94. If the original holder holds such Bond for one-half of the period between issuance and maturity, one-half of the original issue discount, or 2½, will be “amortized” and be treated as tax-exempt income upon the sale of such Bond. If such Bond is sold by the original holder at such time for 99, the holder would have tax-exempt income of 2½ (i.e., the “amortized” original issue discount reducing the proceeds to 96½) and capital gain of
If such Bond is sold for 90, the holder would have tax-exempt income of 2\% (i.e., the "amortized" original issue discount reducing the proceeds to 87 \%\) and capital loss of 6\% (94 \(- 87\%\)).

Warrants

The portion of the offering price of a unit allocated to the Warrants, as described above, should constitute the tax basis for such Warrants for the original holder. If such Warrants are exercised, no gain or loss should be realized by the holder, and the holder's tax basis in the Warrants should be added to the exercise price to determine the tax basis for the Series 36 Bond acquired with the consequence described below. If the Warrants expire unexercised, the holder will realize a loss in an amount equal to the tax basis in the Warrants, which loss will be a capital loss.

The Series 36 Bonds

Since the sum of the exercise price of the Warrants (excluding accrued interest) plus the portion of the offering price of a unit allocated to the Warrants as described above, is expected to exceed par, there should be no original issue discount with respect to the Series 36 Bonds. While the existence of premium on the Series 36 Bonds will depend on the particular circumstances of the acquisition of such Bonds, an original holder of a Warrant acquiring a Series 36 Bond is expected to have premium with respect to such Bonds. Such a holder will be required to reduce his tax basis in such Series 36 Bond each year by a portion of the premium in accordance with principles set forth in the Code, Regulations and IRS rulings.

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 $8.231 billion after issuance of the Series 34 and 35 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 34, 35 and 36 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). The Corporation has covenanted with the Warrant holders, that for purposes of the foregoing calculations, it will consider as outstanding all Series 36 Bonds covered by outstanding Warrants.

Pursuant to the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution 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 3—USE OF PROCEEDS

The net proceeds of the sale of the Series 34 and 35 Bonds and the Warrants will be $97,418,475. Of the net proceeds, $83 million 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. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation’s accounts as to which such lien applies.

The balance of the net proceeds will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. For further information with respect to the Capital Reserve Aid Fund, see “PART 6—PAYMENT OF THE BONDS—Maintenance of Capital Reserve Aid Fund.”

Any proceeds of sale of the Series 36 Bonds are expected to be used for purposes similar to those of the Series 34 and 35 Bond proceeds.

PART 4—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 this purpose 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 is required 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. Although the City’s operating budget for the 1981 fiscal year was balanced in accordance with GAAP one year earlier than required and its operating budget for its 1982 fiscal year is similarly balanced, the Debt Issuance Plan was supplemented to give the City additional time to regain full access to the public credit markets. The City publicly sold $75 million of its bonds in March 1981 and $100 million of its bonds in July 1981.

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, the State enacted legislation in June 1980 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.

**Outstanding Debt of the Corporation**

After issuance of the Series 34 and 35 Bonds, the Corporation will have issued approximately $8.231 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) $5.073 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 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, 1981, and the unaudited financial statements for the three months ended September 30, 1981, annexed hereto as Exhibit A, and “PART 20—FINANCIAL STATEMENTS.”

**PART 5—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—Fiscal Years 1975-1981.” 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 and adherence to an operating budget for the 1981 fiscal year, balanced in accordance with GAAP, the adoption of a GAAP balanced budget for its 1982 fiscal year, and the implementation of other budgetary and accounting reforms, it became apparent that the City would 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. Accordingly, the Debt Issuance Plan was supplemented during the Corporation’s 1981 fiscal year.

The City currently projects its capital needs to be approximately $821 million during its 1982 fiscal year, and approximately $1 billion during each of its 1983 through 1985 fiscal years. The Plan is intended to enable the Corporation to assist the City in financing these needs. The City’s capital needs would be principally met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 34 and 35 Bonds but excluding the unissued Series 28 and 36 Bonds) (i) completion of the previously scheduled sales of $324.7 million of the Corporation’s bonds ($324.7 million] to the Financial Institutions and the City Pension Funds during the 1982 fiscal year, (ii) sales to the public of $1.65 billion of the Corporation’s bonds [$200 million] through December 31, 1984, (iii) sales of $600 million of federally guaranteed City bonds to the City and State Pension Funds during the 1982 fiscal year, and (iv) public sales of $1.625 billion of City bonds [$100 million] through its 1985 fiscal year. The Plan 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 remaining fiscal year through 1985 under the Plan. The Plan assumes that the City will be able to meet, through sales of its bonds, its full capital needs after its 1985 fiscal year.

10
## Debt Issuance Plan

(Dollars in thousands)

### Sources of Funds

<table>
<thead>
<tr>
<th></th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private Placements of the</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporation’s Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>$116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$116,125</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>116,125</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>75,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>17,450</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>17,450</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>324,700(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>324,700</td>
</tr>
<tr>
<td><strong>Sales to the Public of the</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporation’s Bonds</td>
<td>500,000</td>
<td>$500,000</td>
<td>$350,000</td>
<td>$300,000</td>
<td>1,650,000</td>
</tr>
</tbody>
</table>

| **Private Placements of** |         |         |         |         |        |
| Guaranteed City Bonds      |         |         |         |         |        |
| City Pension Funds          | 300,000 | —       | —       | —       | 300,000|
| State Pension Funds         | 300,000 | —       | —       | —       | 300,000|
| **Subtotals**               | 600,000(b) | —       | —       | —       | 600,000|
| **Sales to the Public of City Bonds** | 225,000 | 300,000 | 400,000 | 700,000 | 1,625,000 |
| **Water and Sewer Revenue** |         |         |         |         |        |
| Financing(c)                | —       | —       | 150,000 | 315,000 | 465,000 |
| **Total Sources**           | $1,649,700(d) | $800,000 | $900,000 | $1,315,000 | $4,664,700 |

### Uses of Funds

<table>
<thead>
<tr>
<th></th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Capital Improvements</td>
<td>$947,000</td>
<td>$1,060,000</td>
<td>$1,192,000</td>
<td>$1,330,000</td>
<td>$4,529,000</td>
</tr>
<tr>
<td>Capital Reserve and Guaranty Funds of the Corporation</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>Refunding</td>
<td>150,000</td>
<td>100,000</td>
<td>—</td>
<td>—</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total Uses(e)</strong></td>
<td>$1,197,000</td>
<td>$1,260,000</td>
<td>$1,292,000</td>
<td>$1,330,000</td>
<td>$5,079,000</td>
</tr>
</tbody>
</table>

---

(a) Completed in October 1981.

(b) Pursuant to agreements entered into in November 1978 and subject to the consent of the Secretary of the Treasury.

(c) Contingent upon the City developing a program for the financing of water and sewer projects through the issuance of revenue bonds.

(d) Approximately $530 million of this amount, together with approximately $220 million from sales of the Corporation’s bonds during its 1981 fiscal year, to be retained by the Corporation for the City’s fiscal 1983 and 1984 capital needs.

(e) Differences between total sources and uses are a result of escrow deposits or withdrawals held by the Corporation for use in fiscal years 1983 and 1984, as described above, or transfers from the City’s general fund for capital purposes.

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, the Corporation's requirements and other factors.
Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 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 Plan 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 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 Secretary waived this provision with respect to the issuance on October 2, 1980 of $300 million of federally guaranteed City bonds. Waiver of this provision will also be required in connection with the issuance of $600 million of federally guaranteed City bonds scheduled for the 1982 fiscal year.

The City has requested the issuance on November 19, 1981 of $300 million of Federal guarantees. Prior to such request, the City and the Corporation were advised by the staff of the United States Treasury Department that the Secretary is reexamining the appropriateness of granting the waiver and making the Federal guarantees available. The staff also informed the City and the Corporation that, in this connection, the Secretary requested a review of certain information concerning the proposed financings and uses of proceeds pursuant to the Debt Issuance Plan through the 1985 fiscal year. There can be no assurance that the Secretary will issue such guarantees or that he will issue such guarantees on the date requested. If the Secretary is unwilling or unable to issue the guarantees contemplated by the Debt Issuance Plan, sales to the public of the Corporation’s bonds may be required to replace the proposed sales of guaranteed City 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 1982 fiscal year would be required to meet the City’s capital needs during such year. 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 its 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. Any obligation of the United States to issue guarantees, and any obligation of the City and State Pension Funds to purchase federally guaranteed City bonds are subject to numerous and complex conditions, certain of which may be difficult to fulfill. 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 securities would be likely to be adversely affected.

The Corporation is currently developing a program pursuant to which it may fulfill a portion of its participation in the Debt Issuance Plan by the issuance and refunding of short-term obligations in the commercial paper market secured by a credit arrangement with one or more commercial banks. Under the proposal, if the credit arrangement is used to pay the short-term obligations, the Corporation’s obligation to the banks providing the credit will be repayable over a longer period of time through the issuance of bonds or otherwise. At present, the Corporation is considering the issuance of up to $100 million of such short-term obligations in the 1982 fiscal year as an alternative to selling bonds publicly in such amount.

PART 6—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 6; 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 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. Amounts paid to the City are paid directly by the State.
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 Corporation's securities 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 appropriated 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 6. 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, 1981.

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<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(a)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(a)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(b)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(c)</td>
</tr>
<tr>
<td>1981</td>
<td>484,037(c)</td>
</tr>
</tbody>
</table>

(a) Reflects State’s ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.
(b) Does not include $49,276 million paid in October 1978.
(c) Reflects State’s ceiling on aid to localities.

Sales Tax

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 and at the rate of 6% on receipts from parking, garaging or storing motor vehicles in the City. The Sales Tax is in addition to the 4% sales and compensating use taxes levied statewide and the 1/4 of 1% sales and compensating use tax levied in the regions served by the Metropolitan Transportation Authority. 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 deduction 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>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>
<tr>
<td>1981</td>
<td>293,581</td>
<td>313,990</td>
<td>413,179</td>
<td>273,324</td>
<td>1,294,074</td>
</tr>
<tr>
<td>1982</td>
<td>329,950</td>
<td></td>
<td></td>
<td></td>
<td></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 prior periods and from $753,000 to $7.2 million to reflect underdistributions for other prior periods. Periods subsequent to March 1981 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 pay 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 1 1/2¢ 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 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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>1972</td>
<td>$ 62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
</tr>
<tr>
<td>1982</td>
<td>131,039</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 Tax payers. 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 equal to 100% of the tax began on 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 will 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.

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 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS.” If the Corporation were to require a substantial portion of the Stock Transfer Tax revenues otherwise subject to rebate, the resulting reduction in the amounts available for rebate could have an adverse effect upon the New York securities industry.

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, with securities valued in accordance with the requirements of the Act (which may differ from the market value of such securities). See Notes 2 and 4 to the financial statements of the Corporation contained in Exhibit A.

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 6.

PART 7—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 34 and 35 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 estimated 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.

Per Capita Aid available to the Corporation during the Corporation's 1981 fiscal year
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 $88.86 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City*.

(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 $19.3 million. HDC has outstanding $35.7 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.

(c) New York City Police Pension Fund.
Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund

Adjusted Per Capita Aid

*Dollars in thousands

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Aid available</td>
<td>$484,037</td>
</tr>
<tr>
<td>City University Construction Fund</td>
<td>$44,429</td>
</tr>
<tr>
<td>New York City Housing Development Corporation</td>
<td>$19,338</td>
</tr>
<tr>
<td>New York City Police Pension Fund</td>
<td>$500</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>$419,770</td>
</tr>
</tbody>
</table>

*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 with respect to debt issued for senior colleges.
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 September 30, 1981, see "PART 6—PAYMENT OF THE BONDS—Sales Tax" and "Stock Transfer Tax", and operating expenses of the Corporation are $7.8 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>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax collections for the 12 months ended</td>
<td></td>
</tr>
<tr>
<td>September 30, 1981</td>
<td>$1,330,444</td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months</td>
<td></td>
</tr>
<tr>
<td>ended September 30, 1981</td>
<td>615,823</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,946,267</td>
</tr>
<tr>
<td>Less: Operating expenses of the Corporation</td>
<td>7,800</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,938,467</td>
</tr>
</tbody>
</table>

Debt Service Requirements and Estimated Coverage Ratios

As shown above, Adjusted Per Capita Aid is approximately $420 million and Aggregate Sales and Stock Transfer Taxes are approximately $1,938 million, for a total of $2,358 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 34 Resolution, the Series 35 Resolution and the Series 36 Resolution 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 34 and 35 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 or otherwise, within the limitations contained in such Resolutions, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution and the Act.
### Debt Service Payment Requirements and Estimated Coverage Ratios

*(Assuming exercise of all warrants of the Corporation)*

**Dollars in Thousands**

<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>1982</td>
<td>$212,514</td>
<td>$70,150</td>
<td>$390,689</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>97,245</td>
<td>466,421</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>149,455</td>
<td>452,939</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>209,200</td>
<td>437,707</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>257,795</td>
<td>416,040</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>279,015</td>
<td>391,426</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>283,255</td>
<td>365,679</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>289,495</td>
<td>339,575</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>299,710</td>
<td>312,952</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>301,140</td>
<td>286,240</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>323,425</td>
<td>258,752</td>
</tr>
<tr>
<td>1993</td>
<td>353,219</td>
<td>353,505</td>
<td>229,125</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>195,273</td>
<td>204,582</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>224,430</td>
<td>184,863</td>
</tr>
<tr>
<td>1996</td>
<td>351,531</td>
<td>234,345</td>
<td>163,468</td>
</tr>
<tr>
<td>1997</td>
<td>321,305</td>
<td>201,305</td>
<td>143,325</td>
</tr>
<tr>
<td>1998</td>
<td>126,550</td>
<td>126,550</td>
<td>127,627</td>
</tr>
<tr>
<td>1999</td>
<td>134,405</td>
<td>134,405</td>
<td>114,475</td>
</tr>
<tr>
<td>2001</td>
<td>119,750</td>
<td>119,750</td>
<td>85,611</td>
</tr>
<tr>
<td>2002</td>
<td>102,480</td>
<td>102,480</td>
<td>73,964</td>
</tr>
<tr>
<td>2003</td>
<td>83,835</td>
<td>83,835</td>
<td>64,613</td>
</tr>
<tr>
<td>2004</td>
<td>90,390</td>
<td>90,390</td>
<td>56,344</td>
</tr>
<tr>
<td>2005</td>
<td>97,520</td>
<td>97,520</td>
<td>47,438</td>
</tr>
<tr>
<td>2006</td>
<td>103,580</td>
<td>103,580</td>
<td>37,949</td>
</tr>
<tr>
<td>2007</td>
<td>111,990</td>
<td>111,990</td>
<td>27,817</td>
</tr>
<tr>
<td>2008</td>
<td>121,160</td>
<td>121,160</td>
<td>16,871</td>
</tr>
<tr>
<td>2009</td>
<td>121,320</td>
<td>121,320</td>
<td>5,593</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 fiscal years 1982 through 1995, ranging from a low of 2.39 times in 1989 to a high of 3.50 times in 1982 and such coverages average approximately 2.72 times.
The Corporation anticipates that after issuance of the Series 34 and 35 Bonds (but excluding the unissued Series 28 Bonds and Series 36 Bonds) an aggregate of approximately $1.450 billion of additional obligations will be issued pursuant to the 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 34, 35 and 36 Resolutions, the Warrants and certain other resolutions and agreements of the Corporation, see "PART 2—BONDS AND WARRANTS BEING OFFERED—Additional Bonds and Notes," on the basis of the assumptions described in this PART 7 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 not less than the required level.

PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although the Series 34, 35 and 36 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 34, 35 and 36 Bonds and the Warrants, and the sources of payment of the Series 34, 35 and 36 Bonds. As described under "PART 6—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 5—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 affluence. 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. The State has commenced a new long-range tax reduction program designed to reduce taxes on businesses and individuals. While no immediate reversal of the erosion of the State’s economic
position relative to the nation as a whole has been projected, the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1981

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.

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. For its 1979 and 1980 fiscal years, the State achieved balanced budgets with receipts and expenditures of $11.9 billion and $13.1 billion, respectively. For its 1981 fiscal year, the State achieved a balanced budget with receipts and expenditures of $15.182 billion. During the 1981 fiscal year, the State also implemented a $3.01 billion borrowing plan including $2.8 billion in seasonal borrowings, with full access to the public credit markets.

Program for the 1982 Fiscal Year

The State’s financial plan for its 1982 fiscal year, as modified in October 1981 (the “1982 Financial Plan”) provides for a balanced budget (on a cash basis) in such fiscal year with projected General Fund receipts and expenditures of $16.804 billion, an increase of 10.6% over the 1981 expenditure total.

The modified 1982 Financial Plan reflects an expenditure increase of approximately $222 million from the original financial plan prepared in May 1981. Such increase includes $104 million in higher outlays to reflect the legislatively-authorized write-off of certain outstanding advances to the Metropolitan Transportation Authority (“MTA”), $54 million in increased spending by the State court system, amounts necessary to provide for increased State costs resulting from reductions in Federal support of the Medicaid program and additional State funding of expenditures for social services programs for which the Federal government has requested documentation which may result in disallowance of reimbursement.

The 1982 Financial Plan also reflects the anticipated issuance of approximately $265 million of additional State obligations for capital purposes during the balance of the 1982 fiscal year. The 1982 Financial Plan assumes that, except with respect to the Medicaid impact noted above, no additional State funds will be required to replace Federal money withdrawn as a result of the Federal budget reductions and that indirect effects of such Federal budget reductions on State programs will be avoided wherever possible.

The revised projection of receipts in the 1982 Financial Plan assumes that the national and State economies will be relatively flat during the balance of the State fiscal year, and that no recession of significant proportions will emerge. The income projections continue to reflect the payment during the final quarter of the State’s 1982 fiscal year of $100 million in personal income refunds on 1981 income.
The State has also indicated that, at this point in the budgeting cycle, preliminary projections of expenditures to meet existing commitments during the State’s 1983 fiscal year exceed projected resources by between $300 million and $500 million.

**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).

At September 30, 1981, there was outstanding $15.9 billion aggregate principal amount of bonds and notes issued by Authorities which are either guaranteed by the State or supported by the State through lease-purchase arrangements or moral obligation provisions. Debt service on outstanding Authority obligations is normally paid out of revenues generated by the Authorities' projects, but in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain Authorities for operating and other expenses and for debt service pursuant to moral obligation provisions or otherwise. The State’s 1982 Financial Plan provides $356 million for further financial assistance for certain Authorities. Additional assistance is expected to be required in future years.

Certain Authorities continue to experience financial difficulties, especially those Authorities conducting housing programs. Rising operating costs and interest rates require increased rents or fees on projects financed by various Authorities. The inability or unwillingness of the residents or users of such projects to pay such increases has led to increasingly serious financial difficulties at a number of such projects; these difficulties could adversely affect the fiscal stability of certain of the programs of the Authorities involved and have increased the likelihood that the State will be requested to make appropriations to such Authorities pursuant to moral obligation provisions or otherwise.

HFA and UDC face significant financial difficulties with some of the projects on which they hold mortgages. It is likely that during the State’s 1982 fiscal year HFA will be unable to meet fully the debt service on certain housing project bonds without making withdrawals from the debt service reserve funds securing such bonds, creating the need for State appropriations to replenish such funds pursuant to the moral obligation provisions pertaining to such bonds.

Seven HFA housing projects were more than one month in arrears in their monthly mortgage repayments as of June 30, 1981. The most significant of the projects in arrears is Co-op City, on which HFA holds a mortgage in the original principal amount of $390 million. Co-op City has been in arrears from time to time in its monthly mortgage payments and, since August 1980, has made no cash payments. As a result of mortgage payment delinquencies of Co-op City and, to a substantially lesser extent, of certain other projects, HFA has been required to withdraw a total of $67.6 million between November 1975 and March 31, 1981 from the debt service reserve fund securing the Non- Profit Housing project bonds to make debt service payments on such bonds. Approximately $28 million of such withdrawals were made during the State’s 1981 fiscal year. At the end of each of the State’s fiscal years, HFA’s Non- Profit Housing debt service reserve fund must contain an amount equal to the maximum debt service on such bonds due in any succeeding calendar year. Such reserve fund has been replenished for all withdrawals made through March 31, 1981 by payments from the State of approximately $44.3 million pursuant to the moral obligation provisions of the statutes authorizing HFA’s Non- Profit Housing project bonds and from funds otherwise legally available to HFA for such purposes. In addition, between November 1979 and March 31, 1981, HFA was required to withdraw $5.5 million from the debt service reserve fund securing its General Housing bonds to make a debt service payment on such bonds. Such reserve fund was replenished by payments of approximately $1.1 million from the State and from funds otherwise legally available to HFA for such purposes. On May 1, 1981, HFA withdrew $13.5 million from its Non- Profit Housing debt service reserve fund and $1.0 million from the debt service reserve fund for its General Housing bonds. On November 1, 1981, HFA withdrew $14.0 million from its Non- Profit Housing debt service reserve fund and $2.8 million from the debt service reserve fund for its General Housing bonds. The amount of such withdrawals will be certified to the Governor and the Director of the Budget as required by law by December 1, 1981 if such reserve funds are not replenished prior to that date from funds legally available to HFA for such purpose. The 1982 Financial Plan provides an amount believed to be sufficient to replenish such reserve funds for all withdrawals, not replenished from funds otherwise legally available to HFA for such purposes, during the State’s 1982 fiscal year.
UDC has approximately $944 million of long-term general purpose bonds outstanding. Of the $1.14 billion principal amount of mortgages held or made by UDC, mortgages having an aggregate principal amount of $1.03 billion were in default at March 31, 1981. At that date the debt service arrears on such mortgages aggregated approximately $106 million. UDC is, and for an extended period of time is expected to be, dependent upon the State for appropriations of a substantial amount to enable it to meet its financial requirements including debt service on its general purpose bonds. In early 1979, the State Comptroller made projections that indicated that UDC could require State appropriations through 1988 aggregating more than $300 million. As a result of a successful refinancing by UDC it expects that it will require no State appropriations for debt service during such year.

In 1972, the Battery Park City Authority ("BPCA") issued $200 million of moral obligation bonds for the development of a residential and commercial project in New York City, of which $196 million remain outstanding. BPCA has been paying interest on the bonds, in part, out of the original bond proceeds. In the opinion of its counsel, BPCA does not have the power to use bond proceeds, except those held in BPCA's debt service reserve fund securing such bonds, to make principal payments on such bonds. To enable it to make its first principal payment which came due in November 1980, the State paid $1.85 million to BPCA. The annual debt service of approximately $14.2 million on its bonds could exhaust BPCA's financial resources available to pay debt service (other than amounts in such debt service reserve fund) prior to 1984 without significantly reducing its outstanding indebtedness. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA will be compelled to withdraw money from such 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 of the bonds. The Legislature has appropriated and the State has paid $1.95 million to BPCA to enable it to meet its November 1981 principal payment.

Another problem faced by certain 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 to meet their obligations 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 1982 fiscal year and thereafter. The anticipated and potential problems stem, in part, from the 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 1982 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State's 1982 fiscal year. In addition, the State's 1982 Financial Plan contains $80 million that will be distributed to certain localities during the State's 1982 fiscal year.

New York City's metropolitan area is heavily dependent on the subway and bus lines within the City operated by the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the "TA") and on the rail lines operated by the MTA, which include the Long Island Railroad and rail lines serving suburban New York and Connecticut. Service levels on all such lines have been declining. The MTA attributes this decline in part to policies of equipment maintenance deferral and to the need to keep aging equipment and other assets in service as a result of low capital expenditure levels in recent years. In addition, the TA continues to sustain substantial operating deficits.

In July 1981, the State legislature adopted, and the Governor signed, a series of bills imposing additional taxes, which are to flow into accounts dedicated for public transportation assistance. The tax legislation included appropriations from such accounts of $168 million for the TA and $47 million for the MTA to be made available during the period July 1, 1981 through June 30, 1982 from the anticipated receipts of these taxes. Five specific tax measures were enacted: (i) a ¼ of 1% sales and compensating use tax in the 12 counties of the MTA region; (ii) a tax of ¾ of 1% on oil company gross receipts in the State; (iii) a 10% tax on gains on certain property transfers.
within the City; (iv) a revision of the basis of taxation of receipts of certain transportation and transmission companies to cover an allocated share of their activity within and without the State; and (v) a revision of the basis for taxation of oil company income to include the earnings of subsidiaries and affiliates. The five taxes are estimated to produce $793 million in revenues over a two-year period through June 30, 1983, of which $215 million has been, and $426 million is expected to be, appropriated for the MTA and the TA. Certain affected taxpayers have filed lawsuits or indicated their intention to test the constitutionality of these levies in the courts. Forty-five percent of the proceeds of the 1% tax on oil company gross receipts in the State is dedicated by legislation for upstate transit needs. The tax legislation also includes an appropriation of $18 million as operating assistance for eligible transit systems outside the MTA system. These receipts are in addition to a special appropriation enacted in June 1981, providing a total of $105 million during the State’s 1983 fiscal year for public transportation operating assistance, of which $100 million is for the MTA and TA.

The legislation, which recognizes and expressly does not relieve the City of its obligation to provide for the capital needs of the TA, also recognizes that the capital needs of the MTA and TA are far in excess of the funding sources authorized in the legislation. The legislature expressed its intentions therefore to follow the progress of the projects financed from the sources therein authorized and to review the limitations therein contained as necessary.

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 and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iii) certain aspects of the State’s Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of Medicaid services; (iv) 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; (v) 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; (vi) the State’s action in recouping certain Social Services aid from New York City and recoupment of additional amounts of such aid from the City; (vii) contamination in the Love Canal area of Niagara Falls; (viii) the State’s method of determining the level of learning disability which is required before children become eligible for educational assistance for handicapped children; (ix) certain actions of the Commissioner of Motor Vehicles under the Federal Clean Air Act; (x) the State’s plan to construct Westway; (xi) educational accommodations for learning disabled students at a State university; (xii) alleged employment discrimination by the State University of New York; (xiii) alleged State negligence following polychlorinated biphenyl contamination of the Binghamton State Office Building; (xiv) alleged negligence of the State causing deaths in the Stouffer Hotel fire in 1980; (xv) claims on behalf of State employees injured in the Attica prison uprising; (xvi) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; and (xvii) the constitutionality of the imposition of an additional sales tax in the MTA region.

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 to certain school districts; approximately $20 million of such loans were made in April 1979. Such loans were also made during the 1981 and 1982 fiscal years to certain school districts.

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 Corporation’s securities. 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 34, 35 and 36 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 operating results for the 1981 fiscal year, projections for the 1982 fiscal year, major assumptions and uncertainties with respect to such projections, 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.

**Fiscal Years 1975-1981**

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 permitted two major deviations from GAAP for City fiscal years through 1981: (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 annually decreasing amounts.

In order to provide both seasonal and long-term financing for the City for fiscal years 1976 through 1978, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing for the period. Certain City pension funds agreed to provide the City with long-term financing 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, 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 million 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 financial statements for the 1978 through 1981 fiscal years were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements for fiscal years 1978 through 1980 report both in accordance with the accounting principles permitted by State law which allow certain deviations from GAAP and in accordance with GAAP. Under the accounting principles permitted by State law, the General Fund balances for fiscal 1978, 1979, and 1980 showed surpluses of $32 million, $216 million and $145 million, respectively; when reported in accordance with GAAP, the General Fund showed deficits of $712 million, $422 million, and $356 million, respectively. The City's financial statements for fiscal 1981 were reported in accordance with GAAP and showed a surplus of $128 million. The amount of this surplus would have been significantly greater had the City not allocated $147 million to the City's capital projects fund and $173 million to the City's debt service fund as well as adopting certain other measures the effect of which
was to reduce the amount of the surplus. The opinion of the consortium for the 1981 audit was subject to pending real estate tax certiorari proceedings, which, 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 City’s independent accountants further stated that the City’s ability to obtain financing and balance its budget in accordance with GAAP depends on numerous assumptions and the occurrence of future events, many of which cannot be assured.

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 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 5—DEBT ISSUANCE PLAN.”

In March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July 1981, the City sold another $100 million of its bonds. These bond issues received an investment grade rating from Standard & Poor’s, Inc. However, Moody’s Investors Service, Inc. declined to raise its rating on the bonds to investment grade. Since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public. In the 1981 fiscal year, the City obtained all of its seasonal financing requirements through the sale of short-term notes to the public. The City has already satisfied $500 million of an estimated seasonal financing requirement during the 1982 fiscal year of $650 million by the public sale of its short-term notes and expects to similarly satisfy the remaining needs.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 12 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. The City’s budget for the 1981 fiscal year was, however, balanced in accordance with GAAP, which is one year earlier than required.

**Fiscal Years 1982-1985**

The fiscal year 1982 budget adopted June 18, 1981 projects a GAAP-balanced budget with revenues and expenditures of $14.749 billion, an increase of $586 million over the amount forecast for fiscal 1981 in the 1981 Four Year Plan. Such budget includes an increase of $299 million in real estate taxes anticipated to come from higher real estate assessments, increased State education and other unrestricted aid of $202 million, including $75 million in additional State aid, $57 million of which represents the initial step of the proposed Medicaid take-over by the State, and increases in local tax and miscellaneous revenues of $212 million. The adopted budget also provides funds for service improvements for certain programs and agencies, such as criminal justice, education, fire, sanitation and police, assumes an overall increase in the City-funded workforce of approximately 12,000 positions over the actual workforce on June 30, 1981, includes a total of $193 million in City funds to offset $297 million of reductions in Federal aid for CETA and other programs, and provides approximately $250 million to cover increased energy costs and medical assistance payments as well as higher fringe benefit costs due to inflation. The adopted budget also projects debt service costs during fiscal 1982 to be $223 million lower than previously projected. This reduction is largely attributable to the availability of $178 million of real estate taxes collected during fiscal years 1980 and 1981 available for payment of debt service in 1982, including $137 million of real estate taxes collected in fiscal 1981 to redeem certain City bonds held by the Corporation, the redemption of which has been deferred by the City until fiscal year 1982.

On July 2, 1981, the Control Board approved a financial plan for the 1982 through 1985 fiscal years (the “1982 Four Year Plan”). The 1982 Four Year Plan projected the revenues and expenditures for fiscal year 1982
to be as contained in the adopted budget, with the exception that Federal categorical grants are $50 million lower than projected in the adopted budget. The Plan for fiscal year 1982 projected revenues and expenditures totalling $14.699 billion. For fiscal years 1983 through 1985 the Plan projected budget gaps of $783 million, $977 million and $998 million, respectively. The Plan included gap-closing programs sufficient to close the projected budget gaps, including various City, State and Federal actions, such as the proposed takeover of local Medicaid costs by the State, increased education aid, and the gradual elimination of the City’s budgeted general reserve to be replaced by a cash reserve commencing in fiscal year 1983.

The 1982 Four Year Plan was not approved prior to the beginning of the 1982 fiscal year because the City’s proposed plan submitted to the Control Board in May 1981 and revised June 25, 1981, did not address certain issues concerning the financing of the TA. The adopted Plan projects budget gaps for the TA for fiscal years 1982 through 1985, respectively, of $151 million, $299 million, $415 million and $555 million, after taking into consideration the revenues from the 15 cent fare increase approved by the MTA in July, 1981. The projected revenues from the taxes agreed to by the Legislature prior to approval of the 1982 Four Year Plan and subsequently enacted are expected to be sufficient to close fully the 1982 gap. However, additional revenue measures or expenditure reductions may be required to close the 1983 gap and are expected to be necessary to eliminate fully the 1984 and 1985 gaps. The financial plan for the TA was modified to reflect the revenues estimated to be derived from the taxes. See “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE” for a description of the various taxes and appropriation measures enacted to aid MTA operations.

The staff of the Control Board, in a report dated July 1, 1981, reviewed the revised financial plan submitted on June 25, 1981, and concluded that despite some significant uncertainties, the City could achieve a budgetary surplus of $289 million in fiscal year 1982. The report observes, however, that local revenue growth has slowed in recent quarters, and that the heavy reliance on nonrecurring revenues in fiscal year 1982 does not provide a sound basis for recurring balanced budgets. The report states that the City may find it difficult from an administrative standpoint to implement all of the program enhancements provided for in fiscal year 1982, and as a result, some of the fiscal stress on the later years of the plan may be alleviated. Other concerns cited in the report include the possibility of (i) further Federal budget reductions beyond those anticipated by the City, (ii) a national economic downturn accompanied by lower inflation, (iii) collective bargaining agreements which may exceed current projections for the City and the Covered Organizations, (iv) a delay in the proposed State takeover of local Medicaid costs, and (v) additional City subsidies to reduce the deficits then projected for the TA. The Office of the Special Deputy Comptroller (“OSDC”) had issued a report on June 10, 1981 analyzing the financial plan submission dated May 12, 1981 which cites similar concerns. Both the OSDC and the Control Board staff reports express concern that although the City has been able to close significant gaps which had been projected in recent years, the gap-closing measures previously utilized by the City may not be available in the future. It is anticipated that the City will develop a more detailed gap-closing program for fiscal years 1983 through 1985 for the financial plan modification to be submitted in January 1982.

On October 23, 1981, the Control Board approved a modification of the 1982 Four Year Plan. The Plan as modified projects revenues and expenditures for the 1982 fiscal year of $14.858 billion, an increase of $159 million over the projections in the Plan approved on July 2, 1981. This increase results primarily from the expected receipt of higher levels of State and Federal categorical aid, and higher short-term interest costs.

In connection with approval of the modification, the Control Board required the New York City Housing Development Corporation (“HDC”), a Covered Organization, and the City to provide satisfactory assurance that approximately $35.7 million of HDC’s notes due November 13, 1981, which are held by four City pension funds, can be paid. The pension funds have agreed to extend the notes to January 13, 1982. HDC and the City have advised the Control Board that they are currently negotiating with prospective purchasers for the refunding of the notes through the sale of bonds by HDC and expect to consummate such transaction. The City has assured the Control Board and the pension funds that, if a sale of HDC bonds has not occurred by January 13, 1982 and alternate arrangements cannot be made, the City will take such actions as may then be necessary to prevent a default by HDC on the notes.

**Litigation**

The notes to the City’s audited financial statements for the 1981 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, 1981, claims in excess of $24 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $775 million. The 1982 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the years 1983 through 1985 fiscal years.

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 these issues could have a substantial adverse impact on the City. The City has reported that as of June 30, 1981, the estimated potential exposure to the City in these cases could amount to approximately $1.8 billion. Provision was made in the City’s 1982 Four Year Plan for estimated refunds for overpayments of real estate taxes in amounts of approximately $45 million annually in the 1982 through 1985 fiscal years. Remedial legislation has been enacted by the State to limit and reduce such liability; however, this legislation is being challenged and has been held to be unconstitutional in one Appellate Division case and in certain lower court decisions. On May 14, 1981, the Appellate Division, First Department affirmed a lower court holding 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. An appeal has been filed in this proceeding. On July 6, 1981, the Appellate Division, Second Department ruled that the method of proving inequality required by the First Department was invalid. The 1978 and 1979 remedial legislation expired October 30, 1981. New remedial legislation has been passed by the State Legislature but has not yet been signed by the Governor.

On February 10, 1977, Alfred Kirchner, a retired City teacher, commenced an action in the United States District Court for the Southern District of New York against the trustees of the Teacher’s Retirement System of The City of New York ("TRS") and certain other defendants. The complaint, as subsequently amended on or about November 4, 1981, alleges that: (i) the TRS defendants have breached their fiduciary duties and violated the Federal securities laws in connection with certain TRS transactions in City securities and (ii) the City has failed to provide for its unfunded accrued liability to active members of the TRS in violation of the State Constitution. Plaintiff seeks: (i) damages from the allegedly improper TRS transactions; (ii) a ruling requiring the defendants to fund fully and segregate from other assets of the City certain reserve funds; and (iii) a judgment restoring certain investment standards with regard to such reserve funds. 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 the United States 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 State appealed this decision to the United States 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 filed a brief as amicus curiae. On May 19, 1981, the Second Circuit reversed the lower court decision. On July 31, 1981, a motion for rehearing was denied by the Second Circuit.

On August 1, 1975, Women in City Government United, purporting to represent all female employees of the City and certain Covered Organizations, commenced an alleged class action in the United States District Court for the Southern District of New York against the City, the City Employees’ Retirement System and its officers and trustees and others. Plaintiffs allege that certain retirement plans discriminate against female employees in violation of the United States Constitution, certain Federal statutes and regulations and the State Human Rights Law. The complaint seeks a declaratory judgment that the alleged discriminatory practices are illegal and unconstitutional and injunctive relief. On April 24, 1981, the District Court granted plaintiffs’ motion for summary judgment in regard to liability on their Federal statutory claim, but deferred judgment, pending a trial, as to the appropriate relief. The City has estimated that an adverse decision applicable to the relevant actuarial pension
systems could result in a liability of up to $950 million over ten years. If past female contribution rates were required to be lowered and past female benefit levels were required to be increased to male levels, an additional annual pension cost of approximately $25 million would be required for each year such levels were to be made retroactive. On April 25, 1978, in a case involving a similar issue, the United States Supreme Court held, on a prospective basis, that mandatory contributory pension plans cannot provide for different rates of member contributions on the basis of sex (City of Los Angeles v. Manhart).

**Federal Bankruptcy Legislation**

The City projects meeting its cash needs through the 1985 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, 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 34, 35 and 36 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 Corporation’s securities.

**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, 1979 and 1980 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 short-term obligations to meet its seasonal needs.

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: G. G. Michelson, Stanley S. Shuman and Lee P. Oherst. 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 5—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 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 moneys 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 certain 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 II—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 reinpose 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(1)</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry(2)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bielkin(1)(2)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker(2)(3)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Kelin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan(1)(2)(3)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver(3)</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

Representatives(4)

<table>
<thead>
<tr>
<th>Representatives</th>
<th></th>
</tr>
</thead>
<tbody>
<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 Nadel</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.(5)

---

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson Loeb Rhoades Inc., with which Messrs. Kresky, Steffan and Bielkin, respectively, are affiliated as described in their biographies, may act as underwriters in connection with the sale of the Series 34 and 35 Bonds and the Warrants.

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

(3) Messrs. Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) 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.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, of which Ms. Ruth's husband is a Managing Director, is acting as a managing underwriter in connection with the sale of the Series 34 and 35 Bonds and the Warrants.

---

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 Schlumberger, Ltd., Owens-Illinois, Inc., Pfizer Inc., Pechiney Ugine Kuhlmann Corporation, MCA Corporation, American Motors 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, Chairman of the Corporation’s Investment Committee, 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 New York City Ballet. Mr. Kresky 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 Board of Directors of the New York Convention Center Operating Corporation. He is a director and 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 is Chairman of the Section of Corporation, Banking and Business Law of the American Bar Association, and is a former Chairman of the Committee on Federal Regulation of Securities of that 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 Lehman Brothers 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 past 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 Regional Plan Association, 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 a trustee of the Educational Broadcasting Corp. (WNET/Channel 13). 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. Keelin. Mr. Keelin, Chairman of the Corporation’s Finance Committee, is a Senior 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. Keelin was associated with the New York law firm of Sage, Gray, Todd & Sims. Mr. Keelin is a lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keelin is a resident of New York City.

Dick Netzer. Mr. Netzer, Chairman of the Corporation’s City Budget Committee, has been Dean of the Graduate School of Public Administration of New York University since 1969, and since September 1981 has served as Director of the University’s Urban Studies Center. 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 editor of the quarterly New York Affairs and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.

Andrew P. Steffan. Mr. Steffan, Chairman of the Corporation’s Audit Committee, is a First Vice President 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 and Policy Research. He is an Exchange Official of the American Stock Exchange. Mr. Steffan is a resident of New York City.

Robert C. Weaver. Dr. Weaver, Chairman of the Corporation’s Administration Committee, 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, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees 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. He is a member of Citizens Housing and Planning Council and a director and Secretary of the Associated Builders and Owners of Greater New York, Inc. He is a director of the Association for Government Assisted Housing, Inc. and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson serves as President of St. John's University Law School Alumni Association. 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 director of Integrated Energy Co., Inc. and serves as Chairman of American Onshore Petroleum Co., Inc. 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. In July 1980, Mr. Nadel joined Beldoch Industries Corporation, an apparel manufacturer, where he presently serves as Executive Vice President. He is former Chairman and a current member of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was 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 law firm of Patterson, Belknap, Webb & Tyler. He has been with the 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 a member of the law firm of Seward & Kissel, New York, New York. 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. SEAVERY, Representative. Mr. Seavey is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & 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. Seavey is a resident of New York City.

HEATHER L. RUTH, Executive Director. Until July 1980 Ms. Ruth was a self-employed economist and consultant to government and private clients, including agencies of the states of New York and New Jersey. From 1974 to 1978, she was a Vice President of Mathematica Policy Research, Inc., Princeton, N. J. Prior to that, Ms. Ruth served as an analyst with the New York City Budget Bureau, as an Assistant Administrator of the City's Environmental Protection Administration and as staff to the New York State Charter Revision Commission for the City of New York. Ms. Ruth resides in New York City.

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.

“City” shall mean The City of New York.

“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 Section 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-e 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 the 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 662/3% 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 are 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 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 offices are located at 45 Wall Street, New York, New York 10005. 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 date 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 $9,710 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, including acting as Warrant Agent in connection with the issuance of Warrants by 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 34 and 35 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 34 Bonds and Series 35 Bonds and Warrants are subject to the approval of Hawkins, Delafeld & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel with respect to the Series 34 and 35 Bonds
will be in substantially the form attached to this Official Statement as Exhibit B. Bond Counsel's approving opinion with respect to the Warrants will be in substantially the form attached to this Official Statement as Exhibit C and will accompany the Warrants upon their delivery. 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.

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

PART 19—UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 34 Bonds, the Series 35 Bonds and the Warrants from the Corporation at a discount from the initial public offering prices equal to 2.284% of the principal amount of the Series 34 and 35 Bonds. The Underwriters may offer to sell such Series 34 Bonds and Series 35 Bonds with Warrants to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 34 Bonds and Series 35 Bonds with Warrants are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.

PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1981 and the accompanying report thereon by Price Waterhouse & Co., the Corporation's independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1981, are annexed hereto as Exhibit A. These statements do not give effect to (i) the issuance of the Corporation's Series 31, 32 and 33 Bonds in the aggregate principal amount of $424.7 million during October 1981, (ii) the payment during October 1981 of $30 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes or (iii) the purchase of $227 million of City bonds during October 1981. The exhibits, however, do give effect to items (i) and (ii).

* * *

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 Senior 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

44
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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

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 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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

Financing Agreement—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.


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.

Guaranty 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.

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.

Secretary—the Secretary of the Treasury of the United States.

Series 34 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 34 Resolution.

Series 34 Resolution—the Series Resolution of the Corporation authorizing the Series 34 Bonds.

Series 35 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 35 Resolution.

Series 35 Resolution—the Series Resolution of the Corporation authorizing the Series 35 Bonds.

Series 36 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 36 Resolution which will be issued upon exercise of the Warrants.

Series 36 Resolution—the Series Resolution of the Corporation authorizing the Series 36 Bonds.

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.

Warrants—the Warrants described in this Official Statement.

Warrant Agreement—the Agreement between the Corporation and United States Trust Company of New York, as Warrant Agent, pursuant to which the Warrants will be issued.

Warrant Resolution—the Resolution of the Corporation authorizing the Warrant Agreement and the issuance of the Warrants thereunder.
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, Statement of Changes in Funds Available to Purchase City of New York Obligations, Summary of Changes in Funding Requirements and the related Debt Service Fund, Capital Reserve Fund, Guaranty 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, 1981 and the Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for City of New York obligations as described in Note 7 to the financial statements, have been applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1981

PRICE WATERHOUSE & CO.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,382,333,000</td>
<td>$2,382,333,000</td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>4,388,130,000</td>
<td>4,388,135,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>6,770,463,000</td>
<td>6,770,468,000</td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>79,712,875</td>
<td>128,417,743</td>
</tr>
<tr>
<td>Deposit for bonds authorized and unissued</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>54,389,486</td>
<td>51,716,094</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,214,912</td>
<td>1,975,892</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,905,780,273</td>
<td>6,953,077,729</td>
</tr>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,441</td>
<td>3,556</td>
</tr>
<tr>
<td>Investments in marketable securities</td>
<td>242,879,650</td>
<td>342,642,149</td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td>7,382,719</td>
<td>557,955</td>
</tr>
<tr>
<td>City of New York obligations</td>
<td>725,352,000</td>
<td>590,719,000</td>
</tr>
<tr>
<td>Accrued interest on City of New York obligations</td>
<td>16,593,774</td>
<td>2,119,491</td>
</tr>
<tr>
<td><strong>Total Debt Service Fund</strong></td>
<td>992,211,584</td>
<td>936,042,151</td>
</tr>
<tr>
<td>Investments in marketable securities held for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>820,266,925</td>
<td>841,237,693</td>
</tr>
<tr>
<td>Purchase of City of New York obligations</td>
<td>464,704,250</td>
<td>464,708,500</td>
</tr>
<tr>
<td>Guaranty Fund</td>
<td>62,025,414</td>
<td>63,786,442</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>7,376,299</td>
<td>7,041,937</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,346,584,472</td>
<td>2,312,816,723</td>
</tr>
<tr>
<td>Funding requirements</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

DEBT SERVICE, CAPITAL RESERVE AND GUARANTY FUNDS

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax allocation received from State of New York</td>
<td>$292,100,000</td>
<td></td>
</tr>
<tr>
<td>Per capita aid received from State of New York</td>
<td>69,900,000</td>
<td>$ 21,281,575</td>
</tr>
<tr>
<td>Income from investments</td>
<td>68,378,908</td>
<td>15,008,532</td>
</tr>
<tr>
<td>Income from obligations of the City of New York</td>
<td>66,288,776</td>
<td>35</td>
</tr>
<tr>
<td>Accrued interest received on issuance of bonds</td>
<td>1,242,962</td>
<td></td>
</tr>
<tr>
<td>City of New York obligations acquired</td>
<td>195,300,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total RECEIPTS:</strong></td>
<td>693,210,646</td>
<td>36,290,142</td>
</tr>
<tr>
<td>Capital Reserve Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from bond proceeds</td>
<td>60,199,250</td>
<td>750</td>
</tr>
<tr>
<td>Transfer from Debt Service Fund</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>68,100,442</td>
<td>20,970,020</td>
</tr>
<tr>
<td><strong>Total RECEIPTS:</strong></td>
<td>138,299,692</td>
<td>20,970,770</td>
</tr>
<tr>
<td>Guaranty Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from bond proceeds</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>6,178,788</td>
<td>1,761,028</td>
</tr>
<tr>
<td><strong>Total RECEIPTS:</strong></td>
<td>18,178,788</td>
<td>1,761,028</td>
</tr>
<tr>
<td><strong>Total RECEIPTS:</strong></td>
<td>849,689,126</td>
<td>59,021,940</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on First General Resolution Bonds</td>
<td>186,359,800</td>
<td>46,479,787</td>
</tr>
<tr>
<td>Interest on Second General Resolution Bonds</td>
<td>346,504,349</td>
<td>95,184,656</td>
</tr>
<tr>
<td>Principal repayment of First General Resolution Bonds</td>
<td>12,590,000</td>
<td></td>
</tr>
<tr>
<td>Principal repayment of Second General Resolution Bonds</td>
<td>70,150,000</td>
<td></td>
</tr>
<tr>
<td>Less: Discount on purchases</td>
<td>(6,045,623)</td>
<td></td>
</tr>
<tr>
<td>Net cost</td>
<td>64,104,377</td>
<td></td>
</tr>
<tr>
<td><strong>Total EXPENDITURES:</strong></td>
<td>609,558,526</td>
<td>141,664,443</td>
</tr>
<tr>
<td>Requirement for Guaranty Fund</td>
<td>13,795,468</td>
<td>(2,673,392)</td>
</tr>
<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total EXPENDITURES:</strong></td>
<td>633,353,994</td>
<td>138,991,051</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures for the period</td>
<td>$216,335,132</td>
<td>($ 79,969,111)</td>
</tr>
</tbody>
</table>

F-3
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

STATEMENT OF CHANGES IN FUNDS AVAILABLE TO PURCHASE
CITY OF NEW YORK OBLIGATIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal amount of bonds issued</td>
<td>$737,005,000</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>(4,801,500)</td>
<td>(750)</td>
</tr>
<tr>
<td>Transfers to Capital Reserve Fund</td>
<td>(60,199,250)</td>
<td></td>
</tr>
<tr>
<td>Transfer to Guaranty Fund</td>
<td>(12,000,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Net proceeds available</strong></td>
<td>660,004,250</td>
<td>4,250</td>
</tr>
<tr>
<td><strong>DISTRIBUTIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of City of New York obligations for Debt Service Fund</td>
<td>195,300,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net change for the period</strong></td>
<td>$464,704,250</td>
<td>$ 4,250</td>
</tr>
</tbody>
</table>

Funds Available to Purchase City of New York Obligations:

<table>
<thead>
<tr>
<th></th>
<th>For the period</th>
<th>At beginning of period</th>
<th>At end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$464,704,250</td>
<td>464,704,250</td>
<td>$464,708,500</td>
</tr>
<tr>
<td></td>
<td>$ 4,250</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**SUMMARY OF CHANGES IN FUNDING REQUIREMENT**

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding requirement at beginning of the period</td>
<td>$5,297,407,629</td>
<td>$4,559,195,801</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of New York obligations not previously recognized</td>
<td>(710,997,104)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,586,410,525</td>
<td>$4,559,195,801</td>
</tr>
<tr>
<td>Changes during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in debt outstanding</td>
<td>654,265,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Debt Service, Capital Reserve and Guaranty Funds</td>
<td>(216,335,132)</td>
<td>79,969,111</td>
</tr>
<tr>
<td>Funds available to purchase City of New York obligations</td>
<td>(464,704,250)</td>
<td>(4,250)</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>(440,342)</td>
<td>1,095,344</td>
</tr>
<tr>
<td>Funding requirement at end of period</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

#### OPERATING FUND

#### STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended</th>
<th>For the three months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 1981</td>
<td>September 30, 1981</td>
</tr>
<tr>
<td><strong>Receipts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$ 5,000,000</td>
<td>$ 308,065</td>
</tr>
<tr>
<td>Income from investments</td>
<td>718,336</td>
<td>308,065</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,718,336</td>
<td>308,065</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>379,003</td>
<td>86,834</td>
</tr>
<tr>
<td>Legal services</td>
<td>438,376</td>
<td>108,394</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>628,019</td>
<td>140,915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,445,398</td>
<td>336,143</td>
</tr>
<tr>
<td>Oversight functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,622,024</td>
<td>414,784</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>1,128,785</td>
<td>309,144</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,750,809</td>
<td>723,928</td>
</tr>
<tr>
<td><strong>General and administration:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>512,504</td>
<td>130,574</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>125,541</td>
<td>89,325</td>
</tr>
<tr>
<td>Office rental</td>
<td>87,113</td>
<td>21,153</td>
</tr>
<tr>
<td>Data processing services</td>
<td>109,721</td>
<td>12,323</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>97,950</td>
<td>37,406</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>79,739</td>
<td>34,050</td>
</tr>
<tr>
<td>General office expenses</td>
<td>37,103</td>
<td>13,259</td>
</tr>
<tr>
<td>Communications</td>
<td>22,465</td>
<td>4,804</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>9,651</td>
<td>444</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,081,787</td>
<td>343,338</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>5,277,994</td>
<td>1,403,409</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures for the period</td>
<td>$ 440,342</td>
<td>($ 1,095,344)</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

(All data relating to September 30, 1981 and the period then ended are unaudited)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the “Corporation”) is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation. The Corporation was created 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. 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.

Investments in marketable securities held in the Capital Reserve or Guaranty Funds are carried at amortized cost and investments in marketable securities in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. Generally, investments in other funds are carried at cost.

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 State, 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 moneys paid into the debt service and capital reserve funds.

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. In 1977, the State enacted a program of gradually increasing rebates for all stock transfer tax payers. Rebates
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1981 and the period then ended are unaudited)

equal to 100% of the tax began on October 1, 1981. The legislation provides that taxpayers are to continue to pay the stock transfer tax at the present rate but will be entitled to a 100% rebate should the Corporation not require the funds. 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.

The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1981 and September 30, 1981 amounted to $1,925 million and $1,947.8 million, respectively. Payments made to the Corporation for 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 12 months ended June 30, 1981 and September 30, 1981 amounted to $484 million.

To the extent that funds are available from investment income, receipt of principal and interest payments on obligations of the City and other sources, they may be used to reduce the Corporation’s funding requirements.

The Corporation certified to and was paid on October 9, 1981, $30 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

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. 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, 1981 and September 30, 1981, approximately $596.3 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 100% of the principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during the succeeding calendar year.

The Capital Reserve Fund balance at June 30, 1981 of $820.3 million, net of liabilities of $166.0 million for securities sold under agreements to repurchase, included accrued interest of $16.2 million, and comprised $323.9 million relating to First General Resolution Bonds and $496.4 million relating to Second General Resolution Bonds.

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

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1981 and the period then ended are unaudited)

The Capital Reserve Fund balance at September 30, 1981 of $841.2 million, net of liabilities of $42.6 million for securities sold under agreements to repurchase, included accrued interest of $20.1 million, and comprised $331.7 million relating to First General Resolution Bonds and $509.5 million relating to Second General Resolution Bonds.

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, 1981, the amortized cost of the investments exceeded market value by approximately $105.5 million. At September 30, 1981, the cost of the investments exceeded market value by approximately $135.5 million.

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 September 30, 1981, no claim has 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. Investments in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. At September 30, 1981, income from investments was reduced by $6.2 million to record an unrealized loss on investments held in the Debt Service Fund.

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

At June 30, 1980, the Corporation held $665 million of City bonds and $149 million of City notes which it had acquired previously as a result of various exchanges and payments to the City. When acquired, such obligations were not recorded in the Statement of Financial Position pending resolution of certain terms and conditions of repayment.

During the 1981 fiscal year, the Corporation acquired $195 million of City bonds as the initial component of a program to provide for a significant portion of the City’s capital financing requirements through 1984. With the commencement of the City capital financing program, and the prior resolution of the payment terms of the obligations, the Corporation has recognized the City obligations in the Statement of Financial Position and, accordingly, $711 million par value of City obligations, including accrued interest of $18 million, were recorded as assets as of July 1, 1980. Of the $149 million of City notes held on June 30, 1980, $28 million were exchanged for an identical amount of City bonds and $121 million were cancelled without payment of principal by the City.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

At September 30, 1981, the Corporation held $590.7 million principal amount of City bonds which bear interest at rates ranging from 7 1/4% to 10 3/4% and will mature on September 15 in each year as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$79,054</td>
</tr>
<tr>
<td>1983</td>
<td>24,553</td>
</tr>
<tr>
<td>1984</td>
<td>26,296</td>
</tr>
<tr>
<td>1985</td>
<td>27,592</td>
</tr>
<tr>
<td>1986</td>
<td>19,447</td>
</tr>
<tr>
<td>1987-1991</td>
<td>71,250</td>
</tr>
<tr>
<td>1992-1996</td>
<td>111,789</td>
</tr>
<tr>
<td>1997-2001</td>
<td>90,761</td>
</tr>
<tr>
<td>2002-2006</td>
<td>112,256</td>
</tr>
<tr>
<td>2007</td>
<td>27,721</td>
</tr>
<tr>
<td></td>
<td>$590,719</td>
</tr>
</tbody>
</table>

The obligations may not be sold without the consent of the City.

The Corporation, in making its certification for funds, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received.

Note 8—Commitments:

The Corporation and the City have developed a Debt Issuance Plan (the "Plan") to provide for a significant portion of the City's long-term financing requirements through 1984. Under the Plan, proceeds of debt issuances of the Corporation will be used principally to purchase obligations of the City when issued to provide a source of funding for a portion of the City's capital program. At September 30, 1981, $464.7 million was available to purchase City obligations. On October 27, 1981, the Corporation acquired $227 million of City obligations. The Plan provides for additional public sales of $1.55 billion of the Corporation's bonds through 1984.

The amount of the Corporation's bonds to be sold publicly under the Plan will depend upon many conditions, including the City's actual capital requirements, the City's ability to continue raising funds in the public bond markets and the general conditions in the public bond markets.

On October 8, 1981, the Corporation issued in a public sale $100 million of its Second General Resolution Series 31 Bonds. On October 23, 1981, the Corporation sold in a private sale its Second General Resolution Series 32 and Series 33 Bonds in the aggregate principal amount of $208.6 million and $116.1 million, respectively. The sale of Series 32 and Series 33 Bonds represents the last scheduled sale by the Corporation to the participating financial institutions and New York City pension funds under an agreement dated November 15, 1978. The September 30, 1981 financial statements do not give effect to these transactions, although the exhibits do.

In February 1981, the Corporation sold $100 million of Second General Resolution Series 27 Bonds, with detachable Warrants, which entitle the holders of those Warrants to purchase at face value, up to an aggregate of $100 million principal amount of 10 3/4% Series 28 Bonds periodically between February 5, 1981 and January 18, 1983. As of September 30, 1981, Warrants were exercised for the issuance of $10,000 principal amount of Series 28 Bonds. The financial statements and Exhibits I and II do not give effect to the remaining unissued principal amount of $99.99 million; however, such is included in Exhibit III in summarizing the pro forma future payment requirements as explained therein.

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.

F-10
EXHIBIT 1

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>June 30, 1981</th>
<th>September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>First General Resolution Bonds: February 1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>1984-1985</td>
<td>11%</td>
<td>$1,090</td>
<td>$1,090</td>
</tr>
<tr>
<td>BB</td>
<td>1982-1986</td>
<td>6%</td>
<td>75,255</td>
<td>75,255</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>FF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
<tr>
<td>Total First Resolution</td>
<td></td>
<td></td>
<td>2,382,333</td>
<td>2,382,333</td>
</tr>
</tbody>
</table>

Second General Resolution Bonds: July 1:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$</th>
<th></th>
<th>(Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1982-1986</td>
<td>8%</td>
<td>53,840</td>
<td>53,840</td>
</tr>
<tr>
<td>2</td>
<td>1982-1986</td>
<td>8%</td>
<td>114,750</td>
<td>114,750</td>
</tr>
<tr>
<td>3</td>
<td>1982-1986</td>
<td>8%</td>
<td>47,105</td>
<td>47,105</td>
</tr>
<tr>
<td>4</td>
<td>1982-1986</td>
<td>8%</td>
<td>58,635</td>
<td>58,635</td>
</tr>
<tr>
<td>5</td>
<td>1982-1991</td>
<td>8%</td>
<td>139,860</td>
<td>139,860</td>
</tr>
<tr>
<td>6</td>
<td>1982-1991</td>
<td>8%</td>
<td>18,215</td>
<td>18,215</td>
</tr>
<tr>
<td>8</td>
<td>1982-1992</td>
<td>7.5%</td>
<td>189,700</td>
<td>189,700</td>
</tr>
<tr>
<td>9</td>
<td>1982-1992</td>
<td>7.5%</td>
<td>776,230</td>
<td>776,230</td>
</tr>
<tr>
<td>10</td>
<td>1999-2008</td>
<td>8.375%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>11</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>139,525</td>
<td>139,525</td>
</tr>
<tr>
<td>12</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>60,375</td>
<td>60,375</td>
</tr>
<tr>
<td>13</td>
<td>1985-1998</td>
<td>7.85%-8.5%</td>
<td>201,100</td>
<td>201,100</td>
</tr>
<tr>
<td>14</td>
<td>1989-1999</td>
<td>8.1%-8.625%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>15</td>
<td>1999-2008</td>
<td>8.125%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>16</td>
<td>1993-1999</td>
<td>7.4%-7.625%</td>
<td>132,235</td>
<td>132,235</td>
</tr>
<tr>
<td>17</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>103,095</td>
<td>103,095</td>
</tr>
<tr>
<td>18</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>73,905</td>
<td>73,905</td>
</tr>
<tr>
<td>19</td>
<td>2000-2008</td>
<td>9%</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>20</td>
<td>2000-2008</td>
<td>8.5%</td>
<td>64,270</td>
<td>64,270</td>
</tr>
<tr>
<td>21</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>209,680</td>
<td>209,680</td>
</tr>
<tr>
<td>22</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>150,320</td>
<td>150,320</td>
</tr>
<tr>
<td>23</td>
<td>2000-2008</td>
<td>9.1%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>24</td>
<td>1982-2008</td>
<td>6.5%-9.75%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>25</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>174,705</td>
<td>174,705</td>
</tr>
<tr>
<td>26</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>125,295</td>
<td>125,295</td>
</tr>
<tr>
<td>27</td>
<td>1996-2008</td>
<td>10.625%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>28</td>
<td>1984</td>
<td>10.625%</td>
<td>98,980</td>
<td>98,980</td>
</tr>
<tr>
<td>30</td>
<td>1983-2000</td>
<td>11.375%</td>
<td>98,980</td>
<td>98,980</td>
</tr>
<tr>
<td>31</td>
<td>1984-2008</td>
<td>11%-13.5%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>32</td>
<td>1983-2001</td>
<td>13.375%</td>
<td>208,575</td>
<td>208,575</td>
</tr>
<tr>
<td>33</td>
<td>1983-2001</td>
<td>13.375%</td>
<td>118,125</td>
<td>118,125</td>
</tr>
<tr>
<td>Total Second Resolution</td>
<td></td>
<td></td>
<td>4,388,130</td>
<td>4,812,835</td>
</tr>
<tr>
<td>Total bonds outstanding</td>
<td></td>
<td></td>
<td>$6,770,463</td>
<td>$7,195,168</td>
</tr>
</tbody>
</table>

F-11
EXHIBIT II

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS

September 30, 1981

(In thousands)
(Unaudited)

<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>
<th>Capital Reserve Fund Additions(Releases)*</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 178,657†</td>
<td>$ 398,615†</td>
<td>$ 577,272†</td>
<td>($ 47,539)</td>
<td>$ 529,733†</td>
</tr>
<tr>
<td>1983</td>
<td>245,650</td>
<td>575,376</td>
<td>821,026</td>
<td>8,208</td>
<td>829,234</td>
</tr>
<tr>
<td>1984</td>
<td>260,447</td>
<td>618,141</td>
<td>878,588</td>
<td>38,562</td>
<td>917,150</td>
</tr>
<tr>
<td>1985</td>
<td>261,882</td>
<td>636,155</td>
<td>898,037</td>
<td>(38,058)</td>
<td>859,979</td>
</tr>
<tr>
<td>1986</td>
<td>246,116</td>
<td>633,855</td>
<td>879,971</td>
<td>(15,433)</td>
<td>864,538</td>
</tr>
<tr>
<td>1987</td>
<td>255,167</td>
<td>613,142</td>
<td>868,309</td>
<td>(7,235)</td>
<td>861,074</td>
</tr>
<tr>
<td>1988</td>
<td>309,639</td>
<td>594,283</td>
<td>903,922</td>
<td>77,568</td>
<td>981,490</td>
</tr>
<tr>
<td>1989</td>
<td>356,036</td>
<td>579,043</td>
<td>935,079</td>
<td>(20,195)</td>
<td>914,884</td>
</tr>
<tr>
<td>1990</td>
<td>352,770</td>
<td>563,295</td>
<td>916,065</td>
<td>(3,831)</td>
<td>912,234</td>
</tr>
<tr>
<td>1991</td>
<td>352,356</td>
<td>559,513</td>
<td>911,869</td>
<td>324</td>
<td>912,193</td>
</tr>
<tr>
<td>1992</td>
<td>352,201</td>
<td>561,522</td>
<td>913,723</td>
<td>(179,017)</td>
<td>734,706</td>
</tr>
<tr>
<td>1993</td>
<td>349,300</td>
<td>376,627</td>
<td>725,927</td>
<td>(3,434)</td>
<td>722,493</td>
</tr>
<tr>
<td>1994</td>
<td>350,962</td>
<td>387,833</td>
<td>738,795</td>
<td>1,335</td>
<td>740,130</td>
</tr>
<tr>
<td>1995</td>
<td>177,272</td>
<td>382,832</td>
<td>560,104</td>
<td>(396,203)</td>
<td>163,901</td>
</tr>
<tr>
<td>1996</td>
<td>329,523</td>
<td>329,523</td>
<td>659,046</td>
<td>(92,770)</td>
<td>566,276</td>
</tr>
<tr>
<td>1997</td>
<td>238,231</td>
<td>238,231</td>
<td>476,462</td>
<td>9,318</td>
<td>485,778</td>
</tr>
<tr>
<td>1998</td>
<td>233,793</td>
<td>233,793</td>
<td>467,586</td>
<td>0</td>
<td>467,586</td>
</tr>
<tr>
<td>1999</td>
<td>246,793</td>
<td>246,793</td>
<td>493,586</td>
<td>(56,587)</td>
<td>437,000</td>
</tr>
<tr>
<td>2000</td>
<td>191,026</td>
<td>191,026</td>
<td>382,052</td>
<td>(29,232)</td>
<td>352,820</td>
</tr>
<tr>
<td>2001</td>
<td>162,256</td>
<td>162,256</td>
<td>324,512</td>
<td>(31,328)</td>
<td>293,184</td>
</tr>
<tr>
<td>2002</td>
<td>131,709</td>
<td>131,709</td>
<td>263,418</td>
<td>(853)</td>
<td>262,565</td>
</tr>
<tr>
<td>2003</td>
<td>130,724</td>
<td>130,724</td>
<td>261,448</td>
<td>(898)</td>
<td>252,540</td>
</tr>
<tr>
<td>2004</td>
<td>129,683</td>
<td>129,683</td>
<td>259,366</td>
<td>(926)</td>
<td>250,440</td>
</tr>
<tr>
<td>2005</td>
<td>128,602</td>
<td>128,602</td>
<td>257,204</td>
<td>(966)</td>
<td>247,238</td>
</tr>
<tr>
<td>2006</td>
<td>127,467</td>
<td>127,467</td>
<td>254,934</td>
<td>(987)</td>
<td>245,947</td>
</tr>
<tr>
<td>2007</td>
<td>126,298</td>
<td>126,298</td>
<td>252,596</td>
<td>(1,001)</td>
<td>251,595</td>
</tr>
<tr>
<td>2008</td>
<td>125,100</td>
<td>125,100</td>
<td>250,200</td>
<td>(127,765)</td>
<td>122,435</td>
</tr>
<tr>
<td>Total</td>
<td>$4,048,455</td>
<td>$9,781,437</td>
<td>$13,829,892</td>
<td>($918,943)</td>
<td>$12,910,949</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.
† The fiscal year 1982 requirements represent the balance of funding required during the year.
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

#### SUMMARY OF ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS

September 30, 1981  
(In thousands)  
(Unaudited)

<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 Debt Service on Bonds Outstanding†</th>
<th>Additional Debt Service on Series 28 Bonds</th>
<th>Total‡</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$212,514††</td>
<td>$455,527††</td>
<td>$668,041††</td>
<td>$5,312</td>
<td>$673,353††</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>530,203</td>
<td>781,261</td>
<td>10,624</td>
<td>791,885</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>572,194</td>
<td>812,437</td>
<td>13,299</td>
<td>825,736</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>613,532</td>
<td>894,184</td>
<td>13,065</td>
<td>907,249</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>630,640</td>
<td>873,751</td>
<td>12,814</td>
<td>886,565</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>627,870</td>
<td>876,991</td>
<td>12,561</td>
<td>889,552</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>607,137</td>
<td>868,250</td>
<td>12,298</td>
<td>880,548</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>588,193</td>
<td>946,258</td>
<td>12,027</td>
<td>958,285</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>572,840</td>
<td>926,848</td>
<td>11,755</td>
<td>938,593</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>556,975</td>
<td>908,506</td>
<td>11,472</td>
<td>920,978</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>552,719</td>
<td>905,901</td>
<td>11,181</td>
<td>917,082</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>554,152</td>
<td>905,371</td>
<td>10,890</td>
<td>916,261</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>372,395</td>
<td>719,775</td>
<td>10,586</td>
<td>730,361</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>382,896</td>
<td>737,439</td>
<td>10,276</td>
<td>748,715</td>
</tr>
<tr>
<td>1996</td>
<td>377,609</td>
<td>377,609</td>
<td>755,218</td>
<td>9,961</td>
<td>335,179</td>
</tr>
<tr>
<td>1997</td>
<td>325,052</td>
<td>325,052</td>
<td>650,104</td>
<td>9,642</td>
<td>244,842</td>
</tr>
<tr>
<td>1998</td>
<td>235,238</td>
<td>235,238</td>
<td>470,476</td>
<td>9,314</td>
<td>239,191</td>
</tr>
<tr>
<td>1999</td>
<td>230,601</td>
<td>230,601</td>
<td>461,202</td>
<td>8,977</td>
<td>252,179</td>
</tr>
<tr>
<td>2000</td>
<td>243,043</td>
<td>243,043</td>
<td>486,086</td>
<td>8,729</td>
<td>254,815</td>
</tr>
<tr>
<td>2001</td>
<td>188,094</td>
<td>188,094</td>
<td>376,188</td>
<td>8,429</td>
<td>196,617</td>
</tr>
<tr>
<td>2002</td>
<td>159,788</td>
<td>159,788</td>
<td>319,576</td>
<td>8,147</td>
<td>167,723</td>
</tr>
<tr>
<td>2003</td>
<td>130,023</td>
<td>130,023</td>
<td>260,046</td>
<td>7,866</td>
<td>157,912</td>
</tr>
<tr>
<td>2004</td>
<td>128,904</td>
<td>128,904</td>
<td>257,808</td>
<td>7,582</td>
<td>155,390</td>
</tr>
<tr>
<td>2005</td>
<td>127,720</td>
<td>127,720</td>
<td>255,440</td>
<td>7,798</td>
<td>153,238</td>
</tr>
<tr>
<td>2006</td>
<td>126,484</td>
<td>126,484</td>
<td>253,068</td>
<td>8,022</td>
<td>151,090</td>
</tr>
<tr>
<td>2007</td>
<td>125,182</td>
<td>125,182</td>
<td>250,364</td>
<td>7,646</td>
<td>147,710</td>
</tr>
<tr>
<td>2008</td>
<td>123,831</td>
<td>123,831</td>
<td>247,662</td>
<td>7,261</td>
<td>145,423</td>
</tr>
<tr>
<td>2009</td>
<td>122,435</td>
<td>122,435</td>
<td>245,870</td>
<td>7,029</td>
<td>143,409</td>
</tr>
<tr>
<td>Total</td>
<td>$4,207,840</td>
<td>$10,261,277</td>
<td>$14,469,117</td>
<td>$275,199</td>
<td>$14,744,316</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.
† Assumes the issuance of the remaining unissued authorized principal amount of $99.99 million of Series 28 Bonds on October 25, 1981.
‡‡ Includes $93 million which was paid on August 1, 1981 as debt service payment on First General Resolution Bonds and $248.9 million which was paid on July 1, 1981 as debt service payment on Second General Resolution Bonds.
Hawkins, Delafield & Wood
67 Wall Street, New York 10005

November 1, 1981

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 $ aggregate principal amount of Series Bonds (the "Series 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 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 Resolution, adopted November 12, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 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 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Series Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series Bonds are interchangeable as provided in the Resolutions. Coupon Series Bonds are numbered and fully registered Series Bonds are lettered and numbered B-1.
followed, in each case, by the last two digits of the year of maturity and the number of the Series Bonds. Coupon Series Bonds and fully registered Series Bonds are numbered consecutively from one upward in order of issuance.

(DESCRIPTION OF REDEMPTION PROVISIONS)

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-c to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to the City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 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 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 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. Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 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 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid pursuant to 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 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 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 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 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series Bonds, and the execution and delivery of the Series 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 Bond numbered -1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

B-4
November 1, 1981

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 making, execution and delivery of warrants (the "Warrants") to purchase $59,505,000 aggregate principal amount of Series 36 Bonds (the "Series 36 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 Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted November 12, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of November 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of November 1, 1981, expire January 18, 1983 and are in bearer form only.

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 Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The warrant resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.

4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.

5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.
6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 36 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors’ rights or remedies generally and the legal power of the Corporation to issue the Series 36 Bonds upon the exercise of the Warrants, which is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued.

We have examined the executed Warrant numbered 35W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,
Preliminary Official Statement Dated November 4, 1981

New Issue

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 34 and 35 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)

Principal of and interest on the Series 34, 35 and 36 Bonds are payable at the corporate trust office of,, New York, New York, or at the option of the holder at, New York, New York, or at the option of the holder at

The Series 34 and 35 Bonds will be dated and bear interest from November 1, 1981, payable July 1, 1982 and semi-annually thereafter on each January 1 and July 1. The Series 36 Bonds issued prior to July 1, 1982 will bear interest from November 1, 1981 and the Series 36 Bonds issued thereafter will bear interest from the interest payment date immediately preceding delivery thereof, payable semi-annually on each January 1 and July 1 thereafter. The Series 34, 35 and 36 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000, or any integral multiple of $5,000. Coupon and registered bonds are interchangeable as more fully described herein.

The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity. The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity. The Series 34 and 35 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, as a whole or on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus in each case accrued interest to the redemption date, all as more fully described herein. The Series 34 and 35 Bonds maturing on July 1, 1989 and the Series 35 and 36 Bonds are subject to redemption from mandatory sinking fund installment on each July 1, commencing on July 1, 1987 for the Series 34 Bonds maturing on July 1, 1989, on July 1, 1990 for the Series 35 Bonds and on July 1, 1985 for the Series 36 Bonds, in each case at a redemption price of 100% of the principal amount thereof, plus 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 34, 35 and 36 Bonds are to be issued) is United States Trust Company of New York.

$32,460,000 Series 34 Bonds

<table>
<thead>
<tr>
<th>Due</th>
<th>Amount</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>$4,805,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>5,535,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>2,120,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$20,000,000 % Series 34 Term Bonds Due July 1, 1989 @ %

$67,540,000 % Series 35 Term Bonds Due July 1, 2008 @ %

With Warrants to Purchase until January 18, 1983

$67,540,000 % Series 36 Term Bonds Due July 1, 2007 @ %

(Plus, in each case, accrued interest)

There will be delivered with each $5,000 principal amount of Series 35 Bonds one Warrant certificate representing five Warrants which together entitle the holder thereof to purchase $5,000 principal amount of Series 36 Bonds at % plus accrued interest to the delivery date thereof. The Warrants will expire on January 18, 1983, will be delivered only in bearer form and may be transferred separately from the Series 35 Bonds immediately after issuance. The Series 36 Bonds will be deliverable on the 25th day of each month upon exercise of the Warrants on or prior to the 15th day of such month. The Warrants, the exercise thereof and the Series 34, 35 and 36 Bonds are more fully described herein.

The Series 34, 35 and 36 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain other 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 34, 35 and 36 Bonds do not constitute an enforceable obligation, or a debt, either of 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 34, 35 and 36 Bonds.

The Series 34 and 35 Bonds and the Warrants are offered when, as and if issued by the Corporation and received by the Underwriters 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. Certain legal matters will be passed on for the Underwriters by counsel, White & Case, New York, New York. It is expected that the Series 34 and 35 Bonds and the Warrants in definitive form will be available for delivery on or about November 24, 1981.

Salomon Brothers Inc

Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group

Citicorp N.A. The Chase Manhattan Bank, N.A.

Morgan Guaranty Trust Company of New York

Bache Halsey Stuart Shields Bear, Stearns & Co.

L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is November 1, 1981.
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 34 or 35 Bonds or the Warrants or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 34 BONDS AND THE SERIES 35 BONDS WITH WARRANTS, THE UNDERWRITERS MAY OVERALLOCATE OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>The Corporation</td>
<td>1</td>
</tr>
<tr>
<td>The Bonds and the Warrants</td>
<td>1</td>
</tr>
<tr>
<td>Payment of the Bonds and Debt Service Coverage</td>
<td>1</td>
</tr>
<tr>
<td>Limitations on Bond Issuance</td>
<td>2</td>
</tr>
<tr>
<td>Appraisal of Revenues</td>
<td>2</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>2</td>
</tr>
<tr>
<td>Debt Issuance Plan</td>
<td>3</td>
</tr>
<tr>
<td>Certain Factors</td>
<td>3</td>
</tr>
<tr>
<td>2. BONDS AND WARRANTS BEING OFFERED</td>
<td>3</td>
</tr>
<tr>
<td>General</td>
<td>3</td>
</tr>
<tr>
<td>The Series 34 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>The Series 35 Bonds</td>
<td>4</td>
</tr>
<tr>
<td>The Warrants</td>
<td>5</td>
</tr>
<tr>
<td>The Series 36 Bonds</td>
<td>6</td>
</tr>
<tr>
<td>Certain Tax Consequences</td>
<td>7</td>
</tr>
<tr>
<td>Additional Bonds and Notes</td>
<td>8</td>
</tr>
<tr>
<td>3. USE OF PROCEEDS</td>
<td>9</td>
</tr>
<tr>
<td>4. THE CORPORATION</td>
<td>9</td>
</tr>
<tr>
<td>Background, Purposes and Powers</td>
<td>9</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>10</td>
</tr>
<tr>
<td>5. DEBT ISSUANCE PLAN</td>
<td>10</td>
</tr>
<tr>
<td>6. PAYMENT OF THE BONDS</td>
<td>12</td>
</tr>
<tr>
<td>General</td>
<td>12</td>
</tr>
<tr>
<td>Appropriation by Legislature</td>
<td>15</td>
</tr>
<tr>
<td>Per Capita Aid</td>
<td>15</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>16</td>
</tr>
<tr>
<td>Stock Transfer Tax</td>
<td>17</td>
</tr>
<tr>
<td>Maintenance of Capital Reserve Aid Fund</td>
<td>18</td>
</tr>
<tr>
<td>7. DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS</td>
<td>19</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>19</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>20</td>
</tr>
<tr>
<td>Debt Service Requirements and Estimated Coverage Ratios</td>
<td>20</td>
</tr>
<tr>
<td>8. CERTAIN DEVELOPMENTS AFFECTING THE STATE</td>
<td>22</td>
</tr>
<tr>
<td>Long-Term Trends</td>
<td>22</td>
</tr>
<tr>
<td>Financial Developments—Fiscal Years 1975-1981</td>
<td>23</td>
</tr>
<tr>
<td>Program for the 1982 Fiscal Year</td>
<td>23</td>
</tr>
<tr>
<td>Problems of Authorities and Localities</td>
<td>24</td>
</tr>
<tr>
<td>Litigation</td>
<td>26</td>
</tr>
<tr>
<td>9. CERTAIN DEVELOPMENTS AFFECTING THE CITY</td>
<td>26</td>
</tr>
<tr>
<td>Fiscal Years 1975-1981</td>
<td>27</td>
</tr>
<tr>
<td>Fiscal Years 1982-1985</td>
<td>28</td>
</tr>
<tr>
<td>Litigation</td>
<td>29</td>
</tr>
<tr>
<td>Federal Bankruptcy Legislation</td>
<td>31</td>
</tr>
<tr>
<td>10. VARIOUS CONTROL PROGRAMS</td>
<td>31</td>
</tr>
<tr>
<td>The Corporation</td>
<td>31</td>
</tr>
<tr>
<td>Control Board</td>
<td>32</td>
</tr>
<tr>
<td>11. AGREEMENT OF THE STATE OF NEW YORK</td>
<td>33</td>
</tr>
<tr>
<td>12. MANAGEMENT</td>
<td>34</td>
</tr>
<tr>
<td>13. LITIGATION</td>
<td>36</td>
</tr>
<tr>
<td>14. SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION</td>
<td>37</td>
</tr>
<tr>
<td>15. TRUSTEE</td>
<td>43</td>
</tr>
<tr>
<td>16. LEGAL INVESTMENT</td>
<td>43</td>
</tr>
<tr>
<td>17. TAX EXEMPTION</td>
<td>43</td>
</tr>
<tr>
<td>18. LEGAL OPINIONS</td>
<td>43</td>
</tr>
<tr>
<td>19. UNDERWRITING</td>
<td>44</td>
</tr>
<tr>
<td>20. FINANCIAL STATEMENTS</td>
<td>44</td>
</tr>
<tr>
<td>APPENDIX—Definitions</td>
<td>45</td>
</tr>
<tr>
<td>Exhibit A—Financial Statements</td>
<td>F-1</td>
</tr>
<tr>
<td>Exhibits B and C—Opinions of Bond Counsel</td>
<td>B-1, C-1</td>
</tr>
</tbody>
</table>

Lazard Frères & Co.—Financial Advisor
PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 34 and 35 Bonds and the Warrants 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 hereto.

The Corporation

The Municipal Assistance Corporation of 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 and the Warrants

The Series 34, 35 and 36 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 34, 35 and 36 Bonds, which are general obligations of the Corporation and are not obligations of either the State or the City. The Warrants will be executed and delivered pursuant to the Warrant Agreement and will, upon delivery, entitle the holders thereof to purchase Series 36 Bonds of the Corporation until January 18, 1983. For a more detailed description of the Warrants, the manner of exercise thereof, certain conditions which must be satisfied prior to the issuance and delivery of the Series 36 Bonds, and certain tax consequences of purchases and sales of Series 35 and 36 Bonds and the Warrants, see "PART 2—BONDS AND WARRANTS BEING OFFERED."

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 34 and 35 Bonds and assuming the issuance of $67.54 million of Series 36 Bonds, would be as follows:

<table>
<thead>
<tr>
<th>(Dollars in Millions)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,330</td>
<td>Sales Tax (12 months ended September 30, 1981)</td>
</tr>
<tr>
<td>plus 616</td>
<td>Stock Transfer Tax (12 months ended September 30, 1981)</td>
</tr>
<tr>
<td>minus 8</td>
<td>Operating expenses of the Corporation</td>
</tr>
<tr>
<td>minus 358</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>$1,580</td>
<td>Available tax revenues after provision for First Resolution obligations</td>
</tr>
<tr>
<td>plus 420</td>
<td>Available Per Capita Aid (for the Corporation's 1981 fiscal year), net of $64 million of potential prior claims (none of which has been asserted since the inception of the Corporation)</td>
</tr>
<tr>
<td>divided by 674</td>
<td>Available Revenues</td>
</tr>
</tbody>
</table>

\[
\frac{2,97}{\text{Debt Service Coverage}}
\]
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 6—PAYMENT OF THE BONDS" and "PART 7—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 34 and 35 Bonds, the Corporation will have outstanding an aggregate of $7.463 billion of its bonds; $5.081 billion issued under the Second General Bond Resolution and $2.382 billion issued under the First General Bond Resolution. These amounts assume the issuance of $100 million of Series 28 Bonds and $67.54 million of Series 36 Bonds which may be issued pursuant to warrants of the Corporation. The Corporation has covenanted with holders of its warrants that it will treat the aggregate authorized amount of its bonds issuable upon exercise of warrants as issued and outstanding and, accordingly, unless otherwise indicated, the issuance and coverage figures set forth in this Official Statement are presented on the basis of such an assumption.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. At September 30, 1981, there was on deposit in such funds securities valued in accordance with the Act at $331.7 million and $509.5 million, respectively, including accrued interest.

Debt Issuance Plan .......... The Series 34, 35 and 36 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan is intended to provide necessary long-term financing for the City to enable the City to finance its capital needs through June 30, 1985.

The Debt Issuance Plan provides for completion of public sales of $1.65 billion of the Corporation's bonds through December 31, 1984, completion of public sales of $1.6 billion of City bonds through fiscal year 1985, of which $100 million were sold in July 1981, and private sales of $600 million of federally guaranteed City bonds during the 1982 fiscal year. In October 1981 the Corporation completed sales of $324.7 million of its bonds to the Financial Institutions and the City Pension Funds pursuant to the Debt Issuance Plan.

The Corporation has issued $100 million of its bonds publicly during the 1982 fiscal year and intends to issue an additional $300 million of its obligations during such year, after the issuance of the Series 34 and 35 Bonds.
The implementation of the Debt Issuance Plan 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 1982 fiscal year, which he may give or withhold in his discretion. The Treasury Department has informed the Corporation that the Secretary is reexamining the appropriateness of granting the Federal guarantees, including the issuance of $300 million of such guarantees requested to be issued on November 19, 1981. See “PART 5—DEBT ISSUANCE PLAN.”

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation. Such investors may, from time to time during and after the time when the Series 34 Bonds and the Series 35 Bonds with Warrants are being offered to the public, offer or sell bonds or warrants of the Corporation, which may have an adverse effect on the market price of the Series 34, 35 and 36 Bonds and the Warrants.

The Corporation believes that the market for and the market price of the Series 34, 35 and 36 Bonds and the Warrants, and the sources of payment of the Series 34, 35 and 36 Bonds may be affected by certain other factors described elsewhere in this Official Statement. See “PART 5—DEBT ISSUANCE PLAN,” “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE” and “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY.”

PART 2—BONDS AND WARRANTS BEING OFFERED

General

The Series 34, 35 and 36 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 34, 35 and 36 Resolutions, respectively. The Series 34 and 35 Bonds will be dated and bear interest from November 1, 1981 and will mature as set forth on the cover of this Official Statement. The Series 36 Bonds issued prior to July 1, 1982 will bear interest from November 1, 1981 and the Series 36 Bonds issued thereafter will bear interest from the interest payment date on the Series 36 Bonds immediately preceding the delivery of such Bonds. The Series 36 Bonds will mature on July 1, 2007.

The Series 34, 35 and 36 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 34, 35 and 36 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 34, 35 or 36 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 34, 35 or 36 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 34, 35 and 36 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.”

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund, Series 34, 35 and 36 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 Bonds 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 such Bonds, the likelihood of redemption by lot of any holder's Bonds of such Series 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 34, 35 and 36 Bonds.

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. For further information concerning the Trustee, see "PART 15—TRUSTEE."

The Series 34 Bonds

Sinking Fund Redemption

The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity. The Series 34 Bonds maturing on July 1, 1989 are 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 Series 34 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$4,250,000</td>
</tr>
<tr>
<td>1988</td>
<td>7,325,000</td>
</tr>
<tr>
<td>1989</td>
<td>8,425,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 34 Bonds maturing on July 1, 1989 would be approximately 6.9 years, calculated from November 1, 1981.

The Series 35 Bonds

Optional Redemption

The Series 35 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
Sinking Fund Redemption

The Series 35 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 35 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$3,420,000</td>
<td>1999</td>
<td>$2,640,000</td>
</tr>
<tr>
<td>1991</td>
<td>3,930,000</td>
<td>2000</td>
<td>1,835,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,530,000</td>
<td>2001</td>
<td>2,115,000</td>
</tr>
<tr>
<td>1993</td>
<td>5,205,000</td>
<td>2002</td>
<td>3,970,000</td>
</tr>
<tr>
<td>1994</td>
<td>6,000,000</td>
<td>2003</td>
<td>4,565,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,505,000</td>
<td>2004</td>
<td>5,250,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,730,000</td>
<td>2005</td>
<td>3,315,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,995,000</td>
<td>2006</td>
<td>3,810,000</td>
</tr>
<tr>
<td>1998</td>
<td>2,290,000</td>
<td>2007</td>
<td>4,385,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>5,050,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 35 Bonds would be approximately 17.9 years, calculated from November 1, 1981.

The Warrants

General

The Warrants are to be delivered in bearer form only, pursuant to a Warrant Agreement between the Corporation and United States Trust Company of New York, as Warrant Agent. The Warrants will be offered together with the Series 35 Bonds and purchasers will receive, for each $5,000 in principal amount of Series 35 Bonds purchased, one Warrant certificate representing five Warrants. The Warrants may be transferred separately from the Series 35 Bonds. Each Warrant certificate will entitle the holder to purchase $5,000 in principal amount of Series 36 Bonds at a purchase price of $ , plus accrued interest to the delivery date of such Series 36 Bonds.

The Warrantholders do not have the rights of bondholders under the Second General Bond Resolution or the Series 35 or 36 Resolutions.

The Corporation can give no assurance that a market for the Warrants will develop. The value of the Warrants from time to time will be determined primarily by the market rate of interest on bonds of the Corporation comparable to the Series 36 Bonds, which rate will be affected by numerous factors, including the amount and timing of future issuances of the Corporation's bonds. See "PART 5—DEBT ISSUANCE PLAN."

Exercise of Warrants

Warrant certificates may be exercised by physical delivery thereof and payment of the purchase price to the Warrant Agent at any time after November 24, 1981, and on or before 3:30 P.M., New York City time, on January 18, 1983, all as more fully described in the Warrants. Warrants not exercised on or before 3:30 P.M., New York City time, on January 18, 1983, shall become void. Series 36 Bonds will be delivered on the 25th day of each month with respect to all Warrants exercised on or prior to 3:30 P.M., New York City time, on the 18th day of such month. Series 36 Bonds to be delivered upon the exercise of Warrants will be delivered in accordance with the instructions of the person exercising the Warrants, but at the sole cost and risk of such person.

Conditions to Issuance of Series 36 Bonds

The Corporation has undertaken in the Warrants to deliver Series 36 Bonds upon proper exercise of the Warrants, and to deliver therewith an opinion of Bond Counsel as to approval of legality, including an opinion to the effect that under statutes and court decisions existing as of the date of such opinion, interest on the Series 36 Bonds is exempt from Federal income taxation. This undertaking is unconditional. The Corporation has heretofore authorized the issuance of up to $67,54 million of its Series 36 Bonds. If the Corporation fails or is unable to deliver such Bonds or such opinion, a breach of contract would exist and the Warrantholders could
pursue their legal remedies. The legal power of the Corporation to issue such Series 36 Bonds is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each Series 36 Bond is issued and delivered. The ability of the Corporation to satisfy such provisions or comply with then applicable law, however, may be affected by factors not within the control of the Corporation which could prevent the Corporation from issuing Series 36 Bonds upon the exercise of the Warrants. The ability of Bond Counsel to deliver its opinion is subject to laws and regulations then in effect and certain factual and legal determinations to be made at the time of such issuance. For a description of coverage ratio limitations on the issuance of additional bonds and the Corporation’s estimate that it can issue the Series 36 Bonds within all applicable coverage ratio requirements, see “Additional Bonds and Notes” in this Part 2 and “Part 7—Debt Service Payment Requirements and Estimated Coverage Ratios—Debt Service Requirements and Estimated Coverage Ratios.”

**Covenants for the Benefit of Holders of Warrants**

To protect the interests of the holders of Warrants, the Corporation has covenanted in the Warrants (i) to consider as issued and outstanding all Series 36 Bonds issuable upon exercise of all outstanding Warrants for purposes of determining the Corporation’s right to issue additional bonds, (ii) to obtain the consent of the holders of a majority (or in certain cases all) of the outstanding Warrants prior to amendment of either the Series 36 Resolution or the Second General Bond Resolution in any manner that would adversely affect the Warrantholders, and (iii) to deliver to exercising Warrantholders, simultaneously with delivery of the Series 36 Bonds, an opinion of the Corporation’s Bond Counsel as to approval of legality of the Series 36 Bonds, including an opinion to the effect that under statutes and court decisions existing as of the date of such opinion interest on the Series 36 Bonds is exempt from Federal income taxation.

**The Series 36 Bonds**

**Optional Redemption**

The Series 36 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1992, 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

**Sinking Fund Redemption**

The Series 36 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years set forth below, at 100% of the principal amount required to be redeemed, as determined by applying the percentage set forth below to the principal amount of all Series 36 Bonds issued upon the exercise of the Warrants (with certain rounding adjustments permitted by the Series 36 Resolution), plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments”:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>5.582%</td>
<td>1997</td>
<td>2.110%</td>
</tr>
<tr>
<td>1987</td>
<td>6.944</td>
<td>1999</td>
<td>2.628</td>
</tr>
<tr>
<td>1988</td>
<td>7.751</td>
<td>2000</td>
<td>1.903</td>
</tr>
<tr>
<td>1989</td>
<td>8.661</td>
<td>2001</td>
<td>2.125</td>
</tr>
<tr>
<td>1990</td>
<td>3.761</td>
<td>2002</td>
<td>4.235</td>
</tr>
<tr>
<td>1991</td>
<td>4.197</td>
<td>2003</td>
<td>4.730</td>
</tr>
<tr>
<td>1992</td>
<td>4.686</td>
<td>2004</td>
<td>5.293</td>
</tr>
<tr>
<td>1993</td>
<td>5.226</td>
<td>2005</td>
<td>3.620</td>
</tr>
<tr>
<td>1994</td>
<td>5.834</td>
<td>2006</td>
<td>4.035</td>
</tr>
<tr>
<td>1995</td>
<td>1.688</td>
<td>2007</td>
<td>4.323*</td>
</tr>
<tr>
<td>1996</td>
<td>1.888</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 36 Bonds would be approximately 13.2 years, calculated from November 1, 1981 on the assumption that all $67.54 million of the Series 36 Bonds were issued on that date.

Certain Tax Consequences

This summary of certain tax consequences of the purchase and sale of Series 35 and 36 Bonds and the Warrants does not purport to deal with all aspects of taxation which may be relevant to particular investors. For example, special rules apply to insurance companies and dealers in tax-exempt securities. There are no provisions of the Internal Revenue Code (the "Code") or regulations (the "Regulations") or rulings of the Internal Revenue Service (the "IRS") that expressly apply to tax-exempt securities issued with Warrants such as the Series 35 Bonds. However, the IRS has applied certain principles of the Code and Regulations that are applicable to tax-exempt securities in certain rulings concerning tax-exempt securities. Although the Corporation can give no assurance that the IRS will apply the principles reflected in the Code and such Regulations relating to tax-exempt securities to the Series 35 and 36 Bonds and the Warrants, the Corporation has no reason to believe that the IRS would not do so in respect of questions for which no tax-exempt rules are applicable. If such principles were to be applied, certain tax consequences of purchases and sales of the Series 35 Bonds, the Warrants or the Series 36 Bonds would be as described below. Persons with questions concerning the detailed tax consequences of transactions in Series 35 and 36 Bonds and the Warrants should consult their own tax advisors.

The Series 35 Bonds

Subject to the foregoing, the offering price of each unit consisting of a Series 35 Bond together with Warrants, should be allocated between the Series 35 Bond and the Warrants. Such allocation should be made in the proportion that the "fair market value" of each bears to the aggregate of the fair market values of the Bond and Warrants comprising the unit on the date the unit is issued. For example, if the fair market value of the Series 35 Bond were 95 and the fair market value of the Warrants were 6, the allocation of the offering price to such Bond would be 95 / (95 + 6) = 94.96% of the offering price and the allocation to the Warrants would be 6 / (95 + 6) = 5.04% of the offering price. If the fair market value of the Series 35 Bond were 95 and the fair market value of the Warrants 4, the allocation to the Bond would be 95 / (95 + 4) = 95.96% of the offering price and the allocation to the Warrants would be 4 / (95 + 4) = 4.04% of the offering price. "Fair market value" should be determined by taking the mean between the highest and the lowest selling prices of the Series 35 Bonds and of the Warrants, trading separately, on the date of issuance or the first day on which substantial trading in such securities exists. The portion of the offering price of a unit so allocated to a Series 35 Bond should constitute the original holder's tax basis in such Bond.

It appears that the principal amount of the Series 35 Bond will exceed the price so allocated to such Bond (because the unit offering price will be equal to the principal amount of the Series 35 Bond and a portion of the unit offering price should be allocated to the Warrants). Consequently, the Series 35 Bond should be considered to have an "original issue discount" of not less than an amount equal to such excess. The Corporation intends to ascertain and make public selling prices for use by the holders of the Series 35 Bonds in calculating original issue discount in respect of the Series 35 Bonds.

An appropriate portion of the original issue discount described above, depending on the holding period of a Series 35 Bond by each holder, should, upon disposition or payment of such Bond, be treated as tax-exempt interest, rather than as taxable gain, for Federal income tax purposes. The portion so treated should be at least that determined by apportioning the amount of original issue discount among the original holder and each subsequent holder of such Bond based upon the relation that the number of days (computed on a calendar year basis) for which such Bond was owned by each holder bears to the total number of days elapsed from the date of issuance to the maturity date of such Bond. For example, if a Series 35 Bond with Warrants were offered at 100 and the "fair market values" of the Series 35 Bond and the Warrants, as determined in the manner described above, were 94 and 6, respectively, the original issue discount would be 6 and the purchaser's tax basis for such Bond would be 94. If the original holder holds such Bond for one-half of the period between issuance and maturity, one-half of the original issue discount, or 3, will be "amortized" and be treated as tax-exempt income upon the sale of such Bond. If such Bond is sold by the original holder at such time for 99, the holder would have tax-exempt income of 3 (i.e., the "amortized" original issue discount reducing the proceeds to 96) and capital gain of 2 (96 - 94).
If such Bond is sold for 90, the holder would have tax-exempt income of 3 (i.e., the "amortized" original issue discount reducing the proceeds to 87) and capital loss of 7 (94 – 87).

Warrants

The portion of the offering price of a unit allocated to the Warrants, as described above, should constitute the tax basis for such Warrants for the original holder. If such Warrants are exercised, no gain or loss should be realized by the holder, and the holder’s tax basis in the Warrants should be added to the exercise price to determine the tax basis for the Series 36 Bond acquired with the consequence described below. If the Warrants expire unexercised, the holder will realize a loss in an amount equal to the tax basis in the Warrants, which loss will be a capital loss.

The Series 36 Bonds

The tax basis of a Series 36 Bond acquired upon exercise of Warrants should be the exercise price (excluding accrued interest) of such Warrants plus the Warrantholder’s tax basis for such Warrants. If the exercise price of Warrants (excluding accrued interest) plus the tax basis for such Warrants is less than par, such difference should be treated as original issue discount and treated under the principles outlined above with respect to the Series 35 Bonds. If the exercise price of Warrants (excluding accrued interest) plus the tax basis for such Warrants exceeds par, such excess should be premium with respect to such Series 36 Bond. A holder will be required to reduce his tax basis in the bond each year by a portion of the amount of the premium in accordance with principles set forth in the Code, Regulations, and applicable IRS rulings.

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 $8.239 billion after issuance of the Series 34 and 35 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 34, 35 and 36 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). The Corporation has covenanted with the Warrantholders, that for purposes of the foregoing calculations, it will consider as outstanding all Series 36 Bonds covered by outstanding Warrants.

Pursuant to the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution 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 3—USE OF PROCEEDS

The net proceeds of the sale of the Series 34 and 35 Bonds and the Warrants will be $150 million. Approximately $83 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. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation’s accounts as to which such lien applies.

The balance of the net proceeds will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. For further information with respect to the Capital Reserve Aid Fund, see “PART 6—PAYMENT OF THE BONDS—Maintenance of Capital Reserve Aid Fund.”

Any proceeds of sale of the Series 36 Bonds are expected to be used for purposes similar to those of the Series 34 and 35 Bond proceeds.

PART 4—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 this purpose 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 is required 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. Although the City’s operating budget for the 1981 fiscal year was balanced in accordance with GAAP one year earlier than required and its operating budget for its 1982 fiscal year is similarly balanced, the Debt Issuance Plan was supplemented to give the City additional time to regain full access to the public credit markets. The City publicly sold $75 million of its bonds in March 1981 and $100 million of its bonds in July 1981.

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, the State enacted legislation in June 1980 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.

**Outstanding Debt of the Corporation**

After issuance of the Series 34 and 35 Bonds, the Corporation will have issued approximately $8.239 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) $5.081 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 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, 1981, and the unaudited financial statements for the three months ended September 30, 1981, annexed hereto as Exhibit A, and "PART 20—FINANCIAL STATEMENTS."

**PART 5—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—Fiscal Years 1975-1981." 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 and adherence to an operating budget for the 1981 fiscal year balanced in accordance with GAAP, the adoption of a GAAP balanced budget for its 1982 fiscal year, and the implementation of other budgetary and accounting reforms, it became apparent that the City would 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. Accordingly, the Debt Issuance Plan was supplemented during the Corporation’s 1981 fiscal year.

The City currently projects its capital needs to be approximately $821 million during its 1982 fiscal year, and approximately $1 billion during each of its 1983 through 1985 fiscal years. The Plan is intended to enable the Corporation to assist the City in financing these needs. The City’s capital needs would be principally met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 34 and 35 Bonds but excluding the unissued Series 28 and 36 Bonds) (i) completion of the previously scheduled sales of $324.7 million of the Corporation’s bonds [$324.7 million] to the Financial Institutions and the City Pension Funds during the 1982 fiscal year, (ii) sales to the public of $1.65 billion of the Corporation’s bonds [$200 million] through December 31, 1984, (iii) sales of $600 million of federally guaranteed City bonds to the City and State Pension Funds during the 1982 fiscal year, and (iv) public sales of $1.625 billion of City bonds [$100 million] through its 1985 fiscal year. The Plan 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 remaining fiscal year through 1985 under the Plan. The Plan 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
(Dollars in thousands)
Sources of Funds

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Placements of the Corporation's Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>116,125</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>116,125</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>75,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>17,450</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>17,450</td>
</tr>
<tr>
<td>Subtotals</td>
<td>324,700(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>324,700</td>
</tr>
<tr>
<td>Sales to the Public of the Corporation's Bonds</td>
<td>500,000</td>
<td>$500,000</td>
<td>$350,000</td>
<td>$300,000</td>
<td>1,650,000</td>
</tr>
<tr>
<td>Private Placements of Guaranteed City Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>Subtotals</td>
<td>600,000(b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>600,000</td>
</tr>
<tr>
<td>Sales to the Public of City Bonds</td>
<td>225,000</td>
<td>300,000</td>
<td>400,000</td>
<td>700,000</td>
<td>1,625,000</td>
</tr>
<tr>
<td>Water and Sewer Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing(d)</td>
<td>—</td>
<td>—</td>
<td>150,000</td>
<td>315,000</td>
<td>465,000</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$1,649,700(d)</td>
<td>$800,000</td>
<td>$900,000</td>
<td>$1,315,000</td>
<td>$4,664,700</td>
</tr>
</tbody>
</table>

Uses of Funds

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City Capital Improvements</td>
<td>947,000</td>
<td>$1,060,000</td>
<td>$1,192,000</td>
<td>$1,330,000</td>
<td>$4,529,000</td>
</tr>
<tr>
<td>Capital Reserve and Guaranty Funds of the Corporation</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>Refunding</td>
<td>150,000</td>
<td>100,000</td>
<td>—</td>
<td>—</td>
<td>250,000</td>
</tr>
<tr>
<td>Total Uses(e)</td>
<td>$1,197,000</td>
<td>$1,260,000</td>
<td>$1,292,000</td>
<td>$1,330,000</td>
<td>$5,079,000</td>
</tr>
</tbody>
</table>

(a) Completed in October 1981.
(b) Pursuant to agreements entered into in November 1978 and subject to the consent of the Secretary of the Treasury.
(c) Contingent upon the City developing a program for the financing of water and sewer projects through the issuance of revenue bonds.
(d) Approximately $530 million of this amount, together with approximately $220 million from sales of the Corporation's bonds during its 1981 fiscal year, to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.
(e) Differences between total sources and uses are a result of escrow deposits or withdrawals held by the Corporation for use in fiscal years 1983 and 1984, as described above, or transfers from the City's general fund for capital purposes.

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, the Corporation's requirements and other factors.
Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 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 Plan 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 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 Secretary waived this provision with respect to the issuance on October 2, 1980 of $300 million of federally guaranteed City bonds. Waiver of this provision will also be required in connection with the issuance of $600 million of federally guaranteed City bonds scheduled for the 1982 fiscal year.

The City has requested the issuance on November 19, 1981 of $300 million of Federal guarantees. Prior to such request, the City and the Corporation were advised by the staff of the United States Treasury Department that the Secretary is reexamining the appropriateness of granting the waiver and making the Federal guarantees available. The staff also informed the City and the Corporation that, in this connection, the Secretary requested a review of certain information concerning the proposed financings and uses of proceeds pursuant to the Debt Issuance Plan through the 1985 fiscal year. There can be no assurance that the Secretary will issue such guarantees or that he will issue such guarantees on the date requested. If the Secretary is unwilling or unable to issue the guarantees contemplated by the Debt Issuance Plan, sales to the public of the Corporation’s bonds may be required to replace the proposed sales of guaranteed City 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 1982 fiscal year would be required to meet the City’s capital needs during such year. 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 its 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. Any obligation of the United States to issue guarantees, and any obligation of the City and State Pension Funds to purchase federally guaranteed City bonds are subject to numerous and complex conditions, certain of which may be difficult to fulfill. 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 securities would be likely to be adversely affected.

The Corporation is currently developing a program pursuant to which it may fulfill a portion of its participation in the Debt Issuance Plan by the issuance and refunding of short-term obligations in the commercial paper market secured by a credit arrangement with one or more commercial banks. Under the proposal, if the credit arrangement is used to pay the short-term obligations, the Corporation’s obligation to the banks providing the credit will be repayable over a longer period of time through the issuance of bonds or otherwise. At present, the Corporation is considering the issuance of up to $100 million of such short-term obligations in the 1982 fiscal year as an alternative to selling bonds publicly in such amount.

**PART 6—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 6; 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 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. Amounts paid to the City are paid directly by the State.
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 Corporation’s securities 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 appropriated 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.

15
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 6. 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, 1981.

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (in thousands)</th>
</tr>
</thead>
<tbody>
<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(a)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(a)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(b)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(c)</td>
</tr>
<tr>
<td>1981</td>
<td>484,037(c)</td>
</tr>
</tbody>
</table>

(a) Reflects State’s ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.
(b) Does not include $49,276 million paid in October 1978.
(c) Reflects State’s ceiling on aid to localities.

Sales Tax

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 and at the rate of 6% on receipts from parking, garaging or storing motor vehicles in the City. The Sales Tax is in addition to the 4% sales and compensating use taxes levied statewide and the ¼ of 1% sales and compensating use tax levied in the regions served by the Metropolitan Transportation Authority. 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 deduction of the costs of administration, collection and distribution. Footnotes to the tables detail changes in laws 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>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>198,390</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>
<tr>
<td>1981</td>
<td>293,581</td>
<td>313,990</td>
<td>413,179</td>
<td>273,324</td>
<td>1,294,074</td>
</tr>
<tr>
<td>1982</td>
<td>329,950</td>
<td></td>
<td></td>
<td></td>
<td></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 over distributions or under distributions 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 over distributions for certain prior periods and from $753,000 to $7.2 million to reflect under distributions for other prior periods. Periods subsequent to March 1981 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 1/4¢ 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:

**QUARTERLY COLLECTIONS OF STOCK TRANSFER TAX**

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>1972</td>
<td>$62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
</tr>
<tr>
<td>1982</td>
<td>131,039</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 Tax payers. 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 equal to 100% of the tax began on 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 will continue to be paid into the Stock Transfer Tax Fund, although a substantial portion of such revenues (the rebateable 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.

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 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIO." If the Corporation were to require a substantial portion of the Stock Transfer Tax revenues otherwise subject to rebate, the resulting reduction in the amounts available for rebate could have an adverse effect upon the New York securities industry.

**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, with securities valued in accordance with the requirements of the Act (which may differ from the market value of such securities). See Notes 2 and 4 to the financial statements of the Corporation contained in Exhibit A.

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 6.

PART 7—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 34 and 35 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 estimated 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.

Per Capita Aid available to the Corporation during the Corporation’s 1981 fiscal year

\[
\text{Less annual potential claims and liabilities:} \quad \text{(Dollars in thousands)}
\]

\[
\begin{align*}
(a) \text{ City University Construction Fund ("CUCF")}. \\
\text{Amounts equal to 50\% of CUCF’s share of certain State Dormitory Authority debt service and other expenses would be a claim against Per Capita Aid if not paid by the City to CUCF. The Corporation has been informed by CUCF that such debt service and other expenses are approximately $88.86 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City} & \quad \text{\$44,429} \\
(b) \text{ New York City Housing Development Corporation ("HDC").} \\
\text{Amounts required to restore the HDC capital reserve fund to the amount to be on deposit in such fund would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the maximum capital reserve fund requirement on all outstanding bonds of HDC as of this date is approximately $19.3 million. HDC has outstanding $35.7 million in bond anticipation notes which, if funded by the issuance of bonds, would have the effect of increasing the maximum capital reserve fund requirement by an amount approximately equivalent to the annual debt service on the bonds issued therefor. State law currently permits a maximum claim of $30 million in any fiscal year} & \quad \text{\$19,338} \\
(c) \text{ New York City Police Pension Fund.} \\
\text{Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund} & \quad \text{\$ 500} \quad \text{\$ 64,267}$ \\
\text{Adjusted Per Capita Aid} & \quad \text{\$419,770}
\end{align*}
\]

* 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 with respect to debt issued for senior colleges.
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 September 30, 1981, see “PART 6—PAYMENT OF THE BONDS—Sales Tax” and “Stock Transfer Tax”, and operating expenses of the Corporation are $7.8 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 September 30, 1981</td>
<td>$1,330,444</td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months ended September 30, 1981</td>
<td>615,823</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,946,267</td>
</tr>
<tr>
<td>Less: Operating expenses of the Corporation</td>
<td>7,800</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,938,467</td>
</tr>
</tbody>
</table>

Debt Service Requirements and Estimated Coverage Ratios

As shown above, Adjusted Per Capita Aid is approximately $420 million and Aggregate Sales and Stock Transfer Taxes are approximately $1,938 million, for a total of $2,358 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 34 Resolution, the Series 35 Resolution and the Series 36 Resolution 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 34 and 35 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 or otherwise, within the limitations contained in such Resolutions, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution and the Act.
## Debt Service Payment Requirements and Estimated Coverage Ratios

(Assuming exercise of all warrants of the Corporation)

(Dollars in Thousands)

<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>1982</td>
<td>$212,514</td>
<td>$70,150</td>
<td>$460,839</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>97,245</td>
<td>566,790</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>149,455</td>
<td>605,072</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>209,200</td>
<td>649,085</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>255,200</td>
<td>674,003</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>276,655</td>
<td>671,008</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>288,090</td>
<td>630,764</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>299,100</td>
<td>615,104</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>300,030</td>
<td>589,318</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>322,865</td>
<td>584,724</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>353,615</td>
<td>585,821</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>396,165</td>
<td>403,702</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>226,270</td>
<td>413,845</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>234,070</td>
<td>400,103</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>201,325</td>
<td>347,209</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>126,920</td>
<td>257,058</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>135,175</td>
<td>252,060</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>162,095</td>
<td>264,140</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>120,535</td>
<td>208,240</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>103,655</td>
<td>179,563</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>85,695</td>
<td>152,020</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>92,760</td>
<td>150,491</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>100,460</td>
<td>148,885</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>104,595</td>
<td>143,224</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>113,180</td>
<td>141,490</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>122,570</td>
<td>139,716</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>122,155</td>
<td>127,826</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 fiscal years 1982 through 1995, ranging from a low of 2.38 times in 1989 to a high of 3.50 times in 1982 and such coverages average approximately 2.71 times.

* These debt service amounts and coverage ratios are based on interest rates for the Series 34, 35 and 36 Bonds estimated solely for purposes of this Preliminary Official Statement. The actual interest rates, debt service and coverage ratios may vary. Such variations, which are not expected to be material, will be reflected in the final Official Statement.
The Corporation anticipates that after issuance of the Series 34 and 35 Bonds (but excluding the unissued Series 28 Bonds and Series 36 Bonds) an aggregate of approximately $1.450 billion of additional obligations will be issued pursuant to the 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 34, 35 and 36 Resolutions, the Warrants and certain other resolutions and agreements of the Corporation, see "PART 2—BONDS AND WARRANTS BEING OFFERED—Additional Bonds and Notes," on the basis of the assumptions described in this PART 7 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 not less than the required level.

PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although the Series 34, 35 and 36 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 34, 35 and 36 Bonds and the Warrants, and the sources of payment of the Series 34, 35 and 36 Bonds. As described under "PART 6—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 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 5—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 affluence. 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. The State has commenced a new long-range tax reduction program designed to reduce taxes on businesses and individuals. While no immediate reversal of the erosion of the State's economic
position relative to the nation as a whole has been projected, the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1981

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.

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. For its 1979 and 1980 fiscal years, the State achieved balanced budgets with receipts and expenditures of $11.9 billion and $13.1 billion, respectively. For its 1981 fiscal year, the State achieved a balanced budget with receipts and expenditures of $15.182 billion. During the 1981 fiscal year, the State also implemented a $3.01 billion borrowing plan including $2.8 billion in seasonal borrowings, with full access to the public credit markets.

Program for the 1982 Fiscal Year

The State’s financial plan for its 1982 fiscal year, as modified in October 1981 (the "1982 Financial Plan") provides for a balanced budget (on a cash basis) in such fiscal year with projected General Fund receipts and expenditures of $16.804 billion, an increase of 10.6% over the 1981 expenditure total.

The modified 1982 Financial Plan reflects an expenditure increase of approximately $222 million from the original financial plan prepared in May 1981. Such increase includes $104 million in higher outlays to reflect the legislatively-authorized write-off of certain outstanding advances to the Metropolitan Transportation Authority ("MTA"), $54 million in increased spending by the State court system, amounts necessary to provide for increased State costs resulting from reductions in Federal support of the Medicaid program and additional State funding of expenditures for social services programs for which the Federal government has requested documentation which may result in disallowance of reimbursement.

The 1982 Financial Plan also reflects the anticipated issuance of approximately $265 million of additional State obligations for capital purposes during the balance of the 1982 fiscal year. The 1982 Financial Plan assumes that, except with respect to the Medicaid impact noted above, no additional State funds will be required to replace Federal money withdrawn as a result of the Federal budget reductions and that indirect effects of such Federal budget reductions on State programs will be avoided wherever possible.

The revised projection of receipts in the 1982 Financial Plan assumes that the national and State economies will be relatively flat during the balance of the State fiscal year, and that no recession of significant proportions will emerge. The income projections continue to reflect the payment during the final quarter of the State’s 1982 fiscal year of $100 million in personal income refunds on 1981 income.
The State has also indicated that, at this point in the budgeting cycle, preliminary projections of expenditures to meet existing commitments during the State’s 1983 fiscal year exceed projected resources by between $300 million and $500 million.

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).

At June 30, 1981, there was outstanding $15.9 billion aggregate principal amount of bonds and notes issued by Authorities which are either guaranteed by the State or supported by the State through lease-purchase arrangements or moral obligation provisions. Debt service on outstanding Authority obligations is normally paid out of revenues generated by the Authorities’ projects, but in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain Authorities for operating and other expenses and for debt service pursuant to moral obligation provisions or otherwise. The State’s 1982 Financial Plan provides $356 million for further financial assistance for certain Authorities. Additional assistance is expected to be required in future years.

Certain Authorities continue to experience financial difficulties, especially those Authorities conducting housing programs. Rising operating costs and interest rates require increased rents or fees on projects financed by various Authorities. The inability or unwillingness of the residents or users of such projects to pay such increases has led to increasingly serious financial difficulties at a number of such projects; these difficulties could adversely affect the fiscal stability of certain of the programs of the Authorities involved and have increased the likelihood that the State will be requested to make appropriations to such Authorities pursuant to moral obligation provisions or otherwise.

HFA and UDC face significant financial difficulties with some of the projects on which they hold mortgages. It is likely that during the State’s 1982 fiscal year HFA will be unable to meet fully the debt service on certain housing project bonds without making withdrawals from the debt service reserve funds securing such bonds, creating the need for State appropriations to replenish such funds pursuant to the moral obligation provisions pertaining to such bonds.

Seven HFA housing projects were more than one month in arrears in their monthly mortgage repayment escrow deposits due as of June 30, 1981. The most significant of the projects in arrears is Co-op City, on which HFA holds a mortgage in the original principal amount of $390 million. Co-op City has been in arrears from time to time in its monthly mortgage payments and, since August 1980, has made no cash payments. As a result of mortgage payment delinquencies of Co-op City and, to a substantially lesser extent, of certain other projects, HFA has been required to withdraw a total of $67.6 million between November 1975 and March 31, 1981 from the debt service reserve fund securing the Non-Profit Housing project bonds to make debt service payments on such bonds. Approximately $28 million of such withdrawals were made during the State’s 1981 fiscal year. At the end of each of the State’s fiscal years, HFA’s Non-Profit Housing debt service reserve fund must contain an amount equal to the maximum debt service on such bonds due in any succeeding calendar year. Such reserve fund has been replenished for all withdrawals made through March 31, 1981 by payments from the State of approximately $44.3 million pursuant to the moral obligation provisions of the statutes authorizing HFA’s Non-Profit Housing project bonds and from funds otherwise legally available to HFA for such purposes. In addition, between November 1979 and March 31, 1981, HFA was required to withdraw $5.5 million from the debt service reserve fund securing its General Housing bonds to make a debt service payment on such bonds. Such reserve fund was replenished by payments of approximately $1.1 million from the State and from funds otherwise legally available to HFA for such purposes. On May 1, 1981, HFA withdrew $13.5 million from its Non-Profit Housing debt service reserve fund and $1.0 million from the debt service reserve fund for its General Housing bonds. On November 1, 1981, HFA withdrew $14.0 million from its Non-Profit Housing debt service reserve fund and $2.8 million from the debt service reserve fund for its General Housing bonds. The amount of such withdrawals will be certified to the Governor and the Director of the Budget as required by law by December 1, 1981 if such reserve funds are not replenished prior to that date from funds legally available to HFA for such purpose. The 1982 Financial Plan provides an amount believed to be sufficient to replenish such reserve funds for all withdrawals expected to be made during the State’s 1982 fiscal year.
UDC has approximately $944 million of long-term general purpose bonds outstanding. Of the $1.14 billion principal amount of mortgages held or made by UDC, mortgages having an aggregate principal amount of $1.03 billion were in default at March 31, 1981. At that date the debt service arrears on such mortgages aggregated approximately $106 million. UDC is, and for an extended period of time is expected to be, dependent upon the State for appropriatations of a substantial amount to enable it to meet its financial requirements including debt service on its general purpose bonds. In early 1979, the State Comptroller made projections that indicated that UDC could require State appropriatations through 1988 aggregating more than $300 million. As a result of a successful refinancing by UDC it expects that it will require no State appropriatations for debt service during such year.

In 1972, the Battery Park City Authority ("BPCA") issued $200 million of moral obligation bonds for the development of a residential and commercial project in New York City, of which $198 million remain outstanding. BPCA has been paying interest on the bonds, in part, out of the original bond proceeds. In the opinion of its counsel, BPCA does not have the power to use bond proceeds, except those held in BPCA's debt service reserve fund securing such bonds, to make principal payments on such bonds. To enable it to make its first principal payment which came due in November 1980, the State paid $1.85 million to BPCA. The annual debt service of approximately $14.2 million on its bonds could exhaust BPCA's financial resources available to pay debt service (other than amounts in such debt service reserve fund) prior to 1984 without significantly reducing its outstanding indebtedness. Unless the Legislature provides additional appropriatations to BPCA or additional sources of revenue for BPCA are obtained, BPCA will be compelled to withdraw money from such 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 of the bonds. The Legislature has appropriated and the State has paid $1.95 million to BPCA to enable it to meet its November 1981 principal payment.

Another problem faced by certain 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 appropriatations to support such projects. There is no assurance, however, that the Legislature would make such appropriatations.

Failure of the State to appropriate necessary amounts or to take other action to permit the Authorities to meet their obligations 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 1982 fiscal year and thereafter. The anticipated and potential problems stem, in part, from the 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 1982 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State's 1982 fiscal year. In addition, the State's 1982 Financial Plan contains $80 million that will be distributed to certain localities during the State's 1982 fiscal year.

New York City's metropolitan area is heavily dependent on the subway and bus lines within the City operated by the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the "TA") and on the rail lines operated by the MTA, which include the Long Island Railroad and rail lines serving suburban New York and Connecticut. Service levels on all such lines have been declining. The MTA attributes this decline in part to policies of equipment maintenance deferral and to the need to keep aging equipment and other assets in service as a result of low capital expenditure levels in recent years. In addition, the TA continues to sustain substantial operating deficits.

In July 1981, the State legislature adopted, and the Governor signed, a series of bills imposing additional taxes, which are to flow into accounts dedicated for public transportation assistance. The tax legislation included appropriatations from such accounts of $168 million for the TA and $47 million for the MTA to be made available during the period July 1, 1981 through June 30, 1982 from the anticipated receipts of these taxes. Five specific tax measures were enacted: (i) a ¼ of 1% sales and compensating use tax in the 12 counties of the MTA region; (ii) a tax of ¼ of 1% on oil company gross receipts in the State; (iii) a 10% tax on gains on certain property transfers.
within the City; (iv) a revision of the basis of taxation of receipts of interstate businesses to cover an allocated share of their activity within the State; and (v) a revision of the basis for taxation of oil company income to include the earnings of subsidiaries and affiliates. The five taxes are estimated to produce $793 million in revenues over a two-year period through June 30, 1983, of which $215 million has been, and $426 million is expected to be, appropriated for the MTA and the TA. Certain affected taxpayers have filed lawsuits or indicated their intention to test the constitutionality of these levies in the courts. Forty-five percent of the proceeds of the 1/4 of 1% tax on oil company gross receipts in the State is dedicated by legislation for upstate transit needs. The tax legislation also includes an appropriation of $18 million as operating assistance for eligible transit systems outside the MTA system. These receipts are in addition to a special appropriation enacted in June 1981, providing a total of $105 million during the State’s 1983 fiscal year for public transportation operating assistance, of which $100 million is for the MTA and TA.

The legislation, which recognizes and expressly does not relieve the City of its obligation to provide for the capital needs of the TA, also recognizes that the capital needs of the MTA and TA are far in excess of the funding sources authorized in the legislation. The legislature expressed its intentions therefore to follow the progress of the projects financed from the sources therein authorized and to review the limitations therein contained as necessary.

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 and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iii) certain aspects of the State’s Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of Medicaid services; (iv) 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; (v) 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; (vi) the State’s action in recouping certain Social Services aid from New York City and recoupment of additional amounts of such aid from the City; (vii) contamination in the Love Canal area of Niagara Falls; (viii) the State’s method of determining the level of learning disability which is required before children become eligible for educational assistance for handicapped children; (ix) certain actions of the Commissioner of Motor Vehicles under the Federal Clean Air Act; (x) the State’s plan to construct Westway; (xi) educational accommodations for learning disabled students at a State university; (xii) alleged employment discrimination by the State University of New York; (xiii) alleged State negligence following polychlorinated biphenyl contamination of the Binghamton State Office Building; (xiv) alleged negligence of the State causing deaths in the Stouffer Hotel fire in 1980; (xv) claims on behalf of State employees injured in the Attica prison uprising; (xvi) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; and (xvii) the constitutionality of the imposition of an additional sales tax in the MTA region.

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 to certain school districts; approximately $20 million of such loans were made in April 1979. Such loans were also made during the 1981 and 1982 fiscal years to certain school districts.

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 Corporation’s securities. 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 34, 35 and 36 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 operating results for the 1981 fiscal year, projections for the 1982 fiscal year, major assumptions and uncertainties with respect to such projections, 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.

**Fiscal Years 1975-1981**

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 permitted two major deviations from GAAP for City fiscal years through 1981: (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 annually decreasing amounts.

In order to provide both seasonal and long-term financing for the City for fiscal years 1976 through 1978, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing for the period. Certain City pension funds agreed to provide the City with long-term financing 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, 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 million 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 financial statements for the 1978 through 1981 fiscal years were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements for fiscal years 1978 through 1980 report results both in accordance with the accounting principles permitted by State law which allow certain deviations from GAAP and in accordance with GAAP. Under the accounting principles permitted by State law, the General Fund balance for fiscal 1978, 1979, and 1980 showed surpluses of $32 million, $216 million and $145 million, respectively; when reported in accordance with GAAP, the General Fund showed deficits of $712 million, $422 million, and $356 million, respectively. The City's financial statements for fiscal 1981 were reported in accordance with GAAP and showed a surplus of $128 million. The amount of this surplus would have been significantly greater had the City not allocated $147 million to the City's capital projects fund and $173 million to the City's debt service fund as well as adopting certain other measures the effect of which
was to reduce the amount of the surplus. The opinion of the consortium for the 1981 audit was subject to pending real estate tax certiorari proceedings, which, 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 City’s independent accountants further stated that the City’s ability to obtain financing and balance its budget in accordance with GAAP depends on numerous assumptions and the occurrence of future events, many of which cannot be assured.

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 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 5—Debt Issuance Plan."

In March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July 1981, the City sold another $100 million of its bonds. These bond issues received an investment grade rating from Standard & Poor’s, Inc. However, Moody’s Investors Service, Inc. declined to raise its rating on the bonds to investment grade. Since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public. In the 1981 fiscal year, the City obtained all of its seasonal financing requirements through the sale of short-term notes to the public. The City has already satisfied $500 million of an estimated seasonal financing requirement during the 1982 fiscal year of $650 million by the public sale of its short-term notes and expects to similarly satisfy the remaining needs.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 12 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. The City’s budget for the 1981 fiscal year was, however, balanced in accordance with GAAP, which is one year earlier than required.

Fiscal Years 1982-1985

The fiscal year 1982 budget adopted June 18, 1981 projects a GAAP-balanced budget with revenues and expenditures of $14.749 billion, an increase of $586 million over the amount forecast for fiscal 1981 in the 1981 Four Year Plan. Such budget includes an increase of $299 million in real estate taxes anticipated to come from higher real estate assessments, increased State education and other unrestricted aid of $202 million, including $75 million in additional State aid, $37 million of which represents the initial step of the proposed Medicaid take-over by the State, and increases in local tax and miscellaneous revenues of $212 million. The adopted budget also provides funds for service improvements for certain programs and agencies, such as criminal justice, education, fire, sanitation and police, assumes an overall increase in the City-funded workforce of approximately 12,000 positions over the actual workforce on June 30, 1981, includes a total of $193 million in City funds to offset $297 million of reductions in Federal aid for CETA and other programs, and provides approximately $250 million to cover increased energy costs and medical assistance payments as well as higher fringe benefit costs due to inflation. The adopted budget also projects debt service costs during fiscal 1982 to be $223 million lower than previously projected. This reduction is largely attributable to the availability of $178 million of real estate taxes collected during fiscal years 1980 and 1981 available for payment of debt service in 1982, including $137 million of real estate taxes collected in fiscal 1981 to redeem certain City bonds held by the Corporation, the redemption of which has been deferred by the City until fiscal year 1982.

On July 2, 1981, the Control Board approved a financial plan for the 1982 through 1985 fiscal years (the "1982 Four Year Plan"). The 1982 Four Year Plan projected the revenues and expenditures for fiscal year 1982.
to be as contained in the adopted budget, with the exception that Federal categorical grants are $50 million lower than projected in the adopted budget. The Plan for fiscal year 1982 projected revenues and expenditures totalling $14.699 billion. For fiscal years 1983 through 1985 the Plan projected budget gaps of $783 million, $977 million and $998 million, respectively. The Plan included gap-closing programs sufficient to close the projected budget gaps, including various City, State and Federal actions, such as the proposed takeover of local Medicaid costs by the State, increased education aid, and the gradual elimination of the City’s budgeted general reserve to be replaced by a cash reserve commencing in fiscal year 1983.

The 1982 Four Year Plan was not approved prior to the beginning of the 1982 fiscal year because the City’s proposed plan submitted to the Control Board in May 1981 and revised June 25, 1981, did not address certain issues concerning the financing of the TA. The adopted Plan projects budget gaps for the TA for fiscal years 1982 through 1985, respectively, of $151 million, $299 million, $415 million and $555 million, after taking into consideration the revenues from the 15 cent fare increase approved by the MTA in July, 1981. The projected revenues from the taxes agreed to by the Legislature prior to approval of the 1982 Four Year Plan and subsequently enacted are expected to be sufficient to close fully the 1982 gap. However, additional revenue measures or expenditure reductions may be required to close the 1983 gap and are expected to be necessary to eliminate fully the 1984 and 1985 gaps. The financial plan for the TA was modified to reflect the revenues estimated to be derived from the taxes. See "PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE" for a description of the various taxes and appropriation measures enacted to aid MTA operations.

The staff of the Control Board, in a report dated July 1, 1981, reviewed the revised financial plan submitted on June 25, 1981, and concluded that despite some significant uncertainties, the City could achieve a budgetary surplus of $289 million in fiscal year 1982. The report observes, however, that local revenue growth has slowed in recent quarters, and that the heavy reliance on nonrecurring revenues in fiscal year 1982 does not provide a sound basis for recurring balanced budgets. The report states that the City may find it difficult from an administrative standpoint to implement all of the program enhancements provided for in fiscal year 1982, and as a result, some of the fiscal stress on the later years of the plan may be alleviated. Other concerns cited in the report include the possibility of (i) further Federal budget reductions beyond those anticipated by the City, (ii) a national economic downturn accompanied by lower inflation, (iii) collective bargaining agreements which may exceed current projections for the City and the Covered Organizations, (iv) a delay in the proposed State takeover of local Medicaid costs, and (v) additional City subsidies to reduce the deficits then projected for the TA. The Office of the Special Deputy Comptroller ("OSDC") had issued a report on June 10, 1981 analyzing the financial plan submission dated May 12, 1981 which cites similar concerns. Both the OSDC and the Control Board staff reports express concern that although the City has been able to close significant gaps which had been projected in recent years, the gap-closing measures previously utilized by the City may not be available in the future. It is anticipated that the City will develop a more detailed gap-closing program for fiscal years 1983 through 1985 for the financial plan modification to be submitted in January 1982.

On October 23, 1981, the Control Board approved a modification of the 1982 Four Year Plan. The Plan as modified projects revenues and expenditures for the 1982 fiscal year of $14.858 billion, an increase of $159 million over the prior Plan projections. This increase results primarily from the expected receipt of higher levels of State and Federal categorical aid, and higher short-term interest costs.

In connection with approval of the modification, the Control Board required the New York City Housing Development Corporation ("HDC"), a Covered Organization, and the City to provide satisfactory assurance that approximately $35.7 million of HDC’s notes, which are held by four City pension funds, can be paid. The Pension Funds have expressed reluctance to further renew the notes, which mature on November 13, 1981. HDC and the City have advised the Control Board that they are currently negotiating with prospective purchasers for the refunding of the notes through the sale of bonds by HDC and expect to consummate such transaction. The City has assured the Control Board that, if a sale of HDC bonds has not occurred by November 13, 1981 and alternate arrangements cannot be made, the City, subject to all necessary governmental approvals, will take such actions as may then be necessary to prevent a default by HDC on the notes.

**Litigation**

The notes to the City’s audited financial statements for the 1981 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, 1981, claims in excess of $24 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $775 million. The 1982 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the 1983 through 1985 fiscal years.

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 these issues could have a substantial adverse impact on the City. The City has reported that as of June 30, 1981, the estimated potential exposure to the City in these cases could amount to approximately $1.8 billion. Provision was made in the City's 1982 Four Year Plan for estimated refunds for overpayments of real estate taxes in amounts of approximately $45 million annually in the 1982 through 1985 fiscal years. Remedial legislation has been enacted by the State to limit and reduce such liability; however, this legislation is being challenged and has been held to be unconstitutional in one Appellate Division case and in certain lower court decisions. On May 14, 1981, the Appellate Division, First Department affirmed a lower court holding 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. An appeal has been filed in this proceeding. On July 6, 1981, the Appellate Division, Second Department ruled that the method of proving inequality required by the First Department was invalid. The 1978 and 1979 remedial legislation expired October 30, 1981. New remedial legislation has been passed by the State Legislature but has not yet been signed by the Governor.

On February 10, 1977, Alfred Kirchner, a retired City teacher, commenced an action in the United States District Court for the Southern District of New York against the trustees of the Teacher's Retirement System of The City of New York ("TRS") and certain other defendants. The complaint, as subsequently amended on March 31, 1980, alleges that: (i) the TRS defendants have breached their fiduciary duties and violated the Federal securities laws and the United States Constitution in connection with certain TRS transactions in City securities and (ii) the City has failed to provide for its unfunded accrued liability to active members of the TRS in violation of the State Constitution. Plaintiff seeks: (i) damages from the allegedly improper TRS transactions; (ii) a ruling requiring the defendants to fund fully and segregate from other assets of the City certain reserve funds; and (iii) a judgment restoring certain investment standards with regard to such reserve funds. On January 15, 1981, the District Court granted the City's motion to dismiss with regard to the Federal constitutional allegations. 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 the United States 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 State appealed this decision to the United States Second Circuit Court of Appeals. Because a final decision adverse to the Department of Education in this case could result in many more children being qualified and a concomitant mandatory substantial increase in expenditures by the City's Board of Education, the City filed a brief as amicus curiae. On May 19, 1981, the Second Circuit reversed the lower court decision. On July 31, 1981, a motion for rehearing was denied by the Second Circuit.

On August 1, 1975, Women in City Government United, purporting to represent all female employees of the City and certain Covered Organizations, commenced an alleged class action in the United States District Court for the Southern District of New York against the City, the City Employees' Retirement System and its officers and trustees and others. Plaintiffs allege that certain retirement plans discriminate against female employees in violation of the United States Constitution, certain Federal statutes and regulations and the State Human Rights Law. The complaint seeks a declaratory judgment that the alleged discriminatory practices are illegal and unconstitutional and injunctive relief. On April 24, 1981, the District Court granted plaintiffs' motion for summary judgment on the merits of their Federal statutory claim, but deferred judgment as to the appropriate relief. The
City has estimated that an adverse decision applicable to the relevant actuarial pension systems could result in a liability of up to $950 million over ten years. If the refunding of excess contributions were required, an additional annual pension cost of approximately $25 million would be incurred. On April 25, 1978, in a case involving a similar issue, the United States Supreme Court held, on a prospective basis, that mandatory contributory pension plans cannot provide for different rates of member contributions on the basis of sex (City of Los Angeles v. Manhart).

**Federal Bankruptcy Legislation**

The City projects meeting its cash needs through the 1985 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, 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 34, 35 and 36 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 Corporation’s securities.

**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-incurred 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, 1979 and 1980 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 short-term obligations to meet its seasonal needs.

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: G. G. Michelson, Stanley S. Shuman and Lee P. Oberst. Comer S. Copple 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 5—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 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 moneys 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 certain 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 re impose 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(1)</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry(2)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin(1)(2)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker(2)(3)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan(1)(2)(3)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver(3)</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Representatives(4)</th>
<th></th>
</tr>
</thead>
<tbody>
<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 Nadel</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.(5)

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson Loeb Rhoades Inc., with which Messrs. Kresky, Steffan and Bialkin, respectively, are affiliated as described in their biographies, may act as underwriters in connection with the sale of the Series 34 and 35 Bonds and the Warrants.

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

(3) Messrs. Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) 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.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, of which Ms. Ruth’s husband is a Managing Director, is acting as a managing underwriter in connection with the sale of the Series 34 and 35 Bonds and the Warrants.

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 Schlumberger, Ltd., Owens-Illinois, Inc., Pfizer Inc., Pechiney Ugine Kuhlmann Corporation, MCA Corporation, American Motors 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, Chairman of the Corporation's Investment Committee, 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 New York City Ballet. Mr. Kresky 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 Board of Directors of the New York Convention Center Operating Corporation. He is a director and 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 is Chairman of the Section of Corporation, Banking and Business Law of the American Bar Association, and is a former Chairman of the Committee on Federal Regulation of Securities of that 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 past 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 Regional Plan Association, 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 a trustee of the Educational Broadcasting Corp. (WNED/Channel 13). 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 Senior 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 Lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keilin is a resident of New York City.

DICK NETZER. Mr. Netzer, Chairman of the Corporation's City Budget Committee, has been Dean of the Graduate School of Public Administration of New York University since 1969, and since September 1981 has served as Director of the University's Urban Studies Center. 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 editor of the quarterly New York Affairs and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.

ANDREW P. STEFFAN. Mr. Steffan, Chairman of the Corporation's Audit Committee, is a First Vice President 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 and Policy Research. He is an Exchange Official of the American Stock Exchange. Mr. Steffan is a resident of New York City.

ROBERT C. WEAVER. Dr. Weaver, Chairman of the Corporation's Administration Committee, is also 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

35
Development and, from 1968 through 1970, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees 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. He is a member of Citizens Housing and Planning Council and a director and Secretary of the Associated Builders and Owners of Greater New York, Inc. He is a director of the Association for Government Assisted Housing, Inc. and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson serves as President of St. John’s University Law School Alumni Association. 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 director of Integrated Energy Co., Inc. and serves as Chairman of American Onshore Petroleum Co., Inc. 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. In July 1980, Mr. Nadel joined Beldoch Industries Corporation, an apparel manufacturer, where he presently serves as an Executive Vice President. He is former Chairman and a current member of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was 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 law firm of Patterson, Belknap, Webb & Tyler. He has been with the 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 a member of the law firm of Seward & Kissel, New York, New York. 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. Seavey, Representative.** Mr. Seavey is President of N.D.L., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & 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. Seavey is a resident of New York City.

**Heather L. Ruth, Executive Director.** Until July 1980 Ms. Ruth was a self-employed economist and consultant to government and private clients, including agencies of the states of New York and New Jersey. From 1974 to 1978, she was a Vice President of Mathematica Policy Research, Inc., Princeton, N. J. Prior to that, Ms. Ruth served as an analyst with the New York City Budget Bureau, as an Assistant Administrator of the City’s Environmental Protection Administration and as staff to the New York State Charter Revision Commission for the City of New York. Ms. Ruth resides in New York City.

**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.

"City" shall mean The City of New York.

"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 Section 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.

37
“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-e 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 the 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 Instalments 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 66²/₃% 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 are 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 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 offices are located at 45 Wall Street, New York, New York 10005. 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 date 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 $9.710 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, including acting as Warrant Agent in connection with the issuance of Warrants by 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 34 and 35 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 34 Bonds and Series 35 Bonds and Warrants are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel with respect to the Series 34 and 35 Bonds
will be in substantially the form attached to this Official Statement as Exhibit B. Bond Counsel’s approving opinion with respect to the Warrants will be in substantially the form attached to this Official Statement as Exhibit C and will accompany the Warrants upon their delivery. 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.

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

PART 19—UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 34 Bonds, the Series 35 Bonds and the Warrants from the Corporation at a discount equal to % from the initial public offering prices therefor. The Underwriters may offer to sell such Series 34 Bonds and Series 35 Bonds with Warrants to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 34 Bonds and Series 35 Bonds with Warrants are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.

PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1981 and the accompanying report thereon by Price Waterhouse & Co., the Corporation’s independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1981, are annexed hereto as Exhibit A. These statements do not give effect to (i) the issuance of the Corporation’s Series 31, 32 and 33 Bonds in the aggregate principal amount of $424.7 million during October 1981, (ii) the payment during October 1981 of $30 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes or (iii) the purchase of $227 million of City bonds during October 1981. The exhibits, however, do give effect to items (i) and (ii).

*   *   *

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 Senior 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

Executive Director

44
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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

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 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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

Financing Agreement—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.


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.

Guaranty 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.

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.

Secretary—the Secretary of the Treasury of the United States.

Series 34 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 34 Resolution.

Series 34 Resolution—the Series Resolution of the Corporation authorizing the Series 34 Bonds.

Series 35 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 35 Resolution.

Series 35 Resolution—the Series Resolution of the Corporation authorizing the Series 35 Bonds.

Series 36 Bonds—the Bonds described in this Official Statement authorized to be issued pursuant to the Series 36 Resolution which will be issued upon exercise of the Warrants.

Series 36 Resolution—the Series Resolution of the Corporation authorizing the Series 36 Bonds.

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.

Warrants—the Warrants described in this Official Statement.

Warrant Agreement—the Agreement between the Corporation and United States Trust Company of New York, as Warrant Agent, pursuant to which the Warrants will be issued.

Warrant Resolution—the Resolution of the Corporation authorizing the Warrant Agreement and the issuance of the Warrants thereunder.
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, Statement of Changes in Funds Available to Purchase City of New York Obligations, Summary of Changes in Funding Requirements and the related Debt Service Fund, Capital Reserve Fund, Guaranty 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, 1981 and the Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for City of New York obligations as described in Note 7 to the financial statements, have been applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1981

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

## STATEMENT OF FINANCIAL POSITION

### LIABILITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 1981</th>
<th>September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,382,333,000</td>
<td>$2,382,333,000</td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>4,388,130,000</td>
<td>4,388,130,000</td>
</tr>
<tr>
<td><strong>Total bonds payable</strong></td>
<td>6,770,463,000</td>
<td>6,770,468,000</td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>79,712,875</td>
<td>128,417,743</td>
</tr>
<tr>
<td>Deposit for bonds authorized and unissued</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>54,389,486</td>
<td>51,716,094</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,214,912</td>
<td>1,975,892</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,905,780,273</td>
<td>6,953,077,729</td>
</tr>
</tbody>
</table>

### ASSETS:

#### Debt Service Fund:

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3,441</td>
<td>3,556</td>
</tr>
<tr>
<td>Investments in marketable securities</td>
<td>242,879,650</td>
<td>342,642,149</td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td>7,382,719</td>
<td>557,955</td>
</tr>
<tr>
<td>City of New York obligations</td>
<td>725,352,000</td>
<td>590,719,000</td>
</tr>
<tr>
<td>Accrued interest on City of New York obligations</td>
<td>16,593,774</td>
<td>2,119,491</td>
</tr>
<tr>
<td><strong>Total Debt Service Fund</strong></td>
<td>992,211,584</td>
<td>936,042,151</td>
</tr>
</tbody>
</table>

**Investments in marketable securities held for:**

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Reserve Fund</td>
<td>820,266,925</td>
<td>841,237,693</td>
</tr>
<tr>
<td>Purchase of City of New York obligations</td>
<td>464,704,250</td>
<td>464,708,500</td>
</tr>
<tr>
<td>Guaranty Fund</td>
<td>62,025,414</td>
<td>83,786,442</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>7,376,299</td>
<td>7,041,937</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,346,584,472</td>
<td>2,312,816,723</td>
</tr>
<tr>
<td>Funding requirements</td>
<td>$4,539,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>

---

F-2
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
DEBT SERVICE, CAPITAL RESERVE AND GUARANTY FUNDS
STATEMENT OF TRANSACTIONS

For the fiscal year ended June 30, 1981
For the three months ended September 30, 1981
( unaudited)

RECEIPTS:
Debt Service Fund:
Sales tax allocation received from State of New York $292,100,000
Per capita aid received from State of New York 69,900,000
Income from investments 68,378,908
Income from obligations of the City of New York 66,288,776
Accrued interest received on issuance of bonds 1,242,962
City of New York obligations acquired 195,300,000
693,210,646
Capital Reserve Fund:
Transfers from bond proceeds 60,199,250
Transfer from Debt Service Fund 10,000,000
Income from investments 68,100,442
138,299,692
Guaranty Fund:
Transfer from bond proceeds 12,000,000
Income from investments 6,178,788
18,178,788
Total receipts 849,689,126

EXPENDITURES:
Debt Service:
Interest on First General Resolution Bonds 186,359,800
Interest on Second General Resolution Bonds 346,504,349
Principal repayment of First General Resolution Bonds 12,590,000
Principal repayment of Second General Resolution Bonds 70,150,000
Less: Discount on purchases (6,945,623)
Net cost 64,104,377
Total debt service 609,558,526
Requirement for Guaranty Fund 13,795,468
Transfer to Capital Reserve Fund 10,000,000
Total expenditures 633,353,994
Excess (deficiency) of receipts over expenditures for the period 5216,335,132 ($ 79,969,111)

F-3
# MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

## STATEMENT OF CHANGES IN FUNDS AVAILABLE TO PURCHASE CITY OF NEW YORK OBLIGATIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal amount of bonds issued</td>
<td>$737,005,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>(4,801,500)</td>
<td>(750)</td>
</tr>
<tr>
<td>Transfers to Capital Reserve Fund</td>
<td>(60,199,250)</td>
<td></td>
</tr>
<tr>
<td>Transfer to Guaranty Fund</td>
<td>(12,000,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Net proceeds available</strong></td>
<td>660,004,250</td>
<td>4,250</td>
</tr>
<tr>
<td><strong>DISTRIBUTIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of City of New York obligations for Debt Service Fund</td>
<td>195,300,000</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Net change for the period</strong></td>
<td>$464,704,250</td>
<td>$4,250</td>
</tr>
<tr>
<td><strong>Funds available to purchase City of New York obligations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the period</td>
<td>$464,704,250</td>
<td>$4,250</td>
</tr>
<tr>
<td>At beginning of period</td>
<td>—</td>
<td>464,704,250</td>
</tr>
<tr>
<td>At end of period</td>
<td>$464,704,250</td>
<td>$464,708,500</td>
</tr>
</tbody>
</table>
## MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

### SUMMARY OF CHANGES IN FUNDING REQUIREMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding requirement at beginning of the period</td>
<td>$5,297,407,629</td>
<td>$4,559,195,801</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of New York obligations not previously recognized</td>
<td>(710,997,104)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,586,410,525</td>
<td>4,559,195,801</td>
</tr>
<tr>
<td>Changes during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in debt outstanding</td>
<td>654,265,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Debt Service, Capital Reserve and Guaranty Funds</td>
<td>(216,335,132)</td>
<td>79,969,111</td>
</tr>
<tr>
<td>Funds available to purchase City of New York obligations</td>
<td>(464,704,250)</td>
<td>(4,250)</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>(440,342)</td>
<td>1,095,344</td>
</tr>
<tr>
<td>Funding requirement at end of period</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>

F-5
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

OPERATING FUND

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Receipts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$5,000,000</td>
<td>$308,065</td>
</tr>
<tr>
<td>Income from investments</td>
<td>718,336</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5,718,336</td>
<td>308,065</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>379,003</td>
<td>86,834</td>
</tr>
<tr>
<td>Legal services</td>
<td>438,376</td>
<td>108,394</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>628,019</td>
<td>140,915</td>
</tr>
<tr>
<td>Total</td>
<td>1,445,398</td>
<td>336,143</td>
</tr>
<tr>
<td>Oversight functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,622,024</td>
<td>414,784</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>1,128,785</td>
<td>309,144</td>
</tr>
<tr>
<td>Total</td>
<td>2,750,809</td>
<td>723,928</td>
</tr>
<tr>
<td>General and administration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>512,504</td>
<td>130,574</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>125,541</td>
<td>89,325</td>
</tr>
<tr>
<td>Office rental</td>
<td>87,113</td>
<td>21,153</td>
</tr>
<tr>
<td>Data processing services</td>
<td>109,721</td>
<td>12,323</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>97,950</td>
<td>37,406</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>79,739</td>
<td>34,050</td>
</tr>
<tr>
<td>General office expenses</td>
<td>37,103</td>
<td>13,259</td>
</tr>
<tr>
<td>Communications</td>
<td>22,465</td>
<td>4,804</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>9,651</td>
<td>444</td>
</tr>
<tr>
<td>Total</td>
<td>1,081,787</td>
<td>343,338</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>5,277,994</td>
<td>1,403,409</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures for the period</td>
<td>$440,342</td>
<td>($1,095,344)</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

(All data relating to September 30, 1981 and the period then ended are unaudited)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the "Corporation") is a corporate government 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. 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.

Investments in marketable securities held in the Capital Reserve or Guaranty Funds are carried at amortized cost and investments in marketable securities in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. Generally, investments in other funds are carried at cost.

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 moneys paid into the debt service and capital reserve funds.

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. In 1977, the State enacted a program of gradually increasing rebates for all stock transfer tax payers. Rebates
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1981 and the period then ended are unaudited)

equal to 100% of the tax began on October 1, 1981. The legislation provides that taxpayers are to continue to pay the stock transfer tax at the present rate but will be entitled to a 100% rebate should the Corporation not require the funds. 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.

The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1981 and September 30, 1981 amounted to $1,925 million and $1,947.8 million, respectively. Payments made to the Corporation for 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 12 months ended June 30, 1981 and September 30, 1981 amounted to $484 million.

To the extent that funds are available from investment income, receipt of principal and interest payments on obligations of the City and other sources, they may be used to reduce the Corporation’s funding requirements.

The Corporation certified to and was paid on October 9, 1981, $30 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

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. 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, 1981 and September 30, 1981, approximately $596.3 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 100% of the principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during the succeeding calendar year.

The Capital Reserve Fund balance at June 30, 1981 of $820.3 million, net of liabilities of $166.0 million for securities sold under agreements to repurchase, included accrued interest of $16.2 million, and comprised $323.9 million relating to First General Resolution Bonds and $496.4 million relating to Second General Resolution Bonds.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

The Capital Reserve Fund balance at September 30, 1981 of $841.2 million, net of liabilities of $42.6 million for securities sold under agreements to repurchase, included accrued interest of $20.1 million, and comprised $331.7 million relating to First General Resolution Bonds and $509.5 million relating to Second General Resolution Bonds.

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, 1981, the amortized cost of the investments exceeded market value by approximately $105.5 million. At September 30, 1981, the cost of the investments exceeded market value by approximately $135.5 million.

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 September 30, 1981, no claim has 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. Investments in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. At September 30, 1981, income from investments was reduced by $6.2 million to record an unrealized loss on investments held in the Debt Service Fund.

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

At June 30, 1980, the Corporation held $665 million of City bonds and $149 million of City notes which it had acquired previously as a result of various exchanges and payments to the City. When acquired, such obligations were not recorded in the Statement of Financial Position pending resolution of certain terms and conditions of repayment.

During the 1981 fiscal year, the Corporation acquired $195 million of City bonds as the initial component of a program to provide for a significant portion of the City’s capital financing requirements through 1984. With the commencement of the City capital financing program, and the prior resolution of the payment terms of the obligations, the Corporation has recognized the City obligations in the Statement of Financial Position and, accordingly, $711 million par value of City obligations, including accrued interest of $18 million, were recorded as assets as of July 1, 1980. Of the $149 million of City notes held on June 30, 1980, $28 million were exchanged for an identical amount of City bonds and $121 million were cancelled without payment of principal by the City.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1981 and the period then ended are unaudited)

At September 30, 1981, the Corporation held $590.7 million principal amount of City bonds which bear interest at rates ranging from 7 1/4% to 10 1/4% and will mature on September 15 in each year as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
</tr>
<tr>
<td>1982</td>
<td>$ 79,054</td>
</tr>
<tr>
<td>1983</td>
<td>24,553</td>
</tr>
<tr>
<td>1984</td>
<td>26,296</td>
</tr>
<tr>
<td>1985</td>
<td>27,592</td>
</tr>
<tr>
<td>1986</td>
<td>19,447</td>
</tr>
<tr>
<td>1987-1991</td>
<td>71,250</td>
</tr>
<tr>
<td>1992-1996</td>
<td>111,789</td>
</tr>
<tr>
<td>1997-2001</td>
<td>90,761</td>
</tr>
<tr>
<td>2002-2006</td>
<td>112,256</td>
</tr>
<tr>
<td>2007</td>
<td>27,721</td>
</tr>
<tr>
<td></td>
<td>$590,719</td>
</tr>
</tbody>
</table>

The obligations may not be sold without the consent of the City.

The Corporation, in making its certification for funds, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received.

Note 8—Commitments:

The Corporation and the City have developed a Debt Issuance Plan (the “Plan”) to provide for a significant portion of the City’s long-term financing requirements through 1984. Under the Plan, proceeds of debt issuances of the Corporation will be used principally to purchase obligations of the City when issued to provide a source of funding for a portion of the City’s capital program. At September 30, 1981, $464.7 million was available to purchase City obligations. On October 27, 1981, the Corporation acquired $227 million of City obligations. The Plan provides for additional public sales of $1.55 billion of the Corporation’s bonds through 1984.

The amount of the Corporation’s bonds to be sold publicly under the Plan will depend upon many conditions, including the City’s actual capital requirements, the City’s ability to continue raising funds in the public bond markets and the general conditions in the public bond markets.

On October 8, 1981, the Corporation issued in a public sale $100 million of its Second General Resolution Series 31 Bonds. On October 23, 1981, the Corporation sold in a private sale its Second General Resolution Series 32 and Series 33 Bonds in the aggregate principal amount of $208.6 million and $116.1 million, respectively. The sale of Series 32 and Series 33 Bonds represents the last scheduled sale by the Corporation to the participating financial institutions and New York City pension funds under an agreement dated November 15, 1978. The September 30, 1981 financial statements do not give effect to these transactions, although the exhibits do.

In February 1981, the Corporation sold $100 million of Second General Resolution Series 27 Bonds, with detachable Warrants, which entitle the holders of those Warrants to purchase at face value, up to an aggregate of $100 million principal amount of 10 1/4% Series 28 Bonds periodically between February 5, 1981 and January 18, 1983. As of September 30, 1981, Warrants were exercised for the issuance of $10,000 principal amount of Series 28 Bonds. The financial statements and Exhibits I and II do not give effect to the remaining unsold principal amount of $99.99 million; however, such is included in Exhibit III in summarizing the pro forma future payment requirements as explained therein.

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.

F-10
## EXHIBIT I

**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>June 30, 1981</th>
<th>September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds:</td>
<td>February 1:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>1984-1985</td>
<td>11%</td>
<td>$1,090</td>
<td>$1,090</td>
</tr>
<tr>
<td>BB</td>
<td>1982-1986</td>
<td>6%</td>
<td>75,255</td>
<td>75,255</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>FF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total First Resolution</strong></td>
<td><strong>2,382,333</strong></td>
</tr>
<tr>
<td>Second General Resolution Bonds:</td>
<td>July 1:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1982-1986</td>
<td>8%</td>
<td>53,840</td>
<td>53,840</td>
</tr>
<tr>
<td>2</td>
<td>1982-1986</td>
<td>8%</td>
<td>114,750</td>
<td>114,750</td>
</tr>
<tr>
<td>3</td>
<td>1982-1986</td>
<td>8%</td>
<td>47,105</td>
<td>47,105</td>
</tr>
<tr>
<td>4</td>
<td>1982-1986</td>
<td>8%</td>
<td>58,635</td>
<td>58,635</td>
</tr>
<tr>
<td>5</td>
<td>1982-1991</td>
<td>8%</td>
<td>139,860</td>
<td>139,860</td>
</tr>
<tr>
<td>6</td>
<td>1982-1991</td>
<td>8%</td>
<td>18,215</td>
<td>18,215</td>
</tr>
<tr>
<td>8</td>
<td>1982-1992</td>
<td>7.5%</td>
<td>189,700</td>
<td>189,700</td>
</tr>
<tr>
<td>9</td>
<td>1982-1992</td>
<td>7.5%</td>
<td>776,230</td>
<td>776,230</td>
</tr>
<tr>
<td>10</td>
<td>1989-1999</td>
<td>8.375%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>11</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>139,525</td>
<td>139,525</td>
</tr>
<tr>
<td>12</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>60,375</td>
<td>60,375</td>
</tr>
<tr>
<td>13</td>
<td>1985-1998</td>
<td>7.85%-8.5%</td>
<td>201,100</td>
<td>201,100</td>
</tr>
<tr>
<td>14</td>
<td>1989-1999</td>
<td>8.1%-8.625%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>15</td>
<td>1999-2008</td>
<td>8.125%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>16</td>
<td>1993-1999</td>
<td>7.4%-7.625%</td>
<td>132,235</td>
<td>132,235</td>
</tr>
<tr>
<td>17</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>103,095</td>
<td>103,095</td>
</tr>
<tr>
<td>18</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>73,905</td>
<td>73,905</td>
</tr>
<tr>
<td>19</td>
<td>2000-2008</td>
<td>9%</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>20</td>
<td>2000-2008</td>
<td>8.5%</td>
<td>64,270</td>
<td>64,270</td>
</tr>
<tr>
<td>21</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>209,680</td>
<td>209,680</td>
</tr>
<tr>
<td>22</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>150,320</td>
<td>150,320</td>
</tr>
<tr>
<td>23</td>
<td>2000-2008</td>
<td>9.1%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>24</td>
<td>1982-2006</td>
<td>6.5%-9.75%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>25</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>174,705</td>
<td>174,705</td>
</tr>
<tr>
<td>26</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>125,295</td>
<td>125,295</td>
</tr>
<tr>
<td>27</td>
<td>1996-2008</td>
<td>10.625%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>28</td>
<td>1984</td>
<td>10.625%</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>30</td>
<td>1983-2000</td>
<td>11.375%</td>
<td>98,980</td>
<td>98,980</td>
</tr>
<tr>
<td>31</td>
<td>1984-2008</td>
<td>11%-13.5%</td>
<td>208,575</td>
<td>208,575</td>
</tr>
<tr>
<td>32</td>
<td>1985-2001</td>
<td>13.375%</td>
<td>116,125</td>
<td>116,125</td>
</tr>
<tr>
<td>33</td>
<td>1983-2001</td>
<td>13.375%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total Second Resolution</strong></td>
<td><strong>4,388,130</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total bonds outstanding</strong></td>
<td><strong>$6,770,463</strong></td>
</tr>
</tbody>
</table>

F-11
## EXHIBIT II

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS**

*September 30, 1981*

*(In thousands)*

*(Unaudited)*

<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>
<th>Capital Reserve Fund Additions/(Releases)*</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 178,657†</td>
<td>$ 398,615†</td>
<td>$ 577,272†</td>
<td>($ 47,539)</td>
<td>$ 529,733†</td>
</tr>
<tr>
<td>1983</td>
<td>245,650</td>
<td>575,376</td>
<td>821,026</td>
<td>8,208</td>
<td>829,234</td>
</tr>
<tr>
<td>1984</td>
<td>260,447</td>
<td>618,141</td>
<td>878,588</td>
<td>38,562</td>
<td>917,150</td>
</tr>
<tr>
<td>1985</td>
<td>261,882</td>
<td>636,155</td>
<td>898,037</td>
<td>(38,058)</td>
<td>859,979</td>
</tr>
<tr>
<td>1986</td>
<td>246,116</td>
<td>633,855</td>
<td>879,971</td>
<td>(15,433)</td>
<td>864,538</td>
</tr>
<tr>
<td>1987</td>
<td>255,167</td>
<td>613,142</td>
<td>868,309</td>
<td>(7,235)</td>
<td>861,074</td>
</tr>
<tr>
<td>1988</td>
<td>309,639</td>
<td>594,283</td>
<td>903,922</td>
<td>77,568</td>
<td>981,490</td>
</tr>
<tr>
<td>1989</td>
<td>356,036</td>
<td>579,043</td>
<td>935,079</td>
<td>(20,195)</td>
<td>914,884</td>
</tr>
<tr>
<td>1990</td>
<td>352,770</td>
<td>563,295</td>
<td>916,065</td>
<td>(3,831)</td>
<td>912,234</td>
</tr>
<tr>
<td>1991</td>
<td>352,356</td>
<td>559,513</td>
<td>911,869</td>
<td>324</td>
<td>912,193</td>
</tr>
<tr>
<td>1992</td>
<td>352,201</td>
<td>561,522</td>
<td>913,723</td>
<td>(179,017)</td>
<td>734,706</td>
</tr>
<tr>
<td>1993</td>
<td>349,300</td>
<td>376,627</td>
<td>725,927</td>
<td>(3,434)</td>
<td>722,493</td>
</tr>
<tr>
<td>1994</td>
<td>350,962</td>
<td>387,833</td>
<td>738,795</td>
<td>1,335</td>
<td>740,130</td>
</tr>
<tr>
<td>1995</td>
<td>177,272</td>
<td>382,832</td>
<td>560,104</td>
<td>(396,203)</td>
<td>163,901</td>
</tr>
<tr>
<td>1996</td>
<td>329,523</td>
<td>329,523</td>
<td>659,046</td>
<td>(92,770)</td>
<td>566,276</td>
</tr>
<tr>
<td>1997</td>
<td>238,231</td>
<td>238,231</td>
<td>476,462</td>
<td>9,318</td>
<td>485,780</td>
</tr>
<tr>
<td>1998</td>
<td>233,793</td>
<td>233,793</td>
<td>467,586</td>
<td>0</td>
<td>467,586</td>
</tr>
<tr>
<td>1999</td>
<td>246,793</td>
<td>246,793</td>
<td>493,586</td>
<td>(56,587)</td>
<td>437,001</td>
</tr>
<tr>
<td>2000</td>
<td>191,026</td>
<td>191,026</td>
<td>382,052</td>
<td>(29,232)</td>
<td>352,820</td>
</tr>
<tr>
<td>2001</td>
<td>162,256</td>
<td>162,256</td>
<td>324,512</td>
<td>(31,328)</td>
<td>293,184</td>
</tr>
<tr>
<td>2002</td>
<td>131,709</td>
<td>131,709</td>
<td>263,418</td>
<td>(853)</td>
<td>262,565</td>
</tr>
<tr>
<td>2003</td>
<td>130,724</td>
<td>130,724</td>
<td>261,448</td>
<td>(898)</td>
<td>260,550</td>
</tr>
<tr>
<td>2004</td>
<td>129,683</td>
<td>129,683</td>
<td>259,366</td>
<td>(926)</td>
<td>258,440</td>
</tr>
<tr>
<td>2005</td>
<td>128,602</td>
<td>128,602</td>
<td>257,204</td>
<td>(966)</td>
<td>256,238</td>
</tr>
<tr>
<td>2006</td>
<td>127,467</td>
<td>127,467</td>
<td>254,934</td>
<td>(987)</td>
<td>254,947</td>
</tr>
<tr>
<td>2007</td>
<td>126,298</td>
<td>126,298</td>
<td>252,596</td>
<td>(1,001)</td>
<td>251,595</td>
</tr>
<tr>
<td>2008</td>
<td>125,100</td>
<td>125,100</td>
<td>250,200</td>
<td>(2,665)</td>
<td>247,535</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,048,455</strong></td>
<td><strong>$9,781,437</strong></td>
<td><strong>$13,829,892</strong></td>
<td><strong>(918,943)</strong></td>
<td><strong>$12,910,949</strong></td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.
† The fiscal year 1982 requirements represent the balance of funding required during the year.
EXHIBIT III  

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK  

SUMMARY OF ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS  

September 30, 1981  
(In thousands)  
(Unaudited)  

| For the fiscal year ended June 30 | First General Bond Resolution | Second General Bond Resolution | Total Debt Service on Bonds Outstanding | Additional Debt Service on Series 28 Bonds | Totals
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 212,514††</td>
<td>$ 455,527††</td>
<td>$ 608,041††</td>
<td>$ 5,312</td>
<td>$ 673,353††</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>530,203</td>
<td>781,261</td>
<td>10,624</td>
<td>791,885</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>572,194</td>
<td>812,437</td>
<td>10,624</td>
<td>823,061</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>613,532</td>
<td>894,184</td>
<td>13,299</td>
<td>907,483</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>630,640</td>
<td>873,751</td>
<td>13,065</td>
<td>886,816</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>627,870</td>
<td>876,991</td>
<td>12,814</td>
<td>889,805</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>607,137</td>
<td>868,350</td>
<td>12,561</td>
<td>880,911</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>588,193</td>
<td>946,258</td>
<td>12,298</td>
<td>958,556</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>572,840</td>
<td>926,848</td>
<td>12,027</td>
<td>938,875</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>556,975</td>
<td>908,506</td>
<td>11,755</td>
<td>920,261</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>552,719</td>
<td>905,901</td>
<td>11,472</td>
<td>917,373</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>554,152</td>
<td>905,361</td>
<td>11,181</td>
<td>916,552</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>382,896</td>
<td>737,439</td>
<td>10,586</td>
<td>748,025</td>
</tr>
<tr>
<td>1996</td>
<td>377,609</td>
<td>377,609</td>
<td>755,218</td>
<td>10,276</td>
<td>765,494</td>
</tr>
<tr>
<td>1997</td>
<td>325,052</td>
<td>325,052</td>
<td>650,104</td>
<td>9,961</td>
<td>330,063</td>
</tr>
<tr>
<td>1998</td>
<td>235,238</td>
<td>235,238</td>
<td>470,476</td>
<td>9,642</td>
<td>244,880</td>
</tr>
<tr>
<td>1999</td>
<td>230,601</td>
<td>230,601</td>
<td>461,202</td>
<td>9,314</td>
<td>239,915</td>
</tr>
<tr>
<td>2000</td>
<td>243,043</td>
<td>243,043</td>
<td>486,086</td>
<td>8,977</td>
<td>255,020</td>
</tr>
<tr>
<td>2001</td>
<td>188,094</td>
<td>188,094</td>
<td>376,188</td>
<td>8,929</td>
<td>197,023</td>
</tr>
<tr>
<td>2002</td>
<td>159,788</td>
<td>159,788</td>
<td>319,576</td>
<td>9,478</td>
<td>169,266</td>
</tr>
<tr>
<td>2003</td>
<td>150,023</td>
<td>130,023</td>
<td>280,046</td>
<td>9,121</td>
<td>139,144</td>
</tr>
<tr>
<td>2004</td>
<td>128,904</td>
<td>128,904</td>
<td>257,808</td>
<td>8,766</td>
<td>137,670</td>
</tr>
<tr>
<td>2005</td>
<td>127,720</td>
<td>127,720</td>
<td>255,440</td>
<td>8,398</td>
<td>133,138</td>
</tr>
<tr>
<td>2006</td>
<td>126,484</td>
<td>126,484</td>
<td>252,968</td>
<td>8,022</td>
<td>134,506</td>
</tr>
<tr>
<td>2007</td>
<td>125,182</td>
<td>125,182</td>
<td>250,364</td>
<td>7,646</td>
<td>132,828</td>
</tr>
<tr>
<td>2008</td>
<td>123,831</td>
<td>123,831</td>
<td>247,662</td>
<td>7,261</td>
<td>131,092</td>
</tr>
<tr>
<td>2009</td>
<td>122,435</td>
<td>122,435</td>
<td>244,870</td>
<td>6,893</td>
<td>128,328</td>
</tr>
<tr>
<td>Total</td>
<td>$4,207,840</td>
<td>$10,261,277</td>
<td>$14,469,117</td>
<td>$275,199</td>
<td>$14,744,316</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.  
† Assumes the issuance of the remaining unissued authorized principal amount of $99.99 million of Series 28 Bonds on October 25, 1981.  
†† Includes $93 million which was paid on August 1, 1981 as debt service payment on First General Resolution Bonds and $248.9 million which was paid on July 1, 1981 as debt service payment on Second General Resolution Bonds.
EXHIBIT B

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

November 1, 1981

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 $ aggregate principal amount of Series Bonds (the “Series 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 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 Resolution, adopted November 12, 1981 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 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 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
</table>

The Series Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series Bonds are interchangeable as provided in the Resolutions. Coupon Series Bonds are numbered - - and fully registered Series Bonds are lettered and numbered.
R. followed, in each case, by the last two digits of the year of maturity and the number of the Series Bonds. Coupon Series Bonds and fully registered Series Bonds are numbered consecutively from one upward in order of issuance.

(DESCRIPTION OF REDEMPTION PROVISIONS)

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-c to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 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 constituted 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 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 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
3. The Series 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 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 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 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 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 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series Bonds, and the execution and delivery of the Series 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 Bond numbered and, in our opinion, the form of said Bond and its execution are regular and proper.

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

Dear Sirs:

We have examined a record of proceedings relating to the making, execution and delivery of warrants (the "Warrants") to purchase $67,540,000 aggregate principal amount of Series 36 Bonds (the "Series 36 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 Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted November 12, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of November 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of November 1, 1981, expire January 18, 1983 and are in bearer form only.

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 Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The warrant resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.

4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.

5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.
6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 36 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and the legal power of the Corporation to issue the Series 36 Bonds upon the exercise of the Warrants, which is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued.

We have examined the executed Warrant numbered 35W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

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

Series 34 Bonds

and

Series 35 Bonds

With Warrants to Purchase

Series 36 Bonds

BOND PURCHASE AGREEMENT

November 12, 1981

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters

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

Gentlemen:

Subject to the terms and conditions herein, the undersigned Municipal Assistance Corporation For The City of New York (the “Corporation”) hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the “Underwriters”), for whom you are acting as Representatives (the “Representatives”), with respect to the purchase by the Underwriters, jointly and severally, from the Corporation, and the sale by the Underwriters, of $40,495,000 aggregate principal amount of the Corporation’s Series 34 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Series 34 Bonds”) and $59,505,000 aggregate principal amount of the Corporation’s Series 35 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Series 35 Bonds”, and together with the Series 34 Bonds, collectively, the “Bonds”), together with Warrants (the “Warrants”) to purchase $59,505,000 aggregate principal amount of the Corporation’s Series 36 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Series 36 Bonds”) (the Bonds and the Warrants being hereinafter referred to as the “Securities”), which the Underwriters herein agree to purchase. The Series 34 Bonds are to be issued pursuant to the Second General Bond Resolution, adopted by the Board of Directors of the Corporation on November 25, 1975 (the “Second General Bond Resolution”) and the Series 34 Resolution adopted by the Board of Directors of the Corporation on November 12, 1981 (the “Series 34 Resolution”). The Series 35 Bonds are to be issued pursuant to the Second General Bond Resolution and the Series 35 Resolution adopted by the Board of Directors of the Corporation on November 12, 1981 (the “Series 35 Resolution”). The Series 36 Bonds are to be issued pursuant to the Second General Bond Resolution
and the Series 36 Resolution adopted by the Board of Directors of the Corporation on November 12, 1981 (the "Series 36 Resolution"). The Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution are hereinafter collectively referred to as the "Resolutions." The Warrants are to be issued pursuant to the Warrant Resolution adopted by the Board of Directors of the Corporation on November 12, 1981 (the "Warrant Resolution") and under a warrant agreement (the "Warrant Agreement") dated as of November 1, 1981, between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the "Warrant Agent").

Attached hereto is a copy of the final Official Statement of the Corporation including the cover page and exhibits thereto, dated November 12, 1981, relating to the Securities (the "final Official Statement").

SECTION 1. Representations and Agreements of the Corporation.

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

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the "Act"); it is a purpose of the Corporation to assist The City of New York (the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City; and the Act has been validly adopted and is in full force and effect.

(b) A specimen Series 34 Bond, a specimen Series 35 Bond, a specimen Series 36 Bond, a specimen Warrant, a copy of each of this Agreement and the Warrant Agreement executed by the Corporation and a copy of each of the Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution and the Warrant Resolution, certified by an appropriate officer of the Corporation, shall be delivered to you at or prior to the Closing Time (as hereinafter defined).

(c) The information concerning the Corporation and the Securities in the final Official Statement is true at the time of acceptance hereof by the Representatives in all material respects. The final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation will apply the proceeds from the sale of the Securities and the Series 36 Bonds substantially as set forth in the Resolutions and the final Official Statement.

(d) When delivered to and paid for by the Underwriters, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Second General Bond Resolution and the Series 34 Resolution or the Series 35 Resolution, as the case may be, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds. When delivered to and paid for by persons exercising Warrants, the Series 36 Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefit of the Second General Bond Resolution and the Series 36 Resolution, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Series 36 Bonds. When delivered to and paid for the Underwriters, the Warrants will have been duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Warrant Agreement, except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants and (ii) the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued and delivered.
(e) The Corporation agrees to cooperate with the Underwriters to register or qualify the Securities and the Series 36 Bonds for offer and sale under the securities or "blue sky" laws of such jurisdictions in the United States as the Underwriters may request (it being understood that nothing herein shall require the Corporation to qualify as a foreign corporation or as a dealer in securities or to execute any consent to service of process other than in connection with such qualification or registration).

(f) Except as set forth in the final Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending (or to the best of the knowledge of the Corporation threatened) against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the transactions contemplated by this Agreement, or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds or the validity of the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, the Warrant Agreement, the Warrants, the Warrant Resolution, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution, the Second General Bond Resolution, this Agreement or any agreement or instrument to which the Corporation is a party which is required in connection with the consummation of the transactions contemplated hereby.

(g) The execution, delivery and receipt of the final Official Statement, this Agreement, the Series 34 Bonds, the Series 35 Bonds, the Series 36 Bonds, the Warrant Agreement and the Warrants and the adoption of the Resolutions under the circumstances contemplated hereby and by the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, or administrative regulation, decree, or order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

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

(i) The execution, delivery and performance of this Agreement, the Warrant Agreement, the Warrants, the Series 34 Bonds, the Series 35 Bonds and the Series 36 Bonds have been duly authorized by proper proceedings and will not contravene any provisions of law or regulation or by-law of the Corporation or any agreement, decree or instrument binding upon the Corporation or any of its property. This Agreement and the Warrant Agreement constitute legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms, except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to this Agreement or the Warrant Agreement, and (ii) the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued and delivered.

(j) Except for liens created by the bonds and notes heretofore issued by the Corporation, by the Resolutions and by the Corporation's General Bond Resolution dated July 2, 1975 (the "First General Bond Resolution"), there is no lien on the revenues or property of the Corporation as of the date of this Agreement and as of the Closing Time there will be no liens on the revenues or property of the Corporation except for the liens created by such bonds and notes, by the Resolutions and by the First General Bond Resolution.

(k) The Corporation has complied with all of the covenants contained in, and no event of default exists pursuant to, the Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution, the Series 34 Bonds, the Series 35 Bonds, the Series 36 Bonds, the Warrants, the Warrant Agreement or the First General Bond Resolution or the bonds issued thereunder.
(l) No authorization, consent or approval of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary for the valid execution, delivery or performance by the Corporation of this Agreement, the Warrant Agreement, the Warrants, the Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, or, if necessary, such authorization, consent, approval, filing or registration has been, or in the case of the Series 36 Bonds, will be, duly obtained or made.

(m) The financial statements of the Corporation contained in the final Official Statement (i) fairly present the financial position and results of operations of the Corporation as of the dates and for the periods therein set forth and (ii) were prepared in accordance with generally accepted accounting principles. Since June 30, 1981, the date of the audited financial statements, there has been no material adverse change in the financial position of the Corporation or transactions in the Bond Service Fund, Debt Service Fund, either of the Capital Reserve Funds and Operating Fund established under the Second General Bond Resolution and the First General Bond Resolution, except as referred to in the final Official Statement.

(n) If during the period commencing on the date hereof and ending at the Closing Time any event affecting the transactions contemplated by this Agreement shall occur which makes untrue any statement of a material fact set forth in the final Official Statement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and if in the opinion of the Corporation and the Representatives such event requires a supplement or amendment to the final Official Statement, the Corporation at its expense will supplement or amend the final Official Statement in a form and in a manner approved by the Representatives and counsel for the Underwriters.

(o) To the best of the knowledge of the Corporation, no independent investigation having been made, the Agreements (as defined in the final Official Statement) are in full force and effect and no default exists thereunder. The Agreements to which the Corporation is a party constitute legal, valid and binding agreements enforceable against the Corporation in accordance with their respective terms, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to such Agreements.

(p) If, at any time prior to the earlier of the date on which all the Warrants have been exercised and January 18, 1983, any event shall occur which makes untrue any statement of a material fact set forth in the most recent Official Statement delivered to the Warrant Agent pursuant to Section 5.05 of the Warrant Agreement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Corporation promptly will prepare and deliver to the Warrant Agent, a revised Official Statement which will correct such statement or omission. The Corporation agrees, prior to delivery of any revised Official Statement to the Warrant Agent as aforesaid, to furnish you with a copy thereof for your review.

**SECTION 2. Purchase, Sale and Delivery of the Securities.**

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the Corporation, the Securities for an aggregate purchase price of $97,418,475, plus accrued interest on the Bonds from November 1, 1981 to the date of payment and delivery. The Series 34 Bonds shall be issued under and secured by the Series 34 Resolution and the Second General Bond Resolution, to the extent therein provided. The Series 35 Bonds shall be issued under and secured by the Series 35 Resolution and the Second General Bond Resolution, to the extent therein provided. The Bonds shall mature and bear the interest rate and be subject to redemption as set forth in the final Official Statement. The Warrants shall be issued under and have the terms set forth in the Warrant Agreement. Payment for the Securities shall be made by
certified or official bank check or checks, in New York Clearing House funds, payable to the order of the Corporation, at the Closing Time, at the offices of the Corporation, One World Trade Center, Suite 8901, New York, New York. The Closing Time shall be 8:30 A.M., New York time, on November 24, 1981, or such other time and place as may be provided in accordance with the provisions of Section 9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Bonds shall be delivered in definitive form, as coupon Bonds in the denomination of $5,000 each registrable as to principal only, or Bonds registered as to principal and interest in the denomination of $5,000 each or any integral multiple of $5,000. The Warrants accompanying the Series 35 Bonds shall be in definitive bearer form as set forth in Exhibit A to the Warrant Agreement, and each Warrant certificate shall represent five Warrants which, in the aggregate, entitle the holder thereof to purchase $5,000 in principal amount of the Series 36 Bonds. The Securities shall be available for examination and packaging by the Underwriters not less than 24 hours prior to the Closing Time. The paying agents for the Bonds are as set forth in the final Official Statement.

Section 3. Conditions of the Underwriters' Obligations.

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

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

(1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (i) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, in the form attached hereto as Exhibit A and (ii) Hawkins, Delahfield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B (as to both the Series 34 Bonds and the Series 35 Bonds), C, and D and further as to the enforceability of the 1978 State Covenant (as defined in the final Official Statement), in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as counsel for the Underwriters shall reasonably approve.

(2) An opinion of White & Case, counsel for the Underwriters, dated the Closing Time, with sufficient copies for each Underwriter, satisfactory in form and substance to the Representatives, with respect to the creation and existence of the Corporation, the adoption of the Resolutions, the authorization and issuance of the Warrants and the Bonds, the authorization of the Series 36 Bonds, the authorization, execution and delivery by the Corporation of this Agreement and the Warrant Agreement, the exemption of the offering and sale of the Securities from the registration requirements of the Securities Act of 1933, as amended, the exemption of the Second General Bond Resolution, the Series 34 Resolution, the Series 25 Resolution and the Series 36 Resolution from the qualification requirements of the Trust Indenture Act of 1939, as amended, and the status of the Warrants and the Bonds as "municipal securities" under the Securities Exchange Act of 1934, as amended; to the effect that nothing has come to their attention which would lead them to believe that the final Official Statement (as the same has been theretofore supplemented or amended as of the Closing Time) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and such other related matters as the Representatives may reasonably request; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(3) A certificate, reasonably satisfactory in form to you, as Representatives, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, to the effect that (i) each of the representations of the Corporation set forth in Section 1 hereof is true, accurate and complete in all material respects as though made with respect to and as of the Closing Time (with regard to the final Official Statement, such certification shall be based
on the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time; (ii) each of the agreements of the Corporation set forth in Section 1 hereof to be complied with at or prior to the Closing Time has been complied with as of such time; and (iii) the Warrants, the Bonds, the Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution conform in all material respects to the descriptions thereof in the final Official Statement.

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

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

(6) Certificates, reasonably satisfactory in form to you, as Representatives, dated the Closing Time, of the Mayor and the Comptroller of the City, or an appropriate deputy, to the effect that certain specified information contained in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption “Certain Developments Affecting the City” is true in all material respects or is a fair presentation of the information set forth therein.

(7) A certificate, reasonably satisfactory in form to you, as Representatives, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, setting forth sufficient facts, estimates and circumstances to support the conclusion, stated in the certificate, that on the date of issue it is not expected that the proceeds of the Securities will be used in a manner that will cause the Series 34 Bonds or the Series 35 Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and stating that to the best of the knowledge and belief of the certifying officer there are no other facts, estimates or circumstances that would materially change such expectation.

(8) An opinion, dated the Closing Time and addressed to the Corporation, of Hawkins, Delafield & Wood, to the effect that, based upon their examination of law and review of the certification by the Corporation provided for in (7) above, they are of the opinion that the facts, estimates and circumstances are sufficiently set forth in such certificate to satisfy the criteria which are necessary under Section 103(c) of the Internal Revenue Code of 1954, as amended, and Sections 1.103-13, 1.103-14 and 1.103-15 of the regulations promulgated thereunder as amended to the date thereof, to support the conclusion that the Series 34 Bonds or the Series 35 Bonds will not be arbitrage bonds, and that no matters have come to their attention which make unreasonable or incorrect the representations made in such certificate.

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

(b) The market price of the Securities, the Bonds, the Series 36 Bonds or the Warrants, or the market prices of general credit or revenue obligations issued by states or political subdivisions
thereof, or the market prices of such revenue obligations of the character of the Bonds, shall not
(in the reasonable opinion of the Representatives) have been materially adversely affected by reason
of the fact that between the date hereof and the Closing Time:

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

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

(3) an order, ruling or regulation (final, temporary or proposed) shall have been made
by the Treasury Department of the United States or the Internal Revenue Service and published
in the Federal Register, with the purpose or effect, directly or indirectly, of imposing Federal
income taxation upon such interest as would be received by the holders of the Bonds or the
Series 36 Bonds, or

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

(c) No order, decree or injunction of any court of competent jurisdiction, and no order, ruling,
regulation or administrative proceeding by any governmental body or board, shall have been issued
or commenced, and no legislation shall have been enacted by the Congress, or the State of New York,
with the purpose or effect of prohibiting the issuance, offering or sale of the Warrants, the Bonds
or the Series 36 Bonds as contemplated hereby or by the final official Statement.

(d) The Comptroller of the State of New York shall have approved in writing the sale of the
Warrants, the Bonds and the Series 36 Bonds and the terms thereof as provided in this Agreement.

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

(f) Underwriters which are member banks of the Federal Reserve System shall be authorized
under applicable law to underwrite the Securities. Underwriters which are subject to regulation by the
New York State Department of Banking shall be authorized under applicable law to underwrite the
Securities.

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

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

(i) No event shall have occurred on or after the date hereof which in the reasonable judgment
of the Representatives (1) has jeopardized the continued eligibility of the City for loan guarantees
of its indebtedness pursuant to the Agreements or (2) forms the basis for any party to the Agree-
ments to terminate its obligations thereunder.

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

The Corporation's obligations hereunder, other than pursuant to Sections 5, 7 and 10 hereof, are subject to:

(a) the performance by the Underwriters of their obligations hereunder;
(b) the satisfaction of the conditions set forth above in (a)(4), (a)(5), (a)(6), (c), (d), (f), (g), (h), (i) and (j) of Section 3 hereof; and
(c) the receipt by the Underwriters at the Closing Time of the opinions described in (a)(1), (a)(2) and (a)(8) of Section 3 hereof.

SECTION 5. Deposit.

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

SECTION 6. Representations and Agreements to Survive Delivery.

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

SECTION 7. Payment of Expenses.

The Corporation shall pay all costs and expenses incidental to the performance of its obligations under this Agreement and the Warrant Agreement including all expenses incident to the delivery of the Securities to the several Underwriters, the delivery of Series 36 Bonds upon the exercise of the Warrants, the fees and expenses of Bond Counsel and General Counsel for the Corporation, the costs and expenses incidental to the preparing and printing of this Agreement and the Warrant Agreement, the Official Statement, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution and related documents, and expenses incurred in connection with any securities or "blue sky" law qualifications and the preparation of a memorandum with respect thereto and for any fees charged by investment rating agencies for the rating of the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, it being understood that, except as provided in this Section 7, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel, the printing of the Agreement Among Underwriters and any advertising and mailing connected with any offering of the Securities by them; provided, however, that the Corporation shall have no obligation under this Section 7 if the Corporation is not obligated under this Agreement pursuant to Section 4(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.

SECTION 8. Use of Preliminary and Final Official Statement.

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Securities the preliminary Official Statement dated
November 4, 1981, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Securities. Each Underwriter agrees, in connection with the sale of Securities by such Underwriter, that it will not confirm the sale of any Securities unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement.


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

SECTION 10. Indemnification.

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

SECTION 11. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters and the Corporation and their respective successors, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Corporation, and officials of the Corporation, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The terms “successors” and “assigns” shall not include any purchaser of Securities from any Underwriter merely because of such purchase.
Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or the apportionment and payment of per capita aid under Section 54 of the State Finance Law or to the funds created by Sections 92-b, 92-d and 92-e of the State Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

SECTION 12. Notice.

All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at One World Trade Center, Suite 8901, New York, New York 10048, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022; and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives at the address set forth above.

SECTION 13. Representation.

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


This Agreement shall be governed by the laws of the State of New York and may not be assigned by the Corporation or the Underwriters.
If the foregoing is in accordance with the Underwriters’ understanding of the agreement among the Corporation and the Underwriters, kindly sign and return to the Corporation the enclosed duplicates hereof, whereupon it will constitute a binding agreement among the Corporation and the Underwriters in accordance with its terms.

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION FOR THE
CITY OF NEW YORK

[Seal]

By FELIX ROHATYN
Authorized Officer

By STEPHEN WEINSTEIN
Authorized Officer

Accepted and confirmed as of the date first above written:

SALOMON BROTHERS INC
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
on behalf of themselves and the other Underwriters named in Schedule I hereto.

By SALOMON BROTHERS INC

By JOHN J. O’BRIEN
Managing Director
SCHEDULE I

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

UNDERWRITERS

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

Representatives

BancFirst/West
Bank of Boston/The First National Bank of Boston
Bankers Trust Company
A. G. Becker Warburg Paribas Becker
Blyth Eastman Paine Webber Incorporated
Alex. Brown & Sons
Chemical Bank
Continental Bank/Continental Illinois National Bank and Trust Company of Chicago
Dillon, Read & Co., Inc.
Donaldson, Luften & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated
Ehrlich-Hoher & Co., Inc.
The First Boston Corporation
First Chicago/The First National Bank of Chicago
First Interstate Bank of California
Glickenhaus & Co.
Harris Trust and Savings Bank
E. F. Hutton & Company Inc.
Irving Trust Company
Kidder, Peabody & Co. Incorporated
Lehman Brothers Kuhn Loeb Incorporated
Manufacturers Hanover Trust Company
Marine Midland Bank, N.A.
New Court Securities Corporation
The Northern Trust Company
John Nuveen & Co. Incorporated
Oppenheimer & Co., Inc.
Reed Partners
Shearson/American Express Inc.
Smith Barney, Harris Upham & Co. Incorporated
Thomson McKinnon Securities Inc.
Weeden Municipal Securities Div. of Moseley, Hallgarten, Estabrook & Weeden Inc.
Wells Fargo Bank, N.A.

Werthiem & Co., Inc.
Dean Witter Reynolds Inc.

Adams, McEntee & Company
Advest, Inc.
Allen & Company Incorporated
Altgelt & Company, Incorporated Affiliate of Rotan Mosley, Inc.
American Securities Corporation
Bank of New York
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Langdon P. Cook & Co. Incorporated
European American Bank & Trust Company
Fahnestock & Co.
First Tennessee Bank N.A. Memphis
Geo. B. Gibson & Company Incorporated
Girard Bank
Matthews & Wright, Inc.
McDonald & Company
North Carolina National Bank
The Philadelphia National Bank
Wm. E. Pollock & Co., Inc.
Prescott, Ball & Turben
Samuel A. Ramirez & Co., Inc.
Roosevelt & Cross, Incorporated
Herbert J. Sims & Co., Inc.
Southeast First National Bank of Miami
Stephens Inc.
Swiss American Securities Inc.
UMIC, Inc.
Underwood, Neuhaus & Co. Incorporated
Young, Smith & Peacock, Inc.

Adams, Harkness & Hill Inc.
Baker, Watts & Co.
Banco Popular de Puerto Rico
Bevill, Bresler & Schulman Incorporated
Boland, Saffin, Gordon & Sautter
Butcher & Singer Inc.
Colin, Hoestin Co.
Craigie Incorporated
Doft & Co., Inc.
A. Webster Dougherty & Co. Incorporated
Douglas & Co. Municipals, Inc.
A. G. Edwards & Sons, Inc.
Fidelity Union Trust Company
First of Michigan Corporation
Gruntal & Co.
Halpert, Oberst and Company
J. B. Hansauer & Co.
Chester Harris & Co., Inc.
William R. Hough & Co.
Howard, Weil, Labouisse, Friedichs Incorporated
Josephthal & Co. Incorporated
Laidlaw, Adams & Peck Inc.
Mercantile Trust Company, N.A.
Moore & Schley Municipals, Inc.
National Bank of North America
The National City Bank of Cleveland
New Japan Securities International Inc.
O'Neill & Feldman, Inc.
Park, Ryan Inc.
Phillips, Appel & Walden, Inc.
Piper, Jaffray & Hopwood Incorporated
Rausher Pierce Refsnes, Inc.
The Robinson-Humphrey Company, Inc.
Ryan, Beck & Co.
Donald Sheldon & Co., Inc.
Sterling, Grace Municipal Securities Corporation
Michael A. Weiss, Inc.
Wheat, First Securities, Inc.

Baird, Patrick & Co., Inc.
George K. Baum & Company, Inc.
Birr, Wilson & Co., Inc.
Boening & Scatteredgood
Brislin, Stanley & Woram
Burgess & Leith Inc.
Carolan & Co., Inc.
The Cherokee Securities Company
The Citizens and Southern National Bank (Atlanta)
Connors & Co., Inc.
Coogan, Gilbert & Co.
R. W. Corby & Co., Inc.
Cowen & Company
Dolphin & Braybury
Drysdale Securities Corp.
James J. Duane & Co.
Ellins & Co.
Emanuel and Company
Ernst & Co.
Ferris & Company, Incorporated
First Albany Corporation
First Equity Corp. of Florida
First Interregional Equity Corporation
First Miami Securities, Inc.

First Union National Bank of North Carolina
First Wisconsin National Bank of Milwaukee
Gabriele, Huegl & Cashman, Inc.
Gallagher Capital Corp.
Gibralco, Inc.
Gibraltar Securities Co.
Hannauer, Stern & Co.
Hartford National Bank and Trust Company
Hefren-Tillotson, Inc.
Henderson, Few & Company
Frank Henjes & Co., Inc.
Hereth, Orr & Jones, Inc.
Herzfeld & Stern
Horner, Harksdale & Co.
Howe, Barnes & Johnson
Hutchinson, Shockey, Erley & Co.
The Illinois Company Incorporated
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Janney Montgomery Scott Inc.
Johnston, Lemon & Co., Inc.
Kormendi, Byrd Brothers, Inc.
The Leedy Corporation
Leedy, Wheeler & Alleman, Incorporated
Legg Mason Wood Walker Incorporated
M. S. Lewis & Co., Inc.
Liss, Tenner & Goldberg, Inc.
Mabon, Nugent & Co.
Marcus, Stowell & Heye, Inc.
Marks, Allen & Co.
Marshall and Meyer, Inc.
A. E. Masten & Co. Incorporated
C. S. McKee & Co., Inc.
McLaughlin, Piven Inc.
McNeely & Company
Mestrow & Company
E. F. Miller Municipals, Inc.
Miller & Schroeder Municipals, Inc.
E. A. Moos & Co., Inc.
Morgan, Olmstead, Kennedy & Gardner Incorporated
Multi-Vest Securities Inc.
Municipal Investors Service, Inc.
National Bank of Commerce/Memphis
J. A. Overton & Co.
A. E. Pearson, Inc.
Charles G. Perlor & Co., Inc.
R. W. Peters, Rickel & Co., Inc.
D. A. Pineus & Co.
Purcell, Graham & Co., Inc.
T. J. Rainey & Sons, Inc.
Riviere Securities Corporation
Arch W. Roberts & Co.
Rodman & Renshaw, Inc.
Rogers & Lamb
Rooney, Pace Inc.
Roose, Wade Division of Wm. C. Roney & Company
R. Rowland & Co. Incorporated
Schafler, Neck & Co.
Schaff & Jones, Incorporated
Seattle First National Bank
M. L. Stern & Co.
Swink & Company, Inc.
Thomas & Company, Inc.
Toliner & Bean, Inc.
Tripp & Co., Inc.
Union Planters National Bank

United Jersey Bank
R. D. White & Company
Warren W. York & Co., Inc.
Zahn & Company
A. W. Zucker & Co.
Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated November 12, 1981 (the "Agreement"), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $40,495,000 aggregate principal amount of the Corporation's Series 34 Bonds (the "Series 34 Bonds") and $59,505,000 aggregate principal amount of the Corporation's Series 35 Bonds (the "Series 35 Bonds") together with warrants (the "Warrants") to purchase $59,505,000 aggregate principal amount of the Corporation's Series 36 Bonds (the "Series 36 Bonds") (the Series 34 Bonds and Series 35 Bonds together with Warrants being hereinafter referred to as the "Securities").

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the "Act"), the final Official Statement of the Corporation, dated November 12, 1981, with respect to the Securities, as amended or supplemented to the date hereof (the "final official Statement"), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the "Second General Bond Resolution"),
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 the Warrant Agreement, to issue the Warrants, to adopt the Warrant Resolution and the Resolutions and to issue the Series 34 Bonds, the Series 35 Bonds and the Series 36 Bonds under the Resolutions.

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

3. The execution and delivery of, and the performance of the obligations under the Agreement and the Warrant Agreement and the issuance of the Warrants, the Series 34 Bonds, the Series 35 Bonds and the Series 36 Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement and the Warrant Agreement constitute the legal, valid and binding agreements of the Corporation enforceable in accordance with their respective terms except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement or the Warrant Agreement and (ii) the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued and delivered. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the holders of the Warrants, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, and no other authorization for, or filing or recording of, the Resolutions or the Warrant Resolution is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State Covenant as that term is defined in the final Official Statement.

4. The Series 34 Bonds and the Series 35 Bonds have each been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Second General Bond Resolution and the Series 34 Resolution and the Series 35 Resolution, respectively, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of either the Series 34 Bonds or the Series 35 Bonds. The Warrants have been duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Warrant Agreement except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants and (ii) the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the
Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued and delivered.

5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Series 34 Bonds, the Series 35 Bonds, the Series 36 Bonds, the Warrant Agreement, the Warrants and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or which in any way would adversely affect provisions for the payment of principal or interest on the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds or the validity of the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, the Warrant Agreement, the Warrants, the Resolutions, the Warrant Resolution, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement.

7. The offering and sale of the Securities by the Corporation to you, and the resale of the Securities by you as contemplated by the Agreement and the final Official Statement, are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 36 Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Warrants, the Series 34 Bonds and the Series 35 Bonds constitute “municipal securities” as such term is defined in the Securities Exchange Act of 1934, as amended.

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

Control Programs" and "Litigation" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation's obligations under the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds are rendered in reliance upon the opinions 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 opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,
EXHIBIT B

to

Bond Purchase Agreement

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

November 1, 1981

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 $ aggregate principal amount of Series Bonds (the "Series 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 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 Resolution, adopted November 12, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 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 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Series Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series Bonds are interchangeable as provided in the Resolutions. Coupon Series Bonds are numbered and fully registered Series Bonds are lettered and numbered.
R. - followed, in each case, by the last two digits of the year of maturity and the number of the Series Bonds. Coupon Series Bonds and fully registered Series Bonds are numbered consecutively from one upward in order of issuance.

(DESCRIPTOR OF REDEMPTION PROVISIONS)

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 $911 twenty; (iv) any amounts required to be paid to The City to the State to repay any advance made in the hundred seventy-two; (v) any amounts required to be paid to The City to the State to repay any advance made in the hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (vi) 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 c 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 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 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 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 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 to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 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 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 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 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 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 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series Bonds, and the execution and delivery of the Series 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 Bond numbered -1 and, in our opinion, the form of said Bond and its execution are regular and proper.

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

DEAR SIRS:

We have examined a record of proceedings relating to the making, execution and delivery of warrants (the "Warrants") to purchase $59,505,000 aggregate principal amount of Series 36 Bonds (the "Series 36 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 Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted November 12, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of November 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of November 1, 1981, expire January 18, 1983 and are in bearer form only.

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 Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.
4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.

5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.

6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 36 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that (1) the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and (2) the legal power of the Corporation to issue the Series 36 Bonds upon the exercise of the Warrants is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued.

We have examined the executed Warrant numbered 35W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,
Hawkins, Delafield & Wood
67 Wall Street, New York 10005

November 1, 1981

SALOMON BROTHERS INC
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BACHE HALSEY STUART SHIELDS INCORPORATED
BEAR, STEARNS & CO.
L. F. ROTHSCILD, UNTERBERG, TOWBIN

As representatives of the several Underwriters
named in Schedule I to the Bond Purchase
Agreement dated November 1, 1981 with
the Municipal Assistance Corporation For
The City of New York.

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

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation For The City of New York (the
"Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to the
authorization and issuance of the Corporation's Series 34 Bonds (the "Series 34 Bonds") and Series 35
Bonds (the "Series 35 Bonds"), each dated November 1, 1981 and authorized by the Second General Bond
Resolution (the "Second General Bond Resolution"), adopted by the Corporation on November 25, 1975,
as amended and supplemented, and the Series 34 Resolution (the "Series 34 Resolution"), and Series 35
Resolution (the "Series 35 Resolution") respectively, each adopted November 12, 1981, together with
Warrants being issued together with the Series 35 Bonds (the "Warrants") authorized by the Warrant
Resolution (the "Warrant Resolution"), adopted November 12, 1981 to purchase the Corporation's Series
36 Bonds (the "Series 36 Bonds") authorized by the Second General Bond Resolution and the Series 36
Resolution (the "Series 36 Resolution"), adopted November 12, 1981 (the Series 34 Bonds and the
Series 35 Bonds with Warrants being hereinafter referred to as the "Securities"). The Second General Bond
Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution are
hereinafter collectively referred to as the "Resolutions"). The Opinion is being rendered in connection with
the delivery of the Securities to Salomon Brothers Inc on behalf of the Underwriters named in Schedule I
to the Bond Purchase Agreement for the Securities (the "Bond Purchase Agreement") by and among
you, as representatives of said Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the
Corporation in connection with the authorization, sale and issuance of the Securities and the Series 36
Bonds including a record of proceedings of the Corporation relating to the authorization, execution and
delivery of the Bond Purchase Agreement and the Warrant Agreement dated as of November 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Securities dated November 12, 1981 (the "Official Statement").

In connection with the sale of the Securities, at the request of the Corporation, we participated and assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE BONDS (other than the statistical and financial information under the headings "Per Capita Aid", "Sales Tax", "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax"), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS AND WARRANTS BEING OFFERED (other than the information under the heading "Certain Tax Consequences"), AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no litigation of the Corporation including statements to the effect that, except as noted in the Official Statement, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Securities, or in any way contesting or affecting the validity of the Securities, any proceedings of the Corporation taken with respect to the issuance thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Series 34 Bonds or the Series 35 Bonds or the existence or powers of the Corporation. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussion, inquiries and conferences referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

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

We are further of the opinion that the Series 36 Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Securities pursuant to and as contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Securities by you would be similarly exempt from registration under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the
Resolutions or any indenture with respect to the Securities or the Series 36 Bonds pursuant to the Trust Indenture Act of 1939, as amended, and the Warrants, the Series 34 Bonds and the Series 35 Bonds constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

We are further of the opinion that the Series 34 Bonds and the Series 35 Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State.

Very truly yours,
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:

I have reviewed the tabular data and footnotes set forth under the charts “Quarterly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly Collections of Stock Transfer Tax” contained in the final Official Statement with respect to the Series 34 Bonds and the Series 35 Bonds dated November 12, 1981, as the same has been heretofore supplemented or amended as of the date hereof (the “Official Statement”) of the Municipal Assistance Corporation For The City of New York under the sections captioned “Payment of the Bonds—Sales Tax” and “Payment of the Bonds—Stock Transfer Tax.” Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this day of November, 1981.

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

EXHIBIT F

to
Bond Purchase
Agreement

November , 1981

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

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of
New York (the "Corporation") as of June 30, 1981, and for the year then ended (the "Financial
Statements") included in the Official Statement of the Corporation dated November 12, 1981 for the
Series 34 Bonds and the Series 35 Bonds with Warrants to purchase the Series 36 Bonds (the "Official
Statement"); our report with respect thereto is also included in such Official Statement. In connection
with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the
Corporation's Financial Statements for the year ended June 30, 1981 and expressed our opinion
thereon dated July 28, 1981. We have not examined any financial statements of the Corporation
as of any date or for any period subsequent to June 30, 1981; although we have made an examination
for the year ended June 30, 1981, 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, 1981 and for the year
then ended. Therefore, we are unable to and do not express any opinion on the unaudited Statement of
Financial Position, Statement of Changes in Funds Available to Purchase City of New York Obligations
and Summary of Changes in Funding Requirements as of September 30, 1981, the related unaudited
Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund Statements of Trans-
actions or schedules for the three-month period ended September 30, 1981 included in the Official State-
ment, or on the financial position, transactions or schedules as of any date or for any period subsequent
to June 30, 1981.

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

A. We have read the Official Statement and the minutes of the meetings of the Board of
Directors of the Corporation for the period commencing July 1, 1981 and ending on November
, 1981, as set forth in the minute books or made available to us in draft form at the offices of the
Corporation on November , 1981. (Our work did not extend to November , 1981.) Officials
of the Corporation have advised us that such minutes represent minutes of all such meetings for
such period.

B. We have, with respect to the three-month period ended September 30, 1981:

(i) Read the unaudited Statement of Financial Position, Statement of Changes in Funds
Available to Purchase City of New York Obligations and Summary of Changes in Funding
Requirements as of September 30, 1981 and the related unaudited Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund Statements of Transactions for the three-month period ended September 30, 1981 and Exhibits I, II and III thereto, officials of the Corporation having advised us that no such financial statements as of any date or for any period subsequent to September 30, 1981 were available; and

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

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

3. Nothing came to our attention as a result of the procedures described in 2, however, that caused us to believe that the unaudited financial statements described in 2B(i), included in the Official Statement, are not presented fairly in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the Financial Statements.

4. As mentioned in 2B(i), Corporation officials have advised us that no financial statements as of any date or for any period subsequent to September 30, 1981 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September 30, 1981 have, of necessity, been even more limited than those with respect to the period referred to in 2B. With respect to the period from October 1, 1981 to November 1, 1981, 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.

On the basis of these inquiries and our reading of the minutes as described in 2A, nothing came to our attention as of November 1, 1981 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.

5. In addition to the examination of the Financial Statements and the limited procedures described above, we have, for the purposes of this letter, and at your request, read and performed the following procedures with respect to the table entitled “Debt Service Payment Requirements and Estimated Coverage Ratios” (the “Table”) which appears on page 21 of the Official Statement:

A. We compared the amounts of total debt service on First Resolution Bonds for each year set forth in column 1 of the Table to amounts shown in the first column of Exhibit III to the Financial Statements, appearing on page F-13 of the Official Statement, and found them to be in agreement.

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 32, 33, 34, 35 and 36 Bonds for each year to the Corporation's existing Second Reso-
olution debt service payment requirements for each year, as shown in the fourth column of the table appearing on page 15 of the Corporation's Official Statement for the Series 31 Bonds (which includes the assumed issuance of $100 million of Series 28 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 34 and 35 Bonds (assuming the issuance of $59,505,000 principal amount of Series 36 Bonds on December 28, 1981) and assuming the maturity, interest and redemption provisions set forth in the respective Series Resolutions for the Series 32 and 33 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 Air appearing on page 20 of the Official Statement (which revenue amounts have been reduced by $7.8 million, representing the Corporation's current estimate of its operating expenses for the fiscal year ending June 30, 1982) less the debt service amounts appearing in Column 1 of the Table, by the corresponding debt service amount in column 4 for the years 1982 through 1995 and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in 5C above, 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 1982 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 1982 through 1995, referred to in 5D above, divided by the number of ratios included in the addition, and found the average of such ratios to be correct.

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

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

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

EXTRACT OF MINUTES OF MEETING OF BOARD OF DIRECTORS
HELD ON NOVEMBER 12, 1981

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

RESOLVED, that the Series 34, 35 and 36 Resolutions, 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 Warrant Resolution authorizing the execution and delivery of the Warrants to purchase Series 36 Bonds and the execution of the Warrant Agreement, be and hereby is adopted; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the Series 34 Bonds and the Series 35 Bonds with Warrants be and hereby is approved, and distribution of the Official Statement be and hereby is authorized.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SECOND GENERAL BOND RESOLUTION

Adopted November 25, 1975

Section 103 of this Resolution on pages 5 and 6 has been amended, effective November 17, 1978.
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
# Table of Contents

## Article I
**Definitions and Statutory Authority**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>102</td>
<td>Authority for this Resolution</td>
<td>5</td>
</tr>
<tr>
<td>103</td>
<td>Resolution to Constitute Contract</td>
<td>5</td>
</tr>
</tbody>
</table>

## Article II
**Authorization and Issuance of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>Authorization of Bonds</td>
<td>6</td>
</tr>
<tr>
<td>202</td>
<td>Provision for Issuance of Bonds</td>
<td>6</td>
</tr>
<tr>
<td>203</td>
<td>Provisions for Refunding Bonds</td>
<td>10</td>
</tr>
<tr>
<td>204</td>
<td>Additional Obligations</td>
<td>12</td>
</tr>
</tbody>
</table>

## Article III
**General Terms and Provisions of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301</td>
<td>Medium of Payment; Form and Date</td>
<td>12</td>
</tr>
<tr>
<td>302</td>
<td>Legends</td>
<td>13</td>
</tr>
<tr>
<td>303</td>
<td>Execution and Authentication</td>
<td>13</td>
</tr>
<tr>
<td>304</td>
<td>Interchangeability of Bonds</td>
<td>15</td>
</tr>
<tr>
<td>305</td>
<td>Negotiability, Transfer and Registry</td>
<td>15</td>
</tr>
<tr>
<td>306</td>
<td>Transfer and Registration of Coupon Bonds</td>
<td>15</td>
</tr>
<tr>
<td>307</td>
<td>Transfer of Registered Bonds</td>
<td>17</td>
</tr>
<tr>
<td>308</td>
<td>Regulations with Respect to Exchanges and Transfers</td>
<td>17</td>
</tr>
<tr>
<td>309</td>
<td>Bonds Mutilated, Destroyed, Stolen or Lost</td>
<td>18</td>
</tr>
<tr>
<td>310</td>
<td>Preparation of Definitive Bonds; Temporary Bonds</td>
<td>18</td>
</tr>
</tbody>
</table>

## Article IV
**Redemption of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401</td>
<td>Privilege of Redemption and Redemption Price</td>
<td>19</td>
</tr>
<tr>
<td>402</td>
<td>Redemption at the Election or Direction of the Corporation</td>
<td>20</td>
</tr>
<tr>
<td>403</td>
<td>Redemption Other Than at Corporation's Election or Direction</td>
<td>20</td>
</tr>
<tr>
<td>404</td>
<td>Selection of Bonds to Be Redeemed by Lot</td>
<td>20</td>
</tr>
<tr>
<td>405</td>
<td>Notice of Redemption</td>
<td>21</td>
</tr>
<tr>
<td>406</td>
<td>Payment of Redeemed Bonds</td>
<td>22</td>
</tr>
</tbody>
</table>

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

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

ARTICLE VI
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

ARTICLE VII
SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

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

ARTICLE VIII
THE TRUSTEE AND THE PAYING AGENTS

SECTION 801. Appointment and Acceptance of Duties of Trustee .......... 31
SECTION 802. Appointment and Acceptance of Duties of Paying Agents .......... 32
SECTION 803. Responsibilities of Trustee and Paying Agents .............. 32
SECTION 804. Evidence on Which Fiduciaries May Act .................... 33
SECTION 805. Compensation .............................................. 34
SECTION 806. Permitted Acts and Functions ............................. 34
SECTION 807. Resignation of Trustee ................................... 34
SECTION 808. Removal of Trustee ....................................... 34
SECTION 809. Appointment of Successor Trustee ....................... 35
SECTION 810. Transfer of Rights and Property to Successor Trustee ....... 35
SECTION 811. Merger, Conversion or Consolidation ....................... 36
SECTION 812. Resignation or Removal of the Paying Agents and Appointment of Successors ................... 36
ARTICLE IX
Covenants of the Corporation

Section 901. Payment of Bonds .............................................. 37
Section 902. Extension of Payment of Bonds and Coupons .......... 37
Section 903. Offices for Payment and Registration of Bonds and Coupons .............................................. 38
Section 904. Further Assurances ........................................... 38
Section 905. Power to Issue Bonds and Make Pledges .............. 39
Section 906. Agreement of the State ..................................... 39
Section 907. Creation of Liens ............................................. 39
Section 908. Accounts and Reports ....................................... 40
Section 909. General ...................................................... 40

ARTICLE X
Series Resolutions and Supplemental Resolutions

Section 1001. Modification and Amendment Without Consent ........ 42
Section 1002. Supplemental Resolutions Effective With Consent of Bondholders .............................................. 43
Section 1003. General Provisions Relating to Series Resolutions and Supplemental Resolutions .............................................. 43

ARTICLE XI
Amendments of Resolutions

Section 1101. Powers of Amendment ..................................... 44
Section 1102. Consent of Bondholders ................................... 45
Section 1103. Modifications by Unanimous Consent ................. 47
Section 1104. Mailing and Publication ................................... 47
Section 1105. Exclusion of Bonds ......................................... 48
Section 1106. Notation on Bonds ......................................... 48

ARTICLE XII
Defaults and Remedies

Section 1201. Trustee to Exercise Powers of Statutory Trustee ...... 48
Section 1202. Events of Default .......................................... 48
Section 1203. Remedies .................................................. 50
<table>
<thead>
<tr>
<th>SECTION</th>
<th>Title</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1204</td>
<td>Priority of Payments After Default</td>
<td>51</td>
</tr>
<tr>
<td>1205</td>
<td>Termination of Proceedings</td>
<td>53</td>
</tr>
<tr>
<td>1206</td>
<td>Bondholders' Direction of Proceedings</td>
<td>53</td>
</tr>
<tr>
<td>1207</td>
<td>Limitation on Rights of Bondholders</td>
<td>53</td>
</tr>
<tr>
<td>1208</td>
<td>Possession of Bonds by Trustee Not Required</td>
<td>55</td>
</tr>
<tr>
<td>1209</td>
<td>Remedies Not Exclusive</td>
<td>55</td>
</tr>
<tr>
<td>1210</td>
<td>No Waiver of Default</td>
<td>55</td>
</tr>
<tr>
<td>1211</td>
<td>Notice of Event of Default</td>
<td>55</td>
</tr>
</tbody>
</table>

**ARTICLE XIII**

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Title</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>Title</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>Title</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-a of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

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

"City" shall mean The City of New York.

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

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

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

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

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

"Mayor" shall mean the Mayor of the City.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of New York.

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

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

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

"Series Resolution and payable from Sinking Fund Installments.

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

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

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

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

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**ARTICLE III**

**GENERAL TERMS AND PROVISIONS OF BONDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV
REDEMPTION OF BONDS

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.
402. Redemption at the Election or Direction of the Corporation. In the 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 dis-
cretion, from the numbers of all such coupon Bonds then Outstanding
and the numbers assigned to such registered Bonds as many numbers
as, at such unit amount equal to the lowest denomination of coupon
Bonds of such Series for each number, shall equal the principal amount
of such Bonds to be redeemed. In making such selections the Trustee
may draw the Bonds by lot (a) individually or (b) by one or more
groups, the grouping for the purpose of such drawing to be by serial
numbers (or, in the case of Bonds of a denomination of more than the
lowest denomination of the coupon Bonds of such Series, by the numbers
assigned thereto as in this Section 404 provided) which end in the
same digit or in the same two digits. In case, upon any drawing by
groups, the total principal amount of Bonds drawn shall exceed the
amount to be redeemed, the excess may be deducted from any group or
groups so drawn in such manner as the Trustee may determine. The
Trustee may in its discretion assign numbers to aliquot portions of
Bonds and select part of any Bond for redemption. The Bonds to be
redeemed shall be the coupon Bonds bearing the numbers so selected
and the registered Bonds to which were assigned numbers so selected;
provided, however, that only so much of the principal amount of each
such registered Bond of a denomination of more than the lowest denom-
nination of the coupon Bonds of such Series shall be redeemed as shall
equal the lowest denomination of the coupon Bonds of such Series for
each number assigned to it and so selected.

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

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

ARTICLE V

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

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

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

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

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

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

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

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

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

605. *Bond Service Fund.*

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

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

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

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

606. Capital Reserve Fund.

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

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

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

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

607. Certificate to the State Comptroller and to the Mayor of The City of New York. In order to assure the maintenance of the Operating Fund, the Bond Service Fund and the Capital Reserve Fund, not less than one hundred and twenty days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year) (but not later than March 1, 1976 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to pay all interest on and all payments of principal, Sinking Fund Instalments, 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 performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien thereon on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

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

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

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

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

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

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

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

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

812. Resignation or Removal of the Paying Agents and Appointment of Successors. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by
giving at least sixty (60) days’ written notice to the Corporation and
Trustee. Any Paying Agent may be removed at any time by an instru-
ment 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 bank-
ing 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 author-
ized 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 moneys 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 punctu-
ally 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 appor-
taining, according to the true intent and meaning thereof, and shall
duly and punctually pay or cause to be paid all Sinking Fund Instal-
ments, if any, becoming payable with respect to any Series of Bonds.
All such payments, to the extent not paid when due and payable, shall
continue to be due and payable and, accordingly, shall be deemed to be
becoming due until the same shall be paid.

902. Extension of Payment of Bonds and Coupons. The Corpora-
tion shall not directly or indirectly extend or assent to the extension
of the maturity of any of the Bonds or the time of payment of any of
the coupons or claims for interest by the purchase or funding of such
Bonds, coupons or claims for interest or by any other arrangement and
in case the maturity of any of the Bonds or the time for payment of
any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default under this Resolution to the benefit of this Resolution or to any payment out of any assets of the Corporation or the funds (except funds held in trust for the payment of particular Bonds, coupons or claims for interest pursuant to this Resolution) held by the Trustee or any Paying Agent, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for 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 Resolution, and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

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

907. **Creation of Liens.** The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund, and shall not create or cause to be created any lien or charge
prior to the Bonds on revenues, monies and securities in the Bond Service Fund; provided, however, that nothing contained in this Resolution shall prevent the Corporation from issuing (i) bonds, notes, or any other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution, (ii) obligations issued in accordance with Article II of the First General Bond Resolution except as limited in Section 909 hereof and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Sections 304 and 306 through 310 or Sections 406 or 1106 of the First General Bond Resolution.

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

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

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

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

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(e) 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 therebefore 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 (a) 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 (e), (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 principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

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

(b) by bringing suit upon the Bonds;

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

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

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

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings heretofore 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 BONDDHOLDERS 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 any 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. Heads. Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

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

1507. Effective Date. This Resolution shall take effect immediately upon its adoption.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 34 Resolution

Authorizing
$40,495,000
SERIES 34 BONDS

Adopted November 12, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 34 RESOLUTION AUTHORIZING
$40,495,000
SERIES 34 BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Series 34 Resolution</td>
<td>1</td>
</tr>
<tr>
<td>102</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>103</td>
<td>Authority for the Series 34 Resolution</td>
<td>2</td>
</tr>
</tbody>
</table>

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 34 BONDS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>Authorization of Series 34 Bonds, Principal Amount, Designation and Series</td>
<td>2</td>
</tr>
<tr>
<td>202</td>
<td>Purpose</td>
<td>3</td>
</tr>
<tr>
<td>203</td>
<td>Date of Series 34 Bonds</td>
<td>3</td>
</tr>
<tr>
<td>204</td>
<td>Maturities and Interest Rates</td>
<td>3</td>
</tr>
<tr>
<td>205</td>
<td>Interest Payments</td>
<td>3</td>
</tr>
</tbody>
</table>

*This Table of Contents was not part of the Resolution as adopted.
| SECTION 206. | Denominations, Numbers and Letters | 3  |
|SECTION 207. | CUSIP Numbers | 4 |
|SECTION 208. | Places of Payment and Paying Agents | 4 |
|SECTION 209. | Optional Redemption of Series 34 Bonds and Terms | 4 |
|SECTION 210. | Sinking Fund Installments | 4 |
|SECTION 211. | Selection by Lot | 5 |
|SECTION 212. | Sale of the Series 34 Bonds | 5 |

**ARTICLE III**

FORMS AND EXECUTION OF SERIES 34 BONDS AND COUPONS

| SECTION 301. | Forms of Bonds and Coupons of Series 34 Bonds | 6 |
|SECTION 302. | No Recourse on Series 34 Bonds | 27 |
|SECTION 303. | Execution and Authentication of Series 34 Bonds | 27 |

**ARTICLE IV**

MISCELLANEOUS

| SECTION 401. | Special Covenants | 27 |
|SECTION 402. | State Covenant | 29 |
|SECTION 403. | Authorized Officers | 30 |
|SECTION 404. | When Effective | 30 |
SERIES 34 RESOLUTION AUTHORIZING

$40,495,000

SERIES 34 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 34 Resolution. This Series 34 Resolution Authorizing $40,495,000 Series 34 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 23, 1973, 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 34 Resolution Authorizing $40,495,000 Series 34 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 34 Resolution Authorizing $40,495,000 Series 34 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 November 12, 1981, by and among the Corporation and the Purchasers.


"Series 34 Bonds" shall mean the Bonds authorized by Article II of this Series 34 Resolution.

"Series 35 Bonds" shall mean the Bonds of the Corporation in the aggregate principal amount of $59,505,000 authorized pursuant to the Series 35 Resolution adopted November 12, 1981.

"Series 34 Resolution" shall mean this Series 34 Resolution authorizing $40,495,000 Series 34 Bonds.

"Warrants" shall mean the warrants dated as of November 1, 1981, authorized pursuant to the Corporation's Warrant Resolution Authorizing Warrants For The Purchase Of $59,505,000 Series 36 Bonds, adopted November 12, 1981.

(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 34 Resolution, refer to the Series 34 Resolution.

SECTION 103. Authority for the Series 34 Resolution. This Series 34 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 34 BONDS

Section 201. Authorization of Series 34 Bonds, Principal Amount, Designation and Series. The Series 34 Bonds are hereby authorized to be issued in the aggregate principal amount of $40,495,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 34 Resolution. The Series 34 Bonds maturing July 1, 1989 shall be deemed to be Term Bonds and the Series 34 Bonds maturing on July 1 in each of the years 1983 through 1987, inclusive, shall be deemed to be Serial Bonds within the
meaning of the Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "Series 34" and each as so designated shall be entitled "Series 34 Bond" and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

Section 202. Purpose. The purpose for which the Series 34 Bonds are being issued is 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 the City.

SECTION 203. Date of Series 34 Bonds. The Series 34 Bonds shall be dated November 1, 1981, except as otherwise provided in Section 301 of the Resolution with respect to certain registered Series 34 Bonds issued on or after the first interest payment date. Registered Series 34 Bonds issued prior to the first interest payment date thereof shall be dated November 1, 1981.

SECTION 204. Maturities and Interest Rates. The Series 34 Bonds shall bear interest at the rates set forth below and shall mature on July 1 in each of the years and in the principal amounts set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>$6,940,000</td>
<td>10 1/2 %</td>
</tr>
<tr>
<td>1986</td>
<td>7,520,000</td>
<td>10 3/4</td>
</tr>
<tr>
<td>1987</td>
<td>2,035,000</td>
<td>11 1/4</td>
</tr>
<tr>
<td>1989</td>
<td>24,000,000</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 205. Interest Payments. The Series 34 Bonds shall bear interest from November 1, 1981, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation's obligation with respect to the payment of the principal sum of the Series 34 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 34 Bonds shall be issued in the denomination of $5,000 in the case of Series 34 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 34 Bonds in coupon form in the denomination of $5,000 shall be designated 34- and the Series 34 Bonds in fully registered form without coupons shall be designated 34R- . Each such number and each such number and letter designated above shall be followed by the last two digits of the year of maturity of the Series 34 Bonds and the number of the Series 34 Bond. Series 34 Bonds in coupon form so designated shall be numbered consecutively from 1 upwards in order of issuance. Any Series 34
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 34 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 34 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 34 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).

SECTION 207. CUSIP Numbers. The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of CUSIP numbers for the Series 34 Bonds and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers on 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 34 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 34 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 34 Bonds, and the principal and Redemption Price of all registered Series 34 Bonds and of all Series 34 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 34 Bonds and Terms. The Series 34 Bonds are not subject to redemption prior to maturity at the election of the Corporation.

SECTION 210. Sinking Fund Installments. The Series 34 Bonds maturing July 1, 1989 shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1987, 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 34 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 34 Bonds shall then be Outstanding and, subject to the provisions of Section 609 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund
Instalments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 34 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 34 Bonds:

**Series 34 Bonds Maturing**

*July 1, 1989*

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$6,065,000</td>
</tr>
<tr>
<td>1988</td>
<td>8,680,000</td>
</tr>
<tr>
<td>1989</td>
<td>9,255,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

SECTION 211. **Selection by Lot.** If less than all of the Series 34 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. **Sale of the Series 34 Bonds.** The Series 34 Bonds authorized to be issued herein shall be sold to the Purchasers together with the Series 35 Bonds and the Warrants at the aggregate purchase price set forth in the Bond Purchase Agreement but in no event less than $97,418,475, plus accrued interest on the Series 34 Bonds and Series 35 Bonds from November 1, 1981 to the date of delivery thereof and payment therefor, and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

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 and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the Series 34 Bonds by the Purchasers of the Preliminary Official Statement dated November 4, 1981.

The Series 34 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Corporation, subject to the conditions of the Bond Purchase Agreement and the Resolution.
ARTICLE III
FORMS AND EXECUTION OF SERIES 3/4 BONDS AND COUPONS

Section 301. Forms of Bonds and Coupons of Series 3/4 Bonds. Subject to the provisions of the Resolution, the Series 3/4 Bonds in coupon form and coupons to be attached thereto and the Series 3/4 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 3/4 BOND)

No. 34- $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
SERIES 3/4 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) on the first day of July, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( %) per annum, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of 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 and agreements 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 34 Bonds" (herein called the "Series 34 Bonds"), issued in the aggregate principal amount of $40,493,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 12, 1981, entitled "Series 34 Resolution Authorizing
$40,495,000 Series 34 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 34 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 34 Bonds with respect thereto and the terms and conditions upon which the Series 34 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 34 Bonds, the Corporation hereby includes in this Series 34 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 34 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 34 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 34 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 34 Bonds are issued, or substantially alter the authority of the Board, as set forth in said subdivision twelve to reissue or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to the holder of a Series 34 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 34 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 34 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 34 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 34 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 34 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 34 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 34 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 34 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 34 Bonds. Coupon Series 34 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 34 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 34 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 34 Bonds with appropriate coupons attached, and/or Series 34 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity.

The Series 34 Bonds maturing on July 1, 1989 are subject to redemption, in part, by lot, on July 1, in each year on and after July 1, 1987 as provided in the Resolutions, 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 34 Bonds specified therefor:
Series 34 Bonds Maturing
July 1, 1989

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$6,065,000</td>
</tr>
<tr>
<td>1988</td>
<td>$8,680,000</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 34 Bonds payable from such Sinking Fund Installment and apply any Series 34 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 34 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 34 Bonds or portions of the Series 34 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 34 Bonds. Notice of redemption having been given, as aforesaid, the Series 34 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 34 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 34 Bonds maturing subsequent to the redemption date shall be void.

The Series 34 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 34 Bonds be payable out of any funds other than those of the Corporation.
This Series 3/4 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 3/4 Bond, or of any coupon appurtenant hereto, by accepting this Series 3/4 Bond or coupon shall be conclusively deemed to have agreed that this Series 3/4 Bond or coupon is fully negotiable for those purposes.

Neither this Series 3/4 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 3/4 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 3/4 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 3/4 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 3/4 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of November 1981.

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 34 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 34 Bond, dated November 1, 1981, No. 34- .

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

Provisions for Registration

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

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Registered Holder</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>
(FORM OF REGISTERED SERIES 34 BOND)
(FACE OF SERIES 34 BOND)

No. 34R- $..................

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 34 Bond

___% Due July 1, ______       ___% Due July 1, ______

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, ,
unless redeemed prior thereto as hereinafter provided, and to pay to
the registered owner hereof interest thereon per annum at the rate
specified above, payable on July 1, 1982 and semi-annually thereafter
on January 1 and on July 1, in each year, from the Date shown below
to the date of maturity or earlier redemption of this Bond and
thereafter at the same rate, until the Corporation's obligation with
respect to the payment of such principal sum shall be discharged, at
the corporate trust office in the City of New York, New York, of the
Trustee hereinafter mentioned. Both principal and redemption
premium, if any, of and interest on this Bond are payable in any coin
or currency of the United States of America which, on the respective
dates of payment thereof, shall be legal tender for the payment of
public and private debts.
THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 34 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 34 Bonds be payable out of any funds other than those of the Corporation.

This Series 34 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 34 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 34 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 34 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 34 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
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 34 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

(Reverse of Form of Registered Series 34 Bond)

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 34 BOND

% Due July 1,      % Due July 1,      

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 and agreements 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 34 Bonds" (herein called the "Series 34 Bonds"), issued in the aggregate principal amount of $40,493,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 12, 1981, entitled "Series 34 Resolution Authorizing $40,493,000 Series 34 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 34 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 34 Bonds with respect thereto and the terms and conditions upon which the Series 34 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 34 Bonds, and the Corporation hereby includes in this Series 34 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 34 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 34 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 34 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 34 
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 34 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 34 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 34 
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 34 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 Out-
standing (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 
y 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 34 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 34 Bond or Bonds and/or, at the option of the
transferee, a coupon Series 34 Bond or Bonds of the denomination of
$5,000 each with appropriate coupons attached, of the same
aggregate principal amount, maturity and interest rate as the
surrendered Series 34 Bond, as provided in the Resolutions and upon
the payment of the charges, if any, therein prescribed. The Corpora-
tion and the Trustee may treat and consider the person in whose
name this Series 34 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 34 Bonds are issuable in the form of coupon
Bonds payable to bearer in the denomination of $5,000 and in the
form of registered Bonds without coupons in the denomination of
$5,000 or an integral multiple thereof, not exceeding the aggregate
principal amount of the Series 34 Bonds. Coupon Series 34 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 34 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 34 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 34 Bonds with appropriate coupons
attached, and/or Series 34 Bonds without coupons, of any other
authorized denominations, of the same maturity and bearing the same
rate of interest.
The Series 34 Bonds maturing on or prior to July 1, 1987 are not subject to redemption prior to maturity.

The Series 34 Bonds maturing on July 1, 1989 are subject to redemption, in part, by lot, on July 1 in each year on and after July 1, 1987 as provided in the Resolutions, 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 34 Bonds specified therefor:

### Series 34 Bonds Maturing July 1, 1989

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$ 6,065,000</td>
</tr>
<tr>
<td>1988</td>
<td>8,680,000</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 34 Bonds payable from such Sinking Fund Installment and apply any Series 34 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 34 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 34 Bonds or portions of the Series...
34 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 34 Bonds. Notice of redemption having been given, as aforesaid, the Series 34 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 34 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 34 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 entitities
JT TEN— as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT—
(Cust) (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 34 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Series 34 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 34 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 34 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 34 Bonds or for any claim based thereon or on the Series 34 Resolution against any member or officer of the Corporation or any person executing the Series 34 Bonds and neither the Directors of the Corporation nor any other person executing the Series 34 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 34 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 34 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 34 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 34 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 (l) all defined terms other than Series 34 Bonds are as defined in the First General Bond Resolution. The Corporation hereby covenants with the holders of the Series 34 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 hereby covenants further with the holders of the Series 34 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) pub-
lished by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. State Covenant. In accordance with the provisions of Section 10-a of the 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 34 Resolution the pledge and agreement of the State with the holders of the Series 34 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 34 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 34 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 34 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 34 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 34 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 34 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 34 Bonds is in full force and effect.

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 34 Resolution or the Bond Purchase Agreement in connection with the issuance of the Series 34 Bonds.

SECTION 404. When Effective. The Series 34 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 35 Resolution

Authorizing
$59,505,000
SERIES 35 BONDS

Adopted November 12, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 35 RESOLUTION AUTHORIZING
$59,505,000
SERIES 35 BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 35 Resolution................................................................. 1
SECTION 102. Definitions................................................................................. 1
SECTION 103. Authority for the Series 35 Resolution..................................... 2

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 35 BONDS

SECTION 201. Authorization of Series 35 Bonds, Principal Amount,
Designation and Series.............................................................................. 2
SECTION 202. Purposes.................................................................................... 3
SECTION 203. Date of Series 35 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 35 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 35 Bonds......................... 6
SECTION 302. No Recourse on Series 35 Bonds........................................... 28
SECTION 303. Execution and Authentication of Series 35 Bonds..................... 28

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants............................................................... 28
SECTION 402. State Covenant................................................................. 30
SECTION 403. Authorized Officers......................................................... 31
SECTION 404. When Effective............................................................... 31
SERIES 35 RESOLUTION AUTHORIZING

$59,505,000

SERIES 35 BONDS

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

ARTICLE 1

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 35 Resolution. This Series 35 Resolution Authorizing $59,505,000 Series 35 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, 1973, 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 35 Resolution Authorizing $59,505,000 Series 35 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 35 Resolution Authorizing $59,505,000 Series 35 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 November 12, 1981, by and among the Corporation and the Purchasers.


"Series 34 Bonds" shall mean the Bonds of the Corporation in the aggregate principal amount of $40,495,000 authorized pursuant to the Series 34 Resolution adopted November 12, 1981.

"Series 35 Bonds" shall mean the Bonds authorized by Article II of this Series 35 Resolution.

"Series 35 Resolution" shall mean this Series 35 Resolution Authorizing $59,505,000 Series 35 Bonds.

"Warrants" shall mean the warrants dated as of November 1, 1981, authorized pursuant to the Corporation's Warrant Resolution Authorizing Warrants For The Purchase Of $59,505,000 Series 36 Bonds, adopted November 12, 1981.

(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 35 Resolution, refer to the Series 35 Resolution.

SECTION 103. Authority for the Series 35 Resolution. This Series 35 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 35 BONDS

Section 201. Authorization of Series 35 Bonds, Principal Amount, Designation and Series. The Series 35 Bonds are hereby authorized to be issued in the aggregate principal amount of $59,505,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 35 Resolution. The Series 35 Bonds 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 35" and each as so
designated shall be entitled "Series 35 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 35
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 the City, and 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.

SECTION 203. Date of Series 35 Bonds. The Series 35 Bonds
shall be dated November 1, 1981, except as otherwise provided in
Section 301 of the Resolution with respect to certain registered
Series 35 Bonds issued on or after the first interest payment date.
Registered Series 35 Bonds issued prior to the first interest payment
date thereof shall be dated November 1, 1981.

SECTION 204. Maturity and Interest Rate. The Series 35 Bonds
shall bear interest at the rate of 12 3/4% per annum and shall mature
on July 1, 2008.

SECTION 205. Interest Payments. The Series 35 Bonds shall
bear interest from November 1, 1981, payable on July 1, 1982 and
semi-annually thereafter on January 1 and on July 1 in each year, to
the date of maturity or earlier redemption, and thereafter shall bear
interest at the same rate until the Corporation's obligation with
respect to the payment of the principal sum of the Series 35 Bonds is
discharged.

SECTION 206. Denominations, Numbers and Letters. The Series
35 Bonds shall be issued in the denomination of $5,000 in the case of
Series 35 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 35 Bonds in coupon form
in the denomination of $5,000 shall be designated 35-08- and the
Series 35 Bonds in fully registered form without coupons shall be
designated 35R-08-. Each such number and each such number and
letter designated above shall be followed by the number of the Series
35 Bond. Series 35 Bonds in coupon form so designated shall be
numbered consecutively from 1 upwards in order of issuance. Any
Series 35 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
35 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 35 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 35 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).

SECTION 207. CUSIP Numbers. The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of CUSIP numbers for the Series 35 Bonds and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers on 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 35 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 35 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 35 Bonds, and the principal and Redemption Price of all registered Series 35 Bonds and of all Series 35 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 35 Bonds and Terms. The Series 35 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1992, 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, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101%</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

SECTION 210. Sinking Fund Installments. The Series 35 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, 1990 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 35 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 35 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 35 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 35 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>1990</td>
<td>$4,375,000</td>
<td>1999</td>
<td>$1,970,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,535,000</td>
<td>2000</td>
<td>1,433,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,690,000</td>
<td>2001</td>
<td>1,460,000</td>
</tr>
<tr>
<td>1993</td>
<td>4,855,000</td>
<td>2002</td>
<td>3,020,000</td>
</tr>
<tr>
<td>1994</td>
<td>5,015,000</td>
<td>2003</td>
<td>3,275,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,810,000</td>
<td>2004</td>
<td>3,570,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,830,000</td>
<td>2005</td>
<td>2,860,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,890,000</td>
<td>2006</td>
<td>3,220,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,930,000</td>
<td>2007</td>
<td>3,630,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>4,113,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

SECTION 211. Selection by Lot. If less than all of the Series 35 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. Sale of the Series 35 Bonds. The Series 35 Bonds authorized to be issued herein shall be sold to the Purchasers together with the Series 34 Bonds and the Warrants at the aggregate purchase price set forth in the Bond Purchase Agreement but in no event less than $97,418,475, plus accrued interest on the Series 35 Bonds and Series 34 Bonds from November 1, 1981 to the date of delivery thereof and payment therefor, and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.
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 and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the Series 35 Bonds by the Purchasers of the Preliminary Official Statement dated November 4, 1981.

The Series 35 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Corporation, subject to the conditions of the Bond Purchase Agreement and the Resolution.

ARTICLE III
FORMS AND EXECUTION OF SERIES 35 BONDS AND COUPONS

Section 301. Forms of Bonds and Coupons of Series 35 Bonds. Subject to the provisions of the Resolution, the Series 35 Bonds in coupon form and coupons to be attached thereto and the Series 35 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 35 BOND)

No. 35-08- $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 35 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) on the first day of July
2008, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of [ ] % per centum ( [ ] %) per annum, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of 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 and agreements 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 35 Bonds" (herein called the "Series 35 Bonds"), issued in the aggregate principal amount of $59,505,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 12, 1981, entitled "Series 35 Resolution Authorizing $59,505,000 Series 35 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 35 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 35 Bonds with respect thereto and the terms and conditions upon which the Series 35 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 35 Bonds, and the Corporation hereby includes in this Series 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 35 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 35 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 35 Bonds. Coupon Series 35 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 35 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 35 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 35 Bonds with appropriate coupons attached, and/or Series 35 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.
The Series 35 Bonds are subject to redemption at the
election of the Corporation at any time on and after July 1, 1992, as
a whole on any date or in part, by lot, on any interest payment date,
as provided in the Resolutions, 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</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 35 Bonds are subject to redemption, in part, by
lot, on July 1, in each year on and after July 1, 1990, as provided in
the Resolutions, 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 35
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>1990</td>
<td>$4,375,000</td>
<td>1999</td>
<td>$1,970,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,355,000</td>
<td>2000</td>
<td>1,435,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,690,000</td>
<td>2001</td>
<td>1,460,000</td>
</tr>
<tr>
<td>1993</td>
<td>4,855,000</td>
<td>2002</td>
<td>3,020,000</td>
</tr>
<tr>
<td>1994</td>
<td>5,015,000</td>
<td>2003</td>
<td>3,275,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,810,000</td>
<td>2004</td>
<td>3,570,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,850,000</td>
<td>2005</td>
<td>2,860,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,890,000</td>
<td>2006</td>
<td>3,220,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,930,000</td>
<td>2007</td>
<td>3,630,000</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 35 Bonds payable from such Sinking Fund Installment and apply
any Series 35 Bonds so purchased as a credit against such Sinking
Fund Installment.

In the event that any or all of the Series 35 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 35 Bonds or portions of the Series 35 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 35 Bonds. Notice of redemption having been given, as aforesaid, the Series 35 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 35 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 35 Bonds maturing subsequent to the redemption date shall be void.

The Series 35 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 35 Bonds be payable out of any funds other than those of the Corporation.

This Series 35 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 35 Bond, or of any coupon appurtenant hereto, by accepting this Series 35 Bond or coupon shall be conclusively deemed to have agreed that this Series 35 Bond or coupon is fully negotiable for those purposes.

Neither this Series 35 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 35 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 35 Bonds, exist, have happened and have been performed in due time, form and manner as required by law and that
the issue of the Series 35 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 35 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of November 1981.

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 35 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 35 Bond, dated November 1, 1981, No. 35-08- .

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

Provisions for Registration

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

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Registered Holder</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>
(FORM OF REGISTERED SERIES 35 BOND)
(FAcE OF SERIES 35 BOND)

No. 35R-08- $..................

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 35 Bond

% Due July 1, 2008 % Due July 1, 2008

The MUNICIPAL ASSISTANCE CORPORATION FOR THE
CITY OF NEW YORK (herein and on the reverse side hereof
sometimes called the "Corporation"), a corporate governmental
agency and instrumentality of the State of New York (herein and on
the reverse side hereof sometimes called the "State") constituting a
public benefit corporation, organized and existing under and pursuant
to the laws of the State of New York, acknowledges itself indebted
to, and for value received, hereby promises to pay to

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

.....................................................................DOLLARS on the first day of July, 2008,
unless redeemed prior thereto as hereinafter provided, and to pay to
the registered owner hereof interest thereon per annum at the rate
specified above, payable on July 1, 1982 and semi-annually thereafter
on January 1 and on July 1, in each year, from the Date shown below
to the date of maturity or earlier redemption of this Bond and
thereafter at the same rate, until the Corporation's obligation with
respect to the payment of such principal sum shall be discharged, at
the corporate trust office in the City of New York, New York, of the
Trustee hereinafter mentioned. Both principal and redemption
premium, if any, of and interest on this Bond are payable in any coin
or currency of the United States of America which, on the respective
dates of payment thereof, shall be legal tender for the payment of
public and private debts.
THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 35 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 35 Bonds be payable out of any funds other than those of the Corporation.

This Series 35 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 35 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 35 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 35 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 35 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
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 35 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

(Reverse of Form of Registered Series 35 Bond)

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 35 BOND
___% Due July 1, 2008

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

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 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 34 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 and agreements 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 35 Bonds" (herein called the "Series 35 Bonds"), issued in the aggregate principal amount of $59,505,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 12, 1981, entitled "Series 35 Resolution Authorizing $59,505,000 Series 35 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 35 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 35 Bonds with respect thereto and the terms and conditions upon which the Series 35 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 I 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 35 Bonds, and the Corporation hereby includes in this Series 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 Bond or Bonds and/or, at the option of the transferee, a coupon Series 35 Bond or Bonds of the denomination of $5,000 each with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Series 35 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 35 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 35 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 35 Bonds. Coupon Series 35 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 35 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 35 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 35 Bonds with appropriate coupons attached, and/or Series 35 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 35 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, 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</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½%</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101%</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Series 35 Bonds are subject to redemption, in part, by lot, on July 1 in each year on and after July 1, 1990, as provided in the Resolutions, 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 35 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>1990</td>
<td>$4,375,000</td>
<td>1999</td>
<td>$1,970,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,535,000</td>
<td>2000</td>
<td>1,435,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,690,000</td>
<td>2001</td>
<td>1,460,000</td>
</tr>
<tr>
<td>1993</td>
<td>4,855,000</td>
<td>2002</td>
<td>3,020,000</td>
</tr>
<tr>
<td>1994</td>
<td>5,015,000</td>
<td>2003</td>
<td>3,275,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,810,000</td>
<td>2004</td>
<td>3,570,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,850,000</td>
<td>2005</td>
<td>2,860,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,890,000</td>
<td>2006</td>
<td>3,220,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,930,000</td>
<td>2007</td>
<td>3,630,000</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 35 Bonds payable from such Sinking Fund Installment and apply any Series 35 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 35 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 35 Bonds or portions of the Series 35 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 35 Bonds. Notice of redemption having been given, as aforesaid, the Series 35 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 35 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 35 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
(Cust) (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 35 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

________________________________________ Attorney to transfer the within Series 35 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 35 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 35 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 35 Bonds or for any claim based thereon or on the Series 35 Resolution against any member or officer of the Corporation or any person executing the Series 35 Bonds and neither the Directors of the Corporation nor any other person executing the Series 35 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 35 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 35 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 35 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 35 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 35 Bonds are as defined in the First General Bond Resolution. The Corporation hereby covenants with the holders of the Series 35 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 hereby covenants further with the holders of the Series 35 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) pub-
lished by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. State Covenant. In accordance with the provisions of Section 10-a of the 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 35 Resolution the pledge and agreement of the State with the holders of the Series 35 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 35 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 35 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 35 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 35 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 35 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 35 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 35 Bonds is in full force and effect.

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 35 Resolution or the Bond Purchase Agreement in connection with the issuance of the Series 35 Bonds.

SECTION 404. When Effective. The Series 35 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 36 Resolution

Authorizing Not To Exceed
$59,505,000
SERIES 36 BONDS

Adopted November 12, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 36 RESOLUTION AUTHORIZING
NOT TO EXCEED
$59,505,000
SERIES 36 BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 36 Resolution.................................................. 1
SECTION 102. Definitions.................................................................... 1
SECTION 103. Authority for the Series 36 Resolution............................ 2

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 36 BONDS

SECTION 201. Authorization of Series 36 Bonds, Principal Amount,
Designation and Series.......................................................... 2
SECTION 202. Purposes.................................................................... 2
SECTION 203. Date of Series 36 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 36 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 36 Bonds

SECTION 302. No Recourse on Series 36 Bonds

SECTION 303. Execution and Authentication of Series 36 Bonds

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants

SECTION 402. State Covenant

SECTION 403. Authorized Officers

SECTION 404. When Effective
SERIES 36 RESOLUTION AUTHORIZING NOT TO EXCEED

$59,505,000

SERIES 36 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 36 Resolution. This Series 36 Resolution Authorizing Not To Exceed $59,505,000 Series 36 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 36 Resolution Authorizing Not to Exceed $59,505,000 Series 36 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 36 Resolution Authorizing Not to Exceed $59,505,000 Series 36 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Series 36 Bonds" shall mean the Bonds authorized by Article II of this Series 36 Resolution.

"Series 36 Resolution" shall mean this Series 36 Resolution Authorizing Not To Exceed $59,505,000 Series 36 Bonds.

"Warrant" shall mean any of the warrants dated as of November 1, 1981, issued pursuant to the Corporation's Warrant Resolution Authorizing Warrants for the Purchase of $59,505,000 Series 36 Bonds, adopted November 12, 1981.

"Warrant Agreement" shall mean the Warrant Agreement dated as of November 1, 1981 by and between
the Corporation and United States Trust Company of New York, as warrant agent, governing, among other things, the delivery of the Series 36 Bonds upon surrender of the Warrants and payment of the purchase price of the Series 36 Bonds.

"Warrant Resolution" shall mean the Corporation's Warrant Resolution Authorizing Warrants for the Purchase of $59,305,000 Series 36 Bonds, adopted November 12, 1981.

(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 36 Resolution, refer to the Series 36 Resolution.

SECTION 103. Authority for the Series 36 Resolution. This Series 36 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF
SERIES 36 BONDS

Section 201. Authorization of Series 36 Bonds, Principal Amount, Designation and Series. The Series 36 Bonds are hereby authorized to be issued in the aggregate principal amount of not to exceed $59,305,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 36 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 36" and each as so designated shall be entitled "Series 36 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 36 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 the City and 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.

SECTION 203. Date of Series 36 Bonds. The Series 36 Bonds shall be dated November 1, 1981, except as otherwise provided in Section 301 of the Resolution with respect to certain registered Series 36 Bonds issued on or after the first interest payment date. Registered Series 36 Bonds issued prior to the first interest payment date thereof shall be dated November 1, 1981.

SECTION 204. Maturity and Interest Rate. The Series 36 Bonds shall bear interest at the rate of 12 3/4% per annum and shall mature on July 1, 2007.

SECTION 205. Interest Payments. The Series 36 Bonds shall bear interest with respect to Series 36 Bonds delivered on or prior to July 1, 1982 from November 1, 1981 with respect to Series 36 Bonds delivered after July 1, 1982 from the interest payment date immediately preceding the date of delivery of such Series 36 Bond to the purchaser thereof, payable commencing July 1, 1982 on each January 1 and on each July 1 following the date when such Series 36 Bond is so delivered, 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 36 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 36 Bonds shall be issued in the denomination of $5,000 in the case of Series 36 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 36 Bonds in coupon form in the denomination of $5,000 shall be designated 36-07- and the Series 36 Bonds in fully registered form without coupons shall be designated 36R-07-. Each such number and each such number and letter designated above shall be followed by the number of the Series 36 Bond. Series 36 Bonds in coupon form so designated shall be numbered consecutively from 1 upwards in order of issuance. Any Series 36 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 36 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 36 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 36 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 36 Bonds and to have such CUSIP number printed thereon, and the Corporation may direct the Trustee to use such CUSIP number on 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 36 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 36 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 36 Bonds, and the principal and Redemption Price of all registered Series 36 Bonds and of all Series 36 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 36 Bonds and Terms. The Series 36 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1992, 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</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2%</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

SECTION 210. Sinking Fund Installments. The Series 36 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, 1985, 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 36 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series
36 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 36 Bonds, on July 1 of each of the years set forth in the following table, the amount determined by applying the percentage set forth opposite such year to the principal amount of such Series 36 Bonds Outstanding at the close of business on January 31, 1983, and the said amount so determined to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the Series 36 Bonds, except that in each such year, in order, the amount so determined shall be rounded to the nearest $5,000 and provided that the aggregate amounts so determined should not exceed the principal amount of such Series 36 Bonds Outstanding at the close of business on January 31, 1983.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>7.109%</td>
<td>1996</td>
<td>1.907%</td>
</tr>
<tr>
<td>1986</td>
<td>7.697</td>
<td>1997</td>
<td>1.969</td>
</tr>
<tr>
<td>1987</td>
<td>8.285</td>
<td>1998</td>
<td>1.983</td>
</tr>
<tr>
<td>1988</td>
<td>8.882</td>
<td>1999</td>
<td>2.025</td>
</tr>
<tr>
<td>1989</td>
<td>9.461</td>
<td>2000</td>
<td>1.513</td>
</tr>
<tr>
<td>1990</td>
<td>4.529</td>
<td>2001</td>
<td>1.538</td>
</tr>
<tr>
<td>1991</td>
<td>4.689</td>
<td>2002</td>
<td>3.277</td>
</tr>
<tr>
<td>1993</td>
<td>5.025</td>
<td>2004</td>
<td>3.891</td>
</tr>
<tr>
<td>1994</td>
<td>5.184</td>
<td>2005</td>
<td>3.168</td>
</tr>
<tr>
<td>1995</td>
<td>1.865</td>
<td>2006</td>
<td>3.571</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2007</td>
<td>4.033 *</td>
</tr>
</tbody>
</table>

* Payment at maturity.

SECTION 211. Selection by Lot. If less than all of the Series 36 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. Sale of the Series 36 Bonds. The Series 36 Bonds authorized to be issued herein shall be sold and delivered to the holders of the Warrants in accordance with the provisions contained therein, in the Warrant Resolution and in the Warrant Agreement.

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 and with such supplemented material appended thereto as such officer shall deem advisable and to deliver or cause to be delivered such final Official Statement in the name and on behalf of the Corporation to the purchasers of the Series 36 Bonds.
ARTICLE III
FORMS AND EXECUTION OF SERIES 36 BONDS AND COUPONS

Section 301. Forms of Bonds and Coupons of Series 36 Bonds. Subject to the provisions of the Resolution, the Series 36 Bonds in coupon form and coupons to be attached thereto and the Series 36 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 36 BOND)

No. 36-07- $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
SERIES 36 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) on the first day of July 2007, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( %) per annum, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of 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 Aid 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 and agreements 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 36 Bonds" (herein called the "Series 36 Bonds"), issued in the aggregate principal amount of not to exceed $99,050,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted November 12, 1981, entitled "Series 36 Resolution
Authorizing Not To Exceed $59,505,000 Series 36 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 36 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 36 Bonds with respect thereto and the terms and conditions upon which the Series 36 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 36 Bonds, and the Corporation hereby includes in this Series 36 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 36 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 36 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 36 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 36 Bonds are issued, or substantially alter the authority of the Board, as set forth in said subdivision twelve to reissue 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 36 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 36 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 36 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 36 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 36 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 36 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 36 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 36 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 36 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 36 Bonds. Coupon Series 36 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 36 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 36 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 36 Bonds with appropriate coupons attached, and/or Series 36 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 36 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, 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</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 ½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 ½</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
The Series 36 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each year on and after July 1, 1985, 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 following percentages of the principal amount of such Series 36 Bonds Outstanding on January 31, 1983, provided, that in each year the amount so redeemed shall be equal to the nearest integral multiple of $5,000 and, provided further, that the total amount so redeemed shall not exceed the principal amount of Series 36 Bonds Outstanding on January 31, 1983:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>7.109%</td>
<td>1996</td>
<td>1.907%</td>
</tr>
<tr>
<td>1986</td>
<td>7.697%</td>
<td>1997</td>
<td>1.949%</td>
</tr>
<tr>
<td>1987</td>
<td>8.283%</td>
<td>1998</td>
<td>1.983%</td>
</tr>
<tr>
<td>1988</td>
<td>8.882%</td>
<td>1999</td>
<td>2.025%</td>
</tr>
<tr>
<td>1989</td>
<td>9.461%</td>
<td>2000</td>
<td>1.515%</td>
</tr>
<tr>
<td>1990</td>
<td>4.529%</td>
<td>2001</td>
<td>1.538%</td>
</tr>
<tr>
<td>1991</td>
<td>4.689%</td>
<td>2002</td>
<td>3.277%</td>
</tr>
<tr>
<td>1992</td>
<td>4.865%</td>
<td>2003</td>
<td>3.554%</td>
</tr>
<tr>
<td>1993</td>
<td>5.025%</td>
<td>2004</td>
<td>3.891%</td>
</tr>
<tr>
<td>1994</td>
<td>5.184%</td>
<td>2005</td>
<td>3.168%</td>
</tr>
<tr>
<td>1995</td>
<td>1.865%</td>
<td>2006</td>
<td>3.571%</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 36 Bonds payable from such Sinking Fund Installment and apply any Series 36 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 36 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 36 Bonds or portions of the Series 36 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 36 Bonds. Notice of redemption having been given, as aforesaid, the Series 36 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 36 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 36 Bonds maturing subsequent to the redemption date shall be void.

The Series 36 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 36 Bonds be payable out of any funds other than those of the Corporation.

This Series 36 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 36 Bond, or of any coupon appurtenant hereto, by accepting this Series 36 Bond or coupon shall be conclusively deemed to have agreed that this Series 36 Bond or coupon is fully negotiable for those purposes.

Neither this Series 36 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 36 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 36 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 36 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 36 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of November 1981.

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 36 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 36 Bond, dated November 1, 1981, No. 36-07-.

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

Provisions for Registration

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

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Registered Holder</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>
(FORM OF REGISTERED SERIES 36 BOND)  
(FACE OF SERIES 36 BOND)  

No. 36R-97-  

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

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

Series 36 Bond  

% Due July 1, 2007  
% Due July 1, 2007  

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, 2007,  
unless redeemed prior thereto as hereinafter provided, and to pay to  
the registered owner hereof interest thereon per annum at the rate  
specified above, payable on July 1, 1982 and semi-annually thereafter  
on January 1 and on July 1, in each year, from the Date shown below  
to the date of maturity or earlier redemption of this Bond and  
thereafter at the same rate, until the Corporation's obligation with  
respect to the payment of such principal sum shall be discharged, at  
the corporate trust office in the City of New York, New York, of the  
Trustee hereinafter mentioned. Both principal and redemption  
premium, if any, of and interest on this Bond are payable in any coin  
or currency of the United States of America which, on the respective  
dates of payment thereof, shall be legal tender for the payment of  
public and private debts.
THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 36 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 36 Bonds be payable out of any funds other than those of the Corporation.

This Series 36 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 36 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 36 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 36 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 36 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
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 36 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

(Reverse of Form of Registered Series 36 Bond)

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 36 BOND
% Due July 1, 2007

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 and agreements 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 36
Bonds" (herein called the "Series 36 Bonds"), issued in the aggregate
principal amount of not to exceed $59,505,000 pursuant to the Second
General Bond Resolution and the series resolution of the Corporation,
adopted November 12, 1981, entitled "Series 36 Resolution
Authorizing Not To Exceed $59,505,000 Series 36 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 36 Bonds, the nature,
extent and manner of enforcement of such pledges, the rights and
remedies of the bearers or registered owners of the Series 36 Bonds
with respect thereto and the terms and conditions upon which the
Series 36 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 Unconsoli-
dated 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 36 Bonds,
and the Corporation hereby includes in this Series 36 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
36 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 36 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 36 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 36 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 36 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 36 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 36 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 36 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 36 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 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 such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee, a new registered Series 36 Bond or Bonds and/or, at the option of the transferee, a coupon Series 36 Bond or Bonds of the denomination of $5,000 each with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Series 36 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 36 Bond is registered as the holder and absolute owner thereof 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 36 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 36 Bonds. Coupon Series 36 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 36 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 36 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 36 Bonds with appropriate coupons attached, and/or Series 36 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.
The Series 36 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, 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, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2 %</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 1/2 %</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 36 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each year on and after July 1, 1985, 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 following percentages of the principal amount of such Series 36 Bonds Outstanding on January 31, 1983, provided, that in each year the amount so redeemed shall be equal to the nearest integral multiple of $5,000 and provided further, that the total amount so redeemed shall not exceed the principal amount of Series 36 Bonds Outstanding on January 31, 1983:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>7.109 %</td>
<td>1996</td>
<td>1.907 %</td>
</tr>
<tr>
<td>1986</td>
<td>7.697 %</td>
<td>1997</td>
<td>1.949 %</td>
</tr>
<tr>
<td>1987</td>
<td>8.285 %</td>
<td>1998</td>
<td>1.983 %</td>
</tr>
<tr>
<td>1988</td>
<td>8.882 %</td>
<td>1999</td>
<td>2.025 %</td>
</tr>
<tr>
<td>1989</td>
<td>9.461 %</td>
<td>2000</td>
<td>1.513 %</td>
</tr>
<tr>
<td>1990</td>
<td>4.529 %</td>
<td>2001</td>
<td>1.538 %</td>
</tr>
<tr>
<td>1991</td>
<td>4.689 %</td>
<td>2002</td>
<td>3.277 %</td>
</tr>
<tr>
<td>1992</td>
<td>4.865 %</td>
<td>2003</td>
<td>3.554 %</td>
</tr>
<tr>
<td>1993</td>
<td>5.025 %</td>
<td>2004</td>
<td>3.891 %</td>
</tr>
<tr>
<td>1994</td>
<td>5.184 %</td>
<td>2005</td>
<td>3.168 %</td>
</tr>
<tr>
<td>1995</td>
<td>1.865 %</td>
<td>2006</td>
<td>3.571 %</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 36 Bonds payable from such Sinking Fund Installment and apply any Series 36 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 36 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 36 Bonds or portions of the Series 36 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 36 Bonds. Notice of redemption having been given, as aforesaid, the Series 36 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinafter provided, and, from and after the date so fixed for redemption, interest on the Series 36 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 36 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) (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 36 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Series 36 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 36 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 36 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 36 Bonds or for any claim based thereon or on the Series 36 Resolution against any member or officer of the Corporation or any person executing the Series 36 Bonds and neither the Directors of the Corporation nor any other person executing the Series 36 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 36 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 36 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 36 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 36 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 36 Bonds are as defined in the First General Bond Resolution. The Corporation hereby covenants with the holders of the Series 36 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 hereby covenants further with the holders of the Series 36 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) pub-
lished by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. State Covenant. In accordance with the provisions of Section 10-a of the 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 36 Resolution the pledge and agreement of the State with the holders of the Series 36 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 36 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 36 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 36 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 36 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 36 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 36 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 36 Bonds is in full force and effect.

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 36 Resolution or the Bond Purchase Agreement in connection with the issuance of the Series 36 Bonds.

SECTION 404. When Effective. The Series 36 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

WARRANT RESOLUTION

Authorizing Warrants For The
Purchase Of
$59,505,000 Series 36 Bonds

Adopted November 12, 1981
BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

Section 1. Definitions. As used in this Warrant Resolution Authorizing Warrants for the Purchase of $59,505,000 Series 36 Bonds, the following terms shall have the following respective meanings:

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated as of November 12, 1981, by and among the Corporation and the Purchasers governing, among other matters, the purchase of the Warrants.

"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.

"Purchasers" shall mean the underwriters set forth in Schedule I to the Bond Purchase Agreement as represented by: Salomon Brothers Inc; Goldman, Sachs & Co.; Merrill Lynch White Weld Capital Markets Group (Merrill Lynch, Pierce, Fenner & Smith Incorporated); Citibank, N.A.; The Chase Manhattan Bank, N.A.; Morgan Guaranty Trust Company of New York; Bache Halsey Stuart Shields Incorporated; Bear, Stearns & Co.; and L.F. Rothschild, Unterberg, Towbin.

"Series 36 Bonds" shall mean the bonds authorized by Article II of the Corporation's resolution adopted November 12, 1981, entitled "Series 36 Resolution Authorizing Not to Exceed $59,505,000 Series 36 Bonds".

"Warrant" shall mean any of the warrants dated as of November 1, 1981, authorized pursuant to this Warrant Resolution Authorizing Warrants For the Purchase of $59,505,000 Series 36 Bonds, adopted November 12, 1981, and the Warrant Agreement.

"Warrant Agreement" shall mean the Warrant Agreement dated as of November 1, 1981 by and between the Corporation and United States Trust Company of New York, as Warrant Agent, governing the making, execution, delivery, form and exercise of the Warrants.

Section 2. Authorization of Warrants. The Warrants, entitling their holders to purchase $59,505,000 in aggregate principal amount of Series 36 Bonds upon the terms, conditions and limitations set forth herein, therein and in the Warrant Agreement, are hereby authorized to be issued in accordance with the terms, conditions and limitations set forth herein, therein and in the Warrant Agreement.

Section 3. Sale and Delivery of Warrants. The Warrants shall be sold and delivered to the Purchasers in accordance with the terms and conditions of the Bond Purchase Agreement.
Section 4. Form of Warrants and Numbers. The Warrants shall be in substantially the form attached as Exhibit A to the Warrant Agreement, with five warrants comprising a single certificate, which certificate shall be designated 35W-83-, followed by the number of the certificate. Such certificates shall be numbered consecutively from 1 upwards in order of execution.

Section 5. CUSIP Number. The Corporation is hereby authorized, in its discretion, to provide for the assignment of a CUSIP number for the Warrants and to have such CUSIP number printed thereon.

Section 6. No Recourse on Warrants. No recourse shall be had for the enforcement of the Warrants or for any claim based thereon or on this Resolution against any member or officer of the Corporation or any person executing the Warrants and neither the Directors of the Corporation nor any other person executing the Warrants shall be subject to any personal liability or accountability by reason of the making, execution or delivery thereof.

Section 7. Execution of Warrants. The Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Warrants 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 Warrants.

Section 8. Authorization of Warrant Agreement. The execution and delivery of the Warrant Agreement, substantially in the form presented at this meeting, is hereby authorized, and 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 execute and deliver the Warrant Agreement in the name and on behalf of the Corporation, with such changes, omissions, insertions and revisions as such officer shall deem advisable.

Section 9. When Effective. This Resolution shall become effective immediately upon adoption.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

AND

UNITED STATES TRUST COMPANY
OF NEW YORK,

As Warrant Agent

Warrant Agreement

Dated as of November 1, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
AND
UNITED STATES TRUST COMPANY
OF NEW YORK

WARRANT AGREEMENT
dated as of November 1, 1981

TABLE OF CONTENTS*

<table>
<thead>
<tr>
<th>TABLE OF CONTENTS*</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties</td>
<td>1</td>
</tr>
<tr>
<td>Recitals</td>
<td>1</td>
</tr>
</tbody>
</table>

ARTICLE I.
Making, Execution and Delivery of Warrant Certificates.

SEC. 1.01. Making, Execution and Delivery of Warrant Certificates 2
SEC. 1.02. Countersignature of Warrant Certificates 2
SEC. 1.03. Warrant Certificate Numbers 3

ARTICLE II.
Purchase Price, Duration and Exercise of Warrant Certificates.

SEC. 2.01. Purchase Price 3
SEC. 2.02. Duration of Warrant Certificates 3
SEC. 2.03. Exercise of Warrant Certificates; Delivery of Series 36 Bonds 3

ARTICLE III.
Other Provisions Relating to Rights of Holders of Warrant Certificates.

SEC. 3.01. No Rights as Bondholders Conferred by Warrant Certificates 5
SEC. 3.02. Lost, Stolen, Mutilated or Destroyed Warrant Certificates 5
SEC. 3.03. Holder of Warrant Certificate May Enforce Rights 6
SEC. 3.04. Treatment of Holders of Warrant Certificates 6
SEC. 3.05. Cancellation of Warrant Certificates 6

* This Table of Contents does not constitute a part of this Agreement or have any bearing upon the interpretation of any of its terms or provisions.
ARTICLE IV.
CONCERNING THE WARRANT AGENT.

<table>
<thead>
<tr>
<th>SECTION</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 4.01</td>
<td>Warrant Agent</td>
<td>6</td>
</tr>
<tr>
<td>Sec. 4.02</td>
<td>Conditions of Warrant Agent's Obligations</td>
<td>7</td>
</tr>
<tr>
<td>Sec. 4.03</td>
<td>Resignation and Appointment of Successor</td>
<td>9</td>
</tr>
</tbody>
</table>

ARTICLE V.
MISCELLANEOUS.

<table>
<thead>
<tr>
<th>SECTION</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 5.01</td>
<td>Amendment</td>
<td>10</td>
</tr>
<tr>
<td>Sec. 5.02</td>
<td>Notices and Demands to the Corporation and Warrant Agent</td>
<td>11</td>
</tr>
<tr>
<td>Sec. 5.03</td>
<td>Addresses</td>
<td>11</td>
</tr>
<tr>
<td>Sec. 5.04</td>
<td>Applicable Law</td>
<td>11</td>
</tr>
<tr>
<td>Sec. 5.05</td>
<td>Delivery of Official Statement</td>
<td>11</td>
</tr>
<tr>
<td>Sec. 5.06</td>
<td>Persons Having Rights under Warrant Agreement</td>
<td>11</td>
</tr>
<tr>
<td>Sec. 5.07</td>
<td>Headings</td>
<td>12</td>
</tr>
<tr>
<td>Sec. 5.08</td>
<td>Counterparts</td>
<td>12</td>
</tr>
<tr>
<td>Sec. 5.09</td>
<td>Inspection of Agreement</td>
<td>12</td>
</tr>
<tr>
<td>Testimonium</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Signatures</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Exhibit A</td>
<td>Form of Warrant Certificate</td>
<td>13</td>
</tr>
<tr>
<td>Exhibit B</td>
<td>Form of Bond Counsel Opinion</td>
<td>20</td>
</tr>
</tbody>
</table>
WARRANT AGREEMENT

THIS AGREEMENT dated as of November 1, 1981, between Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, and United States Trust Company of New York, a banking corporation organized and existing under the laws of the State of New York, as warrant agent (the "Warrant Agent").

WITNESSETH THAT:

WHEREAS, the Corporation adopted its Second General Bond Resolution on November 25, 1975 (as amended and supplemented, the "Second General Bond Resolution") providing for the issue from time to time of bonds of the Corporation under which United States Trust Company of New York is serving as trustee (in such capacity, United States Trust Company of New York and any successor or successors as such trustee being hereinafter referred to as the "Trustee"); and

WHEREAS, the Corporation adopted the Series 35 Resolution (the "Series 35 Resolution") on November 12, 1981 providing for the issue of $59,505,000 aggregate principal amount of its Series 35 Bonds (the "Series 35 Bonds") and adopted the Series 36 Resolution (the "Series 36 Resolution") on November 12, 1981 providing for the issue of not to exceed $59,505,000 aggregate principal amount of its Series 36 Bonds (the "Series 36 Bonds") (the Series 35 Bonds and the Series 36 Bonds herein being referred to collectively as the "Bonds"); and

WHEREAS, the Corporation adopted the Warrant Resolution (the "Warrant Resolution") (the Warrant Resolution, the Second General Bond Resolution, the Series 35 Resolution and the Series 36 Resolution being hereinafter referred to collectively as the "Resolutions") on November 12, 1981 authorizing this Agreement and the delivery with the Series 35 Bonds of warrant certificates (the "Warrant Certificates") to purchase the Series 36 Bonds; and

WHEREAS, the Corporation desires the Warrant Agent to act on behalf of the Corporation in connection with the making, execution, delivery, exercise and replacement of the Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Warrant Certificates and the terms and conditions on which they may be issued, exercised and replaced;

NOW THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:
ARTICLE I.

MAKING, EXECUTION AND DELIVERY OF WARRANT CERTIFICATES.

SECTION 1.01. Making, Execution and Delivery of Warrant Certificates. Warrant Certificates shall be delivered in connection with the issuance of the Series 35 Bonds but shall be separately transferable. Each Warrant Certificate shall evidence the right, subject to the provisions contained herein and therein, to purchase $5,000 principal amount of the Series 36 Bonds. Each Warrant Certificate, whenever delivered, shall be in bearer form substantially in the form set forth in Exhibit A hereto, shall be dated as of November 1, 1981, shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer (as defined in the Second General Bond Resolution) 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 the Secretary or the Assistant Secretary of the Corporation, or in such other manner as may be required by law, and may contain or have endorsed thereon such provisions, specifications, descriptive words, letters, numbers or other marks of identification or designation and such legends, summaries or endorsements not inconsistent with the provisions of this Agreement or the Resolutions as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Corporation prior to the delivery thereof. In case any one or more of the officers or employees who shall have signed or sealed any of the Warrant Certificates shall cease to be such officer or employee before the Warrant Certificates so signed and sealed shall have been actually countersigned and delivered by the Warrant Agent, such Warrant Certificates may, nevertheless, be countersigned and delivered as herein provided as if the persons who signed or sealed such Warrant Certificate had not ceased to hold such offices or be so employed. No Warrant Certificate may be exercised until it has been countersigned by the manual signature of the Warrant Agent.

SECTION 1.02. Countersignature of Warrant Certificates. The Warrant Agent shall, upon receipt of the Warrant Certificates, duly executed on behalf of the Corporation, countersign Warrant Certificates evidencing the right to purchase $59,505,000 aggregate principal amount of the Series 36 Bonds and shall deliver such Warrant Certificates to or upon the order of the Corporation. Subsequent to such original delivery of the Warrant Certificates, the Warrant Agent shall countersign a Warrant Certificate only if the Warrant Certificate is to be delivered in substitution for one or more previously countersigned Warrant Certificates, as hereinafter provided.
SEC 1.03. **Warrant Certificate Numbers.** The Warrant Certificates shall be designated 35W-83-, followed by the number of the Warrant Certificate. The Warrant Certificates shall be numbered from 1 upwards in order of their execution. In addition, if the Corporation shall so elect, a CUSIP number may be printed on each Warrant Certificate.

**ARTICLE II.**

**Purchase Price, Duration and Exercise of Warrant Certificates.**

SEC 2.01. **Purchase Price.** Each Warrant Certificate shall, when countersigned by the Warrant Agent, entitle the holder thereof, subject to the provisions of this Agreement and of the Warrant Certificate, to purchase from the Corporation $5,000 principal amount of the Series 36 Bonds at the price of $4,975, plus accrued interest on such Series 36 Bonds from November 1, 1981 if the Delivery Date (as hereinafter defined) of such Series 36 Bonds is prior to July 1, 1982 and, if the Delivery Date of such Series 36 Bonds is after July 1, 1982, from the interest payment date immediately preceding the Delivery Date thereof, to such Delivery Date, as set forth in Exhibit A hereto, payable in full at the time of exercise. Such purchase price of Series 36 Bonds is referred to in this Agreement as the “Purchase Price”.

SEC 2.02. **Duration of Warrant Certificates.** Warrant Certificates may be exercised in whole only at any time after the delivery thereof and on or before 3:30 P.M., New York City time, on January 18, 1983. Each Warrant Certificate not exercised on or before 3:30 P.M., New York City time, on January 18, 1983 shall become void, and all rights of the holder thereunder and under this Agreement shall cease.

SEC 2.03. **Exercise of Warrant Certificates; Delivery of Series 36 Bonds.** (a) During the period specified in Section 2.02, a Warrant Certificate, if countersigned by the Warrant Agent, may be exercised by surrendering it at the corporate trust office of the Warrant Agent in the Borough of Manhattan, City and State of New York, with the form of Election to Purchase set forth in the Warrant Certificate duly executed, accompanied by payment in full (payable by certified check or official bank check or by bank wire transfer in immediately available funds to United States Trust Company of New York, as Warrant Agent), in lawful money of the United States of America, of the Purchase Price for the Series 36 Bonds as to which the Warrant Certificate is exercised.

(b) The 18th day of each month, commencing with December 18, 1981 and ending January 18, 1983 shall be an exercise date (each herein called
an “Exercise Date”) for Series 36 Bonds and the 25th day of each month, commencing with December 25, 1981 and ending January 25, 1983, shall be a delivery date (each herein called a “Delivery Date”) for Series 36 Bonds; provided that if an Exercise Date or a Delivery Date falls on a day on which commercial banking institutions in the Borough of Manhattan, City and State of New York are authorized by law to be closed, such Exercise Date or Delivery Date shall be the next succeeding day on which such banking institutions are not so authorized to be closed. On each Delivery Date, the Corporation shall issue, pursuant to the Second General Bond Resolution and the Series 36 Resolution, an aggregate principal amount of Series 36 Bonds in respect of which Warrant Certificates have been exercised since the Exercise Date in the immediately preceding month (or, in the case of the first Delivery Date, since the date of this Agreement) and on or before 3:30 P.M., New York City time, on the immediately preceding Exercise Date. On each Delivery Date the Corporation shall issue, to or upon the order of the holder of each Warrant Certificate exercised on or prior to the immediately preceding Exercise Date, the Series 36 Bonds to which such holder is entitled, in such form authorized by the Series 36 Resolution as may be requested by such holder and, if in fully registered form or coupon form registered as to principal, registered in such name or names as may be directed by such holder. In the event that any person is entitled to receive Series 36 Bonds on any Delivery Date in respect of the exercise of two or more Warrant Certificates, such person shall be entitled to receive a Series 36 Bond in fully registered form in a principal amount representing the aggregate principal amount of Series 36 Bonds which such person is entitled to receive on such Delivery Date.

No later than three days prior to each Delivery Date, the Warrant Agent shall deliver to the Trustee a copy of each purchase form pertaining to Series 36 Bonds required to be delivered on such Delivery Date.

(c) All amounts received by the Warrant Agent in respect of the exercise of Warrant Certificates shall be held by the Warrant Agent in a separate account and invested for the benefit of the Corporation in accordance with directions given by the Corporation. Such amounts, together with all income in respect thereof, shall be paid to the Trustee in accordance with subsection (e) of this Section 2.03.

(d) On each Delivery Date, the Corporation shall cause to be delivered to each person entitled to receive Series 36 Bonds on such Delivery Date, an opinion of bond counsel with respect to the Series 36 Bonds, dated as of
December 28, 1981, substantially in the form attached as Exhibit B to this Agreement.

(e) On each Delivery Date, the Warrant Agent shall cause to be delivered to the Trustee, for deposit in accordance with the Corporation's instructions, an amount equal to the aggregate of the Purchase Prices payable pursuant to Section 2.01 in respect of all Series 36 Bonds required to be delivered on such Delivery Date together with any additional amounts required to be delivered pursuant to subsection (c) of this Section 2.03.

(f) Each Series 36 Bond issued upon the exercise of a Warrant Certificate shall be a valid and binding obligation of the Corporation.

ARTICLE III.

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT CERTIFICATES.

SECTION 3.01. No Rights as Bondholders Conferred by Warrant Certificates. No Warrant Certificate shall entitle the holder thereof to any of the rights of a holder of the Series 36 Bonds, including, without limitation, the right to receive the payment of principal of or interest on the Bonds or to enforce any of the covenants of the Series 36 Bonds, the Second General Bond Resolution, the Series 35 Resolution or the Series 36 Resolution.

SECTION 3.02. Lost, Stolen, Mutilated or Destroyed Warrant Certificates. In case any Warrant Certificate shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and the Warrant Agent shall countersign and deliver a new Warrant Certificate of the same tenor as the Warrant Certificate so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Warrant Certificate, upon surrender and cancellation of such mutilated Warrant Certificate, or in lieu of or in substitution for the Warrant Certificate destroyed, stolen or lost, upon filing with the Warrant Agent of evidence satisfactory to the Corporation and the Warrant Agent that such Warrant Certificate has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Warrant Agent with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Warrant Agent may prescribe and paying such expenses as the Corporation and Warrant Agent may incur in connection therewith. All Warrant Certificates so surrendered to the Warrant Agent shall be cancelled by it and evidence of such cancellation shall be given to the Corporation.
SECTION 3.03. Holder of Warrant Certificate May Enforce Rights. Notwithstanding any of the provisions of this Agreement, any holder of any Warrant Certificate, without the consent of the Warrant Agent, the Trustee, the holder of any Series 35 Bond or Series 36 Bond or the holder of any other Warrant Certificate, may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce or otherwise in respect of, his right to exercise his Warrant Certificate in the manner provided in his Warrant Certificate and in this Agreement.

SECTION 3.04. Treatment of Holders of Warrant Certificates. Each Warrant Certificate when countersigned by the Warrant Agent pursuant to Section 1.02 of this Agreement shall be transferable by delivery and shall be deemed negotiable and the bearer of each Warrant Certificate may be treated by the Corporation, the Warrant Agent and all other persons dealing with said holder as the absolute owner thereof for any purpose and as the person entitled to exercise the rights represented thereby, any notice to the contrary notwithstanding.

SECTION 3.05. Cancellation of Warrant Certificates. Any Warrant Certificate surrendered for exercise shall, if surrendered to the Corporation, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to such Warrant Agent shall be promptly cancelled by the Warrant Agent and no Warrant Certificate shall be made, executed or delivered hereunder in lieu thereof. The Warrant Agent shall deliver to the Corporation from time to time or otherwise dispose of cancelled Warrant Certificates in a manner satisfactory to the Corporation.

ARTICLE IV.

CONCERNING THE WARRANT AGENT.

SECTION 4.01. Warrant Agent. The Corporation hereby appoints United States Trust Company of New York as Warrant Agent of the Corporation in respect of the Warrant Certificates upon the terms and subject to the conditions herein set forth; and United States Trust Company of New York hereby accepts such appointment. The Warrant Agent shall have the powers and authority granted to and conferred upon it in the Warrant Certificates and hereby and such further powers and authority to act on behalf of the Corporation as the Corporation may hereafter grant to or confer upon it. All of the terms and provisions with respect to such powers and authority
contained in the Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 4.02. Conditions of Warrant Agent’s Obligations. The Warrant Agent accepts its obligations herein set forth, upon the terms and conditions hereof, including the following, to all of which the Corporation agrees and to all of which the rights hereunder of the holders from time to time of the Warrant Certificates shall be subject:

(a) Compensation and Indemnification. The Corporation agrees promptly to pay the Warrant Agent the compensation to be agreed upon with the Corporation for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable expenses, taxes if any, other duties, if any, charges and other disbursements, including those of its attorneys, agents and employees, incurred by the Warrant Agent in connection with the services rendered hereunder by the Warrant Agent. The Corporation also agrees to indemnify the Warrant Agent and save it harmless against any liability or expense incurred without negligence or bad faith on the part of the Warrant Agent, arising out of or in connection with its acting as such Warrant Agent hereunder, as well as the costs and expenses of defending against any claim of liability in the premises.

(b) Agent for the Corporation. In acting under this Warrant Agreement and in connection with the Warrant Certificates, the Warrant Agent is acting solely as agent of the Corporation and does not assume any obligation or relationship of agency or trust for or with any of the owners or holders of the Warrant Certificates.

(c) Counsel. The Warrant Agent may consult with counsel satisfactory to it, who may or may not be counsel to the Corporation, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(d) Documents. The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance in good faith upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement, resolution, request, order, report, opinion, bond or other paper or document believed by it to be genuine and to have been passed, signed or presented by the proper party or parties.
(e) Certain Transactions. The Warrant Agent, and its officers, directors and employees, may act as Trustee and may become the owner of, or acquire any interest in, any Warrant Certificates, with the same rights that it or they would have if it were not the Warrant Agent hereunder, and it or they may engage or be interested in any financial or other transaction with the Corporation and may act on, or as depository, trustee or agent for, any committee or body of holders of Bonds or coupons or other obligations of the Corporation as freely as if it were not the Warrant Agent hereunder.

(f) No Liability for Interest. Except as otherwise provided in Section 2.03(c) hereof, the Warrant Agent shall not be under any liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(g) No Liability for Invalidity. The Warrant Agent shall not incur any liability with respect to the validity of this Agreement or any of the Warrant Certificates.

(h) No Responsibility for Representations. The Warrant Agent shall not be responsible for any of the recitals or representations herein or in the Warrant Certificates contained (except as to the Warrant Agent's countersignature thereon), all of which are made solely by the Corporation.

(i) No Responsibility for Distribution. The Warrant Agent shall not be responsible for the distribution of the Warrant Certificates, except as otherwise provided in this Agreement.

(j) No Implied Obligations. The Warrant Agent shall be obligated to perform such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Corporation of any of the Warrant Certificates countersigned by the Warrant Agent and delivered by it to the Corporation pursuant to this Agreement or for the application by the Corporation of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or
responsibility in case of any default by the Corporation in the performance of its covenants or agreements contained in the Warrant Certificates or in the case of the receipt of any written demand from a holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 5.02 hereof, to make any demand upon the Corporation.

SECTION 4.03. Resignation and Appointment of Successor. (a) The Corporation agrees, for the benefit of the holders from time to time of the Warrant Certificates, that there shall at all times be a Warrant Agent hereunder until all the Warrant Certificates are no longer exercisable.

(b) The Warrant Agent may at any time resign as such agent by giving written notice to the Corporation of such intention on its part, specifying the date on which its desired resignation shall become effective; provided that such date shall not be less than three months after the date on which such notice is given unless the Corporation agrees to accept less notice. The Warrant Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed by or on behalf of the Corporation and specifying such removal and the date when it shall become effective. Such resignation or removal shall take effect upon the appointment by the Corporation, as hereinafter provided, of a successor Warrant Agent (which shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing, and have an established place of business in the Borough of Manhattan, City and State of New York, and authorized under such laws to exercise corporate trust powers) and the acceptance of such appointment by such successor Warrant Agent. Upon its resignation or removal, the Warrant Agent shall be entitled to the payment by the Corporation of the compensation and indemnification agreed to under Section 4.02(a) hereof for, and to the reimbursement of all reasonable out-of-pocket expenses incurred in connection with, the services rendered hereunder by the Warrant Agent.

(c) In case at any time the Warrant Agent shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or shall commence a case seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy law or similar law or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or custodian of all or any substantial part of its property, or shall
admit in writing its inability to pay or meet its debts as they mature, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered for relief against it under the provisions of Title 11 of the United States Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy or similar law, or if any public officer shall have taken charge or control of the Warrant Agent or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Warrant Agent, qualified as aforesaid, shall be appointed by the Corporation by an instrument in writing, filed with the successor Warrant Agent. Upon the appointment as aforesaid of a successor Warrant Agent and acceptance by the latter of such appointment, the Warrant Agent so superseded shall cease to be Warrant Agent hereunder.

(d) Any successor Warrant Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Corporation an instrument accepting such appointment hereunder, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as Warrant Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such successor Warrant Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor, as Warrant Agent hereunder.

(e) Any corporation into which the Warrant Agent hereunder may be merged or converted or any corporation with which the Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party, or any corporation to which the Warrant Agent shall sell or otherwise transfer all or substantially all the assets and business of the Warrant Agent, provided that it shall be qualified as aforesaid, shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE V.

MISCELLANEOUS.

SECTION 5.01. Amendment. This Agreement may be amended by the parties hereto, without the consent of the holder of any Warrant Certificate, for the purpose of curing any ambiguity, or of curing, correcting or
supplementing any defective provision contained herein, or in regard to matters of questions arising under this Agreement as the Corporation and the Warrant Agent may deem necessary or desirable, provided such action shall not adversely affect the interests of the holders of the Warrant Certificates.

**SECTION 5.02. Notices and Demands to the Corporation and Warrant Agent.** If the Warrant Agent shall receive any notice or demand addressed to the Corporation by the holder of a Warrant Certificate pursuant to the provisions of the Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Corporation.

**SECTION 5.03. Addresses.** Any communications from the Corporation to the Warrant Agent with respect to this Agreement shall be addressed to it at 45 Wall Street, New York, New York 10005, Attention: Corporate/ Municipal Trust and Agency Department, and any communications from the Warrant Agent to the Corporation with respect to this Agreement shall be addressed to it at One World Trade Center, Suite 8901, New York, New York 10048 (or such other address as shall be specified in writing by the Warrant Agent or by the Corporation).

**SECTION 5.04. Applicable Law.** The validity, interpretation and performance of this Agreement and each Warrant Certificate issued hereunder and of the respective terms and provisions thereof shall be governed by the laws of the State of New York.

**SECTION 5.05. Delivery of Official Statement.** The Corporation will furnish to the Warrant Agent sufficient copies of an Official Statement relating to the Corporation, and the Warrant Agent agrees that upon the exercise of any Warrant Certificate by the holder thereof, the Warrant Agent will deliver to such holder, prior to or concurrently with the delivery of the Series 36 Bonds issued upon such exercise, a copy of the most recent Official Statement so delivered to it by the Corporation.

**SECTION 5.06. Persons Having Rights under Warrant Agreement.** Nothing in this Agreement expressed or implied and nothing that may be inferred from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the Corporation, the Warrant Agent and the holders of the Warrant Certificates any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement hereof; and all covenants, conditions, stipulations, promises and agreements in this Agreement
contained shall be for the sole and exclusive benefit of the Corporation and the Warrant Agent and their successors and of the holders of the Warrant Certificates.

Section 5.07. Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 5.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

Section 5.09. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Warrant Agent in the Borough of Manhattan, City and State of New York, for inspection by the holder of any Warrant Certificate. The Warrant Agent may require such holder to submit his Warrant Certificate for inspection by it.

In Witness Whereof, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

Municipal Assistance Corporation
For the City of New York

By Stephen J. Weinstein
Deputy Executive Director

United States Trust Company of New York

By Malcolm J. Hood
Senior Vice President
EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

EXERCISABLE ONLY IF COUNTERSIGNED BY THE WARRANT AGENT AS PROVIDED HEREIN.

No. 35W-83.

Warrant Certificate representing five $1,000 Warrants for the purchase of $5,000 principal amount of 123/4% Series 36 Bonds Due July 1, 2007 of the Municipal Assistance Corporation For The City of New York as herein described.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK WARRANT CERTIFICATE FOR 123/4% SERIES 36 BONDS DUE JULY 1, 2007 VOID AFTER 3:30 P.M., NEW YORK CITY TIME, ON JANUARY 18, 1983.

DELIVERY OF SERIES 36 BONDS WILL BE MADE ONLY ON THE 25TH DAY OF EACH MONTH TO AND INCLUDING JANUARY 25, 1983. THIS WARRANT CERTIFICATE MUST BE EXERCISED BEFORE 3:30 P.M., NEW YORK CITY TIME, ON THE 18TH DAY OF ANY SUCH MONTH IN ORDER TO ENTITLE THE BEARER TO DELIVERY OF A SERIES 36 BOND ON THE 25TH DAY OF SUCH MONTH.

This certifies that the bearer will be entitled to purchase on or before 3:30 P.M., New York City time, on January 18, 1983, $5,000 principal amount of 123/4% Series 36 Bonds due July 1, 2007 (the “Series 36 Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), to be issued under the Resolutions (as hereinafter defined), at the price of $4,975, plus accrued interest from November 1, 1981 if the Delivery Date (as hereinafter defined) of such Series 36 Bonds is prior to July 1, 1982 and, if the Delivery Date of such Series 36 Bonds is after July 1, 1982, from the interest payment date immediately preceding the Delivery Date of such Series 36 Bonds, to such Delivery Date (herein called the “Purchase Price”), as shown on the reverse side of this Warrant Certificate, by surrendering this Warrant Certificate, with the form of Election To Purchase on the back hereof duly executed, at United States Trust Company of New York, or its successor as warrant agent (the “Warrant Agent”), at the address specified on the reverse hereof in the Borough of Manhattan, City and State of New York, accompanied by payment in full (payable by certified check or by official bank check or by bank wire transfer in immediately available funds, to United States Trust Company of New York, as Warrant Agent), in lawful
money of the United States of America, of the Purchase Price for the Series 36 Bonds as to which this Warrant Certificate is exercised, and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement (as hereinafter defined). Warrant Certificates which have not been received at the corporate trust office of the Warrant Agent, together with a duly executed Election To Purchase and Purchase Price, before 3:30 P.M., New York City time, on January 18, 1983, shall be void. The method of delivery is at the election and risk of the owner of this Warrant Certificate, but, if sent by mail, registered mail with return receipt requested is recommended.

This Warrant Certificate may not be exercised until countersigned by the Warrant Agent. Upon submission to the Warrant Agent of this Warrant Certificate, it may be exercised to purchase Series 36 Bonds in the form of coupon Bonds payable to bearer, or in the form of coupon Bonds registered as to principal only, or in the form of fully registered Bonds without coupons, as requested by the holder hereof upon exercise of this Warrant Certificate. This Warrant Certificate may not be exercised in part. The Series 36 Bonds for which this Warrant Certificate may be exercised will be delivered only on the 25th day (or the next succeeding day on which commercial banking institutions in the Borough of Manhattan, City and State of New York, are not authorized by law to be closed) of each month (each herein called a “Delivery Date”); provided that this Warrant Certificate has been validly exercised on or prior to 3:30 P.M., New York City time, on the 18th day (or the next succeeding day on which commercial banking institutions in the Borough of Manhattan, City and State of New York are not authorized by law to be closed) of such month, all as provided in the Warrant Agreement.

This Warrant Certificate is made, executed and delivered under and in accordance with the Warrant Agreement dated as of November 1, 1981 (the “Warrant Agreement”), between the Corporation and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the holder of this Warrant Certificate consents by acceptance hereof. Copies of the Warrant Agreement are on file at the above-mentioned office of the Warrant Agent.

The Series 36 Bonds to be issued and delivered upon the exercise of this Warrant Certificate will be issued under and in accordance with the bond resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” (herein called the “Second General Bond Resolution”) under which United States Trust Company of New York, a banking corporation organized and existing under the laws of the State of New York, is serving as trustee (said trustee and any successor or successors thereto being hereinafter referred to as the “Trustee”
and the series resolution of the Corporation, adopted November 12, 1981, entitled “Series 36 Resolution Authorizing Not to Exceed $59,505,000 Series 36 Bonds” (the “Series 36 Resolution”) (said resolutions being herein collectively called the “Resolutions”) and will be subject to the terms and provisions contained in the Series 36 Bonds and in the Resolutions. Copies of the Resolutions, including the form of the Series 36 Bonds, are on file at the corporate trust office of the Trustee, in the Borough of Manhattan, City and State of New York.

The Corporation covenants and agrees that for purposes of establishing compliance with any limitations on the Corporation’s ability to issue additional bonds, now or hereafter contained in the Second General Bond Resolution, including but not limited to, Section 202 thereof, or any Series Resolution or Supplemental Resolution (as such terms are defined in the Second General Bond Resolution), or in any law, statute, judgment, decree, order, ordinance, governmental rule or regulation or other instrument or agreement binding upon the Corporation, including but not limited 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 heretofore and hereafter amended, the entire principal amount of the Series 36 Bonds, less the principal amount of Series 36 Bonds, if any, in respect of which Warrant Certificates have been cancelled, shall be deemed to be issued and outstanding whether or not then issued and delivered under the Second General Bond Resolution.

The Corporation covenants and agrees that it will cause to be delivered to the person entitled to receive Series 36 Bonds upon exercise of this Warrant Certificate, on the Delivery Date therefor, an opinion of bond counsel, dated as of December 28, 1981, substantially in the form attached as Exhibit B to the Warrant Agreement.

The Corporation covenants and agrees that it shall not modify or amend the Second General Bond Resolution or the Series 36 Resolution if the same adversely affects or diminishes the rights of the holders of the Warrant Certificates without first obtaining the written consent of the holders of a majority of the Warrant Certificates at the time outstanding; provided that no such modification or amendment shall change the amount or date of any Sinking Fund Installment (as defined in the Second General Bond Resolution) in respect of the Series 36 Bonds, or shall permit a change in the terms of redemption or maturity of the principal of the Series 36 Bonds or of any installment of interest thereon or in the rate of interest thereon without first obtaining the written consent of the holders of all of the Warrant Certificates at the time outstanding.
This Warrant Certificate, when countersigned by the Warrant Agent, and all rights hereunder, are transferable by delivery and the Corporation and the Warrant Agent may treat the holder hereof as the owner for all purposes.

This Warrant Certificate, when countersigned by the Warrant Agent, is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of the Consolidated Laws of the State of New York) and each holder of this Warrant Certificate by accepting this Warrant Certificate shall be conclusively deemed to have agreed that this Warrant Certificate is fully negotiable for those purposes.

This Warrant Certificate shall not entitle the holder hereof to any of the rights of a holder of a Series 36 Bond, including, without limitation, the right to receive payments of principal and redemption premium, if any, of and interest on a Series 36 Bond or to enforce any of the covenants of the Series 36 Bonds or the Resolutions.

Neither the directors of the Corporation nor any person executing this Warrant Certificate shall be subject to any personal liability or accountability by reason of the making, execution or delivery thereof.

Dated as of: November 1, 1981

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

Chairman

Attest:

[SEAL]

Secretary

Countersigned:

UNITED STATES TRUST COMPANY
OF NEW YORK,

as Warrant Agent

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

Authorized Signature
[FORM OF ELECTION TO PURCHASE]

(To be executed upon exercise of Warrant Certificate. Please print or type except for signature(s).)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase $5,000 principal amount of the 12 3/4 % Series 36 Bonds Due July 1, 2007 of the Municipal Assistance Corporation For The City of New York and herewith tenders payment for such Series 36 Bonds (payable by certified check or official bank check or by bank wire transfer in immediately available funds to United States Trust Company of New York, as Warrant Agent) in the amount of the Purchase Price as set forth below in accordance with the terms hereof. The undersigned requests a Series 36 Bond:

☐ in coupon form payable to bearer
☐ in coupon form registered as to principal to

...................................................................................................................
Name(s) (Please Print)

...................................................................................................................
Address

...................................................................................................................
Social Security or Identifying Number

☐ in fully registered form as to principal and interest to

...................................................................................................................
Name(s) (Please Print)

...................................................................................................................
Address

...................................................................................................................
Social Security or Identifying Number

If this Warrant Certificate is being exercised along with other Warrant Certificate(s) by the same holder(s), and the holder(s) wish the Series 36 Bond(s) to be delivered in registered form in a denomination other than
$5,000, please indicate below the denomination(s) of the Series 36 Bond(s) to be so delivered, along with the number(s) of the other Warrant Certificate(s) being exercised:

Denomination(s) .................................................................

Warrant Certificate Number(s) ..............................................

The Series 36 Bond(s) will be mailed to the address appearing below, unless the box “Window Pick-up” is completed, in which case they shall be held for pick-up at the United States Trust Company of New York at the address set forth below.

Dated:

(Insert Social Security or Identifying Number)  Name(s): ........................................... (Please Print)

Address .................................................................

Signature .................................................................

WINDOW PICK-UP

If Series 36 Bonds are to be picked up by hand at United States Trust Company of New York, check this box. □

Hours: 8:30 a.m. to 3:30 p.m., Monday through Friday.

.............................. : By ........................................... (Signature)

Date  ................................................................. (Name)

.............................. : By ........................................... (Signature)

Date  ................................................................. (Name)

(Please print your name on the line under your signature.)
This Warrant Certificate may be exercised at the following address:

By hand or mail at United States Trust Company of New York, Corporate Trust and Agency Services, 45 Wall Street, New York, New York 10005.

**PURCHASE PRICE**

The following table sets forth the amount of the payment which must be tendered with this Warrant Certificate, which amount is comprised of $4,975 plus accrued interest in accordance with the terms hereof:

<table>
<thead>
<tr>
<th>Dates of Exercise (Both Inclusive)</th>
<th>Purchase Price Per $5,000 Series 36 Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 24, 1981 to December 18, 1981</td>
<td>$5,070.62</td>
</tr>
<tr>
<td>December 19, 1981 to January 18, 1982</td>
<td>5,123.75</td>
</tr>
<tr>
<td>January 19, 1982 to February 18, 1982</td>
<td>5,176.87</td>
</tr>
<tr>
<td>February 19, 1982 to March 18, 1982</td>
<td>5,230.00</td>
</tr>
<tr>
<td>March 19, 1982 to April 19, 1982</td>
<td>5,283.12</td>
</tr>
<tr>
<td>April 20, 1982 to May 18, 1982</td>
<td>5,336.25</td>
</tr>
<tr>
<td>May 19, 1982 to June 18, 1982</td>
<td>5,389.37</td>
</tr>
<tr>
<td>June 19, 1982 to July 19, 1982</td>
<td>5,017.50</td>
</tr>
<tr>
<td>July 20, 1982 to August 18, 1982</td>
<td>5,070.62</td>
</tr>
<tr>
<td>August 19, 1982 to September 20, 1982</td>
<td>5,123.75</td>
</tr>
<tr>
<td>September 21, 1982 to October 18, 1982</td>
<td>5,176.87</td>
</tr>
<tr>
<td>October 19, 1982 to November 18, 1982</td>
<td>5,230.00</td>
</tr>
<tr>
<td>November 19, 1982 to December 20, 1982</td>
<td>5,283.12</td>
</tr>
<tr>
<td>December 21, 1982 to January 18, 1983</td>
<td>5,017.50</td>
</tr>
</tbody>
</table>
December 28, 1981

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 not to exceed $59,505,000 aggregate principal amount of Series 36 Bonds (the "Series 36 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 36 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 36 Resolution, adopted November 12, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 36 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 36 Bonds are being issued for purposes act forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 36 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 36 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 36 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 36 Bonds, will mature on July 1, 2007 and will bear interest payable semi-annually on each January 1 and on each July 1 subsequent to the delivery thereof, such payment commencing on July 1, 1982, at the rate of twelve and three-fourths per centum (12 3/4 %) per annum.

The Series 36 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 36 Bonds are interchangeable as provided
in the Resolutions. Coupon Series 36 Bonds are numbered 36-07- and fully registered Series 36 Bonds are lettered and numbered 36R-07- followed, in each case, by the number of the Series 36 Bonds. Coupon Series 36 Bonds and fully registered Series 36 Bonds are numbered consecutively from one upward in order of issuance.

The Series 36 Bonds are subject to redemption, commencing on July 1, 1985, and on each July 1 thereafter prior to maturity, in each case 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 36 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 36 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of The New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 36 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 36 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 36 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 36 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 36 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 36 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 36 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 36 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 nor will they have a lien on the per capita aid referred to hereinafter 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 Code 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 36 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 36 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 36 Bonds, and the execution and delivery of the Series 36 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 36 Bond numbered 36-07-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
ORDER AS TO AUTHENTICATION
AND DELIVERY OF SERIES 34 BONDS AND SERIES 35 BONDS
AND AS TO
COUNTERSIGNATURE AND DELIVERY OF WARRANTS

24 November 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

We have heretofore delivered to you, as Trustee under the
Second General Bond Resolution adopted November 25, 1975, as
amended and supplemented (herein called the Second General
Bond Resolution), by the Municipal Assistance Corporation For
The City of New York (the Corporation), $40,495,000 principal
amount of Series 34 Bonds dated November 1, 1981 and
$59,505,000 principal amount of Series 35 Bonds dated November
1, 1981, in definitive form (the Bonds), authorized, printed,
executed and issued pursuant to the Second General Bond
Resolution and the Series 34 and 35 Resolutions of the
Corporation adopted November 12, 1981, and to be sold pursuant
to the Bond Purchase Agreement dated November 12, 1981 (the
Bond Purchase Agreement) and the Official Statement of the
Corporation dated November 12, 1981 (the Official Statement).
We have also delivered to you as Trustee on November 12, 1981,
the $500,000 good faith deposit for the purchase price of the
Bonds.

We have also heretofore delivered to you, as Warrant Agent
under the Warrant Agreement dated as of November 1, 1981,
between the Corporation and you, Warrants to purchase an
aggregate amount of $59,505,000 of the Corporation's Series 36
Bonds, dated November 1, 1981, in definitive form (the
Warrants), authorized, printed and executed pursuant to the
Warrant Agreement and the Warrant Resolution of the
Corporation adopted November 12, 1981 (the Warrant
Resolution), and to be delivered pursuant to the Bond Purchase
Agreement and the Official Statement.
You are hereby requested, authorized and ordered as Trustee to authenticate the Bonds and as Warrant Agent to countersign the Warrants, and when so authenticated and countersigned to deliver them, upon receipt of the documents and opinions which together with this order constitute all the conditions precedent to the delivery of the Bonds pursuant to the Second General Bond Resolution and upon receipt of payment of the amount of $97,418,475 (of which sum $500,000 was delivered on November 12, 1981 by us to you as the good faith deposit for the purchase price of the Bonds), together with accrued interest in the amount of $765,979.86 on the Bonds from November 1, 1981 to the date hereof, to or in accordance with the order of the Underwriters designated in the Bond Purchase Agreement against the receipt of the Underwriters therefor.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By [Signature]
Deputy Executive Director
ORDER TO TRUSTEE AS TO AUTHENTICATION
AND DELIVERY OF SERIES 36 BONDS

24 November 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

The Municipal Assistance Corporation For The City of New York (the Corporation) will, on or before December 18, 1981, deliver to you, as Trustee under the Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (herein called the Second General Bond Resolution), by the Corporation, $59,505,000 principal amount of Series 36 Bonds, dated November 1, 1981, in definitive form (the Bonds), authorized, printed and executed pursuant to the Second General Bond Resolution and the Series 36 Resolution of the Corporation adopted November 12, 1981, and to be sold and delivered pursuant to the Series 36 Resolution and the Warrant Agreement, dated as of November 1, 1981, between you and the Corporation (the Warrant Agreement), to the holders of Warrants to purchase the Bonds (the Warrants) authorized to be issued pursuant to a Warrant Resolution adopted November 12, 1981, which Warrants, when properly exercised, entitle the holders thereof to purchase the Bonds at the purchase price specified in the Warrants.

You are hereby irrevocably requested, authorized and ordered to authenticate on or prior to each Delivery Date (as defined in the Warrant Agreement) to and including January 25, 1983, upon receipt of Warrants properly exercised on or prior to the Exercise Date (as defined in the Warrant Agreement) immediately preceding such Delivery Date, Bonds of an aggregate principal amount equal to the principal amount of Bonds purchased by the holders of such Warrants, and when so authenticated, to deliver such Bonds on or prior to such Delivery Date, upon receipt of the documents and opinions which together with this order constitute all the conditions
precedent to the delivery of such Bonds pursuant to the Second General Bond Resolution, and upon receipt of payment of the purchase price for such Bonds, to the Warrant Agent, against the receipt of the Warrant Agent therefor. The aggregate principal amount of Bonds to be authenticated and delivered in accordance with this order shall not exceed $59,505,000.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]
Deputy Executive Director
CERTIFICATE OF THE DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, C. Mark Lawton, 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 Official Statement dated November 12, 1981 (the "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 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 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 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 (a) 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 24th day of November 1981.

[Signature]

C. Mark Lawton
Director of the Budget of the State of New York
I, James H. Tully, Jr., Commissioner of Taxation and Finance of the State of New York, do HEREBY CERTIFY as follows:

I have reviewed the tabular data and footnotes set forth under the charts "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax" contained in the Official Statement of the Municipal Assistance Corporation for the City of New York, dated November 12, 1981, with respect to the Series 34 Bonds, as the same statement has been heretofore supplemented or amended as of the date hereof (the "Official Statement") under the sections captioned "Payment of the Bonds--Sales Tax" and "Payment of the Bonds--Stock Transfer Tax." Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of November 1981.

[Signature]

JAMES H. TULLY, JR.
Commissioner
CERTIFICATE OF THE DIRECTOR OF MANAGEMENT AND BUDGET
OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase Agreement
Relating to the Series 34 Bonds and
Series 35 Bonds with Warrants to Purchase Series 36 Bonds

I, ALAIR A. TOWNSEND, Director of Management and
Budget of The City of New York (the "City"), on behalf of the
City and to the best of my knowledge and belief, do HEREBY
CERTIFY as follows:

1. I have reviewed the information contained in
the Official Statement relating to the Series 34 Bonds and
Series 35 Bonds with Warrants to Purchase Series 36 Bonds,
dated November 12, 1981, of the Municipal Assistance
Corporation For The City of New York (the "Corporation") under
the section captioned "Part 9 --Certain Developments Affecting
the City." Certain of such information which is referred to
in the paragraphs numbered 2 through 13 of this certificate
represents certain public information contained in the
official reports, statements or other documents of the City,
including a final Official Statement issued November 19, 1981
by the City in connection with the sale of $300 million
aggregate principal amount of its general obligation bonds.
Reference should be made to such official reports, statements,
Official Statement, or other documents for a more complete
explanation of such information.
2. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that the City, after it lost access to the public credit markets, took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets, including accounting reforms and development of a three-year financial plan (the "Three Year Financial Plan"), is accurate and not misleading in any material respect.

3. The information contained in such section under the subheading "Fiscal Years 1975-1981" 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 tuition at the City University of New York, and received additional State and Federal aid, is accurate and not misleading in any material respect.

4. The information set forth in such section under the subheading "Fiscal Years 1975-1981" with respect to (a) the City's failure to regain access to the public credit markets 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 reenter the public credit markets, and (c) the results of
those proposals, is accurate and not misleading in any material respect.

5. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that (a) in March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July 1981, the City sold another $100 million of its bonds, (b) these bond issues received an investment grade rating from Standard & Poor's, Inc., but Moody's Investors Service, Inc. declined to raise its rating on the bonds to investment grade, (c) since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public, and (d) in the 1981 fiscal year, the City obtained all of its seasonal financing requirements through the sale of short-term notes to the public, has so satisfied $500 million of an estimated seasonal financing requirement for the 1982 fiscal year of $650 million and expects to similarly satisfy the remaining needs, is accurate and not misleading in any material respect.

6. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that (a) pursuant to the Act and the Emergency Act, the City is required to submit to the Control Board by May 12 of each year 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"), (b) 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, (c) 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, and (d) the City's budget for the 1981 fiscal year was balanced in accordance with GAAP, one year earlier than required by State law, is accurate and not misleading in any material respect.

7. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that the fiscal year 1982 budget adopted June 18, 1981 (a) projects a GAAP-balanced budget with revenues and expenditures of $14.749 billion, an increase of $586 million over the amount forecast for fiscal 1981 in the 1981 Four Year Plan, (b) includes an increase of $299 million in real estate taxes anticipated to come from higher real estate assessments, increased State education and other unrestricted aid of $202 million, including $75 million in additional State aid, of which $57 million represents the initial step of the proposed Medicaid take-over by the State, and increases in local tax and miscellaneous revenues of $212 million, (c) provides funds for service improvements for certain programs and agencies, such as criminal justice, education, fire, sanitation and police,
assumes an overall increase in the City-funded workforce of approximately 12,000 positions over the actual workforce on June 30, 1981, includes a total of $193 million in City funds to offset $297 million of reductions in Federal aid for CETA and other programs, and provides approximately $250 million to cover increased energy costs and medical assistance payments as well as higher fringe benefit costs due to inflation, and (d) projects debt service costs during fiscal 1982 to be $223 million lower than previously projected, which reduction is largely attributable to the availability of $178 million of real estate taxes collected during fiscal years 1980 and 1981 available for payment of debt service in 1982, including $137 million of real estate taxes collected in fiscal 1981 to redeem certain City bonds held by the Corporation, the redemption of which has been deferred by the City until fiscal year 1982, is accurate and not misleading in any material respect.

8. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that (a) the Control Board on July 2, 1981 approved a financial plan for fiscal years 1982 through 1985 (as approved, the "1982 Four Year Plan"), (b) the 1982 Four Year Plan projected revenues and expenditures for fiscal year 1982 to be as contained in the adopted budget except for Federal categorical grants which were projected to be $50 million lower, (c) such
revenues and expenditures totalled $14.699 billion, (d) the Plan projected budget gaps for fiscal years 1983 through 1985 of $783 million, $977 million, and $998 million, respectively, and (e) the Plan included gap-closing programs sufficient to close such gaps involving various City, State and Federal actions, such as the proposed takeover of local Medicaid costs by the State, increased education aid, and the gradual elimination of the City's budgeted general reserve to be replaced by a cash reserve commencing in fiscal year 1983, is accurate and not misleading in any material respect.

9. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that (a) the 1982 Four Year Plan was not approved prior to the beginning of the 1982 fiscal year because the City's proposed plan as submitted to the Control Board in May 1981 and revised on June 25, 1981 did not address certain issues concerning the financing of the TA, (b) the adopted Plan, after taking into consideration the revenues from the 15 cent fare increase approved by the MTA in July 1981, projects budget gaps for the TA for fiscal years 1982 through 1985, respectively, of $151 million, $299 million, $415 million and $555 million, (c) the projected revenues from the proposed taxes agreed to by the Legislature prior to approval of the Plan and subsequently enacted are expected to be sufficient to close fully the 1982 gap, but additional revenue measures or expenditure reductions
may be required to close the 1983 gap and are expected to be necessary to eliminate fully the 1984 and 1985 gaps, and (d) the financial plan for the TA was modified to reflect the revenues estimated to be derived from the taxes, is accurate and not misleading in any material respect.

10. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that (a) on October 23, 1981, the Control Board approved a modification of the 1982 Four Year Plan which projects revenues and expenditures for the 1982 fiscal year of $14.858 billion, an increase of $159 million over the Plan approved on July 2, 1981, and (b) the increase results primarily from the expected receipt of higher levels of State and Federal categorical aid and higher short-term interest costs, is accurate and not misleading in any material respect.

11. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that (a) in connection with the October 23, 1981 modification to the 1982 Four Year Plan, the Control Board required the New York City Housing Development Corporation ("HDC"), a Covered Organization, and the City to provide satisfactory assurance that approximately $35.7 million of HDC's notes due November 13, 1981, which are held by four City pension funds, can be paid, (b) that the pension funds have agreed to extend the notes to January 13, 1982, (c) that HDC and the City have
advised the Control Board that they are negotiating with prospective purchasers to refund the notes through the sale of HDC bonds and expect to consummate such transaction, and (d) if a sale of HDC bonds has not occurred by January 13, 1982 and alternate arrangements cannot be made, the City will take such actions as may then be necessary to prevent a default by HDC on the notes, is accurate and not misleading in any material respect.

12. The information set forth in such section under the subheading "Litigation" in relation to (a) the 1982 Four Year Plan containing provisions for the settlement of judgments and claims, other than real estate tax certiorari proceedings, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the 1983 through 1985 fiscal years, (b) numerous real estate tax certiorari proceedings presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments and the possible impact on the City of an adverse decision involving these issues, (c) the City has reported that as of June 30, 1980, the estimated potential exposure to the City in these proceedings could amount to approximately $1.6 billion, (d) provision in the 1982 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amount of approximately $45 million annually in the 1982 through 1985 fiscal years, (e) remedial
legislation with respect to such liability and litigation challenging that legislation, and (f) new remedial legislation passed by the State Legislature but not yet signed by the Governor, is accurate except that the new remedial legislation referred to in such section was vetoed by the Governor on November 11, 1981. Such information is not misleading in any material respect.

13. The information set forth in such section under the subheading "Litigation" with respect to (a) the pending action challenging purchases of City bonds by the Teacher's Retirement System, and (b) the action challenging the State Department of Education's implementation of Federal regulations regarding the public education of children with learning disabilities, and (c) the action challenging alleged discriminatory practices of certain City retirement systems, is accurate and not misleading in any material respect.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of November, 1981.

THE CITY OF NEW YORK

By

Director of Management and Budget
CERTIFICATE OF THE FIRST DEPUTY COMPTROLLER OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase Agreement Relating to the Series 34 Bonds and Series 35 Bonds With Warrants to Purchase Series 36 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 34 Bonds and Series 35 Bonds with Warrants to Purchase Series 36 Bonds, dated November 12, 1981, as the same may have been heretofore supplemented or amended, of the Municipal Assistance Corporation for The City of New York (the "Corporation") under the section captioned "PART 9 — Certain Developments Affecting the City." Certain of such information, which is referred to in the paragraphs numbered 2 through 7 of this certificate, represents certain information contained in official reports, statements or other documents made public by the Office of the Comptroller of The City of New York (the "City"). Reference 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 "Fiscal Years 1975-1981" 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 "Fiscal Years 1975-1981" to the effect that the accounting principles permitted by State law for City fiscal years through 1981 deviated 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 "Fiscal Years 1975-1981" 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 "Fiscal Years 1975-1981" 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 through 1980 financial statements is true and accurate.

6. The information set forth in such section under the subheading "Fiscal Years 1975-1981" with respect to the results of the audit of the City's 1981 financial statements and the opinion and report of the consortium of independent accounting firms is true and accurate.
7. 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 the 24th day of November 1961.

[Signature]

First Deputy Comptroller
of The City of New York
12 November 1981

Honorable 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 sale by the Municipal Assistance Corporation For The City of New York of $40,495,000 of its Series 34 Bonds and $59,505,000 of its Series 35 Bonds with Warrants to purchase $59,505,000 of Series 36 Bonds of the Corporation, and for the sale of up to $59,505,000 of the Corporation's Series 36 Bonds, to be issued pursuant to its Second General Bond Resolution. The Corporation's Official Statement, dated November 12, 1981, relating to such sales has been provided for your information.

The Series 34 Bonds and Series 35 Bonds with Warrants will be sold to a syndicate of underwriters at a net price of approximately 97.7% of par and will be reoffered by the underwriters at the prices set forth on the cover page of the Official Statement. Series 36 Bonds will be sold at 99 1/2% of par to Warrantholders upon the exercise of their Warrants. As described in the Official Statement, each Warrant Certificate, comprising five Warrants, will entitle its holder to purchase $5,000 in principal amount of Series 36 Bonds. The Warrants may be exercised at any time prior to their expiration on January 18, 1983. The principal amount of Series 36 Bonds actually issued will be determined by the number of Warrants exercised.

The Corporation is issuing the Series 34 and Series 35 Bonds in order to provide for payment of $83 million
Honorable Edward V. Regan  
12 November 1981  
Page 2.

of the net proceeds of the sale to the City of New York, through the purchase of a similar principal amount of bonds of the City upon certification by the Mayor of the City that such payment is required to pay for items currently permitted to be included in the City's capital budget. The balance of the net proceeds will be deposited in the Capital Reserve Aid Fund established pursuant to the Second General Bond Resolution. Any proceeds from the sale of the Series 36 Bonds are expected to be used for purposes similar to those of the Series 34 and Series 35 Bond proceeds.

The Series 34 Bonds are comprised of Serial Bonds aggregating $16,495,000 and maturing July 1 of each of the years between 1985 through 1987, and Term Bonds aggregating $24,000,000 and maturing July 1, 1989. The Series 34 Bonds are not subject to redemption at the option of the Corporation. The Series 35 and 36 Bonds are comprised of Term Bonds, each series aggregating $59,505,000 and maturing July 1, 2008 and July 1, 2007, respectively. Both the Series 35 and 36 Bonds are callable at the option of the Corporation on and after July 1, 1992, at an initial redemption price of 102% of par plus accrued interest to the date of redemption. The Series 34 Bonds maturing July 1, 1989 and the Series 35 and Series 36 Bonds are also subject to redemption from mandatory sinking fund installments. The rates of interest on the Series 34, 35 and 36 Bonds and all optional redemption and sinking fund provisions are more fully described in the Official Statement.

We request your approval of the sales of the Series 34 Bonds and Series 35 Bonds with Warrants and the Series 36 Bonds and of the terms thereof pursuant to Section 3012(1)(3) of the Municipal Assistance Corporation Act, as amended. We further request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended, of the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution of the Corporation, adopted November 25, 1978, and the Series 34, Series 35 and Series 36 Resolutions of the Corporation, adopted November 12, 1981.
Honorable Edward V. Regan
12 November 1981
Page 3.

Your approval is respectfully requested.

Sincerely,

[Signature]

Heather L. Ruth
Executive Director

HLR/bjw
Enclosure

The sales of the above described Series 34 Bonds and Series 35 Bonds with Warrants and Series 36 Bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described and system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution and the Series 34, Series 35 and Series 36 Bond Resolutions of the Corporation, are hereby approved.

[Signature]
Comptroller of the State of New York

Dated: November 12, 1981
November 24, 1981

To the Board of Directors of

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

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") as of June 30, 1981, and for the year then ended (the "Financial Statements"), included in the Official Statement of the Corporation dated November 12, 1981 for the Series 34 Bonds and the Series 35 Bonds with Warrants to purchase the Series 36 Bonds (the "Official Statement"); our report with respect thereto is also included in such Official Statement. In connection with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the Corporation's Financial Statements for the year ended June 30, 1981 and expressed our opinion thereon dated July 28, 1981. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1981; although we have made an examination for the year ended June 30, 1981, 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, 1981 and for the year then ended. Therefore, we are unable to and do not express any opinion on the unaudited Statement of Financial Position, Statement of Changes in Funds Available to Purchase City of New York Obligations and Summary of Changes in Funding Requirements as of September 30, 1981, the related unaudited Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

November 24, 1981

Fund Statements of Transactions or schedules for the three-month period ended September 30, 1981, included in the Official Statement, or on the financial position, transactions or schedules as of any date or for any period subsequent to June 30, 1981.

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

A. We have read the Official Statement and the minutes of the meetings of the Board of Directors of the Corporation for the period commencing July 1, 1981 and ending on November 23, 1981, as set forth in the minute books or made available to us in draft form at the offices of the Corporation on November 23, 1981. (Our work did not extend to November 24, 1981.) Officials of the Corporation have advised us that such minutes represent minutes of all such meetings for such period.

B. We have, with respect to the three-month period ended September 30, 1981:

(i) Read the unaudited Statement of Financial Position, Statement of Changes in Funds Available to Purchase City of New York Obligations and Summary of Changes in Funding Requirements as of September 30, 1981 and the related unaudited Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund Statements of Transactions for the three-month period ended September 30, 1981 and Exhibits I, II and III thereto, officials of the Corporation having advised us that no such financial statements as of any date or for any period subsequent to September 30, 1981 were available; and

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

The foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

- 3 - November 24, 1981

3. Nothing came to our attention as a result of the procedures
described in 2, however, that caused us to believe that the unaudited
financial statements described in 2B(i), included in the
Official Statement, are not presented fairly in conformity with
generally accepted accounting principles applied on a basis
substantially consistent with that of the Financial Statements.

4. As mentioned in 2B(i) Corporation officials have advised us
that no financial statements as of any date or for any period subse-
quent to September 30, 1981 are available; accordingly, the pro-
cedures carried out by us with respect to changes in financial
statement items after September 30, 1981 have, of necessity, been
even more limited than those with respect to the period referred to
in 2B. With respect to the period from October 1, 1981 to November
23, 1981, we have made inquiries of certain officials of the Cor-
poration 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 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 Municipal Assistance
Corporation for The City of New York Act, as amended (the "Act"), to
be in such Fund.

On the basis of these inquiries and our reading of the minutes
as described in 2A, nothing came to our attention as of November 23,
1981 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.

5. In addition to the examination of the Financial Statements and
the limited procedures described above, we have, for the purposes of
this letter, and at your request, read and performed the following
procedures with respect to the table entitled "Debt Service Payment
Requirements and Estimated Coverage Ratios" (the "Table") which ap-
pears on page 21 of the Official Statement:

A. We compared the amounts of total debt service on First
Resolution Bonds for each year set forth in column 1 of the
Table to amounts shown in the first column of Exhibit III to
the financial statements, appearing on page F-13 of the
Official Statement, and found them to be in agreement.

Waterhouse
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 32, 33, 34, 35 and 36 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 15 of the Corporation's Official Statement for the Series 31 Bonds (which includes the assumed issuance of $100 million of Series 28 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 34 and 35 Bonds (assuming the issuance of $59,505,000 principal amount of Series 36 Bonds on December 28, 1981) and assuming the maturity, interest and redemption provisions set forth in the respective Series Resolutions for the Series 32 and 33 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 20 of the Official Statement (which revenue amounts have been reduced by $7.8 million, representing the Corporation's current estimate of its operating expenses for the fiscal year ending June 30, 1982) less the debt service amounts appearing in column 1 of the Table, by the corresponding debt service amount in column 4 for the years 1982 through 1995 and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in 5C above, 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 1982 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 1982 through 1995, referred to in 5D above, divided by the number of ratios included in the addition, and found the average of such ratios to be correct.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

November 24, 1981

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

6. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the Underwriters in conducting and documenting their review of the affairs of the Corporation in connection with the mailing of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents.

Yours very truly,

[Signature]

Price Waterhouse
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, 1983</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, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan</td>
<td></td>
<td>December 31, 1980 (1)</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td></td>
<td>December 31, 1980 (1)</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 and September 23, 1981, 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 final Official Statement dated November 12, 1981, 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 might in any material respect adversely affect the transactions contemplated by the Bond Purchase Agreement attached to the Record of Proceedings as document no. 3 (the "Agreement"), the issuance of the $40,495,000 Series 34 Bonds (the "Series 34 Bonds"), the issuance of the $59,505,000 Series 35 Bonds (the "Series 35 Bonds"), the issuance of the $59,505,000 Series 36 Bonds (the "Series 36 Bonds"), or the execution and delivery of the Warrants to purchase Series 36 Bonds (the "Warrants"), or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Series 34, 35 or 36 Bonds or the validity of the Series 34, 35 and 36 Bonds, the Warrants, the Resolutions (as defined below), the Warrant Resolution (as defined below), the Agreement, the Warrant Agreement (as defined below), or any agreement or
instrument to which the Corporation is a party which is required in connection with the issuance of the Series 34, 35 or 36 Bonds, or the execution and delivery of the Warrants.

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 34, 35 and 36 Resolutions of the Corporation adopted November 12, 1981 (the four such resolutions being hereinafter called the "Resolutions"), attached to the Record of Proceedings as documents no. 5, 6, 7 and 8, 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 resolution of the Corporation adopted November 12, 1981 (the "Warrant Resolution") authorizing the execution of the warrant agreement (the "Warrant Agreement") dated as of November 1, 1981, with United States Trust Company of New York, as Warrant Agent, and execution and delivery of the Warrants, attached to the
Record of Proceedings as document no. 9, is a true and correct copy of the duly adopted original thereof in its entirety 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 thereof and has not been repealed, modified or amended.

10. That the Extract of the Minutes of the Meeting of the Corporation attached to the Record of Proceedings as document no. 4 is a true and correct copy of the duly adopted original thereof on file and of record in the principal office of the Corporation and that the same is in full force and effect on the date thereof and has not been repealed, modified or amended.

11. That the specimens of the Series 34, 35 and 36 Bonds and the Warrants attached hereto as Exhibit A, are identical in all respects, except as to number, and, with respect to the Series 34, 35 and 36 Bonds, except as to denomination, and name of registered owner, with the Series 34 and 35 Bonds and the Warrants this day delivered to the Purchasers referred to in the Series 34 and 35 Resolutions (the "Purchasers") and the Series 36 Bonds to be delivered upon the exercise of Warrants, and said specimens are substantially in the forms required by the Resolutions and the Warrant Agreement.
WE, FELIX G. ROHATYN and STEPHEN J. WEINSTEIN, Chairman and Secretary, respectively, of the Corporation, HEREBY CERTIFY as follows:

1. That the Series 34 and 35 Bonds and the Warrants delivered to the Purchasers on this date, and the Series 36 Bonds, specimens of each of which are attached hereto, which Series 34, 35 and 36 Bonds and the Warrants are more fully described in the Resolutions, and the Warrant Agreement, 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 Series 34, 35 and 36 Bonds and the Warrants 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 Series 34, 35 and 36 Bonds and the Warrants 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 Series 34, 35 and 36 Bonds and the Warrants.

3. That a facsimile of the seal, an impression of which appears below, has been imprinted on the Series 34,
35 and 36 Bonds and the Warrants, 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 Series 34, 35 and 36 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 $7,800,000. (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. 20, as representing the Sales Tax and Stock Transfer Tax, and (ii) the amount set forth in the certificate attached to the Record of Proceedings as document no. 21, 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, for each Fiscal Year set forth pursuant to paragraph 5(b) herein.

7. That each of the representations of the Corporation set forth in Section 1 of the Agreement is true, accurate and complete in all material respects as though made with respect to and as of the date hereof.

8. That each of the agreements set forth in Section 1 of the Agreement to be complied with at or prior to the delivery of the Series 34 and 35 Bonds and the Warrants on the date hereof has been complied with as of the date hereof.

9. That the Series 34, 35 and 36 Bonds and the Warrants 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 final Official Statement, this certificate is based on the final Official Statement as the same may have been supplemented or amended as of the date hereof.
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 24th day of November, 1981.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Official Title</th>
<th>Term of Office Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Signature]</td>
<td>Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>[Signature]</td>
<td>Secretary</td>
<td>Indefinite</td>
</tr>
</tbody>
</table>

(SEAL)

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

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>[signature]</td>
<td>Assistant Secretary</td>
<td>United States Trust Company of New York</td>
</tr>
</tbody>
</table>

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SERIES 34 BOND
10% DUE JULY 1, 1986

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" and issued in accordance with the provisions of the Municipal Assistance Corporation for the City of New York Act, 1934, as amended, and in accordance with the provisions of the New York City Charter, and is issued to provide the City of New York, a city in the State of New York, with the proceeds of the sale of the Bonds to be used for the purpose of erecting, maintaining and operating the water supply system of the City of New York, as authorized by the Charter of the City of New York, in connection with a plan in accordance with the provisions of the Act of the Board of Estimate of the City of New York approved May 22, 1934; provided however, that the Bonds shall not be issued for the purpose of paying the interest or principal of any other Bond or any bonds issued under this Act, of which the Bonds are not a part, or of paying the principal of or interest on any indebtedness of the Corporation or for the purpose of making any payment or benefit to any person or corporation in consideration of or in exchange for any services or property furnished to the Corporation, or for the purpose of providing money or credit for the City for any purpose other than the purpose referred to above.

The Bonds are authorized to be issued under Section 24 of the Municipal Assistance Corporation for the City of New York Act, as amended, and the Charter of the City of New York, and are secured by a pledge of the net tax revenue of the City of New York, and the property and revenue derived therefrom, in accordance with the provisions of the Municipal Assistance Corporation for the City of New York Act, as amended, and the Charter of the City of New York.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 34 BOND

10 1/4% DUE JULY 1, 1987

This Bond is one of a duly authorized issue of Bonds of the Corporation designated as its "Bonds" and has been so registered by us, and is entitled to the benefits of the National Housing Act for the City of New York, and Allotting Title to the United States of America, pursuant to Section 322 of the National Housing Act, as amended. The Bond is secured by and is subject to the pledge of the taxes, charges, and other revenues of said City, in accordance with the provisions of the National Housing Act, as amended. The interest on the Bond is exempt from Federal income tax, but may be subject to state and local income tax.

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):

UNIF GIFT MIN ACT--

TEN COM—as tenants in common

JT TEN--as joint tenants with right of survivorship and not as tenants in common

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

PLEAS INSERT SOCIAL SECURITY NUMBER IDENTIFYING NUMBER OF RESIDENT FOR COMPUTER RECORD ONLY

Please Print or Type Name and Address of Transferee

the within Series 34 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer the within Series 34 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 34 Bond in every particular, without alteration or enlargement or any change whatever.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 35 BOND

FIVE THOUSAND DOLLARS ($5,000)

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, has been authorized by an Act of the Legislature of the State of New York, approved July 1, 1930, to issue bonds in the sum of $100,000,000, and to levy and assess taxes and other charges and to sell and convey real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, including the payment of the principal and interest of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and the levy and assessment of taxes and other charges and the sale and conveyance of real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, and to issue and sell bonds of the Corporation for the purpose of raising funds to pay the cost of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation.

The Corporation is hereby authorized and empowered to sell and convey real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, including the payment of the principal and interest of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and the levy and assessment of taxes and other charges and the sale and conveyance of real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, and to issue and sell bonds of the Corporation for the purpose of raising funds to pay the cost of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation.

The Corporation is hereby authorized and empowered to sell and convey real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, including the payment of the principal and interest of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and the levy and assessment of taxes and other charges and the sale and conveyance of real and personal property in the State of New York, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation, and to issue and sell bonds of the Corporation for the purpose of raising funds to pay the cost of the bonds of the Corporation issued under the Act of the Legislature of the State of New York, approved July 1, 1930, and to do all other acts and things requisite and necessary for the accomplishment of the purposes of the Corporation.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

CUSIP 626190 GS 5

12 1/4%
SERIES 35 BOND

DATED NOVEMBER 1, 1981

PRINCIPAL DUE JULY 1, 2008

SUBJECT TO PRIOR REDEMPTION ON AND AFTER JULY 1, 1990 AS HEREBIN PROVIDED

INTEREST PAYABLE JULY 1, 1992 AND SEMIANNUALLY THEREAFTER ON JANUARY 1 AND 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

AUTHORIZED SIGNATURE

PROVISIONS FOR REGISTRATION

(No writing below except by the Trustees as Registrar)

Name of Registered Holder

Date of Registration
The following abbreviations, when used in the interjection 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—**tenants in common

**TEN NT—**tenants by the entirety

**JT TEN—**joint tenants with right of survivorship and not as tenants in common

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

**PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFICATION NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY)**

**UNIT GIFT MIN ACT—**

**Cost**

**(Min)**

under Uniform Gifts to Minors Act

**Act**

(State)

**Please Print or Type Name and Address of Transferee**

**N**

**the within Series 35 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints**

**Attorney to transfer the within Series 35 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 35 Bond in every particular, without alteration or enlargement or any change whatsoever.**
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

WARRANT CERTIFICATE

CUSIP 65617B G 0

FOR 12 3/4% SERIES 36 BONDS DUE JULY 1, 2027

EXERCISABLE ONLY IF CONTROVERSY RESOLVED

By the Warrant Agent as Provided Herein

Address:

EXERCISED BEFORE 3:30 P.M. NEW YORK CITY TIME ON THE 11TH DAY OF ANY SUCH MONTH IN ORDER TO ENTITLE THE WARRIOR TO DELIVERY OF A SERIES 36 BOND ON THE 25TH DAY OF SUCH MONTH.

Note: The Warrant Certificate represents an interest of 2 1/2% of the amount of $6,000,000 warrants for the purchase of 12 3/4% Series 36 Bonds issued by the Municipal Assistance Corporation for the City of New York.

Address:

No. 35W-83

[Signature]

Secretary

[Stamp]
ELECTION TO PURCHASE

(To be executed upon exercise of Warrant Certificate. Please print or type except for signature(s).)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase $5,000 principal amount of the 12½% Series 36 Bonds due July 1, 2037 of the Municipal Assistance Corporation for the City of New York and herewith tenders payment for such Series 30 Bonds (payable by certified check or official bank check or by bank wire transfer in immediately available funds) to the United States Trust Company of New York, as Warrant Agent, in the amount of the Purchase Price as set forth below in accordance with the terms hereof. The undersigned requests a Series 36 Bond:

☐ in coupon form payable to bearer
☐ a coupon form registered as to principal to

Name(s) (Please Print)

Address

Social Security or Identifying Number

☐ in fully registered form as to principal and interest to

Name(s) (Please Print)

Address

Social Security or Identifying Number

If this Warrant Certificate is being exercised along with other Warrant Certificate(s) by the same holder(s), and the holder(s) wish the Series 36 Bond(s) to be delivered in registered form in a denomination other than $5,000, please indicate below the denomination(s) of the Series 36 Bond(s) to be so delivered, along with the number(s) of the other Warrant Certificate(s) being exercised:

Denomination(s)

Warrant Certificate Number(s)

The Series 36 Bond(s) will be mailed to the address appearing below, unless the box “Window Pick-up” is completed, in which case they shall be held for pick-up at the United States Trust Company of New York at the address set forth below.

Dated:

Name(s) (Please Print)

Address

Signature

WINNOW PICK-UP

If Series 36 Bonds are to be picked up by hand at United States Trust Company of New York, check this box. [ ]

By

Date

Please print your name on the line under your signature.

This Warrant Certificate may be exercised at the following address:

By hand or mail at United States Trust Company of New York, Corporate Trust and Agency Services, 40 Wall Street, New York, New York 10005.

PURCHASE PRICE

The following table sets forth the amount of the payment which must be tendered with this Warrant Certificate, which amount is comprised of $4,975 plus accrued interest in accordance with the terms hereof:

<table>
<thead>
<tr>
<th>Dates of Exercise</th>
<th>Purchase Price Per $5,000</th>
<th>Dates of Exercise</th>
<th>Purchased Price Per $5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both inclusive:</td>
<td>5,070.62</td>
<td>Both inclusive:</td>
<td>5,017.53</td>
</tr>
<tr>
<td>November 24, 1991 to December 18, 1991</td>
<td>5,123.75</td>
<td>July 20, 1992 to August 18, 1992</td>
<td>5,075.62</td>
</tr>
<tr>
<td>December 19, 1991 to January 18, 1992</td>
<td>5,176.87</td>
<td>August 19, 1992 to September 20, 1992</td>
<td>5,123.72</td>
</tr>
<tr>
<td>February 19, 1992 to March 18, 1992</td>
<td>5,283.12</td>
<td>October 20, 1992 to November 15, 1992</td>
<td>5,230.00</td>
</tr>
<tr>
<td>April 20, 1992 to May 15, 1992</td>
<td>5,389.37</td>
<td>December 21, 1992 to January 18, 1993</td>
<td>5,017.60</td>
</tr>
<tr>
<td>May 16, 1992 to June 18, 1992</td>
<td>5,070.62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 36 BOND

The Municipal Assistance Corporation for the City of New York (the "Corporation"), a statutory governmental agency and instrumentality of the State of New York (as hereinafter called the "Issuer"), is authorized by law to issue bonds, notes, obligations, certificates of indebtedness, and other evidences of indebtedness of the Issuer for the purpose of constructing, improving, developing, and maintaining public buildings, public works, and public utilities, and for the general benefit of the City of New York and its inhabitants.

FIVE THOUSAND DOLLARS ($5,000)

This bond is of the series authorized by an Act of the Legislature of the State of New York, approved July 1, 1969. It is secured by a mortgage of certain real property in the City of New York and is guaranteed by the Corporation. The bond is payable in ten annual installments of $500 each, commencing June 15, 1979, and ending June 15, 1988, in the manner provided by said Act of the Legislature.

The bond is payable in the City of New York, each installment being payable in the principal place of business of the Corporation.

To the holder paid or the bearer, if taxed or otherwise, the face amount of the bond specifying the interest and redemption dates, the rate and series, and the date of the bond, together with such other information as the Corporation may prescribe.

By

Chairman

Secretary

The Corporation has caused the Corporation to issue a certificate of authentication in the name of the Corporation, and the Corporation has caused the Corporation to countersign the bond.

[Signature]

Chairman

[Signature]

Secretary

[Seal]

NEW YORK 1975

Certificate of Authentication

The undersigned is authorized to issue and has issued the bond specified in the preceding paragraph, executed in accordance with the provisions of the Bond Act of the State of New York, and has caused the Corporation to countersign the bond.

[Signature]

Chairman

[Signature]

Secretary

[Seal]
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 36 BOND

12 1/2% DUE JULY 1, 2007

CUSIP 56710 G R 7

36R-07-
<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>70,150,000</td>
<td>390,683,554</td>
<td>460,833,554</td>
<td>564,478,081</td>
</tr>
<tr>
<td>1983</td>
<td>97,245,000</td>
<td>466,420,676</td>
<td>563,665,676</td>
<td>605,576,294</td>
</tr>
<tr>
<td>1984</td>
<td>149,455,000</td>
<td>452,938,935</td>
<td>602,393,935</td>
<td>631,090,764</td>
</tr>
<tr>
<td>1986</td>
<td>257,795,000</td>
<td>416,039,501</td>
<td>673,834,501</td>
<td>676,847,120</td>
</tr>
<tr>
<td>1987</td>
<td>279,015,000</td>
<td>391,425,645</td>
<td>660,440,645</td>
<td>655,400,654</td>
</tr>
<tr>
<td>1988</td>
<td>283,255,000</td>
<td>355,678,628</td>
<td>645,933,628</td>
<td>635,654,664</td>
</tr>
<tr>
<td>1989</td>
<td>289,495,000</td>
<td>330,574,755</td>
<td>620,069,755</td>
<td>619,308,603</td>
</tr>
<tr>
<td>1990</td>
<td>299,710,000</td>
<td>312,952,277</td>
<td>612,662,277</td>
<td>594,009,915</td>
</tr>
<tr>
<td>1991</td>
<td>381,140,000</td>
<td>296,240,211</td>
<td>587,380,211</td>
<td>589,291,580</td>
</tr>
<tr>
<td>1992</td>
<td>323,425,000</td>
<td>258,752,355</td>
<td>582,177,355</td>
<td>569,329,545</td>
</tr>
<tr>
<td>1993</td>
<td>353,505,000</td>
<td>229,125,179</td>
<td>558,630,179</td>
<td>404,429,126</td>
</tr>
<tr>
<td>1994</td>
<td>195,275,000</td>
<td>204,581,925</td>
<td>399,856,925</td>
<td>414,580,403</td>
</tr>
<tr>
<td>1995</td>
<td>224,430,000</td>
<td>184,863,416</td>
<td>409,293,416</td>
<td>403,223,864</td>
</tr>
<tr>
<td>1996</td>
<td>234,345,000</td>
<td>163,468,303</td>
<td>397,813,303</td>
<td>349,290,957</td>
</tr>
<tr>
<td>1997</td>
<td>201,305,000</td>
<td>143,324,747</td>
<td>344,629,747</td>
<td>257,864,800</td>
</tr>
<tr>
<td>1998</td>
<td>126,550,000</td>
<td>127,627,274</td>
<td>254,177,274</td>
<td>252,268,367</td>
</tr>
<tr>
<td>1999</td>
<td>134,405,000</td>
<td>114,474,504</td>
<td>248,879,504</td>
<td>264,600,250</td>
</tr>
<tr>
<td>2000</td>
<td>160,855,000</td>
<td>99,793,714</td>
<td>260,646,714</td>
<td>206,500,969</td>
</tr>
<tr>
<td>2001</td>
<td>119,750,000</td>
<td>85,611,287</td>
<td>205,361,287</td>
<td>179,127,783</td>
</tr>
<tr>
<td>2002</td>
<td>102,430,000</td>
<td>73,963,636</td>
<td>176,443,636</td>
<td>150,439,255</td>
</tr>
<tr>
<td>2003</td>
<td>83,855,000</td>
<td>64,613,165</td>
<td>148,468,165</td>
<td>148,677,446</td>
</tr>
<tr>
<td>2004</td>
<td>90,390,000</td>
<td>56,343,904</td>
<td>146,733,904</td>
<td>147,267,516</td>
</tr>
<tr>
<td>2005</td>
<td>97,520,000</td>
<td>47,438,211</td>
<td>144,958,211</td>
<td>143,964,219</td>
</tr>
<tr>
<td>2006</td>
<td>103,580,000</td>
<td>37,948,828</td>
<td>141,528,828</td>
<td>142,437,694</td>
</tr>
<tr>
<td>2007</td>
<td>111,990,000</td>
<td>27,317,337</td>
<td>139,307,337</td>
<td>140,873,738</td>
</tr>
<tr>
<td>2008</td>
<td>121,160,000</td>
<td>16,370,258</td>
<td>138,030,258</td>
<td>129,608,819</td>
</tr>
<tr>
<td>2009</td>
<td>121,220,000</td>
<td>5,592,546</td>
<td>126,812,546</td>
<td>10,598,657,448</td>
</tr>
</tbody>
</table>

Total 5,142,480,000 5,801,377,681 10,943,857,681 10,598,657,448
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 October 31, 1981 of the Sales Tax (p. 4) after deduction of cost of administering, collecting and distributing such tax was $1,339,487,139

2. The most recent collections for the twelve (12) consecutive calendar months ended October 31, 1981 of the Stock Transfer Tax (p. 5) after deduction of cost of administering, collecting and distributing such tax was $594,499,224

3. The most recent collections for the twelve (12) consecutive calendar months ended October 31, 1981 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 $1,933,986,363

C. The total amount of $1,933,986,363 for the twelve (12) consecutive calendar months ended October 31, 1981 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 November 1, 1981 from the Sales Tax and Stock Transfer Tax will be less than $1,933,986,363.

E. With respect to Sales Tax collection for the twelve (12) consecutive calendar months ended October 31, 1981, 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 November 1981. Overdistributions were made to the Special Account which ranged from $221,401 to $11,122,699 for certain prior 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 underdistributions 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 on this 24th day of November 1981.

[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, C. Mark Lawton, Director of the Budget of the State of New York, do HEREBY CERTIFY as follows:

The amount of per capita aid payable to The City of New York pursuant to Section 54 of the State Finance Law, as amended, 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, 1982 was $484,037,000.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of November, 1981.

[Signature]
C. Mark Lawton
Director of the Budget of the State of New York
Municipal Assistance Corporation For The City of New York
Series 34 Bonds
Series 35 Bonds

I. GENERAL

1.1. I, Steven J. Kantor, Treasurer of the Municipal Assistance Corporation For The City of New York (the "Corporation"), HEREBY CERTIFY with respect to the Corporation's $40,495,000 Series 34 Bonds (the "Series 34 Bonds") and $59,505,000 Series 35 Bonds (the "Series 35 Bonds", together with the Series 34 Bonds, the "Bonds"), with Warrants (the "Warrants", together with the Series 35 Bonds, the "Units"), 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"), series resolutions adopted November 12, 1981, and a warrant resolution adopted November 12, 1981, as follows:

1.2. I am an officer of the Corporation charged with the responsibility for issuing the Series 34 Bonds and Units.

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 Series 34 Bonds and Units. 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 Series 34 Bonds and Units.

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 Series 34 Bonds and Units 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 Series 34 Bonds and Units, 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 Series 35 Bonds together with Warrants, which are an integral part of the transaction, in order to obtain an interest cost savings on the Series 35 Bonds. After initial reoffering, the Warrants may be detached from the Series 35 Bonds and traded separately. Each Warrant certificate, constituting five warrants, entitles the holder to purchase $5,000 principal amount of the Corporation's Series 36 Bonds, authorized to be issued in an aggregate principal amount not to exceed $59,505,000 from date of issuance of the Units to and including January 18, 1983. The Warrants per se do not constitute an evidence of indebtedness of the Corporation and, therefore, do not obligate the Corporation to make principal or interest payments of any sort.

2.2. The Corporation is issuing the Series 34 Bonds and the Units 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 modified Four Year Plan and provide for certain reserve fund requirements, the
proceeds of the Series 34 Bonds and the Units 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") and (ii) to augment the Capital Reserve Fund established under the Second Resolution.

2.2. The original proceeds of the Series 34 Bonds and Units 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 Series 34 Bonds and Units are $97,418,475 (exclusive of Underwriter's and original issue discount of $2,581,525 and of accrued interest on the Bonds for 23 days of $765,979.86). 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>$83,000,000</td>
</tr>
<tr>
<td>Deposit into Second Resolution</td>
<td>$14,418,475</td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$97,418,475</td>
</tr>
</tbody>
</table>

3.2. The accrued interest on the Bonds of $765,979.86, representing 23 days' interest, will be applied on July 1, 1982, 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 Series 34 Bonds and Units to be used to finance City capital requirements through the purchase of the City Bonds:

a. The City Bonds will be purchased pursuant to an agreement between the City and the Corporation to be entered into on or before May 1, 1982 (the "Bond Purchase Agreement") which 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, although certain of such bonds may become subject to the lien of a pledge in favor of a third party.

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 a letter from the Comptroller's office and the Office of Management and Budget of the City attached hereto as Exhibit B and an arbitrage certificate of the City to be delivered at such time(s) as the City Bonds are purchased pursuant to the Bond Purchase Agreement, that such proceeds will be used in a manner consistent with the arbitrage regulations promulgated under Section 103(c) of the Code as though the City Bonds had been issued as of the date hereof.
c. All such proceeds will be expended on or before November 24, 1984, 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 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 the proceeds of the Series 34 Bonds and Units 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. Monies 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, including any increase in the Requirement reasonably expected within the next fiscal year, and will be invested without restriction as to yield.

IV. TERMS OF THE BONDS AND THE PURCHASE THEREOF

4.1. The date, maturities, rates of interest and redemption features of the Bonds are shown on Exhibit A attached hereto.

4.2. The Corporation's contract of sale with the underwriters for the Series 34 Bonds and Units specifies that such underwriters are entering into the contract for the
purpose of purchasing the Series 34 Bonds and the Units for resale to the public purchasers thereof and that such public purchasers shall be offered the Series 34 Bonds and Units by the underwriters at the prices listed on the cover of the Official Statement for the Series 34 Bonds and Units, plus accrued interest. At the time the contract was entered into, the interest rates and initial sales prices of other municipal bond issues were reviewed by the Corporation. In addition, an estimated value was assigned to the Warrants. Prices for the sale of the Series 34 Bonds and Units were fixed accordingly. As a result, the Corporation believes that the initial offering prices of the Series 34 Bonds and Units to the public purchasers at the time of the sale thereof to the underwriters reasonably reflects the fair market value of the Series 34 Bonds and the Units applicable in the established tax-exempt securities market.

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 are 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, monies 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 24th day of November, 1981.

[Signature]

Steven J. Kantor, Treasurer
Municipal Assistance Corporation
For The City of New York
The $40,495,000 Series 34 Bonds and $59,505,000 Series 35 Bonds are dated as of November 1, 1981 and bear interest, mature, are priced, and are subject to redemption as set forth below:

### Series 34 Bonds

<table>
<thead>
<tr>
<th>Amount</th>
<th>Due</th>
<th>Rate (Per Annum)</th>
<th>Price (Percentage of Par)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 6,940,000</td>
<td>July 1, 1985</td>
<td>10 %</td>
<td>100 %</td>
</tr>
<tr>
<td>7,520,000</td>
<td>July 1, 1986</td>
<td>10 1/2</td>
<td>100</td>
</tr>
<tr>
<td>2,035,000</td>
<td>July 1, 1987</td>
<td>10 3/4</td>
<td>100</td>
</tr>
<tr>
<td>24,000,000</td>
<td>July 1, 1989</td>
<td>11 1/4</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 34 Bonds are not subject to redemption at the option of the Corporation.

### Series 35 Bonds

The $59,505,000 Series 35 Bonds bear interest at the rate of 12 3/4% per annum, are priced at 99 1/2% of par, and mature on July 1, 2008.

**Optional Redemption**

The Series 35 Bonds are subject to redemption at the option of the Corporation on and after July 1, 1992 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, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
Sinking Fund Redemption

The Series 34 Bonds maturing July 1, 1989 and the Series 35 Bonds are subject to redemption in part, by lot, on July 1 in each of the years, and in 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 each such series of bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$6,065,000</td>
</tr>
<tr>
<td>1988</td>
<td>8,680,000</td>
</tr>
<tr>
<td>1989</td>
<td>9,255,000 *</td>
</tr>
<tr>
<td>1990</td>
<td>$4,375,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,535,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,690,000</td>
</tr>
<tr>
<td>1993</td>
<td>4,855,000</td>
</tr>
<tr>
<td>1994</td>
<td>5,015,000</td>
</tr>
<tr>
<td>1995</td>
<td>1,810,000</td>
</tr>
<tr>
<td>1996</td>
<td>1,850,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,890,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,930,000</td>
</tr>
<tr>
<td>1999</td>
<td>1,970,000</td>
</tr>
<tr>
<td>2000</td>
<td>1,435,000</td>
</tr>
<tr>
<td>2001</td>
<td>1,460,000</td>
</tr>
<tr>
<td>2002</td>
<td>3,020,000</td>
</tr>
<tr>
<td>2003</td>
<td>3,275,000</td>
</tr>
<tr>
<td>2004</td>
<td>3,570,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,860,000</td>
</tr>
<tr>
<td>2006</td>
<td>3,220,000</td>
</tr>
<tr>
<td>2007</td>
<td>3,630,000</td>
</tr>
<tr>
<td>2008</td>
<td>4,115,000 *</td>
</tr>
</tbody>
</table>

* Payment at maturity
Municipal Assistance Corporation
for the City of New York
One World Trade Center
New York, New York 10048

Attn: Mr. Steven Kantor

Re: $100 Million Series 34 and 35 Bonds
Dated as of November 1, 1981

Dear Sirs:

In connection with the issuance by the Municipal Assistance Corporation for the City of New York (the "Corporation") of its $100 million Series 34 and 35 Bonds, dated as of November 1, 1981, and the proposed use of $83 million of the proceeds thereof to purchase bonds to be issued by the City of New York (the "City"), we hereby advise you that the City will sell to the Corporation, before November 24, 1984, its bonds (the "Bonds") in an aggregate principal amount equal to $83 million, and that, on or before such date, the City will use the proceeds of the Bonds for the purpose of financing capital expenditures for capital improvement projects permitted to be included in its capital budget for the fiscal year during which the City issues the Bonds, or to reimburse its General Fund for temporary advances authorized to be made for such purposes. The City has incurred as of the date hereof, or reasonably expects to incur within six months or, to the extent there are good business reasons, within one year, from the date hereof, substantial binding obligations to commence or acquire capital improvement projects undertaken for the purposes for which the Bonds will be issued.

In addition, the City reasonably expects to proceed with due diligence to completion on capital improvement projects, including those to be financed with proceeds of the Series 34 and
35 Bonds, having at least the periods of probable usefulness set forth in Exhibit A after substantial binding obligations have been incurred.

Very truly yours,

[Signature]
Thomas DeRogatis
Deputy Comptroller for Finance
for the City of New York

[Signature]
Alair A. Townsend
Director of Management and Budget
for the City of New York
<table>
<thead>
<tr>
<th>Minimum Periods of Probable Usefulness</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 yrs.</td>
<td>$21,000,000</td>
</tr>
<tr>
<td>10 yrs.</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>15 yrs.</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>20 yrs.</td>
<td>$17,000,000</td>
</tr>
<tr>
<td>25 yrs. or greater</td>
<td>$11,000,000</td>
</tr>
<tr>
<td></td>
<td>$83,000,000</td>
</tr>
</tbody>
</table>
ACCEPTANCE AND CERTIFICATE OF AUTHORITY
OF THE TRUSTEE AND WARRANT AGENT

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 34, 35 and 36 Resolutions adopted by the Corporation on November 12, 1981 (collectively, the Resolutions), authorizing the issuance of the Corporation's Series 34 Bonds (the Series 34 Bonds), the Corporation's Series 35 Bonds (the Series 35 Bonds) and the Corporation's Series 36 Bonds (the Series 36 Bonds) (collectively, the Bonds) in the aggregate principal amounts of $40,495,000 in the case of the Series 34 Bonds and $59,505,000 in the case of the Series 35 and 36 Bonds, and as Warrant Agent (the Warrant Agent) under the Warrant Agreement dated as of November 1, 1981 between the Trust Company and the Corporation (the Warrant Agreement), HEREBY CERTIFIES that:

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

2. The Trust Company accepts the duties and obligations of Warrant Agent under the Warrant Agreement.

3. 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 and the Warrant Agreement.

4. Pursuant to the provisions of the Resolutions and the orders of the Corporation dated today, the Trust Company has today authenticated and delivered $40,495,000 principal amount of the Series 34 Bonds and $59,505,000 principal amount of the Series 35 Bonds and countersigned and delivered Warrants of the Corporation to purchase an aggregate amount of $59,505,000 of the Corporation's Series 36 Bonds (the Warrants).
5. Each person who authenticated the Series 34 and 35 Bonds and countersigned the Warrants 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 the Executive Order Pursuant to Article VII of the By-Laws Authorizing Corporate Trust and Agency Division Signing Authorities 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 terms.

6. 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, the Trust Company has caused this Certificate to be executed by the officers thereunto duly authorized this 24th day of November, 1981.

UNITED STATES TRUST COMPANY
OF NEW YORK

By

[Signature]
Assistant Vice President

(CORPORATE SEAL)

Attest:

[Signature]
Assistant Secretary
Any officer of such Division shall have authority to authenticate, execute, countersign, or certify on behalf of the Trust Company bonds, debentures, and other evidences of indebtedness, coupons, certificates, warrants, and proxies with respect to which the Trust Company is trustee, registrar, depositary, transfer agent, fiscal agent, or other agent, as the case may be, and to certify as to the incumbency and specimen signature of any of the officers of the Corporate Trust and Agency Division. The Chairman of the Board or the President or a Vice Chairman or an Executive Vice President of the Trust Company, or such Senior Vice Presidents of the Trust Company as may be authorized by the Chief Executive Officer, may, from time to time, designate employees who shall be authorized, for and under the supervision of an officer of the Corporate Trust and Agency Division and subject in each case to such conditions or limitations as the Chief Executive Officer may prescribe, to authenticate, execute, countersign, or certify such bonds, debentures, other evidences of indebtedness, coupons, certificates, or warrants and proxies, using the title "Authorized Officer" or "Authorized Signature." The Chairman of the Board or the President or a Vice Chairman or an Executive Vice President of the Trust Company, or such Senior Vice Presidents of the Trust Company as may be authorized by the Chief Executive Officer, may also, from time to time, designate employees who shall be authorized, for and under the supervision of an officer of the Corporate Trust and Agency Division, and subject in each case to such conditions or limitations as the Chief Executive Officer may prescribe, to sign advices, receipts, and other documents in connection with the transfer, receipt, delivery, subscription, redemption or exchange of securities, guarantee signatures upon sale, transfer or assignment of stocks and bonds, and erasures in connection therewith, using the title "Authorized Officer" or "Authorized Signature."

[Signature]

Chief Executive Officer
United States Trust Company
of New York

Dated: January 1, 1981
November 24, 1981

Municipal Assistance Corporation
For The City of New York
Suite 8901
One World Trade Center
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 34 Bonds and Series 35 Bonds issued today in the aggregate principal amounts of $40,495,000 and $59,505,000, respectively (the Bonds) pursuant to the Second General Bond Resolution and the Series 34 Resolution and Series 35 Resolution, each adopted by the Corporation on November 12, 1981 (the Resolutions), and being sold today pursuant to the Bond Purchase Agreement dated November 12, 1981 and the Official Statement dated November 12, 1981 of the Corporation.

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 Resolutions
and to exercise all of the rights, powers and obligations of
the Trustee.

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

Very truly yours,

[Signature]

Curtis, Lockwood & Wilson

RRG: wpc
November 24, 1981

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
(Merrill Lynch, Pierce, Fenner & Smith Incorporated)
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L.F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel to United States Trust Company of New York, as Trustee, in connection with the issuance today by the Municipal Assistance Corporation For The City of New York (the Corporation) of its Series 34 Bonds and Series 35 Bonds in the aggregate principal amounts of $40,495,000 and $59,505,000, respectively.

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

Very truly yours,

[Signature]
CARTER, LEDYARD & MILBURN
COUNSELLORS AT LAW
2 WALL STREET
NEW YORK, N.Y. 10005

ROLAND L. REDMOND
EDWARD F. CLARK, JR.
RICHARD A. McGURK
SPENCER BYARD
JOHN K. SCHNEMER
ROBERT W. CROSS
COUNSEL

TELEPHONE (212) 732-3200
TELEX: DOM. 12-7750
INTERNL: 68118
TELECOPY:
XEROX 732-3232
RAYFAX 732-6893

CABLE ADDRESS
"LEDYARD" NEW YORK

RRG: wpc
Enclosure
November 24, 1981

Municipal Assistance Corporation
For The City of New York
Suite 8901
One World Trade Center
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 Warrant Agent (the Warrant Agent) pursuant to its appointment by the Municipal Assistance Corporation For The City of New York (the Corporation) in the Warrant Agreement dated as of November 1, 1981 (the Warrant Agreement), and as to its due countersignature and delivery of the Corporation's Warrants to purchase an aggregate amount of $59,505,000 of the Corporation's Series 36 Bonds (the Warrants) pursuant to the Warrant Agreement and the Warrant Resolution adopted by the Corporation on November 12, 1981 (the Warrant Resolution), and being sold today pursuant to the Bond Purchase Agreement dated November 12, 1981 and the Official Statement dated November 12, 1981 of the Corporation.

We have examined the Warrant Agreement and the Warrant Resolution, the certificate dated today of the Warrant Agent as to the due countersignature and delivery of the Warrants, 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 Warrant Agent under the Warrant Agreement and to exercise all of the rights, powers and obligations of the Warrant Agent.

2. The Warrant Agent has duly countersigned and delivered the Warrants.

Very truly yours,

Carter, Ledyard & Milburn

RRG:wpc
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 34, 35 and 36 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on November 12, 1981. 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: 

Title: Vice President

Attest: 

Dated: November 17, 1981
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 34, 35 and 36 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on November 12, 1981. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: John A. Fulmer
Title: Vice Pres.

Attest: [Signature]

Dated: Nov. 12, 1981
November 24, 1981

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

As Representatives of the Underwriters

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

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated November 12, 1981 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $40,495,000 aggregate principal amount of the Corporation’s Series 34 Bonds (the “Series 34 Bonds”) and $59,505,000 aggregate principal amount of the Corporation’s Series 35 Bonds (the “Series 35 Bonds”) together with warrants (the “Warrants”) to purchase $59,505,000 aggregate principal amount of the Corporation’s Series 36 Bonds (the “Series 36 Bonds”) (the Series 34 Bonds and Series 35 Bonds together with Warrants being hereinafter referred to as the “Securities”).

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the final Official Statement of the Corporation, dated November 12, 1981, with respect to the Securities, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the “Second General Bond Resolution”), the
Series 34 Resolution (the "Series 34 Resolution"), the Series 35 Resolution (the "Series 35 Resolution"),
the Series 36 Resolution (the "Series 36 Resolution") and the Warrant Resolution (the "Warrant Reso-
lution"), in each case adopted by the Board of Directors of the Corporation on November 12, 1981,
the Agreement and the exhibits attached thereto, and the warrant agreement (the "Warrant Agreement")
dated as of November 1, 1981 between the Corporation and United States Trust Company of New
York, as warrant agent (in such capacity, the "Warrant Agent"), and have made such further examina-
tion of law and fact as we considered necessary in order to form the opinions herein expressed. The
Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36
Resolution are herein collectively referred to as the "Resolutions".

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 the Warrant Agreement, to issue the Warrants, to adopt
   the Warrant Resolution and the Resolutions and to issue the Series 34 Bonds, the Series 35 Bonds
   and the Series 36 Bonds under the Resolutions.

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

3. The execution and delivery of, and the performance of the obligations under the Agreement
   and the Warrant Agreement and the issuance of the Warrants, the Series 34 Bonds, the Series 35
   Bonds and the Series 36 Bonds have been duly authorized by proper corporate proceedings of the
   Corporation. The Agreement and the Warrant Agreement constitute the legal, valid and binding
   agreements of the Corporation enforceable in accordance with their respective terms except (i) as
   enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and
   applicable to the rights created pursuant to the Agreement or the Warrant Agreement and (ii) the
   legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject
   to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and
   agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is
   issued and delivered. The Warrant Resolution has been duly and lawfully adopted by the Corpo-
   ration and is in full force and effect. The Resolutions have been duly and lawfully adopted by the
   Corporation and are in full force and effect and are valid and binding upon the Corporation and
   enforceable in accordance with their terms except as enforceability may be limited by bankruptcy,
   moratorium or similar laws validly enacted and applicable to the rights of the holders of the Warrants,
   the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, and no other authorization for, or
   filing or recording of, the Resolutions or the Warrant Resolution is required. Anything in this
   opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State
   Covenant as that term is defined in the final Official Statement.

4. The Series 34 Bonds and the Series 35 Bonds have each been duly authorized, executed,
   authenticated, issued and delivered and constitute legal, valid, binding, direct and general obliga-
   tions of the Corporation and are entitled to the benefits of the Second General Bond Resolution
   and the Series 34 Resolution and the Series 35 Resolution, respectively, except as enforceability
   may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the
   rights of holders of either the Series 34 Bonds or the Series 35 Bonds. The Warrants have been
duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and constitute
legal, valid, binding, direct and general obligations of the Corporation and are entitled to the
benefits of the Warrant Agreement except (i) as enforceability may be limited by bankruptcy,

moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants
and (ii) the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the
Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued and delivered.

5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Series 34 Bonds, the Series 35 Bonds, the Series 36 Bonds, the Warrant Agreement, the Warrants and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or which in any way would adversely affect provisions for the payment of principal or interest on the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds or the validity of the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds, the Warrant Agreement, the Warrants, the Resolutions, the Warrant Resolution, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement.

7. The offering and sale of the Securities by the Corporation to you, and the resale of the Securities by you as contemplated by the Agreement and the final Official Statement, are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 36 Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Warrants, the Series 34 Bonds and the Series 35 Bonds constitute "municipal securities" as such term is defined in the Securities Exchange Act of 1934, as amended.

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

9. The statements set forth in the final Official Statement under the headings "Debt Issuance Plan", "Certain Developments Affecting the City—Federal Bankruptcy Legislation", "Various
Control Programs" and "Litigation" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation's obligations under the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 34 Bonds, the Series 35 Bonds or the Series 36 Bonds are rendered in reliance upon the opinions 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 opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,
United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

We have delivered to Salomon Brothers Inc and
certain other representatives of the Underwriters an opinion
dated the date hereof, with respect to the issuance of
$40,495,000 aggregate principal amount of the Series 34
Bonds and $59,505,000 aggregate principal amount of the
Series 35 Bonds, together with warrants to purchase
$59,505,000 aggregate principal amount of the Series 36
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

Attachment
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 $40,495,000 aggregate principal amount of Series 34 Bonds (the "Series 34 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 34 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 34 Resolution, adopted November 12, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 34 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 34 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 34 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 34 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 34 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 34 Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Matur.</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>$ 6,940,000</td>
<td>10%</td>
</tr>
<tr>
<td>1986</td>
<td>7,520,000</td>
<td>10 1/2%</td>
</tr>
<tr>
<td>1987</td>
<td>2,035,000</td>
<td>10 1/4%</td>
</tr>
<tr>
<td>1989</td>
<td>24,000,000</td>
<td>11 1/4%</td>
</tr>
</tbody>
</table>

The Series 34 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 34 Bonds are interchangeable as provided in the Resolutions. Coupon Series 34 Bonds are numbered 34- - and fully registered Series 34 Bonds are lettered and numbered 34R- - followed, in each case, by the last two digits of the year of maturity and the number of the Series 34 Bonds. Coupon Series 34 Bonds and fully registered Series 34 Bonds are numbered consecutively from one upward in order of issuance.
The Series 34 Bonds maturing on July 1, 1989 are subject to redemption, commencing on July 1, 1987, and on each July 1 thereafter prior to maturity, in each case 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 34 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 34 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 34 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 34 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 34 Bond pursuant to Chapter 201 of the Laws of New
York of 1078 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 34 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 34 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 34 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 34 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 34 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 34 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 34 Bonds, and the execution and delivery of the Series 34 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 34 Bond numbered 34-85-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

4
Hawkins, Delafield & Wood  
67 Wall Street, New York 10005

November 24, 1981

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 $59,505,000 aggregate principal amount of Series 35 Bonds (the “Series 35 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 35 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 35 Resolution, adopted November 12, 1981 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 35 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 35 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 35 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 35 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 35 Bonds are dated November 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 35 Bonds, will mature on July 1, 2008 and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the rate of twelve and three-quarters per centum (12 3/4%) per annum.

The Series 35 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 35 Bonds are interchangeable as provided in the Resolutions. Coupon Series 35 Bonds are numbered 35-08- followed, in each case, by the number of the Series 35 Bonds. Coupon Series 35 Bonds and fully registered Series 35 Bonds are numbered consecutively from one upward in order of issuance.

The Series 35 Bonds are subject to redemption, commencing on July 1, 1990, and on each July 1 thereafter prior to maturity, in each case 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 35 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.
In addition, the Series 35 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1992, 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 c 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 35 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 35 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 35 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 35 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject
only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created
by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital
Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when
received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be
validly subject to the pledge and lien created by the Resolutions.

3. The Series 35 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 35 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 the 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 I 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
appropriation 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 35 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 35 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 35 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 35 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 35 Bonds, and the execution and delivery of the Series 35 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 35 Bond numbered 35-08-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

Delahanty & Wood
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 making, execution and delivery of warrants (the “Warrants”) to purchase $59,505,000 aggregate principal amount of Series 36 Bonds (the “Series 36 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 Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted November 12, 1981 (the “Warrant Resolution”) and the Warrant Agreement dated as of November 1, 1981 (the “Warrant Agreement”) between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of November 1, 1981, expire January 18, 1983 and are in bearer form only.

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 Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.
4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.

5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.

6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 36 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 36 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that (1) the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and (2) the legal power of the Corporation to issue the Series 36 Bonds upon the exercise of the Warrants is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 36 Bonds is issued.

We have examined the executed Warrant numbered 35W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,

Hawkins, Delany & Wood
United States Trust Company of New York
New York, New York

The Several Underwriters
Named in Schedule I of the Bond Purchase Agreement dated November 12, 1981 with the Municipal Assistance Corporation For The City of New York

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 an opinion dated the date hereof with respect to the issuance of the Series 34 Bonds of the Corporation, an opinion dated the date hereof with respect to the issuance of the Series 35 Bonds of the Corporation, an opinion dated the date hereof with respect to the issuance of Warrants to purchase Series 36 Bonds of the Corporation and an opinion of even date herewith 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. You are entitled to rely on said opinions as if the same were addressed to you.

Very truly yours,

[Signature]
November 24, 1981

As representatives of the several Underwriters named in Schedule I to the Bond Purchase Agreement dated November 12, 1981 with the Municipal Assistance Corporation for The City of New York.

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

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation for The City of New York (the “Corporation”) and are this day rendering our final approving opinion (the “Opinion”) relating to the authorization and issuance of the Corporation’s Series 34 Bonds (the “Series 34 Bonds”) and Series 35 Bonds (the “Series 35 Bonds”), each dated November 1, 1981 and authorized by the Second General Bond Resolution (the “Second General Bond Resolution”), adopted by the Corporation on November 25, 1975, as amended and supplemented, and the Series 34 Resolution (the “Series 34 Resolution”), and Series 35 Resolution (the “Series 35 Resolution”) respectively, each adopted November 12, 1981, together with Warrants being issued together with the Series 35 Bonds (the “Warrants”) authorized by the Warrant Resolution (the “Warrant Resolution”), adopted November 12, 1981 to purchase the Corporation’s Series 36 Bonds (the “Series 36 Bonds”) authorized by the Second General Bond Resolution and the Series 36 Resolution (the “Series 36 Resolution”), adopted November 12, 1981 (the Series 34 Bonds and the Series 35 Bonds with Warrants being hereinafter referred to as the “Securities”). The Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution are hereinafter collectively referred to as the “Resolutions”. The Opinion is being rendered in connection with the delivery of the Securities to Salomon Brothers Inc on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement for the Securities (the “Bond Purchase Agreement”) by and among you, as representatives of said Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the Corporation in connection with the authorization, sale and issuance of the Securities and the Series 36 Bonds including a record of proceedings of the Corporation relating to the authorization, execution and
delivery of the Bond Purchase Agreement and the Warrant Agreement dated as of November 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Securities dated November 12, 1981 (the "Official Statement").

In connection with the sale of the Securities, at the request of the Corporation, we participated and assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE BONDS (other than the statistical and financial information under the headings "Per Capita Aid", "Sales Tax", "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax"), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS AND WARRANTS BEING OFFERED (other than the information under the heading "Certain Tax Consequences"), AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no litigation of the Corporation including statements to the effect that, except as noted in the Official Statement, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Securities, or in any way contesting or affecting the validity of the Securities, any proceedings of the Corporation taken with respect to the issuance thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Series 34 Bonds or the Series 35 Bonds or the existence or powers of the Corporation. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussion, inquiries and conferences referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

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

We are further of the opinion that the Series 36 Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Securities pursuant to and as contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Securities by you would be similarly exempt from registration under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the
Resolutions or any indenture with respect to the Securities or the Series 36 Bonds pursuant to the Trust Indenture Act of 1939, as amended, and the Warrants, the Series 34 Bonds and the Series 35 Bonds constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

We are further of the opinion that the Series 34 Bonds and the Series 35 Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State.

Very truly yours,

Hawkins, Deloffre & Wood
November 24, 1981

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

Gentlemen:

We have reviewed the accompanying arbitrage certificate of Mr. Steven J. Kantor, 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 34 and Series 35 Bonds, dated November 1, 1981 and delivered this day (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, make unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Signature]
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,

[Signature]
November 24, 1981

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated November 12, 1981 (the “Bond Purchase Agreement”) between you and Municipal Assistance Corporation For The City of New York (the “Corporation”), under which you and such other Underwriters jointly and severally agree to purchase from the Corporation $40,495,000 aggregate principal amount of its Series 34 Bonds (the “Series 34 Bonds”), and $59,505,000 aggregate principal amount of its Series 35 Bonds (the “Series 35 Bonds”) together with Warrants (the “Warrants”) to purchase $59,505,000 aggregate principal amount of the Corporation’s Series 36 Bonds (the “Series 36 Bonds”) (the Series 34 Bonds and the Series 35 Bonds together with the Warrants being hereinafter referred to as the “Securities”). The Series 34 Bonds have been issued pursuant to the Second General Bond Resolution (the “Second General Bond Resolution”) and the Series 34 Resolution (the “Series 34 Resolution”) adopted by the Board of Directors of the Corporation on November 25, 1975 and November 12, 1981, respectively. The Series 35 Bonds have been issued pursuant to the Second General Bond Resolution and the Series 35 Resolution (the “Series 35 Resolution”) adopted by the Board of Directors of the Corporation on November 12, 1981. The Series 36 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 36 Resolution (the “Series 36 Resolution”) adopted by the Board of Directors of the Corporation on November 12, 1981. The Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution are herein collectively called the “Resolutions”. Pursuant to the Resolutions, the Corporation has designated United States Trust Company of New York as trustee (the “Trustee”). The Warrants have been made, executed and delivered by the Corporation pursuant to the Warrant Resolution (the “Warrant Resolution”) adopted by the Board of Directors of the Corporation on November 12, 1981 and the Warrant Agreement (the “Warrant Agreement”) dated as of November 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the “Warrant Agent”).

In connection with the offering of the Securities, the Corporation has prepared and authorized the distribution of an official statement dated November 12, 1981 (the “Official Statement”).
In acting as your counsel, we have participated in the preparation of the Official Statement and have examined the originals, or copies thereof certified to our satisfaction, of such corporate records of the Corporation, certificates of public officials, certificates of officers of the Corporation and such other documents, records and papers as we have deemed necessary or appropriate in order to give the opinions expressed herein. We have relied upon such certificates of officers of the Corporation and other certifications with respect to the accuracy of material factual matters contained therein which were not independently established. In addition, we have, with your approval, assumed that the Series 34 Bonds and the Series 35 Bonds have been duly executed on behalf of the Corporation and duly authenticated by the Trustee, that the Warrants have been duly executed on behalf of the Corporation and countersigned by the Warrant Agent, and that the signatures on all documents and instruments examined by us are genuine, which assumptions we have not independently verified.

Based upon the foregoing, it is our opinion that:

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

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

3. The Series 34 Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, the Second General Bond Resolution and the Series 34 Resolution.

4. The Series 35 Bonds have been duly authorized and issued in accordance with the laws of the State, the Second General Bond Resolution and the Series 35 Resolution.

5. The Warrants have been duly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, the Warrant Resolution and the Warrant Agreement.

6. The issuance of the Series 36 Bonds has been duly authorized by proper corporate proceedings of the Corporation.

7. The Bond Purchase Agreement and the Warrant Agreement have been duly authorized, executed and delivered by the Corporation.

8. The offering and sale of the Securities by the Corporation, and the resale of the Securities by you as contemplated by the Bond Purchase Agreement and the Official Statement, do not require registration under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as amended. The Series 34 Bonds, the Series 35 Bonds and the Warrants constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

In the course of the preparation by the Corporation of the Official Statement, we and representatives of the Underwriters participated in numerous conferences and conversations with general counsel and bond counsel for the Corporation and with certain officers and representatives of the Corporation, and we also consulted on numerous occasions with representatives of certain of the Underwriters. We are not passing upon the accuracy, completeness, or fairness of the information contained in the Official Statement. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records of proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the Official Statement. It is our understanding that you are relying upon the preparation of the Official Statement by the Corporation and certifications of various officers and officials of the Corporation, the State and The City of New York as to the accuracy, completeness and fairness of the statements contained therein. Further, we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the Official Statement or in our conferences or conversations referred to above which
has caused us to believe that the Official Statement, as of the date thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

While we have not independently passed upon the validity of the Series 34 Bonds, the Series 35 Bonds, the Warrants or the Series 36 Bonds, we hereby confirm that all proceedings of the Corporation and related matters, including the opinion addressed to you of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation and the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, each of even date herewith and delivered to you today, are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

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

$32,460,000
Series 34 Bonds

and

$67,540,000
Series 35 Bonds

With Warrants to Purchase
$67,540,000
Series 36 Bonds

BLUE SKY MEMORANDUM

November 4, 1981

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

In connection with the proposed offering of $32,460,000 aggregate principal amount of the Series 34 Bonds (the “Series 34 Bonds”) and $67,540,000 aggregate principal amount of the Series 35 Bonds (the “Series 35 Bonds” and together with the Series 34 Bonds, collectively the “Bonds”) with Warrants (the “Warrants”) to purchase $67,540,000 aggregate principal amount of the Series 36 Bonds of the Municipal Assistance Corporation For The City of New York (the “Corporation”), we have prepared
the accompanying Preliminary Blue Sky Survey relating to the provisions of the securities or Blue Sky laws of the jurisdictions enumerated therein. The Survey is based upon an examination of such laws as reported in the latest unofficial compilations available to us and upon financial and other information furnished by officers of the Corporation or contained in the Preliminary Official Statement dated November 4, 1981. The Survey covers (i) offers of and solicitations of offers to purchase the Bonds and Warrants ("offers"), made orally or by means of the Preliminary Official Statement before issuance of the Official Statement in final form; and (ii) sales or contracts of sale of Bonds and Warrants ("sales") after issuance of the Official Statement in final form.

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

The Survey also is subject to the following qualifications:

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

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

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

Very truly yours,

WHITE & CASE
[Reference is made to the attached letter, dated November 4, 1981]

PRELIMINARY BLUE SKY SURVEY

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

$32,460,000
Series 34 Bonds

and

$67,540,000
Series 35 Bonds

With Warrants to Purchase

$67,540,000
Series 36 Bonds

PART I

Offers and Sales to the Public by Banks and Registered Dealers

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

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

(1) Registration as a dealer is required of banks not regulated by an agency of Arizona or the United States.
(2) A bank must register as a dealer unless it is authorized to do business in Florida.
(3) Banks must register as brokers or dealers in this state.
(4) Banks not organized under the laws of Illinois or the United States must register as dealers in this state.
(5) Registration or licensing as a dealer is not required in Nevada, provided the dealer or broker is either registered pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or is a member of the National Association of Securities Dealers, Inc. or is a bank.
(6) With respect to the Series 34 Bonds only, provided that New Hampshire banks and trust companies must register as dealers unless acting as agents for their customers in the purchase of securities.
(7) Application for confirmation of exemption is being filed. Before making any offers or sales, dealers should communicate with Salomon Brothers Inc for information as to final approval.

B. The Series 35 Bonds and Warrants are not exempt in the State of New Hampshire and dealers and banks, which must be registered as dealers in New Hampshire unless acting as agents for their customers, may not offer or sell the Series 35 Bonds and Warrants to the public until the securities
are qualified and approved for sale by the Insurance Commissioner. The requisite action is being taken to qualify the Series 35 Bonds and Warrants for sale in New Hampshire. Dealers should communicate with Salomon Brothers Inc for information as to approval.

PART II

Exempt Transactions

Dealers

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made to dealers and brokers in the jurisdictions listed below without registration of the Bonds or Warrants or any filings being made in such jurisdictions. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions except as otherwise indicated.

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

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association, or is registered as a broker-dealer in California; or has no place of business in California, and effects transactions in California exclusively with or through broker-dealers; or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to broker-dealers or exempt institutions.

(3) Provided offeror or seller is a bank, or a registered broker or has filed as an exempt broker in Colorado.

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

(5) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(6) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in this state, or has no place of business in this state and effects transactions in this state exclusively with or through registered broker-dealers or with exempt institutions.

(7) Provided offer or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.

(8) Provided offeror or seller is a bank, or is registered as a broker-dealer in Nevada, or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(9) Provided offeror or seller is a bank, savings institution or trust company; or a registered broker-dealer in New Hampshire; and effects transactions in New Hampshire exclusively with or through registered broker-dealers or with exempt institutions.

(10) Provided offeror or seller is a bank, savings institution or trust company; or a registered broker-dealer in New Jersey; and effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

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

(12) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
Institutions

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made in the following jurisdictions to the institutions specified, without registration of the Bonds or Warrants or any filings being made. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions, unless otherwise indicated. This Survey does not cover the status of the Bonds and Warrants with respect to eligibility for investment by any of the institutions mentioned.

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

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

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

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

California(2)
Any bank, savings and loan association, trust company, insurance company, investment company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), wholly-owned subsidiary of the foregoing institutional investors, college or university which has total endowment funds of not less than $5,000,000, or corporation which has a net worth of not less than $14,000,000; provided the purchaser, whether acting for itself or as trustee, represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security; or any government, government agency, state university or state college or their employee retirement systems.

Colorado(3)
Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Connecticut(1)
Any state bank and trust company, national banking association, mutual savings bank, savings and loan association, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

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

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

Florida
Any bank or trust company, whether acting in its individual or fiduciary capacity, savings institution, insurance company, regulated investment company, or a pension or profit-sharing plan having assets not less than $500,000.
Georgia Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

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

Hawaii(4) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

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

Illinois Any corporation, bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, association engaged as a substantial part of its business or operations in purchasing or holding securities, or a trust in respect of which a bank or trust company is trustee or co-trustee.

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

Iowa(5) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Kansas Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

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

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

Maine(6) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

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

Massachusetts(1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.
<table>
<thead>
<tr>
<th>State</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Minnesota(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Mississippi(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Missouri(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Montana</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Nevada(7)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>New Hampshire(6)</td>
<td>Any one.</td>
</tr>
<tr>
<td>New Jersey(8)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>New York</td>
<td>Any bank or any syndicate, corporation or group formed for the specific</td>
</tr>
<tr>
<td></td>
<td>purpose of acquiring such securities for resale to the public directly or</td>
</tr>
<tr>
<td></td>
<td>through other syndicates or groups.</td>
</tr>
<tr>
<td>North Carolina(1)(9)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
</tr>
<tr>
<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
</tr>
<tr>
<td></td>
<td>sharing trust, or other financial institution or institutional buyer,</td>
</tr>
<tr>
<td></td>
<td>whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Any bank, savings bank, savings institution, trust company, insurance</td>
</tr>
<tr>
<td></td>
<td>company or any corporation, organization or association, a principal part</td>
</tr>
<tr>
<td></td>
<td>of whose business consists of the buying of securities.</td>
</tr>
<tr>
<td>Ohio(6)</td>
<td>Any institutional investor, defined as any corporation, bank, insurance</td>
</tr>
<tr>
<td></td>
<td>company, pension fund or trust, employees' profit sharing fund or trust, any</td>
</tr>
<tr>
<td></td>
<td>association engaged, as a substantial part of its business or operations,</td>
</tr>
<tr>
<td></td>
<td>in purchasing or holding securities, or any trust in respect of which a</td>
</tr>
<tr>
<td></td>
<td>bank is trustee or co-trustee.</td>
</tr>
<tr>
<td>State</td>
<td>Definition</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Oklahoma(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Oregon</td>
<td>Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer.</td>
</tr>
<tr>
<td>Pennsylvania(10)</td>
<td>Any institutional investor, defined as any bank, insurance company, pension or profit sharing plan or trust, investment company, as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, whether the buyer is acting for itself or in some fiduciary capacity, the Federal Government, State or any agency or political subdivision thereof or any other person designated by regulation of the Pennsylvania Securities Commission.</td>
</tr>
<tr>
<td>Puerto Rico(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Any national bank, or any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or institutional buyer, such securities being purchased by such institution for its own account and investment.</td>
</tr>
<tr>
<td>South Carolina(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, the state or any state agency or political subdivision thereof, or other financial institution or institutional buyer, whether such person is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Tennessee(5)</td>
<td>Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or any other person engaged as a substantial part of its business in investing in securities (except a broker-dealer), in each case having a net worth in excess of $1,000,000.</td>
</tr>
<tr>
<td>Texas</td>
<td>Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution, investment company as defined in the Investment Companies Act of 1940, or small business investment company as defined in the Small Business Investment Act of 1958, as amended, provided the purchaser is acting for its own account or as a bona fide trustee.</td>
</tr>
<tr>
<td>Utah(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Any bank, savings institution, trust company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in a fiduciary capacity.</td>
</tr>
</tbody>
</table>
| Virginia      | Any corporation, investment company or pension or profit-sharing trust.  

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

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

Wisconsin(1)(11) ....... Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or the state or any agency or political subdivision thereof, or other financial institution or institutional investor, whether such person is acting for itself or as trustee.

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

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association; or is registered as a broker-dealer in California or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to other broker-dealers or to exempt institutions.

(3) Provided offeror or seller is a bank, or a registered broker or has filed as an exempt broker in Colorado.

(4) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(5) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in this state, or has no place of business in this state and effects transactions in this state exclusively with or through registered broker-dealers or with exempt institutions.

(6) Provided offeror or seller is a registered or licensed dealer in this state.

(7) Provided offeror or seller is a bank or is registered as a broker-dealer in Nevada or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(8) Provided offeror or seller is a bank, savings institution or trust company; or is a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

(9) A bank, savings institution, trust company, or North Carolina registered dealer may also offer and sell the Bonds and Warrants to corporations other than the exempt institutions cited.

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

(11) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
CERTIFICATE OF TRUSTEE AS TO RECEIPT OF PROCEEDS OF THE SALE OF SERIES 34 AND 35 BONDS AND THE WARRANTS

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 (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 an aggregate principal amount of $40,493,000 of its Series 34 Bonds and an aggregate principal amount of $59,505,000 of its Series 35 Bonds with Warrants to purchase Series 36 Bonds of the Corporation (the Warrants), as authorized by the Series 34 and 35 Resolutions adopted by the Corporation on November 12, 1981, and the Warrant Resolution adopted November 12, 1981, hereby acknowledges, on behalf of the Corporation, the receipt of the proceeds of sale of the Series 34 and Series 35 Bonds and the Warrants, plus accrued interest on such bonds, consisting of a $500,000 good faith deposit received on November 12, 1981 and the additional amount of $97,684,454.86 (representing the purchase price of the Bonds in the amount of $97,418,475 plus accrued interest in the aggregate amount of $765,979.86, less such good faith deposit) received on the date hereof, for use in accordance with instructions delivered by the Corporation to the Trustee on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of United States Trust Company of New York this 24th day of November, 1981.

(SEAL)

[Signature]
Assistant Vice President

Attest:

[Signature]
Assistant Secretary
RECEIPT FOR BONDS AND DOCUMENTS
REQUIRED BY BOND PURCHASE AGREEMENT

On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated November 12, 1981 (the "Agreement") with the Municipal Assistance Corporation for The City of New York (the "Corporation"), acknowledges receipt from the United States Trust Company of New York, as Trustee under the Second General Bond Resolution adopted on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution") and as Warrant Agent under the Warrant Agreement dated as of November 1, 1981 with the Corporation, upon the order of the Corporation, of the Series 34 Bonds and the Series 35 Bonds (the "Bonds") of the Corporation, in definitive form, in the aggregate principal amount of $100,000,000 issued pursuant to the Second General Bond Resolution and the Series 34 Resolution and Series 35 Resolution adopted November 12, 1981, together with Warrants to purchase $5,000 principal amount of Series 36 Bonds for each $5,000 principal amount of Series 35 Bonds delivered.

The aggregate purchase price of the Bonds and Warrants is $97,418,000 plus accrued interest in the amount of $765,979.86 from November 1, 1981 to the date hereof, for a total of $98,184,454.86.

We hereby further acknowledge that the good faith check in the amount of $500,000 delivered to the Corporation on November 12, 1981 shall be applied by the Corporation to the
aggregate purchase price of the Bonds and Warrants pursuant to the Agreement.

In connection with the purchase of the Bonds and the Warrants, the undersigned acknowledges receipt of all of the documents required to be delivered to the undersigned pursuant to the Agreement.

IN WITNESS WHEREOF, this receipt has been executed this 24th day of November, 1981.

SALOMON BROTHERS

As Representative of the Underwriters

By William B. James
Vice President
ORDER AS TO DEPOSIT AND INVESTMENT
OF PROCEEDS OF SALE OF THE
SERIES 34 BONDS AND
SERIES 35 BONDS WITH WARRANTS

24 November 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

You have today received the amount of $97,684,454.86 from the Municipal Assistance Corporation For The City of New York (the Corporation) which, together with the good faith deposit of $500,000 received by you on November 12, 1981, constitutes the aggregate proceeds, including accrued interest, of the Corporation's sale of $40,495,000 principal amount of its Series 34 Bonds dated November 1, 1981 and $59,505,000 principal amount of its Series 35 Bonds dated November 1, 1981 with Warrants to purchase Series 36 Bonds of the Corporation (the Proceeds). You are hereby requested, authorized and directed to deposit the Proceeds in the Corporation's Bond Proceeds Account (the Proceeds Account).

You are hereby further requested, authorized and ordered on November 24, 1981 (i) to deposit $14,418,475 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 Bond Resolution) and (ii) to deposit $765,979.86 of the Proceeds Account in the Bond Service Fund under the Second General Bond Resolution. The balance of $83,000,000 shall continue to be held in the Proceeds Account pending further written direction from the Corporation, which direction shall cause such balance to be used to purchase bonds issued by the City of New York to finance capital improvements.
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 Bond Resolution, you are hereby requested, authorized and directed to invest monies so deposited 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.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By

Deputy Executive Director
$100,000,000 Municipal Assistance Corporation For The City of New York
(A Public Benefit Corporation of the State of New York)

Dated: November 1, 1981 / Due: July 1, 1981, as shown below.
Principals of and Interest on the Series 34, 35, and 36 Bonds are payable at the corporate trust office of the Chase Manhattan Bank, N.A., New York, New York, or at the option of the holder at Bank of America NT & SA, San Francisco, California, unless registered. The Series 34 and 36 Bonds will be dated and bear interest from November 1, 1981, payable July 1, 1982, and semi-annually thereafter on each January 1 and July 1. The Series 35 Bonds will be dated and bear interest from November 1, 1981, payable July 1, 1982, and semi-annually thereafter on each January 1 and July 1.

The Series 34 Bonds maturing on or prior to July 1, 1987, are subject to redemption prior to maturity. The Series 34 Bonds maturing on July 1, 1987, are subject to redemption at the option of the Corporation prior to maturity. The Series 35 and 36 Bonds are subject to termination at any time upon 30 days' notice to the Corporation, but in no event prior to July 1, 1992.

The Trustee under the General Bond Resolution pursuant to which the Series 34, 35 and 36 Bonds are to be issued is the United States Trust Company of New York.

AMOUNTS, MATURITIES, RATES AND PRICES
$18,455,000 Series 34 Serial Bonds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,964,000</td>
<td>8,964,000</td>
<td>8,964,000</td>
<td>8,964,000</td>
<td>8,964,000</td>
<td>8,964,000</td>
</tr>
<tr>
<td></td>
<td>7,320,000</td>
<td>7,320,000</td>
<td>7,320,000</td>
<td>7,320,000</td>
<td>7,320,000</td>
<td>7,320,000</td>
</tr>
<tr>
<td></td>
<td>2,035,000</td>
<td>2,035,000</td>
<td>2,035,000</td>
<td>2,035,000</td>
<td>2,035,000</td>
<td>2,035,000</td>
</tr>
</tbody>
</table>

$24,000,000 11 3/4% Series 34 Term Bonds Due July 1, 1989 @ 100%

$59,505,000 12 3/4% Series 35 Term Bonds Due July 1, 2008 @ 99%

With Warrants to Purchase until January 18, 1993

$59,505,000 12 3/4% Series 36 Term Bonds Due July 1, 2007 @ 99%

There will be delivered with each $500 principal amount of Series 35 Bonds, one Warrant certificate representing five Warrants which together entitle the holder thereof to purchase $5,000 principal amount of Series 36 Bonds at 99 1/2%, plus accrued interest to the delivery date thereof. The Warrants will expire on January 18, 1993, or earlier in case of a complete call or retirement of the Series 35 Bonds prior thereto. Thereafter, the Series 35 and 36 Bonds will be callable at 101.15% of principal amount thereof, plus accrued interest to the date of call.

The Series 34, 35, and 36 Bonds are payable from time to time for cash or, at the option of the Corporation in any amount not exceeding 10% of the remaining principal amount of the Series 34 and 35 Bonds, to be used for the purpose described above.

The Series 35 and 36 Bonds are subject to redemption from time to time for cash or, at the option of the Corporation, in any amount not exceeding 10% of the remaining principal amount of the Series 34, 35 and 36 Bonds, in each case at a redemption price of 101.15% of the principal amount thereof, plus accrued interest to the date of redemption.

The Series 35 and 36 Bonds are subject to redemption from time to time for cash or, at the option of the Corporation, in any amount not exceeding 10% of the remaining principal amount of the Series 34, 35 and 36 Bonds, in each case at a redemption price of 101.15% of the principal amount thereof, plus accrued interest to the date of redemption.

Salomon Brothers Inc.
Goldman, Sachs & Co.
Citicorp, N.A.
Bache Halsey Stuart Shields

Merrill Lynch White Weld Capital Markets Group
Morgan Guaranty Trust Company of New York
L. F. Rothschild, Unterberg, Towbin
MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

$40,495,000  
SERIES 34 BONDS  

and  

$59,505,000  
SERIES 35 BONDS  

WITH  

WARRANTS TO PURCHASE  

$59,505,000  
SERIES 36 BONDS  

MEMORANDUM OF CLOSING ON NOVEMBER 24, 1981  

At a closing held on November 24, 1981, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the underwriters referred to in Schedule I to the Bond Purchase Agreement dated November 12, 1981 (the "Bond Purchase Agreement") among the Corporation and each of such underwriters (collectively the "Underwriters") $6,940,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1985, $7,520,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1986, $2,035,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1987, $24,000,000 aggregate principal
amount of the Corporation's Series 34 Bonds maturing on July 1, 1989 (collectively the "Series 34 Bonds") and $59,505,000 aggregate principal amount of the Corporation's Series 35 Bonds maturing on July 1, 2008 (the "Series 35 Bonds"), together with Warrants (the "Warrants") to purchase $59,505,000 aggregate principal amount of the Corporation's Series 36 Bonds maturing on July 1, 2007 (the "Series 36 Bonds"). The Series 34 Bonds and the Series 35 Bonds were issued and the Series 36 Bonds are to be issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, each as further amended, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the Second General Bond Resolution, adopted by the Corporation on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), and the Series 34 Resolution, the Series 35 Resolution and the Series 36 Resolution, respectively, in each case adopted by the Corporation on November 12, 1981, authorizing the Series 34 Bonds (the "Series 34 Resolution"), the Series 35 Bonds (the "Series 35 Resolution") and the Series 36 Bonds (the "Series 36 Resolution"), respectively. The Warrants were
made, executed and delivered pursuant to the Warrant Resolution, adopted by the Corporation on November 12, 1981 (the "Warrant Resolution") and a Warrant Agreement dated as of November 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the "Warrant Agent").

I

The Closing

A. On November 23, 1981, a preliminary closing was held at the offices of the Corporation, Suite 8901, One World Trade Center, New York, New York. All papers to be delivered at the closing, to the extent practicable, were executed and approved, and such papers were packaged and placed in escrow.

B. The closing (the "Closing") was held at such offices of the Corporation on November 24, 1981 at 8:30 a.m. (the "Closing Date"). The persons present at the Closing are set forth in Schedule I hereto.

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

Documents Delivered at the Closing

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

1. Copy of the final Official Statement of the Corporation dated November 12, 1981, relating to the Series 34 Bonds, the Series 35 Bonds and the Warrants (the "Official Statement").


3. Bond Purchase Agreement, executed by the Corporation and Salomon Brothers Inc. as the representative of the Underwriters (the "Representative").

4. Warrant Agreement, executed by the Corporation and the Warrant Agent.

5. Extracts of the Minutes of the Board of Directors Meeting held on November 12, 1981 showing:

   (i) adoption of the Series 34 Resolution and the Series 35 Resolution authorizing execution of the Bond Purchase Agreement and issuance of the Series 34 Bonds and the Series 35 Bonds, respectively, on the terms stated in the Bond Purchase Agreement and the respective series resolutions, and approving the Official Statement and authorizing the distribution of the Official Statement;

   (ii) adoption of the Series 36 Resolution authorizing the issuance of the Series 36 Bonds on the terms stated in the Warrant Agreement and the Series 36 Resolution, and authorizing the distribution of Official Statements in connection with the sale of the Series 36 Bonds; and
(iii) adoption of the Warrant Resolution authorizing the execution and delivery of the Warrant Agreement and the Warrants.

6. Copy of the Second General Bond Resolution.

7. Copy of the Series 34 Resolution.

8. Copy of the Series 35 Resolution.

9. Copy of the Series 36 Resolution.

10. Copy of the Warrant Resolution.

11. Written order of the Corporation as to the delivery and authentication of the Series 34 Bonds and the Series 35 Bonds and as to the countersignature and delivery of the Warrants.

12. Written order of the Corporation as to the authentication and delivery of the Series 36 Bonds.

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

14. A certificate of the Commissioner of Taxation and Finance of the State, dated the Closing Date, required pursuant to Section 3(a)(5) of the Bond Purchase Agreement. (Exhibit E to the Bond Purchase Agreement)

15. A certificate, dated the Closing Date, of the Mayor of The City of New York (the "City") or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

16. A certificate, dated the Closing Date, of the Comptroller of the City or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

17. The approval, dated November 12, 1981, of the Comptroller of the State required pursuant to Section 3(d) of the Bond Purchase Agreement.
18. A letter, dated the Closing Date, furnished by Price Waterhouse & Co., required pursuant to Section 3(g) of the Bond Purchase Agreement. (Exhibit F to the Bond Purchase Agreement)

19. A general certificate of the Corporation as to directors, officers, terms of office and other details of the Corporation, including the seal, by-laws, litigations, the Second General Bond Resolution, the Series 34 Resolution, the Series 35 Resolution, the Series 36 Resolution, the Warrant Resolution, minutes, specimen Bonds and Warrants, signatures, and certifications, required pursuant to Section 202 of the Second General Bond Resolution, specifically as to:

   (i) no default under Section 202.2(4); and

   (ii) debt coverage under Section 202.3(3) - (4);

the certifications of the Corporation, required in Section 3(a)(3) of the Bond Purchase Agreement and Section 401 of the Series 34 Resolution, with specimen 34 Bonds attached thereto; and the certifications of the Corporation, required pursuant to Section 3(a)(3) of the Bond Purchase Agreement and Section 401 of the Series 35 Resolution, with specimen Series 35 Bonds, Series 36 Bonds and Warrants attached thereto.

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

21. A certificate of the Director of the Budget of the State as to the amount of Per Capita Aid, required pursuant to Section 202.3(2) of the Second General Bond Resolution.

22. Arbitrage certificate of the Corporation required pursuant to Section 3(a)(7) of the Bond Purchase Agreement.
B. From the Corporation to United States Trust Company of New York, as trustee (in such capacity, the "Trustee") and its counsel:

1. Copies of the following documents, all as required by Section 202 of the Second General Bond Resolution:
   
   (a) See item A.6 above.
   (b) See item A.7 above.
   (c) See item A.8 above.
   (d) See item A.11 above.
   (e) See item A.12 above.
   (f) See item A.19 above.
   (g) See item A.20 above.
   (h) See item A.21 above.
   (i) See item E below.
   (j) See item F below.
   (k) See item G.1 below.

2. Order as to deposit and investment of the proceeds of the Series 34 Bonds and the Series 35 Bonds with Warrants.

C. From the Corporation to the Warrant Agent and its counsel:

1. See item A.4 above.
2. See item A.9 above.
3. See item A.10 above.
4. See item A.11 above.

5. See item G.2 below.

D. From the United States Trust Company of New York to the Corporation, with executed copies to the Representatives and their counsel:

1. Certificate with attached copy of the Executive Order pursuant to its By-laws showing authority for officers to authenticate the Series 34 Bonds, the Series 35 Bonds and the Series 36 Bonds and to countersign the Warrants.

2. Opinions of Counsel for the Trustee and the Warrant Agent with respect to United States Trust Company of New York's authority to act as Trustee and Warrant Agent, together with reliance opinions to the Underwriters.

E. From The Chase Manhattan Bank, N.A. and Bank of America NT & SA to the Corporation, with copies to the Representatives and their counsel:

Acceptance of the Office of Paying Agent.

F. From Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, to the Representatives and their counsel:

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

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

1. The opinions, dated the Closing Date, addressed to the Corporation (accompanied by a
letter authorizing reliance thereon by the Underwriters), furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit B thereto.

2. The opinion, dated the Closing Date, addressed to the Corporation (accompanied by a letter authorizing reliance thereon by the Underwriters), furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit C thereto.

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

4. The opinion, dated the Closing Date, addressed to the Corporation, as to the enforceability of the 1978 State Covenant, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement.

5. The opinion, dated the Closing Date, addressed to the Corporation, as to arbitrage, furnished pursuant to Section 3(a)(8) of the Bond Purchase Agreement.

H. From Messrs. White & Case to the Representatives:

1. The opinions, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(2) of the Bond Purchase Agreement.

2. A survey of the applicable "Blue Sky" laws of various jurisdictions.

3. A copy of the "Tombstone" relating to the Series 34 Bonds, the Series 35 Bonds, and the Warrants.

III

Delivery of the Series 34 Bonds, the Series 35 Bonds and Warrants and Checks at the Closing

A. Coupon bonds in bearer form representing $6,940,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1985, coupon bonds in bearer form representing $7,520,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1986, coupon bonds in bearer form representing $2,035,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing on July 1, 1987, coupon bonds in bearer form representing $24,000,000 aggregate principal amount of the Corporation's Series 34 Bonds maturing July 1, 1989, coupon bonds in bearer form representing $59,505,000 aggregate principal amount of the Corporation's Series 35 Bonds maturing on July 1, 2008 and 11,901 Warrant Certificates, each such Warrant Certificate representing five Warrants which together entitle the holder to purchase $5,000 principal amount of the Corporation's Series 36 Bonds maturing on July 1, 2007, were delivered to the Representatives.

B. The Representatives delivered to the Corporation a certified or official bank check in New York Clearing House funds in the amount of $97,684,454.86 which, together with the deposit of $500,000 paid pursuant to Section 5 of
the Bond Purchase Agreement, constitutes payment in full of
the purchase price of the Series 34 Bonds, the Series 35
Bonds and the Warrants.

C. Receipt of the Trustee as to proceeds of the
sale of the Series 34 Bonds and the Series 35 Bonds and
Warrants was given to the Representatives.

D. Receipt of the Representatives for the Series
34 Bonds and the Series 35 Bonds and Warrants was given to
the Trustee/Warrant Agent.
Schedule I

Persons Present at the Closing

For the Corporation:

Heather L. Ruth
Stephen J. Weinstein
John G. Bove

For the Trustee and the Warrant Agent:

George Boswell
Pat Santivasci

For the Underwriters:

L. Eugene Crowley
William B. James

For Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation:

James K. Thornton

For Hawkins, Delafield & Wood, Bond Counsel:

Donald J. Robinson
John J. Koehane
John Schraeger

For Carter, Ledyard & Milburn, Counsel to the Trustee and the Warrant Agent:

Robert R. Grew
Lawrence Remmel
John C. Phelan

For White & Case, Counsel to the Underwriters:

David H. Blair
Anthony F. Kahn
1982
Series 38
TABLE OF CONTENTS

I. BASIC DOCUMENTS AND CERTIFICATIONS OF THE CORPORATION

1. Copy of the final Official Statement of the Corporation relating to the Series 38 Bonds (the "Official Statement").

2. Copy of the preliminary Official Statement of the Corporation relating to the Series 38 Bonds (the "Preliminary Statement").


4. Extract of the Minutes of the Board of Directors Meeting held on January 21, 1982 showing (a) approval of Official Statement and authorization of distribution of Official Statement and (b) adoption of the Series 38 Resolution.

5. Copy of the Second General Bond Resolution.

6. Copy of the Series 38 Resolution.

7. Written order of the Corporation as to the authentication and delivery to Salomon Brothers of the Series 38 Bonds.

8. Certificate of the Director of the Budget of New York State (the "State") with respect to the Official Statement.


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

12. The approval of the terms of sale of Comptroller of the State.

13. 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 401 of the Series 38 Resolution.

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

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


II. TRUSTEE'S DOCUMENTS

17. Certificate as to acceptance of duties of Trustee and showing authority for Authorized Officers to authenticate the Series 38 Bonds.

18. 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 to the Underwriters.

III. PAYING AGENT


IV. OPINIONS


22. Opinion of Bond Counsel addressed to the Representatives.

23. Opinion of Bond Counsel addressed to the Corporation as to arbitrage.

24. Opinion of Bond Counsel addressed to the Corporation as to the 1978 State Covenant.


26. Survey of the applicable "Blue Sky" laws of various jurisdictions.

V. PROCEEDS

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


29. Order as to Deposit and Investment of Series 38 Bond Proceeds.

VI. MISCELLANEOUS

30. Copy of "Tombstone" ad.

31. Memorandum of Closing.
NEW ISSUE

In the opinion of Bond Counsel, interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

$100,000,000
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)
SERIES 38 BONDS
(issued pursuant to the Second General Bond Resolution)

Dated February 1, 1982
Due July 1, as shown below

Principal of and interest on the Series 38 Bonds are payable at the corporate trust office of The Chase Manhattan Bank, N.A., New York, New York, or at the option of the holder at Bank of America NT&SA, San Francisco, California, unless registered. Interest on the Series 38 Bonds is payable July 1, 1982 and semi-annually thereafter on each January 1 and July 1. The Series 38 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon and registered bonds are interchangeable as more fully described herein.

The Series 38 Bonds maturing on or prior to July 1, 1988 are not subject to redemption prior to maturity. The Series 38 Bonds maturing on July 1, 1992 are not subject to redemption at the option of the Corporation prior to maturity. The Series 38 Bonds maturing July 1, 2008 are subject to redemption at the option of the Corporation on or after July 1, 1992, as a whole on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus accrued interest to the redemption date, all as more fully described herein. The Series 38 Bonds maturing July 1, 1992 and July 1, 2008 are also subject to redemption from mandatory sinking fund installments on each July 1, commencing on July 1, 1989, for the Series 38 Bonds maturing on July 1, 1992, and on July 1, 1993 for the Series 38 Bonds maturing on July 1, 2008, in each case at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, all as more fully described herein.

The Trustee under the Second General Bond Resolution is United States Trust Company of New York.

<table>
<thead>
<tr>
<th>Due</th>
<th>Amount</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$3,720,000</td>
<td>9%</td>
<td>100%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9 1/4</td>
<td>100</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10 1/2</td>
<td>100</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11 1/4</td>
<td>100</td>
</tr>
</tbody>
</table>

$18,005,000 12 1/4%, Term Bonds due July 1, 1992 @ 100%

$62,185,000 14 1/4%, Term Bonds due July 1, 2008 @ 100% (Plus accrued interest)

The Series 38 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain other 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 38 Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal or interest on the Series 38 Bonds.

The Series 38 Bonds are offered when, as and if issued by the Corporation and received by the Underwriters 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. Certain legal matters will be passed on for the Underwriters by their counsel, White & Case, New York, New York. It is expected that the Series 38 Bonds in definitive form will be available for delivery on or about February 4, 1982. At the option of any Underwriter, delivery will be available at The Depository Trust Company, New York, New York.

Goldman, Sachs & Co. Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N. A. The Chase Manhattan Bank, N.A. Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Bear, Stearns & Co. L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is January 21, 1982
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 38 Bonds or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 38 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
<th>Part</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INTRODUCTION</td>
<td>1</td>
<td>8. CERTAIN DEVELOPMENTS AFFECTING THE STATE</td>
</tr>
<tr>
<td>The Corporation</td>
<td>1</td>
<td>Long-Term Trends</td>
</tr>
<tr>
<td>The Bonds</td>
<td>1</td>
<td>Financial Developments—Fiscal Years 1973-1981</td>
</tr>
<tr>
<td>Payment of the Bonds and Debt Service Coverage</td>
<td>1</td>
<td>Program for the 1982 and 1983 Fiscal Years</td>
</tr>
<tr>
<td>Limitations on Bond Issuance</td>
<td>2</td>
<td>Problems of Authorities and Localities</td>
</tr>
<tr>
<td>Appropriation of Revenues</td>
<td>2</td>
<td>Litigation</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>2</td>
<td>9. CERTAIN DEVELOPMENTS AFFECTING THE CITY</td>
</tr>
<tr>
<td>Debt Issuance Plan</td>
<td>2</td>
<td>Fiscal Years 1975-1981</td>
</tr>
<tr>
<td>Certain Factors</td>
<td>3</td>
<td>Fiscal Years 1982-1985</td>
</tr>
<tr>
<td>2. THE CORPORATION</td>
<td>3</td>
<td>Litigation</td>
</tr>
<tr>
<td>Background, Purposes and Powers</td>
<td>3</td>
<td>Federal Bankruptcy Legislation</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>4</td>
<td>10. VARIOUS CONTROL PROGRAMS</td>
</tr>
<tr>
<td>3. USE OF PROCEEDS</td>
<td>4</td>
<td>11. AGREEMENT OF THE STATE OF NEW YORK</td>
</tr>
<tr>
<td>4. DEBT ISSUANCE PLAN</td>
<td>5</td>
<td>12. MANAGEMENT</td>
</tr>
<tr>
<td>5. PAYMENT OF THE BONDS</td>
<td>7</td>
<td>13. LITIGATION</td>
</tr>
<tr>
<td>General</td>
<td>7</td>
<td>14. SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION</td>
</tr>
<tr>
<td>Appropriation by Legislature</td>
<td>10</td>
<td>15. TRUSTEE</td>
</tr>
<tr>
<td>Per Capita Aid</td>
<td>11</td>
<td>16. LEGAL INVESTMENT</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>11</td>
<td>17. TAX EXEMPTION</td>
</tr>
<tr>
<td>Stock Transfer Tax</td>
<td>13</td>
<td>18. LEGAL OPINIONS</td>
</tr>
<tr>
<td>Maintenance of Capital Reserve Aid Fund</td>
<td>14</td>
<td>19. UNDERWRITING</td>
</tr>
<tr>
<td>6. DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS</td>
<td>15</td>
<td>20. FINANCIAL STATEMENTS</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>15</td>
<td>APPENDIX—Definitions</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>16</td>
<td>EXHIBIT A—Financial Statements</td>
</tr>
<tr>
<td>Debt Service Requirements and Estimated Coverage Ratios</td>
<td>16</td>
<td>EXHIBIT B—Opinion of Bond Counsel</td>
</tr>
<tr>
<td>7. BONDS BEING OFFERED</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Description of the Bonds</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Additional Bonds and Notes</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

Lazard Frères & Co.—Financial Advisor
PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 38 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.

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 38 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 38 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 38 Bonds, would be as follows:

<table>
<thead>
<tr>
<th>(Dollars in Millions)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,365</td>
<td>Sales Tax (12 months ended December 31, 1981)</td>
</tr>
<tr>
<td>plus 574</td>
<td>Stock Transfer Tax (12 months ended December 31, 1981)</td>
</tr>
<tr>
<td>minus 9</td>
<td>Operating expenses of the Corporation</td>
</tr>
<tr>
<td>minus 358</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>1,572</td>
<td>Available tax revenues after provision for First Resolution obligations</td>
</tr>
<tr>
<td>plus 414</td>
<td>Available Per Capita Aid (for the Corporation’s 1981 fiscal year), net of $70 million of potential prior claims (none of which has been asserted since the inception of the Corporation)</td>
</tr>
<tr>
<td>$1,986</td>
<td>Available Revenues</td>
</tr>
<tr>
<td>divided by $690</td>
<td>Maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 38 Bonds)</td>
</tr>
<tr>
<td>2.88</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 two 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 38 Bonds, the Corporation will have outstanding an aggregate of $7.555 billion of its bonds; $5.173 billion issued under the Second General Bond Resolution and $2.382 billion issued under the First General Bond Resolution. These amounts assume the issuance of $100 million Series 28 Bonds and $59.505 million of Series 36 Bonds which may be issued pursuant to warrants exercisable through January 18, 1983. The Corporation has covenanted with holders of its warrants that it will treat the aggregate authorized amount of its bonds issuable upon exercise of warrants as issued and outstanding and, accordingly, unless otherwise indicated, the issuance and coverage figures set forth in this Official Statement are presented on the basis of such an assumption.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. At December 31, 1981, there was on deposit in such funds securities valued in accordance with the Act at $339.9 million and $616.7 million, respectively, including accrued interest.

Debt Issuance Plan

The Series 38 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan is intended to provide necessary long-term financing for the City to enable the City to finance fully its capital needs through June 30, 1985.
The Debt Issuance Plan provides for completion of public sales of $1.65 billion of the Corporation’s bonds through December 31, 1984, completion of public sales of $1.6 billion of City bonds through fiscal year 1985, of which $250 million have been sold, and private sales of $600 million of federally guaranteed City bonds during the 1982 fiscal year, of which $300 million have been sold.

The Corporation has issued $200 million of its bonds publicly during the 1982 fiscal year, and intends to issue an additional $300 million of its obligations during such fiscal year, of which the Series 38 Bonds is a portion.

The implementation of the Debt Issuance Plan 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 1982 fiscal year, which he may give or withhold in his discretion. See “PART 4—DEBT ISSUANCE PLAN.”

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation. Such investors may, from time to time during and after the time when the Series 38 Bonds are being offered to the public, offer or sell bonds of the Corporation, which may have an adverse effect on the market price of the Series 38 Bonds.

The Corporation believes that the market for, the market price of, and the sources of payment of the Series 38 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 this purpose 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 is required 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. Although the City’s operating budget for the 1981 fiscal year was balanced in accordance with GAAP, one year earlier than required, and its operating budget for its 1982 fiscal year is similarly balanced, the Debt Issuance Plan was supplemented to give the City additional time to
regain full access to the public credit markets. The City sold $75 million of its bonds publicly during its 1981 fiscal year and $175 million of its bonds publicly during the first half of its 1982 fiscal year.

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 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, the State enacted legislation in June 1980 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.

**Outstanding Debt of the Corporation**

After issuance of the Series 38 Bonds, the Corporation will have issued approximately $8.331 billion aggregate principal amount of bonds and notes for purposes of the $10 billion statutory issuance limit (which limit excludes refunding obligations). The Corporation will have outstanding (excluding bonds that have been refunded) $5.173 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 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, 1981, and the unaudited financial statements for the three months ended September 30, 1981, annexed hereto as Exhibit A, and “PART 20—FINANCIAL STATEMENTS.”

**PART 3—USE OF PROCEEDS**

The net proceeds of the sale of the Series 38 Bonds will be $97.681 million. Of the net proceeds, $83 million will be used to provide funds to the City for capital improvements includable in the City's capital budget. Funds used for such capital improvements 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. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation's accounts as to which such lien applies.
Approximately $14.7 million of the net proceeds will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. 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.” 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 and adherence to an operating budget for the 1981 fiscal year balanced in accordance with GAAP, the adoption of a GAAP balanced budget for its 1982 fiscal year, and the implementation of other budgetary and accounting reforms, it became apparent that the City would 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. Accordingly, the Debt Issuance Plan was supplemented during the Corporation’s 1981 fiscal year.

The City currently projects its capital needs to be approximately $1 billion to $1.3 billion during each of its 1982 through 1985 fiscal years. The Plan is intended to enable the Corporation to assist the City in financing these needs. The City’s capital needs would be principally met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 38 Bonds but excluding bonds to be issued upon the exercise of outstanding warrants) (i) completion of the previously scheduled sales of $324.7 million of the Corporation’s bonds [$324.7 million] to the Financial Institutions and the City Pension Funds during the 1982 fiscal year, (ii) sales to the public of $1.65 billion of the Corporation’s bonds [$300 million] through December 31, 1984, (iii) sales of $600 million of federally guaranteed City bonds [$300 million] to the City and State Pension Funds during the 1982 fiscal year, and (iv) public sales of $1.625 billion of City bonds [$175 million] through its 1985 fiscal year. The Plan 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, amounts and uses of funds to be provided during each remaining fiscal year through 1985 under the Plan. The Plan 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

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<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>
</tr>
<tr>
<td>City Pension Funds</td>
<td>$116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$116,125</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>116,125</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>75,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>17,450</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>17,450</td>
</tr>
<tr>
<td>Subtotals</td>
<td>324,700(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>324,700</td>
</tr>
<tr>
<td>Sales to the Public of the Corporation’s Bonds</td>
<td>500,000</td>
<td>500,000</td>
<td>350,000</td>
<td>300,000</td>
<td>1,650,000</td>
</tr>
<tr>
<td>Private Placements of Guaranteed City Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
</tr>
<tr>
<td>Subtotals</td>
<td>600,000(b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>600,000</td>
</tr>
<tr>
<td>Sales to the Public of City Bonds</td>
<td>225,000</td>
<td>300,000</td>
<td>400,000</td>
<td>700,000</td>
<td>1,625,000</td>
</tr>
<tr>
<td>Water and Sewer Revenue Financing (c)</td>
<td>—</td>
<td>—</td>
<td>150,000</td>
<td>315,000</td>
<td>465,000</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$1,649,700(d)</td>
<td>$800,000</td>
<td>$900,000</td>
<td>$1,315,000</td>
<td>$4,664,700</td>
</tr>
</tbody>
</table>

| Uses of Funds                                        |         |         |         |         |        |
|                                                      |         |         |         |         |        |
| City Capital Improvements                             | $947,000| $1,060,000| $1,192,000 | $1,330,000 | $4,529,000|
| Capital Reserve and Guaranty Funds of the Corporation| 150,000 | 100,000 | 50,000 | —       | 300,000 |
| Refunding                                             | 100,000 | 150,000 | —       | —       | 250,000 |
| Total Uses (e)                                        | $1,197,000 | $1,310,000 | $1,242,000 | $1,330,000 | $5,079,000|

(a) Completed in October 1981.
(b) Pursuant to agreements entered into in November 1978 and subject to the consent of the Secretary of the Treasury.
(c) Contingent upon the City developing a program for the financing of water and sewer projects through the issuance of revenue bonds.
(d) Approximately $530 million of this amount, together with approximately $220 million from sales of the Corporation’s bonds during its 1981 fiscal year, to be retained by the Corporation for the City’s fiscal 1983 and 1984 capital needs. In addition, $147 million of the City’s operating surplus in its 1981 fiscal year will be applied to the City’s fiscal year 1982 capital needs.
(e) Differences between total sources and uses are a result of the deposit or withdrawal of funds held by the Corporation for use in fiscal years 1983 and 1984, as described above.

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, the Corporation’s requirements and other factors.

Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 1982 of the Federal guarantees in the amount 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 Plan 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 asked the Secretary of the Treasury pursuant to the authority given him
under 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 each such year. The Secretary waived this provision with respect to $300 million of federally guaranteed City bonds issued during the City's 1981 fiscal year and the $300 million of federally guaranteed City bonds issued in November 1981. Waiver of this provision will also be required in connection with the issuance of the remaining $300 million of federally guaranteed City bonds scheduled for February 1982, for which the City recently submitted a request.

The City and the Corporation were advised by the staff of the United States Treasury Department prior to the issuance of $300,000,000 of federally guaranteed City Bonds in November 1981 that the Secretary is re-examining the appropriateness of granting the waiver. The re-examination is continuing with respect to making the remaining Federal guarantees available. The staff also informed the City and the Corporation that, in this connection, the Secretary requested a review of certain information concerning the proposed financings and uses of proceeds pursuant to the Debt Issuance Plan through the 1985 fiscal year. If the Secretary is unwilling or unable to issue the guarantees contemplated by the Debt Issuance Plan, sales to the public of the Corporation's bonds may be required to replace the proposed sales of guaranteed City bonds. In such event, the proceeds of the sales of the Corporation's bonds in the current fiscal year may be required to meet the current capital needs of the City and would therefore not be available to meet the City's capital needs for fiscal year 1983 and thereafter. 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. Any obligation of the United States to issue guarantees, and any obligation of the City and State Pension Funds to purchase federally guaranteed City bonds are subject to numerous and complex conditions, certain of which may be difficult to fulfill. If the Debt Issuance Plan does not continue to be fulfilled and an alternative financing plan is not developed, the market for and the market prices of the Corporation's securities would be likely to be adversely affected.

The Corporation expects to fulfill a portion of its participation in the Debt Issuance Plan by the issuance in the commercial paper market of short-term obligations secured by a credit arrangement with Citibank, N.A. Such short-term obligations will not have a claim on the Sales Tax, Stock Transfer Tax or Per Capita Aid revenues which are the source of payment for the First and Second Resolution Bonds equal or prior to the claim of such Bonds. If the credit arrangement is used to pay the short-term obligations, the Corporation's obligation to Citibank, N.A. will be repayable over a period of approximately five years through the issuance of bonds or otherwise. The Corporation has authorized the issuance of up to $100 million of such short-term obligations, which may serve as an alternative to selling bonds publicly in such amount during its 1982 fiscal year.

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. 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 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. Some of such obligations may be pledged to Citibank, N.A., in connection with the commercial paper program of the Corporation. 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. Amounts paid to the City are paid directly by the State.
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 be authorized by State law to file such a petition under Chapter 9 of the Federal Bankruptcy Code, and if it were to meet other conditions specified in such Section, the Corporation could file a petition for relief under Chapter 9 pursuant to which the Corporation's securities could be adjusted or modified. 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 the 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 appropriated 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, 1981.

**PER CAPITA AID**

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<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(a)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(a)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(b)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(c)</td>
</tr>
<tr>
<td>1981</td>
<td>484,037(c)</td>
</tr>
</tbody>
</table>

(a) Reflects State's ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.
(b) Does not include $49.276 million paid in October 1978.
(c) Reflects State's ceiling on aid to localities.

**Sales Tax**

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 and at the rate of 6% on receipts from parking, garaging or storing motor vehicles in the City. The Sales Tax is in addition to the 4% sales and compensating use taxes levied statewide and the 1/16 of 1% sales and compensating use tax levied in the regions served by the Metropolitan Transportation Authority. 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 complete 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>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>December 31</td>
</tr>
<tr>
<td></td>
<td>March 31</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>1972</td>
<td>$121,692</td>
</tr>
<tr>
<td></td>
<td>$129,452</td>
</tr>
<tr>
<td></td>
<td>$132,033</td>
</tr>
<tr>
<td></td>
<td>$135,490</td>
</tr>
<tr>
<td></td>
<td>$518,667</td>
</tr>
<tr>
<td>1973</td>
<td>130,857</td>
</tr>
<tr>
<td></td>
<td>129,541</td>
</tr>
<tr>
<td></td>
<td>146,528</td>
</tr>
<tr>
<td></td>
<td>142,258</td>
</tr>
<tr>
<td></td>
<td>549,184</td>
</tr>
<tr>
<td>1974</td>
<td>135,272</td>
</tr>
<tr>
<td></td>
<td>141,973</td>
</tr>
<tr>
<td></td>
<td>151,575</td>
</tr>
<tr>
<td></td>
<td>151,978</td>
</tr>
<tr>
<td></td>
<td>580,798</td>
</tr>
<tr>
<td>1975(b)</td>
<td>173,824</td>
</tr>
<tr>
<td></td>
<td>198,990</td>
</tr>
<tr>
<td></td>
<td>212,671</td>
</tr>
<tr>
<td></td>
<td>201,715</td>
</tr>
<tr>
<td></td>
<td>787,200</td>
</tr>
<tr>
<td>1976(c)</td>
<td>194,560</td>
</tr>
<tr>
<td></td>
<td>193,690</td>
</tr>
<tr>
<td></td>
<td>247,203</td>
</tr>
<tr>
<td></td>
<td>167,155</td>
</tr>
<tr>
<td></td>
<td>802,608</td>
</tr>
<tr>
<td>1977</td>
<td>215,794</td>
</tr>
<tr>
<td></td>
<td>210,383</td>
</tr>
<tr>
<td></td>
<td>248,927</td>
</tr>
<tr>
<td></td>
<td>183,280</td>
</tr>
<tr>
<td></td>
<td>858,384</td>
</tr>
<tr>
<td>1978</td>
<td>221,815</td>
</tr>
<tr>
<td></td>
<td>232,291</td>
</tr>
<tr>
<td></td>
<td>274,585</td>
</tr>
<tr>
<td></td>
<td>190,044</td>
</tr>
<tr>
<td></td>
<td>918,735</td>
</tr>
<tr>
<td>1979</td>
<td>232,732</td>
</tr>
<tr>
<td></td>
<td>239,852</td>
</tr>
<tr>
<td></td>
<td>317,400</td>
</tr>
<tr>
<td></td>
<td>208,750</td>
</tr>
<tr>
<td></td>
<td>998,734</td>
</tr>
<tr>
<td>1980</td>
<td>253,974</td>
</tr>
<tr>
<td></td>
<td>283,540</td>
</tr>
<tr>
<td></td>
<td>357,270</td>
</tr>
<tr>
<td></td>
<td>241,764</td>
</tr>
<tr>
<td></td>
<td>1,136,548</td>
</tr>
<tr>
<td>1981</td>
<td>293,581</td>
</tr>
<tr>
<td></td>
<td>313,990</td>
</tr>
<tr>
<td></td>
<td>413,179</td>
</tr>
<tr>
<td></td>
<td>273,324</td>
</tr>
<tr>
<td></td>
<td>1,294,074</td>
</tr>
<tr>
<td>1982</td>
<td>329,950</td>
</tr>
<tr>
<td></td>
<td>349,041</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 prior periods and from $753,000 to $9.8 million to reflect underdistributions for other prior periods. Periods subsequent to June 1981 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 1 1/4¢ 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 complete 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>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>62,573</td>
<td>65,894</td>
<td>85,588</td>
<td>78,767</td>
<td>292,822</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
<td>68,993</td>
<td>64,658</td>
<td>51,731</td>
<td>244,787</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
<td>59,782</td>
<td>47,521</td>
<td>38,183</td>
<td>189,098</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
<td>40,214</td>
<td>51,363</td>
<td>58,649</td>
<td>185,982</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
<td>57,937</td>
<td>90,285</td>
<td>65,376</td>
<td>266,647</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
<td>69,072</td>
<td>79,045</td>
<td>70,759</td>
<td>281,096</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
<td>82,072</td>
<td>79,188</td>
<td>125,944</td>
<td>355,974</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
<td>93,648</td>
<td>86,199</td>
<td>96,987</td>
<td>389,312</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
<td>106,211</td>
<td>141,077</td>
<td>106,398</td>
<td>461,458</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
<td>182,600</td>
<td>144,968</td>
<td>157,216</td>
<td>630,850</td>
</tr>
<tr>
<td>1982</td>
<td>131,039</td>
<td>140,816</td>
<td></td>
<td></td>
<td></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 Tax payers. 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 equal to 100% of the tax began on 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 in to 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.

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." If the Corporation were to require a substantial portion of the Stock Transfer Tax revenues otherwise subject to rebate, the resulting reduction in the amounts available for rebate could have an adverse effect upon the New York securities industry.

**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 with securities valued in accordance with the requirements of the Act (which may differ from the market value of such securities). See Notes 2 and 4 to the financial statements of the Corporation contained in Exhibit A.

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, 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 estimated 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.

Per Capita Aid available to the Corporation during the Corporation's 1981 fiscal year ................................................................. $484,037

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 $88.86 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City* $44,429

(b) New York City Housing Development Corporation ("HDC").

Amounts required to restore the HDC capital reserve funds to the amount to be on deposit in such funds would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the aggregate capital reserve fund requirements on all outstanding bonds of HDC as of this date is approximately $24.6 million. State law currently permits a maximum claim of $30 million in any fiscal year ............................................................. $24,638

(c) New York City Police Pension Fund.

Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund ................................................................. $ 500 $ 69,567

Adjusted Per Capita Aid ................................................................. $414,470

* 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 with respect to debt issued for senior colleges.
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 December 31, 1981, see “PART 5—PAYMENT OF THE BONDS—Sales Tax” and “Stock Transfer Tax”, and operating expenses of the Corporation are $8.8 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 December 31, 1981</td>
<td>$1,365,494</td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months ended December 31, 1981</td>
<td>574,039</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,939,533</td>
</tr>
<tr>
<td>Less: Operating expenses of Corporation</td>
<td>8,800</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,930,733</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 $1,931 million, for a total of $2,345 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 38 Resolution 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 assuming the exercise of all outstanding warrants. The table also shows the coverage of aggregate annual debt service on Second Resolutions 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 38 Resolution.
## Debt Service Payment Requirements and Estimated Coverage Ratios

(After issuance of Series 38 Bonds and assuming the exercise of all warrants of the Corporation)

(Dollars in thousands)

<table>
<thead>
<tr>
<th>12-Month Period Ended June 30</th>
<th>Total Debt Service Payment Requirement 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>1983</td>
<td>$251,058</td>
<td>$97,245</td>
<td>$487,686</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>149,455</td>
<td>466,066</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>212,920</td>
<td>450,167</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>261,635</td>
<td>428,644</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>282,985</td>
<td>403,635</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>287,335</td>
<td>377,455</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>293,695</td>
<td>350,890</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>304,030</td>
<td>323,756</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>305,585</td>
<td>296,485</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>327,985</td>
<td>268,423</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>358,185</td>
<td>238,207</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>200,075</td>
<td>213,027</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>228,610</td>
<td>192,674</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>238,610</td>
<td>170,682</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>205,665</td>
<td>149,930</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>131,000</td>
<td>133,610</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>138,950</td>
<td>119,822</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>163,855</td>
<td>104,608</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>122,805</td>
<td>89,998</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>106,775</td>
<td>77,831</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>88,375</td>
<td>67,857</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>95,210</td>
<td>58,927</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>99,970</td>
<td>49,508</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>106,340</td>
<td>39,650</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>115,105</td>
<td>29,104</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>124,695</td>
<td>17,688</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>125,235</td>
<td>5,876</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 fiscal years 1983 through 1995, ranging from a low of 2.34 times in 1989 to a high of 3.08 times in 1994 and such coverages average approximately 2.60 times.
The Corporation anticipates that an aggregate of approximately $1.35 billion (excluding the bonds to be issued upon the exercise of warrants) of additional First Resolution obligations and Second Resolution Bonds will be issued pursuant to the 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 38 Resolution, 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 not less than the required level.

PART 7—BONDS BEING OFFERED

Description of the Bonds

General

The Series 38 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 38 Resolution. The Series 38 Bonds will be dated, bear interest and mature as set forth on the cover of this Official Statement.

The Series 38 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 38 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 38 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 38 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 38 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 38 Bonds maturing on or prior to July 1, 1992 are not subject to redemption at the option of the Corporation prior to maturity. The Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the option of the Corporation on or after July 1, 1992 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½%</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
Sinking Fund Redemption

The Series 38 Bonds maturing on July 1, 1992, and July 1, 2008, 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":

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$4,320,000</td>
<td>1993</td>
<td>$4,800,000</td>
<td>2001</td>
<td>$4,295,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
<td>1994</td>
<td>4,180,000</td>
<td>2002</td>
<td>4,540,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
<td>1995</td>
<td>4,265,000</td>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,680,000*</td>
<td>1996</td>
<td>4,360,000</td>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997</td>
<td>4,450,000</td>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1998</td>
<td>4,545,000</td>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1999</td>
<td>3,000,000</td>
<td>2007</td>
<td>3,535,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2000</td>
<td>3,055,000</td>
<td>2008</td>
<td>4,015,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 would be approximately 9.0 years and 18.5 years, respectively, calculated from February 1, 1982.

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund Series 38 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 Series 38 Bonds. 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 such Bonds, the likelihood of redemption by lot of any holder's Series 38 Bonds 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 38 Bonds.

Trustee

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. 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 $8.331 billion after issuance of the Series 38 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 38 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 38 Resolution 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).

In February 1981 and November 1981, the Corporation issued warrants to purchase $100 million of its Series 28 Bonds and $59.505 million of its Series 36 Bonds, respectively. The warrants are exercisable through January 18, 1983. The Corporation has covenanted with holders of the warrants that it will treat as issued and outstanding the aggregate authorized amount of Series 28 Bonds and Series 36 Bonds for purposes of the issuance and coverage tests set forth in this section.

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 38 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 38 Bonds and the sources of payment of the Series 38 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 affluence. 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. The State has commenced a new long-range tax reduction program designed to reduce taxes on business and individuals. While no immediate reversal of the erosion of the State’s economic position relative to the nation as a whole has been projected, the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1981

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.

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. For its 1979 and 1980 fiscal years, the State achieved balanced budgets with receipts and expenditures of $11.9 billion and $13.2 billion, respectively. For its 1981 fiscal year, the State achieved a balanced budget with receipts and expenditures of $15.182 billion. During the 1981 fiscal year, the State also implemented a $3.01 billion borrowing plan including $2.8 billion in seasonal borrowings, with full access to the public credit markets.
Program for the 1982 and 1983 Fiscal Years

The State's financial plan for its 1982 fiscal year, as modified in October 1981 (the "1982 Financial Plan"), provides for a balanced budget (on a cash basis) in such fiscal year with projected General Fund receipts and expenditures of $16.804 billion, an increase of 10.6% over the 1981 expenditure total.

The 1982 Financial Plan reflects an expenditure increase of approximately $222 million from the original financial plan prepared in May 1981. Such increase includes $104 million in higher outlays to reflect the legislatively-authorized write-off of certain outstanding advances to the Metropolitan Transportation Authority ("MTA"), $54 million in increased spending by the State court system, amounts necessary to provide for increased State costs resulting from reductions in Federal support of the Medicaid program and additional State funding of expenditures for social services programs for which the Federal government has requested documentation which may result in disallowance of reimbursement.

The 1982 Financial Plan also reflects the anticipated issuance of approximately $265 million of additional State obligations for capital purposes during the balance of the 1982 fiscal year. The 1982 Financial Plan assumes that, except with respect to the Medicaid impact noted above, no additional State funds will be required to replace Federal money withdrawn as a result of the Federal budget reductions and that indirect effects of such Federal budget reductions on State programs will be avoided wherever possible.

The revised projection of receipts in the 1982 Financial Plan assumes that the national and State economies will be relatively flat during the balance of the State fiscal year, and that no recession of significant proportions will emerge. The income projections continue to reflect the payment during the final quarter of the State's 1982 fiscal year of $100 million in personal income refunds on 1981 income.

The mid-year Budget Summary issued by the State in October 1981 indicated a gap between anticipated resources and commitments for the State's 1983 fiscal year of from $300 million to $500 million, and indicated an inability to meet all current commitments without additional financing sources. Such current commitments include additional operating assistance for MTA and other mass transportation systems, a new local highway aid program and the remaining salary increases from the 1979 negotiated agreements. Additionally, the collective bargaining agreements with the State's approximately 164,000 full-time salaried employees expire on either April 1, 1982 or June 1, 1982 and new agreements are to be negotiated prior to the start of the State's fiscal year.

On January 19, 1982, the Governor presented his Executive Budget for the 1983 fiscal year. The Executive Budget contains a recommended financial plan for the 1983 fiscal year (the "1983 Financial Plan") and a revised financial plan for the 1982 fiscal year. These financial plans differ markedly in content and scope from financial plans presented and implemented in the past in that they include receipts by and disbursements from numerous State funds heretofore not included in the financial plan (so-called "off-budget funds"). Also, the revised 1982 Financial Plan and the 1983 Financial Plan reflect a reclassification of the State's fund structure into a format comparable to that proposed to be used by the State Comptroller under GAAP. Therefore, the revised 1982 Financial Plan and the 1983 Financial Plan include receipts and disbursements of the State from all funds within the GAAP-defined "Governmental Funds Group".

The revised 1982 Financial Plan continues to provide for a balanced budget (on a cash basis) in the statutorily defined General Fund for such year with projected receipts of $16.142 billion and disbursements of $16.126 billion. The excess of the receipts over the disbursements is reflected as an increase in the cash balances of the two tax stabilization reserve funds which, under the fund reclassification, are accounts within the General Fund. The 1982 Financial Plan, which provided for a balanced budget with projected income and expenditures of $16.804 billion, is not comparable with the revised 1982 Financial Plan as a result of the inclusion of expenditures for capital construction, debt service and payments under lease-purchase agreements which are now reflected in other funds within the Governmental Funds Group.
The 1983 Financial Plan provides for receipts and disbursements from all funds within the Governmental Funds Group of $26.587 billion and $26.711 billion, respectively, exclusive of transfers between funds in the Governmental Funds Group. The excess of disbursements over receipts results from the proposed funding of certain disbursements from available fund balances and transfers from funds outside the Governmental Funds Group. Receipts and disbursements from the statutorily defined General Fund are projected to be $17.369 billion, an increase of approximately 7.7% over the projection for the 1982 fiscal year.

The projection of receipts in the statutorily defined General Fund (which receives approximately 97% of total State tax revenues) assumes that the national and State economies will remain relatively flat during the first quarter of the State’s 1983 fiscal year and recover during the final three quarters of the fiscal year. The receipts projection also assumes the payment of $100 million in personal income tax refunds during the final quarter of the 1983 fiscal year. The projection of disbursements in the statutorily defined General Fund (which are composed of grants to local governments and expenditures for state operations) include expenditure increases of (i) $177 million for education aid, (ii) $208 million for public assistance and medical assistance, (iii) $125 million for employee Fringe benefits and other fixed costs, and (iv) $430 million for State operations purposes, including $149 million to fund a portion of salary increases for employees of the Executive Department and the judiciary under agreements yet to be negotiated.

The 1983 Financial Plan reflects the anticipated issuance of approximately $290 million of additional State obligations for capital purposes during the 1983 fiscal year. In addition, the 1983 Financial Plan assumes the issuance of approximately $3.5 billion in tax and revenue anticipation notes to finance disbursements to be made during the first quarter of the 1983 fiscal year.

The 1983 Executive Budget also includes forms of financial plans for the State’s 1982 and 1983 fiscal years prepared as they would appear if prepared in accordance with GAAP. These unofficial GAAP financial plans project excesses of expenditures over revenues for the 1982 and 1983 fiscal years of $437 million and $95 million, respectively, in the statutorily defined General Fund.

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).

At September 30, 1981, there was outstanding $15.9 billion aggregate principal amount of bonds issued by Authorities which are either guaranteed by the State or supported by the State through lease-purchase arrangements or moral obligation provisions. Debt service on outstanding Authority obligations is normally paid out of revenues generated by the Authorities’ projects, but in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain Authorities for operating and other expenses and for debt service pursuant to moral obligation indebtedness provisions or otherwise. The State’s 1982 Financial Plan provides $356 million for further financial assistance for certain Authorities. Additional assistance is expected to be required in future years.

Certain Authorities continue to experience financial difficulties, especially those Authorities conducting housing programs. Rising operating costs and interest rates require increased rents or fees on projects financed by various Authorities. The inability or unwillingness of the residents or users of such projects to pay such increases has led to increasingly serious financial difficulties at a number of such projects; these difficulties could adversely affect the fiscal stability of certain of the programs of the Authorities involved and have increased the likelihood that the State will be requested to make appropriations to such Authorities pursuant to moral obligation provisions or otherwise.
HFA and UDC face significant financial difficulties with some of the projects on which they hold mortgages. Seven HFA housing projects were more than one month in arrears in their monthly mortgage repayment escrow deposits due as of September 30, 1981. The most significant of the projects in arrears is Co-op City, on which HFA holds a mortgage with an original principal amount of $390 million. Co-op City has been in arrears from time to time in its monthly mortgage payments and, from August 1980 until October 1981, made no cash payments. As a result of mortgage payment delinquencies of Co-op City and, to a substantially lesser extent, of certain other projects, HFA has been required to withdraw a total of $67.6 million between November 1975 and March 31, 1981 from the debt service reserve fund securing the Non-Profit Housing project bonds to make debt service payments on such bonds. Approximately $28 million of such withdrawals were made during the State's 1981 fiscal year. At the end of each of the State's fiscal years, HFA's Non-Profit Housing debt service reserve fund must contain an amount equal to the maximum debt service on such bonds due in any succeeding calendar year. Such reserve fund has been replenished for all withdrawals made through March 31, 1981 by payments from the State of approximately $44.3 million pursuant to the moral obligation provisions of the statutes authorizing HFA's Non-Profit Housing project bonds and from funds otherwise legally available to HFA for such purposes. In addition, between November 1979 and March 31, 1981, HFA was required to withdraw $5.5 million from the debt service reserve fund securing its General Housing bonds to make a debt service payment on such bonds. Such reserve fund was replenished by payments of approximately $1.1 million from the State and from funds otherwise legally available to HFA for such purposes. HFA has withdrawn a total of $31.2 million from the debt service reserve funds securing its Non-Profit Housing and General Housing bonds during the State's 1982 fiscal year. The amount of such withdrawals was certified to the Governor and the Director of the Budget by December 1, 1981 as required by law. The 1982 financial plan provides $25.6 million to replenish such reserve funds for the balance of all withdrawals, not replenished from funds otherwise legally available to HFA for such purposes, during the State's 1982 fiscal year. An appropriation for the payment of such amount has been requested.

UDC has approximately $932 million of long-term general purpose bonds outstanding. Of the $1.14 billion principal amount of mortgages held or made by UDC, mortgages having an aggregate principal amount of $1.02 billion were in default at March 31, 1981. At that date the debt service arrears on such mortgages aggregated approximately $116.4 million. UDC is, and for an extended period of time is expected to be, dependent upon the State for appropriations of a substantial amount to enable it to meet its financial requirements including debt service on its general purpose bonds. In early 1979, the State Comptroller made projections that indicated that UDC could require State appropriations through 1988 aggregating $300 million. As a result of a successful refinancing by UDC it expects that it will require no State appropriations for debt service during the 1982 fiscal year.

In 1972, the Battery Park City Authority ("BPCA") issued $200 million of moral obligation bonds for the development of a residential and commercial project in New York City, of which $196 million remain outstanding. BPCA has been paying interest on the bonds, in part, out of the original bond proceeds. In the opinion of its counsel, BPCA does not have the power to use bond proceeds, except those held in BPCA's debt service reserve fund securing such bonds, to make principal payments on such bonds. To enable it to make its first principal payment which came due in November 1980, the State paid $1.85 million to BPCA. The annual debt service of approximately $14.2 million on its bonds could exhaust BPCA's financial resources available to pay debt service (other than amounts in such debt service reserve fund) prior to 1984 without significantly reducing its outstanding indebtedness. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA will be compelled to withdraw money from such 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 of the bonds. The Legislature has appropriated and the State has paid $1.95 million to BPCA to enable it to meet its November 1981 principal payment.
Another problem faced by certain 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 to meet their obligations 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 1982 fiscal year and thereafter. The anticipated and potential problems stem, in part, from the 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 1982 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State’s 1982 fiscal year.

New York City’s metropolitan area is heavily dependent on the subway and bus lines within the City operated by the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the “TA”) and on the rail lines operated by the MTA, which include the Long Island Railroad and rail lines serving suburban New York and Connecticut. Service levels on all such lines have been declining. The MTA attributes this decline in part to policies of equipment maintenance deferral and to the need to keep aging equipment and other assets in service as a result of low capital expenditure levels in recent years.

In July 1981, the State enacted additional taxes, which are to flow into accounts dedicated for public transportation assistance. The tax legislation included appropriations from such accounts of $168 million for the TA and $47 million for the MTA to be made available during the period July 1, 1981 through June 30, 1982 from the anticipated receipts of these taxes. Five specific tax measures were enacted: (i) a 1/4 of 1% sales and compensating use tax in the 12 counties of the MTA region; (ii) a tax of 3/4 of 1% on oil company gross receipts in the State; (iii) a 10% tax on gains on certain property transfers within the City; (iv) a revision of the basis of taxation of receipts of certain transportation and transmission companies to cover an allocated share of their activity within and without the State; and (v) a revision of the basis for taxation of oil company income to include the earnings of subsidiaries and affiliates. The five taxes are estimated to produce $793 million in revenues over a two-year period through June 30, 1983, of which $215 million has been, and $426 million is expected to be, appropriated for the MTA and the TA. Certain affected taxpayers have filed lawsuits or indicated their intention to test the constitutionality of these levies in the courts. Forty-five percent of the proceeds of the 3/4 of 1% tax on oil company gross receipts in the State is dedicated by legislation for upstate transit needs. The tax legislation also includes an appropriation of $18 million as operating assistance for eligible transit systems outside the MTA system. These receipts are in addition to a special appropriation enacted in June 1981, providing a total of $105 million during the State’s 1983 fiscal year for public transportation operating assistance, of which $100 million is for the MTA and TA.

Legislation was also enacted to provide for additional sources of capital financing for mass transportation in the metropolitan region. This legislation, which recognizes and expressly does not relieve the City of its obligation to provide for the capital needs of the TA, also recognizes that the capital needs of the MTA and TA are in excess of the funding sources authorized in the legislation. The Legislature expressed its intentions therefore to follow the progress of the projects financed from the sources therein authorized and to review the limitations therein contained as necessary.
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 and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iii) certain aspects of the State’s Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of mandatory and optional Medicaid services; (iv) 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; (v) 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; (vi) the State’s action in recouping certain Social Services aid from New York City and recoupment of additional amounts of such aid from the City; (vii) contamination in the Love Canal area of Niagara Falls; (viii) the State’s educational assistance for handicapped children; (ix) certain actions of the Commissioner of Motor Vehicles under the Federal Clean Air Act; (x) the State’s plan to construct Westway; (xi) educational accommodations for learning disabled students at a State University; (xii) alleged employment discrimination by the State University of New York; (xiii) alleged State negligence following polychlorinated biphenyl contamination of the Binghamton State Office Building; (xiv) claims on behalf of State employees injured in the Attica prison uprising; (xv) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; (xvi) the constitutionality of the imposition of an additional sales tax in the MTA region and (xvii) State appropriation of certain railroad property.

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 were also made during the 1981 and 1982 fiscal years for certain school districts.

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 Corporation’s securities. 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 38 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 actual operating results for the 1981 fiscal year, projections for the 1982 fiscal year, major assumptions and uncertainties with respect to such projections, 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.
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 then permitted by State law by the 1978 fiscal year.

In order to provide both seasonal and long-term financing for the City for fiscal years 1976 through 1978, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing for the period. Certain City pension funds agreed to provide the City with long-term financing 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, 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 financial statements for the 1978 through 1981 fiscal years were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements for fiscal year 1978 through 1980 report results both in accordance with the accounting principles permitted by State law which allowed certain deviations from GAAP and in accordance with GAAP. Under the accounting principles permitted by State law, the General Fund balances for fiscal 1978, 1979, and 1980 showed surpluses of $32 million, $216 million and $145 million respectively; when reported in accordance with GAAP, the General Fund showed a deficit of $712 million, $422 million and $356 million, respectively. The City's financial statements for fiscal 1981 were reported in accordance with GAAP and showed a surplus of $128 million. The amount of this surplus would have been significantly greater had the City not allocated $147 million to the City's capital projects fund and $173 million to the City's debt service fund, as well as adopting certain other measures the effect of which was to reduce the amount of the surplus. The opinion of the consortium for the 1981 audit was subject to pending real estate tax certiorari proceedings, which, 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 City's independent accountants further stated that the City's ability to obtain financing and balance its budget in accordance with GAAP depends on numerous assumptions and the occurrence of future events, many of which cannot be assured.
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.”

In March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July and November 1981, the City sold another $100 million and $75 million of its bonds. These bond issues received an investment grade rating from Standard & Poor's Corporation. Recently, Moody's Investors Service, Inc., raised its rating of City bonds to the highest non-investment grade rating. Since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public and in the 1981 fiscal year, the City obtained all of its seasonal financing requirements in that manner. The City has satisfied $500 million of an estimated seasonal financing requirement during the 1982 fiscal year of $650 million by the public sale of its short-term notes and expects to satisfy its remaining needs.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 12 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 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. The City's budget for the 1981 fiscal year was, however, balanced in accordance with GAAP, which is one year earlier than required.

**Fiscal Years 1982-1985**

On October 23, 1981, the Control Board approved a financial plan for the fiscal years 1982 through 1985 as modified through such date (the “1982 Four Year Plan”). The Plan projects revenues and expenditures for the 1982 fiscal year of $14.858 billion, an increase of $159 million over the projections in the Plan approved on July 2, 1981. This increase results from higher revenues primarily from greater State and Federal categorical grants than had been anticipated during this fiscal year and from greater expenditures primarily from higher short-term interest costs. The Plan projects a GAAP-balanced budget for fiscal year 1982, and potential budget gaps of $803 million, $1,004 million and $1,028 million for fiscal years 1983 through 1985, respectively. The projected gaps for fiscal years 1983 through 1985 do not include significant deficits which have been projected for the Transit Authority totalling $43 million, $264 million and $442 million for fiscal years 1983 through 1985, respectively. The Plan proposes a combination of gap-closing actions which, if realized, could produce GAAP-balanced budgets in each of the 1983 through 1985 fiscal years. City gap-closing actions totalling $517 million, $306 million and $604 million for fiscal years 1983 through 1985, respectively, include agency expenditure reductions and revenue enhancement programs. State actions include the phased takeover of local medicaid costs and other new State aid anticipated to provide $236 million, $529 million and $908 million in fiscal years 1983 through 1985, respectively. Federal actions in the gap-closing program total $50 million annually.

The Office of the Special Deputy Comptroller (“OSDC”), in a report dated November 19, 1981, reviewed the City's first quarter operating results for fiscal year 1982 and concluded that the City could achieve a potential surplus of $125 million in such year. The report observes, however, that such projected
operating results for fiscal year 1982 do not provide a sound basis for recurring balanced budgets and notes that (i) revenue growth is not projected to be significantly better than the estimates contained in the 1982 Four Year Plan, (ii) economic indicators reflect a more severe and prolonged recession than had been anticipated, (iii) the City has apparently implemented the substantial hiring plan reflected in the fiscal year 1982 budget and (iv) additional Federal budget cuts could further aggravate City budgetary prospects. The OSDC has predicted a budget gap for fiscal year 1983 ranging from $920 million to $1.24 billion, depending on the size of the labor settlements to be negotiated in the Spring of 1982. Other concerns cited in the report include the possibility of (i) shortfalls in State aid, primarily due to the lack of legislative approval for the proposed assumption of local Medicaid costs by the State, (ii) lower City tax revenues resulting from Federal tax reductions, (iii) continuing operating gaps projected for the MTA, possibly as large as $435 million and $674 million in fiscal years 1984 and 1985, respectively, and (iv) the dependence upon nonrecurring items totalling over $400 million to balance the City's fiscal year 1982 budget. The staff of the Control Board issued a report on November 24, 1981 which reviewed the first quarter operating results for fiscal year 1982 and cited similar concerns. Both the OSDC and the Control Board staff reports express concern that, although the City has been able to close significant budget gaps which had been projected in recent years, the gap-closing measures previously utilized by the City may not be available in the future. The OSDC and the staff of the Control Board have analyzed the proposed City, State and Federal actions contained in the City's gap-closing programs and have determined that certain of these actions may not be achievable.

On January 18, 1982, the City presented to the Control Board a proposed modification of the 1982 Four Year Plan. The modification projects revenues and expenditures for the 1982 fiscal year of $14.934 billion, an increase of $76 million over the projections in the Plan approved on October 23, 1981. For fiscal years 1983 through 1985, the proposed modification projects budget gaps of $854 million, $1,022 million and $870 million, respectively. Such projected gaps exceed the budget gaps contained in the 1982 Four Year Plan by $51 million in fiscal 1983 and $18 million in fiscal 1984, while the fiscal 1985 projected gap is $158 million lower than previously projected. The plan as proposed to be modified contains estimates of local tax revenues and expenditures which are significantly lower than such estimates contained in the 1982 Four Year Plan, primarily as a result of reductions in Federal categorical aid, and changes in Federal tax policy. Expenditure estimates in the proposed modification for fiscal years 1983 and 1984 project wage increases of 3 percent in each year. The plan as proposed to be modified includes gap-closing programs consisting of various City and State actions sufficient to close the projected budget gaps for fiscal years 1983 through 1985. The proposed City actions total $557 million in fiscal 1983 and $530 million in each year thereafter, and include agency expenditure reductions to be achieved primarily through productivity improvements, increases in certain local taxes, and other revenue enhancements. State actions proposed in the gap-closing program total $297 million, $590 million and $969 million in fiscal years 1983 through 1985, respectively. Such actions include the phased takeover of local Medicaid costs by the State and an adjustment of the State education aid formula as required by a recent Court decision. The gaps projected for fiscal years 1983 through 1985 do not include budget gaps projected for the TA totalling $10 million, $202 million and $370 million, respectively. The proposed modification of the 1982 Four Year Plan is subject to review and approval by the Control Board and may be revised prior to approval. The City has also made a preliminary projection for its 1986 fiscal year, which reflects a projected budget gap of $735 million.

Litigation

The notes to the City's audited financial statements for the 1981 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, 1981, claims in excess of $24 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $775 million. The 1982 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the 1983 through 1985 fiscal years.
Numerous real estate tax certiorari proceedings are presently pending against the City on grounds of alleged over valuation 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, 1981, the estimated potential exposure to the City in these cases could amount to approximately $1.8 billion. Provision was made in the City’s 1982 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $45 million annually in the 1982 through 1985 fiscal years. On December 3, 1981, legislation was enacted by the State to limit and reduce such liability. On May 14, 1981, the Appellate Division, First Department affirmed a lower court holding that the City’s classified system of taxation was authorized by special legislation. On January 7, 1982, the Court of Appeals modified the decision of the Appellate Division, First Department, by stating that the special State legislation did not authorize the City to adopt a classified system of taxation, but the court did not address the issue of whether such system was authorized on other grounds. The court held that assessments in the City may be challenged on the ground of inequality either on a section-wide or whole-roll basis and that the prohibition by the 1981 legislation against introduction of the State equalization rate as a method of proving inequality in such litigation involving the City is constitutional. On the same day, the Court of Appeals held that the 1981 legislation is inapplicable in a proceeding in which an interlocutory judgment has been entered. However, no interlocutory judgment has been entered in any such proceeding.

On February 10, 1977, Alfred Kirshner, a retired City teacher, commenced an action in the United States District Court for the Southern District of New York against the trustees of the Teacher’s Retirement System of The City of New York ("TRS") and certain other defendants. The complaint, as subsequently amended on or about November 4, 1981, alleges that: (i) the TRS defendants have breached their fiduciary duties and violated the Federal securities laws in connection with certain TRS transactions in City securities and (ii) the City has failed to provide for its unfunded accrued liability to active members of the TRS in violation of the State Constitution. Plaintiff seeks: (i) damages from the allegedly improper TRS transactions; (ii) a ruling requiring the defendants to fund fully and segregate from other assets of the City certain reserve funds; and (iii) a judgment restoring certain investment standards with regard to such reserve funds. An adverse decision in this action could deprive the City of funds under the Debt Issuance Plan. On December 23, 1981, the City answered, denying plaintiff’s allegations.

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 State appealed 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 filed a brief as amicus curiae. On May 19, 1981, the Second Circuit Court of Appeals reversed the lower court decision. On July 31, 1981, a motion for rehearing was denied by the Second Circuit.

On August 1, 1975, Women in City Government United, purporting to represent all female employees of the City and certain Covered Organizations, commenced an alleged class action in the United States District Court for the Southern District of New York against the City, the City Employees’ Retirement System and its officers and trustees and others. Plaintiffs allege that certain retirement plans discriminate against employees in violation of the United States Constitution, certain Federal statutes and regulations and the State Human Rights Law. The complaint seeks a declaratory judgment that the alleged discriminatory practices are illegal and unconstitutional and injunctive relief. On April 24, 1981, the Court granted plaintiffs’ motion for summary judgment in regard to liability on their federal statutory claim, but deferred judgment, pending a trial, as to the appropriate relief. The City has estimated that an adverse decision applicable to the
relevant actuarial pension systems could result in a liability of up to $950 million over ten years. If past female contribution rates were required to be lowered and past female benefit levels were required to be increased to male levels, an additional annual pension cost of approximately $25 million would be required for each year such levels were to be made retroactive. On April 25, 1978, in a case involving a similar issue, the United States Supreme Court held, on a prospective basis, that mandatory contributory pension plans cannot provide for different rates of member contributions on the basis of sex (City of Los Angeles v. Manhart).

Federal Bankruptcy Legislation

The City projects meeting its cash needs through the 1985 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.

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 38 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 Corporation’s securities.

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 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 payment 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-incurrence 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, 1979 and 1980 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 short-term obligations to meet its seasonal needs.

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: G.G. Michelson, Stanley S. Shuman and Lee P. Oberst. 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 exer cisable during a "control period," defined in the Emergency Act to mean the period ending when (i) there is not 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 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 moneys 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 reimpose 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</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Kellin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Representatives(4)</th>
<th></th>
</tr>
</thead>
<tbody>
<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 Nadel</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>
<tr>
<td>Heather L. Ruth</td>
<td></td>
</tr>
</tbody>
</table>

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson/American Express Inc., with which Messrs. Kresky, Steffan and Bialkin, respectively, are affiliated as described in their biographies, may act as Underwriters in connection with the sale of the Series 38 Bonds.

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

(3) Messrs. Kresky, Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) 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.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, of which Ms. Ruth's husband is a Managing Director, is acting as a managing underwriter in connection with the sale of the Series 38 Bonds.
FELIX G. ROHATYN, Chairman. Mr. Rohatyn is a General Partner of Lazard Freres & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Schlumberger, Ltd., Owens-Illinois, Inc., Pfizer Inc., Pechinay UGINE Kuhlmann Corporation, MCA Corporation, American Motors 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, Chairman of the Corporation’s Investment Committee, 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 New York City Ballet. Mr. Kresky 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 Chairman of the Board 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 Board of Directors of the New York Convention Center Operating Corporation. He is a director and 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 is Chairman of the Section of Corporation, Banking and Business Law of the American Bar Association, and is a former Chairman of the Committee on Federal Regulation of Securities of that 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/American Express 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 past 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 Regional Plan Association, 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 a trustee of the Educational Broadcasting Corp. (WNET/Channel 13). 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 Senior Vice President of Lazard Freres & 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 Lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keilin is a resident of New York City.

DICK NETZER. Mr. Netzer, Chairman of the Corporation’s City Budget Committee, has been Dean of the Graduate School of Public Administration of New York University since 1969, and since September 1981 has served as Director of the University’s Urban Studies Center. 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 editor of the quarterly *New York Affairs* and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.

**ANDREW P. STEFFAN.** Mr. Steffan, Chairman of the Corporation's Audit Committee, is a First Vice President 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 and Policy Research. He is an Exchange Official of the American Stock Exchange. Mr. Steffan is a resident of New York City.

**ROBERT C. WEAVER.** Dr. Weaver, Chairman of the Corporation's Administration Committee, 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, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees 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. He is a member of Citizens Housing and Planning Council and is a director and Secretary of the Associated Builders and Owners of Greater New York, Inc. He is a director of the Association for Government Assisted Housing, Inc. and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson serves as President of St. John's University Law School Alumni Association. 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 director of Integrated Energy Co., Inc. and serves as Chairman of American Onshore Petroleum Co., Inc. 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. In July 1980, Mr. Nadel joined Beldoch Industries Corporation, an apparel manufacturer, where he presently serves as an Executive Vice President. He is former Chairman and current member of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was 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 law 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 a member of the law firm of Seward & Kissel, New York, New York. 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. SEAVERY, Representative.** Mr. Seavey is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & 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. Seavey is a resident of New York City.

HEATHER L. RUTH, Executive Director. Until July 1980 Ms. Ruth was a self-employed economist and consultant to government and private clients, including agencies of the states of New York and New Jersey. From 1974 to 1978, she was a Vice President of Mathematica Policy Research, Inc., Princeton, N.J. Prior to that, Ms. Ruth served as an analyst with the New York City Budget Bureau, as an Assistant Administrator of the City's Environmental Protection Administration and as staff to the New York State Charter Revision Commission for the City of New York. Ms. Ruth resides in New York City.

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 the name established by Section 604 of the First General Bond Resolution.

37
“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 Section 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-e 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 Effect by the Resolution

The proceeds of the 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 the 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 or interest on the Bonds, any amounts due to be received as payment of principal or interest on obligations of the City held by the Corporation.
(Resolution 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 annual 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 662/3% 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 are 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 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 First and Second General Bond Resolutions. Its principal offices are located at 45 Wall Street, New York, New York 10005. 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 date 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 $9.710 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, including acting as warrant agent in connection with the issuance of warrants by 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, interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

PART 18—LEGAL OPINIONS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 38 Bonds are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel will be in substantially the form attached to this Official Statement as Exhibit B. 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.

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

PART 19—UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 38 Bonds from the Corporation at a discount equal to 2.319% from the initial public offering prices of the Series 38 Bonds. The Underwriters may offer to sell such Series 38 Bonds to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 38 Bonds are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.

PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1981 and the accompanying report thereon by Price Waterhouse & Co., the Corporation's independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1981 are annexed hereto as Exhibit A. These statements do not give effect to (i) the issuance of the Corporation's Series 31, 32, 33, 34 and 35 Bonds in the aggregate principal amount of $524.7 million during October 1981 and November 1981, (ii) the payment during October 1981, of $30 million of Sales Tax revenues from the Municipal Assistance Tax Fund for First General Bond Resolution purposes, (iii) the issuance during November 1981 of warrants to purchase $59.505 million aggregate principal amount of the Corporation's Series 36 Bonds, (iv) the purchase of $227 million principal amount of City bonds in October 1981, (v) the issuance of $5,000 aggregate principal amount of Series 28 Bonds during December 1981, (vi) the early redemption and payment by the City during January 1982, of $73.897 million of City bonds held by the Corporation, and (vii) the payment during January 1982, of $41 million and $70 million of Sales Tax revenues from the Municipal Assistance Tax Fund for First General Bond Resolution and Second General Bond Resolution purposes, respectively.

* * *

Lazard Freres & 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. Keill, a Director of the Corporation, is a Senior 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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

*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 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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

*Financing Agreement*—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.


*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.

Guaranty 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.

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.

Secretary—the Secretary of the Treasury of the United States.

Series 38 Bonds—the Bonds described in this Official Statement

Series 38 Resolution—the Series Resolution of the Corporation authorizing the Series 38 Bonds.

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, Statement of Changes in Funds Available to Purchase City of New York Obligations, Summary of Changes in Funding Requirements and the related Debt Service Fund, Capital Reserve Fund, Guaranty 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, 1981 and the Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for City of New York obligations as described in Note 7 to the financial statements, have been applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1981

PRICE WATERHOUSE & CO.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>June 30, 1981</th>
<th>September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,382,333,000</td>
<td>$2,382,333,000</td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>4,388,130,000</td>
<td>4,388,135,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>6,770,463,000</td>
<td>6,770,468,000</td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>79,712,875</td>
<td>128,417,743</td>
</tr>
<tr>
<td>Deposit for bonds authorized and unissued</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>54,389,486</td>
<td>51,716,094</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,214,912</td>
<td>1,975,892</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,905,780,273</td>
<td>6,953,077,729</td>
</tr>
</tbody>
</table>

| **ASSETS:**              |                     |                                |
| Debt Service Fund:       |                     |                                |
| Cash                     | 3,441               | 3,556                          |
| Investments in marketable securities | 242,879,650   | 342,642,149                    |
| Accrued interest on marketable securities | 7,382,719       | 557,855                        |
| City of New York obligations | 725,352,000      | 590,719,000                    |
| Accrued interest on City of New York obligations | 16,593,774    | 2,119,491                      |
| **Total Debt Service Fund** | 992,211,584      | 936,042,151                    |

| Investments in marketable securities held for: | | |
| Capital Reserve Fund | 820,266,925 | 841,237,693 |
| Purchase of City of New York obligations | 464,704,250 | 464,708,500 |
| Guaranty Fund | 62,025,414 | 63,786,442 |
| Operating Fund | 7,376,299 | 7,041,937 |
| **Total Assets** | 2,346,584,472 | 2,312,816,723 |

| Funding requirements | $4,559,195,801 | $4,640,261,006 |

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

DEBT SERVICE, CAPITAL RESERVE AND GUARANTY FUNDS

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax allocation received</td>
<td>$292,100,000</td>
<td></td>
</tr>
<tr>
<td>from State of New York</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per capita aid received from</td>
<td>69,900,000</td>
<td></td>
</tr>
<tr>
<td>State of New York</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>68,378,908</td>
<td>$ 21,281,575</td>
</tr>
<tr>
<td>Income from obligations of the</td>
<td>66,288,776</td>
<td>15,008,532</td>
</tr>
<tr>
<td>City of New York</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest received on</td>
<td>1,242,962</td>
<td>35</td>
</tr>
<tr>
<td>issuance of bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of New York obligations</td>
<td>195,300,000</td>
<td></td>
</tr>
<tr>
<td>acquired</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>693,210,646</td>
<td>36,290,142</td>
</tr>
<tr>
<td>Capital Reserve Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from bond proceeds</td>
<td>60,199,250</td>
<td>750</td>
</tr>
<tr>
<td>Transfer from Debt Service Fund</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>68,100,442</td>
<td>20,970,020</td>
</tr>
<tr>
<td></td>
<td>138,299,692</td>
<td>20,970,770</td>
</tr>
<tr>
<td>Guaranty Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from bond proceeds</td>
<td>12,000,000</td>
<td>1,761,028</td>
</tr>
<tr>
<td>Income from investments</td>
<td>6,178,788</td>
<td>1,761,028</td>
</tr>
<tr>
<td></td>
<td>18,178,788</td>
<td></td>
</tr>
<tr>
<td>Total receipts</td>
<td>849,689,126</td>
<td>59,021,940</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on First General</td>
<td>186,359,800</td>
<td>46,479,787</td>
</tr>
<tr>
<td>Resolution Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Second General</td>
<td>346,504,349</td>
<td>95,184,656</td>
</tr>
<tr>
<td>Resolution Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal repayment of First</td>
<td>12,590,000</td>
<td></td>
</tr>
<tr>
<td>General Resolution Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal repayment of Second</td>
<td>70,150,000</td>
<td></td>
</tr>
<tr>
<td>General Resolution Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Discount on purchases</td>
<td>(6,045,623)</td>
<td></td>
</tr>
<tr>
<td>Net cost</td>
<td>64,104,377</td>
<td></td>
</tr>
<tr>
<td>Total debt service</td>
<td>609,558,526</td>
<td>141,664,443</td>
</tr>
<tr>
<td>Requirement for Guaranty Fund</td>
<td>13,795,468</td>
<td>(2,673,392)</td>
</tr>
<tr>
<td>Transfer to Capital Reserve</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>633,353,994</td>
<td>138,991,051</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts</td>
<td>$216,335,132</td>
<td>$(79,969,111)</td>
</tr>
<tr>
<td>over expenditures for the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

F.3
# Statement of Changes in Funds Available to Purchase City of New York Obligations

For the fiscal year ended June 30, 1981

For the three months ended September 30, 1981 (Unaudited)

## Receipts:

<table>
<thead>
<tr>
<th>Description</th>
<th>1981</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal amount of bonds issued</td>
<td>$737,005,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>(4,801,500)</td>
<td>(750)</td>
</tr>
<tr>
<td>Transfers to Capital Reserve Fund</td>
<td>(60,199,250)</td>
<td>(750)</td>
</tr>
<tr>
<td>Transfer to Guaranty Fund</td>
<td>(12,000,000)</td>
<td></td>
</tr>
<tr>
<td>Net proceeds available</td>
<td>660,004,250</td>
<td>4,250</td>
</tr>
</tbody>
</table>

## Distributions:

<table>
<thead>
<tr>
<th>Description</th>
<th>1981</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of City of New York obligations for Debt Service Fund</td>
<td>195,300,000</td>
<td>0</td>
</tr>
<tr>
<td>Net change for the period</td>
<td>$464,704,250</td>
<td>$4,250</td>
</tr>
</tbody>
</table>

## Funds Available to Purchase City of New York Obligations:

<table>
<thead>
<tr>
<th>Description</th>
<th>1981</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period</td>
<td>$464,704,250</td>
<td>$4,250</td>
</tr>
<tr>
<td>At beginning of period</td>
<td></td>
<td>464,704,250</td>
</tr>
<tr>
<td>At end of period</td>
<td>$464,704,250</td>
<td>$464,708,300</td>
</tr>
<tr>
<td>Description</td>
<td>For the fiscal year ended June 30, 1981</td>
<td>For the three months ended September 30, 1981</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Funding requirement at beginning of the period</td>
<td>$5,297,407,629</td>
<td>$4,559,195,801</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>City of New York obligations not previously recognized</td>
<td>(710,997,104)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,586,410,525</td>
<td>4,559,195,801</td>
</tr>
<tr>
<td>Changes during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in debt outstanding</td>
<td>654,265,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Debt Service, Capital Reserve and Guaranty Funds</td>
<td>(216,335,132)</td>
<td>79,969,111</td>
</tr>
<tr>
<td>Funds available to purchase City of New York obligations</td>
<td>(464,704,250)</td>
<td>(4,250)</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>(440,342)</td>
<td>1,095,344</td>
</tr>
<tr>
<td>Funding requirement at end of the period</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

OPERATING FUND

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts:</td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$5,000,000</td>
<td>$308,065</td>
</tr>
<tr>
<td>Income from investments</td>
<td>718,336</td>
<td>$308,065</td>
</tr>
<tr>
<td>Total</td>
<td>5,718,336</td>
<td></td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>379,003</td>
<td>86,834</td>
</tr>
<tr>
<td>Legal services</td>
<td>438,376</td>
<td>108,394</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>628,019</td>
<td>140,915</td>
</tr>
<tr>
<td>Total</td>
<td>1,445,398</td>
<td>336,143</td>
</tr>
<tr>
<td>Oversight functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,622,024</td>
<td>414,784</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>1,128,785</td>
<td>309,144</td>
</tr>
<tr>
<td>Total</td>
<td>2,750,809</td>
<td>723,928</td>
</tr>
<tr>
<td>General and administration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>512,504</td>
<td>130,574</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>125,541</td>
<td>89,325</td>
</tr>
<tr>
<td>Office rental</td>
<td>87,113</td>
<td>21,153</td>
</tr>
<tr>
<td>Data processing services</td>
<td>109,721</td>
<td>12,323</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>97,950</td>
<td>37,406</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>79,739</td>
<td>34,050</td>
</tr>
<tr>
<td>General office expenses</td>
<td>37,103</td>
<td>13,259</td>
</tr>
<tr>
<td>Communications</td>
<td>22,465</td>
<td>4,804</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>9,651</td>
<td>444</td>
</tr>
<tr>
<td>Total</td>
<td>1,081,787</td>
<td>343,338</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>5,277,994</td>
<td>1,403,409</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures for the period</td>
<td>$440,342</td>
<td>($1,095,344)</td>
</tr>
</tbody>
</table>

F-6
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
(All data relating to September 30, 1981 and the period then ended are unaudited)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the “Corporation”) is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation. The Corporation was created 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. 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.

Investments in marketable securities held in the Capital Reserve or Guaranty Funds are carried at amortized cost and investments in marketable securities in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. Generally, investments in other funds are carried at cost.

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.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

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 moneys paid into the debt service and capital reserve funds.

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. In 1977, the State enacted a program of gradually increasing rebates for all stock transfer tax payers. Rebates equal to 100% of the tax began on October 1, 1981. The legislation provides that taxpayers are to continue to pay the stock transfer tax at the present rate but will be entitled to a 100% rebate if the Corporation does not require the funds. 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.

The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1981 and September 30, 1981 amounted to $1,925 million and $1,947.8 million, respectively. Payments made to the Corporation for 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 12 months ended June 30, 1981 and September 30, 1981 amounted to $484 million.

To the extent that funds are available from investment income, receipt of principal and interest payments on obligations of the City and other sources, they may be used to reduce the Corporation’s funding requirements.

The Corporation certified to and was paid on October 9, 1981, $30 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

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. 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, 1981 and September 30, 1981, approximately $596.3 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 100% of the principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during the succeeding calendar year.

The Capital Reserve Fund balance at June 30, 1981 of $820.3 million, net of liabilities of $166.0 million for securities sold under agreements to repurchase, included accrued interest of $16.2 million, and comprised $323.9 million relating to First General Resolution Bonds and $496.4 million relating to Second General Resolution Bonds.

The Capital Reserve Fund balance at September 30, 1981 of $841.2 million, net of liabilities of $42.6 million for securities sold under agreements to repurchase, included accrued interest of $20.1 million, and comprised $331.7 million relating to First General Resolution Bonds and $509.5 million relating to Second General Resolution Bonds.

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, 1981, the amortized cost of the investments exceeded market value by approximately $105.5 million. At September 30, 1981, the amortized cost of the investments exceeded market value by approximately $135.5 million.

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 monies 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 monies 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 monies. At September 30, 1981, no claim has 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. Investments in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. At September 30, 1981, income from investments was reduced by $6.2 million to record an unrealized loss on investments held in the Debt Service Fund.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

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

At June 30, 1980, the Corporation held $665 million of City bonds and $149 million of City notes which it had acquired previously as a result of various exchanges and payments to the City. When acquired, such obligations were not recorded in the Statement of Financial Position pending resolution of certain terms and conditions of repayment.

During the 1981 fiscal year, the Corporation acquired $195 million of City bonds as the initial component of a program to provide for a significant portion of the City's capital financing requirements through 1984. With the commencement of the City capital financing program, and the prior resolution of the payment terms of the obligations, the Corporation has recognized the City obligations in the Statement of Financial Position and, accordingly, $711 million par value of City obligations, including accrued interest of $18 million, were recorded as assets as of July 1, 1980. Of the $149 million of City notes held on June 30, 1980, $28 million were exchanged for an identical amount of City bonds and $121 million were cancelled without payment of principal by the City.

At September 30, 1981, the Corporation held $590.7 million principal amount of City bonds which bear interest at rates ranging from 7 3/4% to 10 3/4% and will mature on September 15 in each year as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 79,054</td>
</tr>
<tr>
<td>1983</td>
<td>24,553</td>
</tr>
<tr>
<td>1984</td>
<td>26,296</td>
</tr>
<tr>
<td>1985</td>
<td>27,592</td>
</tr>
<tr>
<td>1986</td>
<td>19,447</td>
</tr>
<tr>
<td>1987-1991</td>
<td>71,250</td>
</tr>
<tr>
<td>1992-1996</td>
<td>111,789</td>
</tr>
<tr>
<td>1997-2001</td>
<td>90,761</td>
</tr>
<tr>
<td>2002-2006</td>
<td>112,256</td>
</tr>
<tr>
<td>2007</td>
<td>27,721</td>
</tr>
<tr>
<td></td>
<td>$590,719</td>
</tr>
</tbody>
</table>

The obligations may not be sold without the consent of the City.

The Corporation, in making its certification for funds, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received.

Note 8—Commitments:

The Corporation and the City have developed a Debt Issuance Plan (the "Plan") to provide for a significant portion of the City's long-term financing requirements through 1984. Under the Plan, proceeds of debt issuances of the Corporation will be used principally to purchase obligations of the City when issued to provide a source of funding for a portion of the City's capital program. At September 30, 1981, $464.7 million was available to purchase City obligations. On October 27, 1981, the Corporation acquired $227 million of City obligations. The Plan provides for additional public sales of $1.55 billion of the Corporation's bonds through 1984.
The amount of the Corporation's bonds to be sold publicly under the Plan will depend upon many conditions, including the City's actual capital requirements, the City's ability to continue raising funds in the public bond markets and the general conditions in the public bond markets.

On October 8, 1981, the Corporation issued in a public sale $100 million of its Second General Resolution Series 31 Bonds. On October 23, 1981, the Corporation sold in a private sale its Second General Resolution Series 32 and Series 33 Bonds in the aggregate principal amount of $208.6 million and $116.1 million, respectively. The sale of Series 32 and Series 33 Bonds represents the last scheduled sale by the Corporation to the participating financial institutions and New York City pension funds under an agreement dated November 15, 1978. The September 30, 1981 financial statements do not give effect to these transactions, although the exhibits do.

In February 1981, the Corporation sold $100 million of Second General Resolution Series 27 Bonds, with detachable Warrants, which entitle the holders of those Warrants to purchase at face value, up to an aggregate of $100 million principal amount of 10½% Series 28 Bonds periodically between February 5, 1981 and January 18, 1983. As of September 30, 1981, Warrants were exercised for the issuance of $10,000 principal amount of Series 28 Bonds. The financial statements and Exhibits I and II do not give effect to the remaining unissued principal amount of $99.99 million; however, such is included in Exhibit III in summarizing the pro forma future payment requirements as explained therein.

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>June 30, 1981</th>
<th>September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Principal</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds:</td>
<td>February 1:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>1984-1985</td>
<td>11%</td>
<td>$1,090</td>
<td>$1,090</td>
</tr>
<tr>
<td>BB</td>
<td>1982-1986</td>
<td>6%</td>
<td>75,255</td>
<td>75,255</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>FF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
<tr>
<td>Total First Resolution</td>
<td></td>
<td></td>
<td>2,382,333</td>
<td>2,382,333</td>
</tr>
</tbody>
</table>

| Second General Resolution Bonds: | July 1: | | | |
| 1      | 1982-1986      | 8%            | 53,840        | 53,840             |
| 2      | 1982-1986      | 8%            | 114,750       | 114,750            |
| 3      | 1982-1986      | 8%            | 47,105        | 47,105             |
| 4      | 1982-1986      | 8%            | 58,635        | 58,635             |
| 5      | 1982-1991      | 8%            | 139,860       | 139,860            |
| 6      | 1982-1991      | 8%            | 18,215        | 18,215             |
| 8      | 1982-1992      | 7.5%          | 189,700       | 189,700            |
| 9      | 1982-1992      | 7.5%          | 776,230       | 776,230            |
| 10     | 1999-2008      | 8.375%        | 250,000       | 250,000            |
| 11     | 1985-1998      | 8.375%        | 139,525       | 139,525            |
| 12     | 1985-1998      | 8.375%        | 60,375        | 60,375             |
| 13     | 1985-1998      | 7.85%-8.5%    | 201,100       | 201,100            |
| 14     | 1989-1999      | 8.1%-8.625%   | 125,000       | 125,000            |
| 15     | 1999-2008      | 8.125%        | 125,000       | 125,000            |
| 16     | 1993-1999      | 7.4%-7.625%   | 132,235       | 132,235            |
| 17     | 1983-1999      | 7.875%        | 103,095       | 103,095            |
| 18     | 1983-1999      | 7.875%        | 73,905        | 73,905             |
| 19     | 2000-2008      | 9%            | 90,000        | 90,000             |
| 20     | 2000-2008      | 8.5%          | 64,270        | 64,270             |
| 21     | 1984-1999      | 8.75%         | 209,680       | 209,680            |
| 22     | 1984-1999      | 8.75%         | 150,320       | 150,320            |
| 23     | 2000-2008      | 9.1%          | 125,000       | 125,000            |
| 24     | 1982-2008      | 6.5%-9.75%    | 100,000       | 100,000            |
| 25     | 1982-2000      | 10.75%        | 174,705       | 174,705            |
| 26     | 1982-2000      | 10.75%        | 125,295       | 125,295            |
| 27     | 1996-2008      | 10.625%       | 100,000       | 100,000            |
| 28     | 1984-2008      | 10.625%       | 5             | 10                 |
| 30     | 1983-2000      | 11.375%       | 98,980        | 98,980             |
| 31     | 1984-2008      | 11%-13.5%     | 100,000       | 100,000            |
| 32     | 1983-2001      | 13.375%       | 208,575       | 208,575            |
| 33     | 1983-2001      | 13.375%       | 116,125       | 116,125            |
| Total Second Resolution | | | 4,388,130 | 4,812,835 |
| Total bonds outstanding | | | $6,770,463 | $7,195,168 |
EXHIBIT II

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS

September 30, 1981

(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>Principal and Interest Requirements</th>
<th></th>
<th>Capital Reserve Fund Additions/(Releases)*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First General Bond Resolution</td>
<td>Second General Bond Resolution*</td>
<td>Total*</td>
<td>Total*</td>
</tr>
<tr>
<td>1982......</td>
<td>$178,657†</td>
<td>$398,615†</td>
<td>$577,272†</td>
<td>$(47,539)</td>
</tr>
<tr>
<td>1983......</td>
<td>245,650</td>
<td>575,376</td>
<td>821,026</td>
<td>8,208</td>
</tr>
<tr>
<td>1984......</td>
<td>260,447</td>
<td>618,141</td>
<td>878,588</td>
<td>38,562</td>
</tr>
<tr>
<td>1985......</td>
<td>261,882</td>
<td>636,155</td>
<td>898,037</td>
<td>(38,058)</td>
</tr>
<tr>
<td>1986......</td>
<td>246,116</td>
<td>633,855</td>
<td>879,971</td>
<td>(15,433)</td>
</tr>
<tr>
<td>1987......</td>
<td>255,167</td>
<td>613,142</td>
<td>868,309</td>
<td>(7,235)</td>
</tr>
<tr>
<td>1988......</td>
<td>309,639</td>
<td>594,283</td>
<td>903,922</td>
<td>77,568</td>
</tr>
<tr>
<td>1989......</td>
<td>356,036</td>
<td>579,043</td>
<td>935,079</td>
<td>(20,195)</td>
</tr>
<tr>
<td>1990......</td>
<td>352,770</td>
<td>563,295</td>
<td>916,065</td>
<td>(3,831)</td>
</tr>
<tr>
<td>1991......</td>
<td>352,356</td>
<td>559,513</td>
<td>911,869</td>
<td>324</td>
</tr>
<tr>
<td>1992......</td>
<td>352,201</td>
<td>561,522</td>
<td>913,723</td>
<td>(179,017)</td>
</tr>
<tr>
<td>1993......</td>
<td>349,300</td>
<td>376,627</td>
<td>725,927</td>
<td>(3,434)</td>
</tr>
<tr>
<td>1994......</td>
<td>350,962</td>
<td>387,833</td>
<td>738,795</td>
<td>1,335</td>
</tr>
<tr>
<td>1995......</td>
<td>177,272</td>
<td>382,832</td>
<td>560,104</td>
<td>(396,203)</td>
</tr>
<tr>
<td>1996......</td>
<td>329,523</td>
<td>329,523</td>
<td>659,046</td>
<td>(92,770)</td>
</tr>
<tr>
<td>1997......</td>
<td>238,231</td>
<td>238,231</td>
<td>476,462</td>
<td>9,318</td>
</tr>
<tr>
<td>1998......</td>
<td>233,793</td>
<td>233,793</td>
<td>467,586</td>
<td>0</td>
</tr>
<tr>
<td>1999......</td>
<td>246,793</td>
<td>246,793</td>
<td>493,586</td>
<td>(56,587)</td>
</tr>
<tr>
<td>2000......</td>
<td>191,026</td>
<td>191,026</td>
<td>382,052</td>
<td>(29,232)</td>
</tr>
<tr>
<td>2001......</td>
<td>162,256</td>
<td>162,256</td>
<td>324,512</td>
<td>(31,328)</td>
</tr>
<tr>
<td>2002......</td>
<td>131,709</td>
<td>131,709</td>
<td>263,418</td>
<td>(853)</td>
</tr>
<tr>
<td>2003......</td>
<td>130,724</td>
<td>130,724</td>
<td>261,448</td>
<td>(898)</td>
</tr>
<tr>
<td>2004......</td>
<td>129,683</td>
<td>129,683</td>
<td>259,366</td>
<td>(926)</td>
</tr>
<tr>
<td>2005......</td>
<td>128,602</td>
<td>128,602</td>
<td>257,204</td>
<td>(966)</td>
</tr>
<tr>
<td>2006......</td>
<td>127,467</td>
<td>127,467</td>
<td>254,934</td>
<td>(987)</td>
</tr>
<tr>
<td>2007......</td>
<td>126,298</td>
<td>126,298</td>
<td>252,596</td>
<td>(1,001)</td>
</tr>
<tr>
<td>2008......</td>
<td>125,100</td>
<td>125,100</td>
<td>250,200</td>
<td>(127,765)</td>
</tr>
</tbody>
</table>

Total $4,048,455 $9,781,437 $13,829,892 $(918,943) $12,910,949

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.
† The fiscal year 1982 requirements represent the balance of funding required during the year.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SUMMARY OF ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS

September 30, 1981

(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th>Year ended June 30</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution*</th>
<th>Total Debt Service on Bonds Outstanding*</th>
<th>Pro Format†</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$212,514††</td>
<td>$455,527††</td>
<td>$668,041††</td>
<td>$5,312</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>530,203</td>
<td>781,261</td>
<td>10,624</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>572,194</td>
<td>812,437</td>
<td>10,624</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>613,532</td>
<td>894,184</td>
<td>13,299</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>630,640</td>
<td>873,751</td>
<td>13,065</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>627,870</td>
<td>876,991</td>
<td>12,814</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>607,137</td>
<td>868,350</td>
<td>12,561</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>588,193</td>
<td>946,258</td>
<td>12,298</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>572,840</td>
<td>926,848</td>
<td>12,027</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>556,975</td>
<td>908,506</td>
<td>11,755</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>552,719</td>
<td>905,901</td>
<td>11,472</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>554,152</td>
<td>905,371</td>
<td>11,181</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>382,896</td>
<td>737,439</td>
<td>10,586</td>
</tr>
<tr>
<td>1996</td>
<td>377,609</td>
<td>377,609</td>
<td>10,276</td>
<td>387,885</td>
</tr>
<tr>
<td>1997</td>
<td>325,052</td>
<td>325,052</td>
<td>9,961</td>
<td>335,013</td>
</tr>
<tr>
<td>1998</td>
<td>235,238</td>
<td>235,238</td>
<td>9,642</td>
<td>244,880</td>
</tr>
<tr>
<td>1999</td>
<td>230,601</td>
<td>230,601</td>
<td>9,314</td>
<td>239,915</td>
</tr>
<tr>
<td>2000</td>
<td>243,043</td>
<td>243,043</td>
<td>8,977</td>
<td>232,020</td>
</tr>
<tr>
<td>2001</td>
<td>188,094</td>
<td>188,094</td>
<td>9,829</td>
<td>197,923</td>
</tr>
<tr>
<td>2002</td>
<td>159,788</td>
<td>159,788</td>
<td>9,478</td>
<td>169,266</td>
</tr>
<tr>
<td>2003</td>
<td>130,023</td>
<td>130,023</td>
<td>9,121</td>
<td>139,144</td>
</tr>
<tr>
<td>2004</td>
<td>128,904</td>
<td>128,904</td>
<td>8,766</td>
<td>137,670</td>
</tr>
<tr>
<td>2005</td>
<td>127,702</td>
<td>127,720</td>
<td>8,398</td>
<td>136,118</td>
</tr>
<tr>
<td>2006</td>
<td>126,484</td>
<td>126,484</td>
<td>8,022</td>
<td>134,506</td>
</tr>
<tr>
<td>2007</td>
<td>125,182</td>
<td>125,182</td>
<td>7,646</td>
<td>132,828</td>
</tr>
<tr>
<td>2008</td>
<td>123,831</td>
<td>123,831</td>
<td>8,261</td>
<td>131,092</td>
</tr>
<tr>
<td>2009</td>
<td>122,435</td>
<td>122,435</td>
<td>122,435</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$4,207,840</td>
<td>$10,261,277</td>
<td>$14,469,117</td>
<td>$275,199</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.

† Assumes the issuance of the remaining unissued authorized principal amount of $99.99 million of Series 28 Bonds on October 25, 1981.

†† Includes $93 million which was paid on August 1, 1981 as debt service payment on First General Resolution Bonds and $248.9 million which was paid on July 1, 1981 as debt service payment on Second General Resolution Bonds.
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 $100,000,000 aggregate principal amount of Series 38 Bonds (the “Series 38 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 38 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 38 Resolution, adopted January 21, 1982 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 38 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 and certain agreements of the Corporation as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 38 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 38 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 38 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 38 Bonds are dated February 1, 1982 except as otherwise provided in the Resolutions with respect to fully registered Series 38 Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturin</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$ 3,720,000</td>
<td>9%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9%</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10%</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11%</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11%</td>
</tr>
<tr>
<td>1992</td>
<td>18,005,000</td>
<td>12%</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14%</td>
</tr>
</tbody>
</table>
The Series 38 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 38 Bonds are interchangeable as provided in the Resolutions. Coupon Series 38 Bonds are numbered 38- - and fully registered Series 38 Bonds are lettered and numbered 38R- - followed, in each case, by the last two digits of the year of maturity and the number of the Series 38 Bonds. Coupon Series 38 Bonds and fully registered Series 38 Bonds are numbered consecutively from one upward in order of issuance.

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, commencing on July 1, 1989, and July 1, 1993, respectively, and on each July 1 thereafter prior to maturity, in each case 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 38 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the election of the Corporation on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 38 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 38 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 38 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 38 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 38 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 38 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.
5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 38 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 38 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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. Interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

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 38 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 38 Bonds, and the execution and delivery of the Series 38 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 38 Bond numbered 38-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
NEW ISSUE

In the opinion of Bond Counsel, interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

$100,000,000

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

(A Public Benefit Corporation of the State of New York)

SERIES 38 BONDS

(issued pursuant to the Second General Bond Resolution)

Dated February 1, 1982

Principal of and interest on the Series 38 Bonds are payable at the corporate trust office of

New York, New York, or at the option of the holder at

New York, New York, unless registered. Interest on the Series 38 Bonds is payable July 1, 1982 and semi-annually thereafter on each January 1 and July 1. The Series 38 Bonds will be issued as coupon bonds in the denomination of $5,000 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 38 Bonds maturing on or prior to July 1, 1986 are not subject to redemption prior to maturity. The Series 38 Bonds maturing on July 1, 1992 are not subject to redemption at the option of the Corporation prior to maturity. The Series 38 Bonds maturing July 1, 2008 are subject to redemption at the option of the Corporation on or after July 1, 1992, as a whole on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus accrued interest to the redemption date, all as more fully described herein. The Series 38 Bonds maturing July 1, 1992 and July 1, 2008 are also subject to redemption from mandatory sinking fund installments on each July 1, commencing on July 1, 1987, for the Series 38 Bonds maturing on July 1, 1992, and on July 1, 1993 for the Series 38 Bonds maturing on July 1, 2008, in each case at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, all as more fully described herein.

The Trustee under the Second General Bond Resolution is United States Trust Company of New York.

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Amount</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$3,720,000</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1985</td>
<td>$3,840,000</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1986</td>
<td>$3,970,000</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>$26,285,000</td>
<td>Term Bonds due July 1, 1992</td>
<td>@</td>
<td>%</td>
</tr>
<tr>
<td>$62,185,000</td>
<td>Term Bonds due July 1, 2008</td>
<td>@</td>
<td>%</td>
</tr>
</tbody>
</table>

The Series 38 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain other 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 38 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 38 Bonds.

The Series 38 Bonds are offered when, as and if issued by the Corporation and received by the Underwriters 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. Certain legal matters will be passed on for the Underwriters by their counsel, White & Case, New York, New York. It is expected that the Series 38 Bonds in definitive form will be available for delivery on or about February 4, 1982. At the option of any Underwriter, delivery will be available at The Depository Trust Company, New York, New York.

Salomon Brothers Inc
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
The Chase Manhattan Bank, N.A.
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is January 1982.
IN CONNECTION WITH THE OFFERING OF THE SERIES 38 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>The Corporation</td>
<td>1</td>
</tr>
<tr>
<td>The Bonds</td>
<td>1</td>
</tr>
<tr>
<td>Payment of the Bonds and Debt Service Coverage</td>
<td>1</td>
</tr>
<tr>
<td>Limitations on Bond Issuance</td>
<td>2</td>
</tr>
<tr>
<td>Appropriation of Revenues</td>
<td>2</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>2</td>
</tr>
<tr>
<td>Debt Issuance Plan</td>
<td>2</td>
</tr>
<tr>
<td>Certain Factors</td>
<td>3</td>
</tr>
<tr>
<td>2. THE CORPORATION</td>
<td>3</td>
</tr>
<tr>
<td>Background, Purposes and Powers</td>
<td>3</td>
</tr>
<tr>
<td>Outstanding Debt of the Corporation</td>
<td>4</td>
</tr>
<tr>
<td>3. USE OF PROCEEDS</td>
<td>4</td>
</tr>
<tr>
<td>4. DEBT ISSUANCE PLAN</td>
<td>5</td>
</tr>
<tr>
<td>5. PAYMENT OF THE BONDS</td>
<td>7</td>
</tr>
<tr>
<td>General</td>
<td>7</td>
</tr>
<tr>
<td>Appropriation by Legislation</td>
<td>10</td>
</tr>
<tr>
<td>Per Capita Aid</td>
<td>11</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>11</td>
</tr>
<tr>
<td>Stock Transfer Tax</td>
<td>13</td>
</tr>
<tr>
<td>Maintenance of Capital Reserve Aid Fund</td>
<td>14</td>
</tr>
<tr>
<td>6. DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS</td>
<td>15</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>15</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>16</td>
</tr>
<tr>
<td>Debt Service Requirements and Estimated Coverage Ratios</td>
<td>16</td>
</tr>
<tr>
<td>7. BONDS BEING OFFERED</td>
<td>18</td>
</tr>
<tr>
<td>Description of the Bonds</td>
<td>18</td>
</tr>
<tr>
<td>Additional Bonds and Notes</td>
<td>19</td>
</tr>
<tr>
<td>8. CERTAIN DEVELOPMENTS AFFECTING THE STATE</td>
<td>20</td>
</tr>
<tr>
<td>Long-Term Trends</td>
<td>20</td>
</tr>
<tr>
<td>Financial Developments—Fiscal Years 1975-1981</td>
<td>21</td>
</tr>
<tr>
<td>Program for the 1982 Fiscal Year</td>
<td>22</td>
</tr>
<tr>
<td>Problems of Authorities and Localities</td>
<td>22</td>
</tr>
<tr>
<td>Litigation</td>
<td>25</td>
</tr>
<tr>
<td>9. CERTAIN DEVELOPMENTS AFFECTING THE CITY</td>
<td>26</td>
</tr>
<tr>
<td>Fiscal Years 1975-1981</td>
<td>26</td>
</tr>
<tr>
<td>Fiscal Years 1982-1985</td>
<td>28</td>
</tr>
<tr>
<td>Litigation</td>
<td>29</td>
</tr>
<tr>
<td>Federal Bankruptcy Legislation</td>
<td>30</td>
</tr>
<tr>
<td>10. VARIOUS CONTROL PROGRAMS</td>
<td>31</td>
</tr>
<tr>
<td>The Corporation</td>
<td>31</td>
</tr>
<tr>
<td>Control Board</td>
<td>31</td>
</tr>
<tr>
<td>11. AGREEMENT OF THE STATE OF NEW YORK</td>
<td>33</td>
</tr>
<tr>
<td>12. MANAGEMENT</td>
<td>33</td>
</tr>
<tr>
<td>13. LITIGATION</td>
<td>37</td>
</tr>
<tr>
<td>14. SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION</td>
<td>37</td>
</tr>
<tr>
<td>15. TRUSTEE</td>
<td>44</td>
</tr>
<tr>
<td>16. LEGAL INVESTMENT</td>
<td>44</td>
</tr>
<tr>
<td>17. TAX EXEMPTION</td>
<td>45</td>
</tr>
<tr>
<td>18. LEGAL OPINIONS</td>
<td>45</td>
</tr>
<tr>
<td>19. UNDERWRITING</td>
<td>45</td>
</tr>
<tr>
<td>20. FINANCIAL STATEMENTS</td>
<td>45</td>
</tr>
<tr>
<td>APPENDIX—Definitions</td>
<td>47</td>
</tr>
<tr>
<td>EXHIBIT A—Financial Statements</td>
<td>49</td>
</tr>
<tr>
<td>EXHIBIT B—Opinion of Bond Counsel</td>
<td>B-1</td>
</tr>
</tbody>
</table>

Lazard Frères & Co.—Financial Advisor
PART I—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 38 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.

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 38 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 38 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 38 Bonds, would be as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax (12 months ended December 31, 1981)</td>
<td>$1,365</td>
</tr>
<tr>
<td>plus Stock Transfer Tax (12 months ended December 31, 1981)</td>
<td>574</td>
</tr>
<tr>
<td>minus Operating expenses of the Corporation</td>
<td>9</td>
</tr>
<tr>
<td>minus Maximum annual debt service payment on currently outstanding First Resolution obligations (issuance test limits annual debt service to $425 million)</td>
<td>358</td>
</tr>
<tr>
<td></td>
<td>1,572</td>
</tr>
<tr>
<td>plus Available tax revenues after provision for First Resolution obligations</td>
<td>414</td>
</tr>
<tr>
<td></td>
<td>$1,986</td>
</tr>
<tr>
<td>divided by Maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 38 Bonds)</td>
<td>$.691</td>
</tr>
<tr>
<td></td>
<td>2.87</td>
</tr>
</tbody>
</table>

(Dollars in Millions)
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 two 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 38 Bonds, the Corporation will have outstanding an aggregate of $7.555 billion of its bonds; $5.173 billion issued under the Second General Bond Resolution and $2.382 billion issued under the First General Bond Resolution. These amounts assume the issuance of $100 million Series 28 Bonds and $59,505 million of Series 36 Bonds which may be issued pursuant to warrants exercisable through January 18, 1983. The Corporation has covenanted with holders of its warrants that it will treat the aggregate authorized amount of its bonds issuable upon exercise of warrants as issued and outstanding and, accordingly, unless otherwise indicated, the issuance and coverage figures set forth in this Official Statement are presented on the basis of such an assumption.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. At December 31, 1981, there was on deposit in such funds securities valued in accordance with the Act at $339.9 million and $616.7 million, respectively, including accrued interest.

Debt Issuance Plan

The Series 38 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan is intended to provide necessary long-term financing for the City to enable the City to finance fully its capital needs through June 30, 1985.
The Debt Issuance Plan provides for completion of public sales of $1.65 billion of the Corporation's bonds through December 31, 1984, completion of public sales of $1.6 billion of City bonds through fiscal year 1985, of which $250 million have been sold, and private sales of $600 million of federally guaranteed City bonds during the 1982 fiscal year, of which $300 million have been sold.

The Corporation has issued $200 million of its bonds publicly during the 1982 fiscal year, and intends to issue an additional $300 million of its obligations during such fiscal year, of which the Series 38 Bonds is a portion.

The implementation of the Debt Issuance Plan 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 1982 fiscal year, which he may give or withhold in his discretion. See "PART 4—DEBT ISSUANCE PLAN."

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation. Such investors may, from time to time during and after the time when the Series 38 Bonds are being offered to the public, offer or sell bonds of the Corporation, which may have an adverse effect on the market price of the Series 38 Bonds.

The Corporation believes that the market for, the market price of, and the sources of payment of the Series 38 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 this purpose 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 is required 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. Although the City's operating budget for the 1981 fiscal year was balanced in accordance with GAAP, one year earlier than required, and its operating budget for its 1982 fiscal year is similarly balanced, the Debt Issuance Plan was supplemented to give the City additional time to
regain full access to the public credit markets. The City sold $75 million of its bonds publicly during its 1981 fiscal year and $175 million of its bonds publicly during the first half of its 1982 fiscal year.

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 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, the State enacted legislation in June 1980 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.

Outstanding Debt of the Corporation

After issuance of the Series 38 Bonds, the Corporation will have issued approximately $8.331 billion aggregate principal amount of bonds and notes for purposes of the $10 billion statutory issuance limit (which limit excludes refunding obligations). The Corporation will have outstanding (excluding bonds that have been refunded) $5.173 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 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, 1981, and the unaudited financial statements for the three months ended September 30, 1981, annexed hereto as Exhibit A, and “PART 20—FINANCIAL STATEMENTS.”

PART 3—USE OF PROCEEDS

The net proceeds of the sale of the Series 38 Bonds will be $ million. Of the net proceeds, approximately $83 million will be used to provide funds to the City for capital improvements includable in the City's capital budget. Funds used for such capital improvements 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. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation's accounts as to which such lien applies.
The balance of the net proceeds, approximately $15 million, will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. 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." 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 and adherence to an operating budget for the 1981 fiscal year balanced in accordance with GAAP, the adoption of a GAAP balanced budget for its 1982 fiscal year, and the implementation of other budgetary and accounting reforms, it became apparent that the City would 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. Accordingly, the Debt Issuance Plan was supplemented during the Corporation's 1981 fiscal year.

The City currently projects its capital needs to be approximately $1 billion to $1.3 billion during each of its 1982 through 1985 fiscal years. The Plan is intended to enable the Corporation to assist the City in financing these needs. The City's capital needs would be principally met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 38 Bonds but excluding bonds to be issued upon the exercise of outstanding warrants) (i) completion of the previously scheduled sales of $324.7 million of the Corporation's bonds [$324.7 million] to the Financial Institutions and the City Pension Funds during the 1982 fiscal year, (ii) sales to the public of $1.665 billion of the Corporation's bonds [$300 million] through December 31, 1984, (iii) sales of $600 million of federally guaranteed City bonds [$300 million] to the City and State Pension Funds during the 1982 fiscal year, and (iv) public sales of $1.625 billion of City bonds [$175 million] through its 1985 fiscal year. The Plan 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, amounts and uses of funds to be provided during each remaining fiscal year through 1985 under the Plan. The Plan 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

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private Placements of the Corporation's Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>$116,125</td>
<td></td>
<td></td>
<td></td>
<td>$116,125</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>116,125</td>
<td></td>
<td></td>
<td></td>
<td>116,125</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td></td>
<td></td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>17,450</td>
<td></td>
<td></td>
<td></td>
<td>17,450</td>
</tr>
<tr>
<td><strong>Subtotals (a)</strong></td>
<td>324,700</td>
<td></td>
<td></td>
<td></td>
<td>324,700</td>
</tr>
<tr>
<td><strong>Sales to the Public of the Corporation's Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
<td>300,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Subtotals (b)</strong></td>
<td>600,000</td>
<td></td>
<td></td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>$1,649,700</td>
<td>$800,000</td>
<td>$900,000</td>
<td>$1,315,000</td>
<td>$4,664,700</td>
</tr>
</tbody>
</table>

**Uses of Funds**

<table>
<thead>
<tr>
<th></th>
<th>FY 1982</th>
<th>FY 1983</th>
<th>FY 1984</th>
<th>FY 1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City Capital Improvements</strong></td>
<td>$947,000</td>
<td>$1,060,000</td>
<td>$1,192,000</td>
<td>$1,330,000</td>
<td>$4,529,000</td>
</tr>
<tr>
<td>Capital Reserve and Guaranty Funds</td>
<td>150,000</td>
<td>100,000</td>
<td>50,000</td>
<td></td>
<td>300,000</td>
</tr>
<tr>
<td>Refunding</td>
<td>100,000</td>
<td>150,000</td>
<td></td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total Uses (e)</strong></td>
<td>$1,197,000</td>
<td>$1,310,000</td>
<td>$1,242,000</td>
<td>$1,330,000</td>
<td>$5,079,000</td>
</tr>
</tbody>
</table>

(a) Completed in October 1981.
(b) Pursuant to agreements entered into in November 1978 and subject to the consent of the Secretary of the Treasury.
(c) Contingent upon the City developing a program for the financing of water and sewer projects through the issuance of revenue bonds.
(d) Approximately $330 million of this amount, together with approximately $220 million from sales of the Corporation's bonds during its 1981 fiscal year, to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs. In addition, $147 million of the City's operating surplus in its 1981 fiscal year will be applied to the City's fiscal year 1982 capital needs.
(e) Differences between total sources and uses are a result of the deposit or withdrawal of funds held by the Corporation for use in fiscal years 1983 and 1984, as described above.

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, the Corporation's requirements and other factors.

Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 1982 of the Federal guarantees in the amount 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 Plan 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 asked the Secretary of the Treasury pursuant to the authority given him
under 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 each such year. The Secretary waived this provision with respect to $300 million of federally guaranteed City bonds issued during the City’s 1981 fiscal year and the $300 million of federally guaranteed City bonds issued in November 1981. Waiver of this provision will also be required in connection with the issuance of the remaining $300 million of federally guaranteed City bonds scheduled for February 1982, for which the City recently submitted a request.

The City and the Corporation were advised by the staff of the United States Treasury Department prior to the issuance of $300,000,000 of federally guaranteed City Bonds in November 1981 that the Secretary is re-examining the appropriateness of granting the waiver. The re-examination is continuing with respect to making the remaining Federal guarantees available. The staff also informed the City and the Corporation that, in this connection, the Secretary requested a review of certain information concerning the proposed financings and uses of proceeds pursuant to the Debt Issuance Plan through the 1985 fiscal year. If the Secretary is unwilling or unable to issue the guarantees contemplated by the Debt Issuance Plan, sales to the public of the Corporation’s bonds may be required to replace the proposed sales of guaranteed City bonds. In such event, the proceeds of the sales of the Corporation’s bonds in the current fiscal year may be required to meet the current capital needs of the City and would therefore not be available to meet the City’s capital needs for fiscal year 1983 and thereafter. 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. Any obligation of the United States to issue guarantees, and any obligation of the City and State Pension Funds to purchase federally guaranteed City bonds are subject to numerous and complex conditions, certain of which may be difficult to fulfill. If the Debt Issuance Plan does not continue to be fulfilled and an alternative financing plan is not developed, the market for and the market prices of the Corporation’s securities would be likely to be adversely affected.

The Corporation expects to fulfill a portion of its participation in the Debt Issuance Plan by the issuance in the commercial paper market of short-term obligations secured by a credit arrangement with Citibank, N.A. Such short-term obligations will not have a claim on the Sales Tax, Stock Transfer Tax or Per Capita Aid revenues which are the source of payment for the First and Second Resolution Bonds equal or prior to the claim of such Bonds. If the credit arrangement is used to pay the short-term obligations, the Corporation’s obligation to Citibank, N.A. will be repayable over a period of approximately five years through the issuance of bonds or otherwise. The Corporation has authorized the issuance of up to $100 million of such short-term obligations, which may serve as an alternative to selling bonds publicly in such amount during its 1982 fiscal year.

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. 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 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. Some of such obligations may be pledged to Citibank, N.A., in connection with the commercial paper program of the Corporation. 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. Amounts paid to the City are paid directly by the State.
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 or interest on the Second Resolution Bonds.

If the Corporation were to be authorized by State law to file such a petition under Chapter 9 of the Federal Bankruptcy Code, and if it were to meet other conditions specified in such Section, the Corporation could file a petition for relief under Chapter 9 pursuant to which the Corporation’s securities could be adjusted or modified. 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 lower 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 the 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 appropriated 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, 1981.

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<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(a)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(a)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(b)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(c)</td>
</tr>
<tr>
<td>1981</td>
<td>484,037(c)</td>
</tr>
</tbody>
</table>

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

(b) Does not include $49.276 million paid in October 1978.

(c) Reflects State’s ceiling on aid to localities.

**Sales Tax**

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 and at the rate of 5% on receipts from parking, garaging or storing motor vehicles in the City. The Sales Tax is in addition to the 4% sales and compensating use taxes levied statewide and the \( \frac{1}{4} \) of 1% sales and compensating use tax levied in the regions served by the Metropolitan Transportation Authority. 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 complete 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>Three Months Ended</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
<td>December 31</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
<td></td>
</tr>
<tr>
<td>1972</td>
<td>$121,692</td>
<td>$129,452</td>
</tr>
<tr>
<td>1973</td>
<td>136,857</td>
<td>139,541</td>
</tr>
<tr>
<td>1974</td>
<td>135,272</td>
<td>141,973</td>
</tr>
<tr>
<td>1975(b)</td>
<td>173,824</td>
<td>198,990</td>
</tr>
<tr>
<td>1976(c)</td>
<td>194,560</td>
<td>193,690</td>
</tr>
<tr>
<td>1977</td>
<td>215,794</td>
<td>210,383</td>
</tr>
<tr>
<td>1978</td>
<td>221,815</td>
<td>232,291</td>
</tr>
<tr>
<td>1979</td>
<td>232,732</td>
<td>239,852</td>
</tr>
<tr>
<td>1980</td>
<td>253,974</td>
<td>283,540</td>
</tr>
<tr>
<td>1981</td>
<td>293,581</td>
<td>313,990</td>
</tr>
<tr>
<td>1982</td>
<td>329,950</td>
<td>349,041</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 prior periods and from $753,000 to $9.8 million to reflect underr distributions for other prior periods. Periods subsequent to June 1981 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 1½¢ 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 complete fiscal years of the City, based upon the various rates prevailing and types of transactions taxable during the periods shown:

QUARTERLY COLLECTIONS OF STOCK TRANSFER TAX

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td>----------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>1972</td>
<td>$62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
</tr>
<tr>
<td>1982</td>
<td>131,039</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 Tax payers. 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 equal to 100% of the tax began on 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 in to 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.

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.” If the Corporation were to require a substantial portion of the Stock Transfer Tax revenues otherwise subject to rebate, the resulting reduction in the amounts available for rebate could have an adverse effect upon the New York securities industry.

**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 with securities valued in accordance with the requirements of the Act (which may differ from the market value of such securities). See Notes 2 and 4 to the financial statements of the Corporation contained in Exhibit A.

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, 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 estimated 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Aid available to the Corporation during the Corporation’s 1981 fiscal year</td>
<td>$484,037</td>
</tr>
<tr>
<td>Less annual potential claims and liabilities:</td>
<td></td>
</tr>
<tr>
<td>(a) City University Construction Fund (&quot;CUCF&quot;).</td>
<td></td>
</tr>
<tr>
<td>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 $88.86 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City*</td>
<td>$44,429</td>
</tr>
<tr>
<td>(b) New York City Housing Development Corporation (&quot;HDC&quot;).</td>
<td></td>
</tr>
<tr>
<td>Amounts required to restore the HDC capital reserve funds to the amount to be on deposit in such funds would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the aggregate capital reserve fund requirements on all outstanding bonds of HDC as of this date is approximately $24.6 million. State law currently permits a maximum claim of $30 million in any fiscal year</td>
<td>$24,638</td>
</tr>
<tr>
<td>(c) New York City Police Pension Fund.</td>
<td></td>
</tr>
<tr>
<td>Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund</td>
<td>$ 500  $ 69,567</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
<td>$414,470</td>
</tr>
</tbody>
</table>

* 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 with respect to debt issued for senior colleges.
**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 December 31, 1981, see "PART 5—PAYMENT OF THE BONDS—Sales Tax" and "Stock Transfer Tax", and operating expenses of the Corporation are $8.8 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 December 31, 1981</td>
<td>$1,365,494</td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months ended December 31, 1981</td>
<td>$574,050</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,939,544</td>
</tr>
<tr>
<td>Less: Operating expenses of Corporation</td>
<td>8,800</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,930,744</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 $1,931 million, for a total of $2,345 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 38 Resolution 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 assuming the exercise of all outstanding warrants. The table also shows the coverage of aggregate annual debt service on Second Resolutions 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 38 Resolution.
## Debt Service Payment Requirements and Estimated Coverage Ratios

(after issuance of Series 38 Bonds and assuming the exercise of all warrants of the Corporation)

(Dollars in thousands)

<table>
<thead>
<tr>
<th>12-Month Period Ended June 30</th>
<th>Total Debt Service Payment Requirement (a) on First Resolution Obligations</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>1983</td>
<td>$251,058</td>
<td>Principal Payments (a) $ 97,245</td>
<td>$488,282 $585,527</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>149,455</td>
<td>466,716 616,171</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>212,920</td>
<td>450,799 663,719</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>261,635</td>
<td>429,243 690,878</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>282,985</td>
<td>404,209 687,194</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>287,335</td>
<td>377,969 665,304</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>293,695</td>
<td>351,306 645,001</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>304,030</td>
<td>324,108 628,138</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>305,585</td>
<td>296,804 602,389</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>327,985</td>
<td>268,709 596,694</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>358,185</td>
<td>238,458 596,643</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>200,075</td>
<td>213,251 413,326</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>228,610</td>
<td>192,881 421,491</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>238,610</td>
<td>170,874 409,484</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>205,665</td>
<td>150,105 355,770</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>131,000</td>
<td>133,769 264,769</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>138,950</td>
<td>119,964 258,914</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>163,885</td>
<td>104,736 268,591</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>122,805</td>
<td>90,115 212,920</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>106,775</td>
<td>77,934 184,709</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>88,375</td>
<td>67,943 156,318</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>95,210</td>
<td>58,995 154,205</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>99,970</td>
<td>49,562 149,532</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>106,340</td>
<td>39,695 146,035</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>115,105</td>
<td>29,138 144,243</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>124,695</td>
<td>17,709 142,404</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>125,235</td>
<td>5,884 131,119</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.

* These debt service amounts and coverage ratios are based upon interest rates for the Series 38 Bonds estimated solely for purposes of this Preliminary Official Statement. The actual interest rates, debt service and coverage ratios may vary. Such variations, which are not expected to be material, will be reflected in the final Official Statement.

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 fiscal years 1983 through 1995, ranging from a low of 2.34 times in 1989 to a high of 3.08 times in 1994 and such coverages average approximately 2.60 times.
The Corporation anticipates that an aggregate of approximately $1.35 billion (excluding the bonds to be issued upon the exercise of warrants) of additional First Resolution obligations and Second Resolution Bonds will be issued pursuant to the 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 38 Resolution, 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 not less than the required level.

PART 7—BONDS BEING OFFERED

Description of the Bonds

General

The Series 38 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 38 Resolution. The Series 38 Bonds will be dated, bear interest and mature as set forth on the cover of this Official Statement.

The Series 38 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 38 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 38 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 38 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 38 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 38 Bonds maturing on or prior to July 1, 1992 are not subject to redemption at the option of the Corporation prior to maturity. The Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the option of the Corporation on or after July 1, 1992 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, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
Sinking Fund Redemption

The Series 38 Bonds maturing on July 1, 1992, and July 1, 2008, 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":

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>1993</td>
<td>4,800,000</td>
<td>2001</td>
<td>4,295,000</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>1994</td>
<td>4,180,000</td>
<td>2002</td>
<td>4,540,000</td>
</tr>
<tr>
<td>1989</td>
<td>4,320,000</td>
<td>1995</td>
<td>4,265,000</td>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
<td>1996</td>
<td>4,360,000</td>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
<td>1997</td>
<td>4,450,000</td>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,680,000*</td>
<td>1998</td>
<td>4,545,000</td>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1999</td>
<td>3,000,000</td>
<td>2007</td>
<td>3,535,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2000</td>
<td>3,055,000</td>
<td>2008</td>
<td>4,015,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 would be approximately 8.0 years and 18.5 years, respectively, calculated from February 1, 1982.

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund Series 38 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 Series 38 Bonds. 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 such Bonds, the likelihood of redemption by lot of any holder's Series 38 Bonds 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 38 Bonds.

Trustee

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. 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 $8.331 billion after issuance of the Series 38 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 38 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 38 Resolution 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).

In February 1981 and November 1981, the Corporation issued warrants to purchase $100 million of its Series 28 Bonds and $59.505 million of its Series 36 Bonds, respectively. The warrants are exercisable through January 18, 1983. The Corporation has covenanted with holders of the warrants that it will treat as issued and outstanding the aggregate authorized amount of Series 28 Bonds and Series 36 Bonds for purposes of the issuance and coverage tests set forth in this section.

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 38 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 38 Bonds and the sources of payment of the Series 38 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 affluence. 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. The State has commenced a new long-range tax reduction program designed to reduce taxes on business and individuals. While no immediate reversal of the erosion of the State's economic position relative to the nation as a whole has been projected, the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1981

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.

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. For its 1979 and 1980 fiscal years, the State achieved balanced budgets with receipts and expenditures of $11.9 billion and $13.2 billion, respectively. For its 1981 fiscal year, the State achieved a balanced budget with receipts and expenditures of $15.182 billion. During the 1981 fiscal year, the State also implemented a $3.01 billion borrowing plan including $2.8 billion in seasonal borrowings, with full access to the public credit markets.
million. As a result of a successful refinancing by UDC it expects that it will require no State appropriations for debt service during the 1982 fiscal year.

In 1972, the Battery Park City Authority ("BPCA") issued $200 million of moral obligation bonds for the development of a residential and commercial project in New York City, of which $196 million remain outstanding. BPCA has been paying interest on the bonds, in part, out of the original bond proceeds. In the opinion of its counsel, BPCA does not have the power to use bond proceeds, except those held in BPCA's debt service reserve fund securing such bonds, to make principal payments on such bonds. To enable it to make its first principal payment which came due in November 1980, the State paid $1.85 million to BPCA. The annual debt service of approximately $14.2 million on its bonds could exhaust BPCA's financial resources available to pay debt service (other than amounts in such debt service reserve fund) prior to 1984 without significantly reducing its outstanding indebtedness. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA will be compelled to withdraw money from such 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 of the bonds. The Legislature has appropriated and the State has paid $1.95 million to BPCA to enable it to meet its November 1981 principal payment.

Another problem faced by certain 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 to meet their obligations 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 1982 fiscal year and thereafter. The anticipated and potential problems stem, in part, from the 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 1982 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State's 1982 fiscal year.

New York City's metropolitan area is heavily dependent on the subway and bus lines within the City operated by the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the "TA") and on the rail lines operated by the MTA, which include the Long Island Railroad and rail lines serving suburban New York and Connecticut. Service levels on all such lines have been declining. The MTA attributes this decline in part to policies of equipment maintenance deferral and to the need to keep aging equipment and other assets in service as a result of low capital expenditure levels in recent years.

In July 1981, the State enacted additional taxes, which are to flow into accounts dedicated for public transportation assistance. The tax legislation included appropriations from such accounts of $168 million for the TA and $47 million for the MTA to be made available during the period July 1, 1981 through June 30, 1982 from the anticipated receipts of these taxes. Five specific tax measures were enacted: (i) a ¼ of 1% sales and compensating use tax in the 12 counties of the MTA region; (ii) a tax of ¾ of 1% on oil company gross receipts in the State; (iii) a 10% tax on gains on certain property transfers within the City; (iv) a revision of the basis of taxation of receipts of certain transportation and transmission companies to cover an allocated share of their activity within and without the State; and (v) a revision of the basis for taxation of oil
company income to include the earnings of subsidiaries and affiliates. The five taxes are estimated to produce $793 million in revenues over a two-year period through June 30, 1983, of which $215 million has been, and $426 million is expected to be, appropriated for the MTA and the TA. Certain affected taxpayers have filed lawsuits or indicated their intention to test the constitutionality of these levies in the courts. Forty-five percent of the proceeds of the 1% tax on oil company gross receipts in the State is dedicated by legislation for upstate transit needs. The tax legislation also includes an appropriation of $18 million as operating assistance for eligible transit systems outside the MTA system. These receipts are in addition to a special appropriation enacted in June 1981, providing a total of $105 million during the State’s 1983 fiscal year for public transportation operating assistance, of which $100 million is for the MTA and TA.

Legislation was also enacted to provide for additional sources of capital financing for mass transportation in the metropolitan region. This legislation, which recognizes and expressly does not relieve the City of its obligation to provide for the capital needs of the TA, also recognizes that the capital needs of the MTA and TA are far in excess of the funding sources authorized in the legislation. The Legislature expressed its intentions therefore to follow the progress of the projects financed from the sources therein authorized and to review the limitations therein contained as necessary.

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 and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iii) certain aspects of the State’s Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of mandatory and optional Medicaid services; (iv) 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; (v) 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; (vi) the State’s action in recouping certain Social Services aid from New York City and recoupment of additional amounts of such aid from the City; (vii) contamination in the Love Canal area of Niagara Falls; (viii) the State’s educational assistance for handicapped children; (ix) certain actions of the Commissioner of Motor Vehicles under the Federal Clean Air Act; (x) the State’s plan to construct Westway; (xi) educational accommodations for learning disabled students at a State University; (xii) alleged employment discrimination by the State University of New York; (xiii) alleged State negligence following polychlorinated biphenyl contamination of the Binghamton State Office Building; (xiv) claims on behalf of State employees injured in the Attica prison uprising; (xv) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; (xvi) the constitutionality of the imposition of an additional sales tax in the MTA region and (xvii) State appropriation of certain railroad property.

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 were also made during the 1981 and 1982 fiscal years for certain school districts.

25
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 Corporation's securities. 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 38 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 actual operating results for the 1981 fiscal year, projections for the 1982 fiscal year, major assumptions and uncertainties with respect to such projections, 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.

Fiscal Years 1975-1981

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 then permitted by State law by the 1978 fiscal year.

In order to provide both seasonal and long-term financing for the City for fiscal years 1976 through 1978, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing for the period. Certain City pension funds agreed to provide the City with long-term financing 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, 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 financial statements for the 1978 through 1981 fiscal years were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements for fiscal year 1978 through 1980 report results both in accordance with the accounting principles permitted by State law which allowed certain deviations from GAAP and in accordance with GAAP. Under the accounting principles permitted by State law, the General Fund balances for fiscal 1978, 1979, and 1980 showed surpluses of $32 million, $216 million and $145 million respectively; when reported in accordance with GAAP, the General Fund showed a deficit of $712 million, $422 million and $356 million, respectively. The City’s financial statements for fiscal 1981 were reported in accordance with GAAP and showed a surplus of $128 million. The amount of this surplus would have been significantly greater had the City not allocated $147 million to the City’s capital projects fund and $173 million to the City’s debt service fund, as well as adopting certain other measures the effect of which was to reduce the amount of the surplus. The opinion of the consortium for the 1981 audit was subject to pending real estate tax certiorari proceedings, which, 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 City’s independent accountants further stated that the City’s ability to obtain financing and balance its budget in accordance with GAAP depends on numerous assumptions and the occurrence of future events, many of which cannot be assured.

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.”

In March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July and November 1981, the City sold another $100 million and $75 million of its bonds. These bond issues received an investment grade rating from Standard & Poor’s Corporation. Recently, Moody’s Investors Service, Inc., raised its rating of City bonds to the highest non-investment grade rating. Since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public and in the 1981 fiscal year, the City obtained all of its seasonal financing requirements in that manner. The City has already satisfied $500 million of an estimated seasonal financing requirement during the 1982 fiscal year of $650 million by the public sale of its short-term notes and expects to similarly satisfy the remaining needs.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 12 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 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. The City’s budget for the 1981 fiscal year was, however, balanced in accordance with GAAP, which is one year earlier than required.
Fiscal Years 1982-1985

On October 23, 1981, the Control Board approved a financial plan for the fiscal years 1982 through 1985 as modified through such date (the "1982 Four Year Plan"). The Plan projects revenues and expenditures for the 1982 fiscal year of $14,858 billion, an increase of $159 million over the projections in the Plan approved on July 2, 1981. This increase results from higher revenues primarily from greater State and Federal categorical grants than had been anticipated during this fiscal year and from greater expenditures primarily from higher short-term interest costs. The Plan projects a GAAP-balanced budget for fiscal year 1982, and potential budget gaps of $803 million, $1,004 million and $1,028 million for fiscal years 1983 through 1985, respectively. The projected gaps for fiscal years 1983 through 1985 do not include significant deficits which have been projected for the Transit Authority totalling $43 million, $264 million and $442 million for fiscal years 1983 through 1985, respectively. The Plan proposes a combination of gap-closing actions which, if realized, could produce GAAP-balanced budgets in each of the 1983 through 1985 fiscal years. City gap-closing actions totaling $517 million, $506 million and $604 million for fiscal years 1983 through 1985, respectively, include agency expenditure reductions and revenue enhancement programs. State actions include the phased takeover of local medicaid costs and other new State aid anticipated to provide $236 million, $529 million and $908 million in fiscal years 1983 through 1985, respectively. Federal actions in the gap-closing program total $50 million annually.

The Office of the Special Deputy Comptroller ("OSDC"), in a report dated November 19, 1981, reviewed the City's first quarter operating results for fiscal year 1982 and concluded that the City could achieve a potential surplus of $125 million in such year. The report observes, however, that such projected operating results for fiscal year 1982 do not provide a sound basis for recurring balanced budgets and notes that (i) revenue growth is not projected to be significantly better than the estimates contained in the 1982 Four Year Plan, (ii) economic indicators reflect a more severe and prolonged recession than had been anticipated, (iii) the City has apparently implemented the substantial hiring plan reflected in the fiscal year 1982 budget and (iv) additional Federal budget cuts could further aggravate City budgetary prospects. The OSDC has predicted a budget gap for fiscal year 1983 ranging from $920 million to $1.24 billion, depending on the size of the labor settlements to be negotiated in the Spring of 1982. Other concerns cited in the report include the possibility of (i) shortfalls in State aid, primarily due to the lack of legislative approval for the proposed assumption of local Medicaid costs by the State, (ii) lower City tax revenues resulting from Federal tax reductions, (iii) continuing operating gaps projected for the MTA, possibly as large as $435 million and $674 million in fiscal years 1984 and 1985, respectively, and (iv) the dependence upon nonrecurring items totalling over $400 million to balance the City's fiscal year 1982 budget. The staff of the Control Board issued a report on November 24, 1981 which reviewed the first quarter operating results for fiscal year 1982 and cited similar concerns. Both the OSDC and the Control Board staff reports express concern that, although the City has been able to close significant budget gaps which had been projected in recent years, the gap-closing measures previously utilized by the City may not be available in the future. The OSDC and the staff of the Control Board have analyzed the proposed City, State and Federal actions contained in the City's gap-closing programs and have determined that certain of these actions may not be achievable.

On January 18, 1982, the City presented to the Control Board a proposed modification of the 1982 Four Year Plan. The modification projects revenues and expenditures for the 1982 fiscal year of $14,934 billion, an increase of $76 million over the projections in the Plan approved on October 23, 1981. For fiscal years 1983 through 1985, the proposed modification projects budget gaps of $854 million, $1,022 million and $870 million, respectively. Such projected gaps exceed the budget gaps contained in the 1982 Four Year Plan by $51 million in fiscal 1983 and $18 million in fiscal 1984, while the fiscal 1985 projected gap is $158 million lower than previously projected. The plan as proposed to be modified contains estimates of local tax revenues and expenditures which are significantly lower than such estimates contained in the 1982 Four Year Plan, primarily as a result of reductions in Federal categorical aid, and changes in Federal tax policy. Expenditure estimates in the proposed modification for fiscal years 1983 and 1984 project wage increases of 3 percent in each year. The plan as proposed to be modified includes gap-closing programs consisting of various City and State actions sufficient to close the projected budget gaps for fiscal years 1983 through 1985. The proposed
City actions total $557 million in fiscal 1983 and $530 million in each year thereafter, and include agency expenditure reductions to be achieved primarily through productivity improvements, increases in certain local taxes, and other revenue enhancements. State actions proposed in the gap-closing program total $297 million, $590 million and $969 million in fiscal years 1983 through 1985, respectively. Such actions include the phased takeover of local medical costs by the State and an adjustment of the State education aid formula as required by a recent Court decision. The gaps projected for fiscal years 1983 through 1985 do not include budget gaps projected for the TA totalling $10 million, $202 million and $370 million, respectively. The proposed modification of the 1982 Four Year Plan is subject to review and approval by the Control Board and may be revised prior to approval. The City has also made a preliminary projection for its 1986 fiscal year, which reflects a projected budget gap of $735 million.

Litigation

The notes to the City's audited financial statements for the 1981 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, 1981, claims in excess of $24 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $775 million. The 1982 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the 1983 through 1985 fiscal years.

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 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, 1981, the estimated potential exposure to the City in these cases could amount to approximately $1.8 billion. Provision was made in the City's 1982 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $45 million annually in the 1982 through 1985 fiscal years. On December 3, 1981, legislation was enacted by the State to limit and reduce such liability. On May 14, 1981, the Appellate Division, First Department affirmed a lower court holding that the City's classified system of taxation was authorized by special legislation. On January 7, 1982, the Court of Appeals modified the decision of the Appellate Division, First Department, by stating that the special State legislation did not authorize the City to adopt a classified system of taxation, but the court did not address the issue of whether such system was authorized on other grounds. The court held that assessments in the City may be challenged on the ground of inequality either on a section-wide or whole-rollback basis and that the prohibition by the 1981 legislation against introduction of the State equalization rate as a method of proving inequality in such litigation involving the City is constitutional. On the same day, the Court of Appeals held that the 1981 legislation is inapplicable in a proceeding in which an interlocutory judgment has been entered. However, no interlocutory judgment has been entered in any such proceeding.

On February 10, 1977, Alfred Kirshner, a retired City teacher, commenced an action in the United States District Court for the Southern District of New York against the trustees of the Teacher's Retirement System of The City of New York ("TRS") and certain other defendants. The complaint, as subsequently amended on or about November 4, 1981, alleges that: (i) the TRS defendants have breached their fiduciary duties and violated the Federal securities laws in connection with certain TRS transactions in City securities and (ii) the City has failed to provide for its unfunded accrued liability to active members of the TRS in violation of the State Constitution. Plaintiff seeks: (i) damages from the allegedly improper TRS transactions; (ii) a ruling requiring the defendants to fund fully and segregate from other assets of the City certain reserve funds; and (iii) a judgment restoring certain investment standards with regard to such reserve funds. An adverse decision in this action could deprive the City of funds under the Debt Issuance Plan. On December 23, 1981, the City answered, denying plaintiff's allegations.
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 State appealed 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 filed a brief as amicus curiae. On May 19, 1981, the Second Circuit Court of Appeals reversed the lower court decision. On July 31, 1981, a motion for rehearing was denied by the Second Circuit.

On August 1, 1975, Women in City Government United, purporting to represent all female employees of the City and certain Covered Organizations, commenced an alleged class action in the United States District Court for the Southern District of New York against the City, the City Employees’ Retirement System and its officers and trustees and others. Plaintiffs allege that certain retirement plans discriminate against employees in violation of the United States Constitution, certain Federal statutes and regulations and the State Human Rights Law. The complaint seeks a declaratory judgment that the alleged discriminatory practices are illegal and unconstitutional and injunctive relief. On April 24, 1981, the Court granted plaintiffs’ motion for summary judgment in regard to liability on their federal statutory claim, but deferred judgment, pending a trial, as to the appropriate relief. The City has estimated that an adverse decision applicable to the relevant actuarial pension systems could result in a liability of up to $950 million over ten years. If past female contribution rates were required to be lowered and past female benefit levels were required to be increased to male levels, an additional annual pension cost of approximately $25 million would be required for each year such levels were to be made retroactive. On April 25, 1978, in a case involving a similar issue, the United States Supreme Court held, on a prospective basis, that mandatory contributory pension plans cannot provide for different rates of member contributions on the basis of sex (City of Los Angeles v. Manhart).

Federal Bankruptcy Legislation

The City projects meeting its cash needs through the 1985 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.

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 38 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 Corporation’s securities.
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 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 payment 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, 1979 and 1980 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 short-term obligations to meet its seasonal needs.

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: G.G. Michelson, Stanley S. Shuman and Lee P. Oberst. 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 not 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 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 moneys 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 reimpose 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 (1)(3)</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry (2)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin (1)(2)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker (2)(3)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan (1)(2)(3)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver (3)</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

| Representatives (4)                           |                     |
| Jerome Belson                                  | Appointed by the Vice-Chairman of the City Council |
| John P. Holmes                                 | Appointed by the Minority Leader of the State Assembly |
| Leonard Nadel                                  | Appointed by the Speaker of the State Assembly |
| Richard D. Parsons                             | Appointed by the President Pro-Tem of the State Senate |
| Bradford J. Race, Jr.                          | Designated representative of the State Comptroller |
| Robert W. Seavey                               | Appointed by the Minority Leader of the State Senate |

Heather L. Ruth is the Executive Director of the Corporation. (5)

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson/American Express Inc., with which Messrs. Kresky, Steffan and Bialkin, respectively, are affiliated as described in their biographies, may act as Underwriters in connection with the sale of the Series 38 Bonds.

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

(3) Messrs. Kresky, Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) 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.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, of which Ms. Ruth's husband is a Managing Director, is acting as a managing underwriter in connection with the sale of the Series 38 Bonds.

FELIX G. ROHATYN, Chairman. Mr. Rohatyn is a General Partner of Lazard Freres & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Schlumberger, Ltd., Owens-Illinois, Inc., Pfizer Inc., Peckinney UGINE Kuhlmann Corporation, MCA Corporation, American Motors 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, Chairman of the Corporation's Investment Committee, 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 New York City Ballet. Mr. Kresky 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 Chairman of the Board 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 Board of Directors of the New York Convention Center Operating Corporation. He is a director and 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 is Chairman of the Section of Corporation, Banking and Business Law of the American Bar Association, and is a former Chairman of the Committee on Federal Regulation of Securities of that 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/American Express 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 past 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 Regional Plan Association, 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 a trustee of the Educational Broadcasting Corp. (WNET/Channel 13). 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 Senior Vice President of Lazard Freres & 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 Lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keilin is a resident of New York City.

Dick Netzer. Mr. Netzer, Chairman of the Corporation's City Budget Committee, has been Dean of the Graduate School of Public Administration of New York University since 1969, and since September 1981 has served as Director of the University's Urban Studies Center. 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 editor of the quarterly *New York Affairs* and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.

**ANDREW P. STEFFAN.** Mr. Steffan, Chairman of the Corporation's Audit Committee, is a First Vice President 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 and Policy Research. He is an Exchange Official of the American Stock Exchange. Mr. Steffan is a resident of New York City.

**ROBERT C. WEAVER.** Dr. Weaver, Chairman of the Corporation's Administration Committee, 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, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees 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. He is a member of Citizens Housing and Planning Council and is a director and Secretary of the Associated Builders and Owners of Greater New York, Inc. He is a director of the Association for Government Assisted Housing, Inc. and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson serves as President of St. John's University Law School Alumni Association. 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 director of Integrated Energy Co., Inc. and serves as Chairman of American Onshore Petroleum Co., Inc. 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. In July 1980, Mr. Nadel joined Beldoch Industries Corporation, an apparel manufacturer, where he presently serves as an Executive Vice President. He is former Chairman and current member of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was 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 law 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 a member of the law firm of Seward & Kissel, New York, New York. 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. SEAKEY, Representative.** Mr. Seavey is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & 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. Seavey is a resident of New York City.

Heather L. Ruth, Executive Director. Until July 1980 Ms. Ruth was a self-employed economist and consultant to government and private clients, including agencies of the states of New York and New Jersey. From 1974 to 1978, she was a Vice President of Mathematica Policy Research, Inc., Princeton, N.J. Prior to that, Ms. Ruth served as an analyst with the New York City Budget Bureau, as an Assistant Administrator of the City’s Environmental Protection Administration and as staff to the New York State Charter Revision Commission for the City of New York. Ms. Ruth resides in New York City.

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 the 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 Section 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-e 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 the 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 the 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 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 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 annual 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 66 2/3% 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 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 are 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 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 First and Second General Bond Resolutions. Its principal offices are located at 45 Wall Street, New York, New York 10005. 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 date 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 $9.710 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, including acting as warrant agent in connection with the issuance of warrants by 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.

44
PART 17—TAX EXEMPTION

In the opinion of Bond Counsel, interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

PART 18—LEGAL OPINIONS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 38 Bonds are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel will be in substantially the form attached to this Official Statement as Exhibit B. 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.

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

PART 19—UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 38 Bonds from the Corporation at a discount equal to 6% from the initial public offering prices of the Series 38 Bonds. The Underwriters may offer to sell such Series 38 Bonds to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 38 Bonds are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.

PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1981 and the accompanying report thereon by Price Waterhouse & Co., the Corporation’s independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1981 are annexed hereto as Exhibit A. These statements do not give effect to (i) the issuance of the Corporation’s Series 31, 32, 33, 34 and 35 Bonds in the aggregate principal amount of $524.7 million during October 1981 and November 1981, (ii) the payment during October 1981, of $30 million of Sales Tax revenues from the Municipal Assistance Tax Fund for First General Bond Resolution purposes, (iii) the issuance during November 1981 of warrants to purchase $59.505 million aggregate principal amount of the Corporation’s Series 36 Bonds, (iv) the purchase of $227 million principal amount of City Bonds in October 1981, (v) the issuance of $5,000 aggregate principal amount of Series 28 Bonds during December 1981, (vi) the early redemption and payment by the City during January 1982, of $73.897 million of City bonds held by the Corporation, and (vii) the payment during January 1982, of $41 million and $70 million of Sales Tax revenues from the Municipal Assistance Tax Fund for First General Bond Resolution and Second General Bond Resolution purposes, respectively.

* * *

Lazard Freres & 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. Keill, a Director of the Corporation, is a Senior 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

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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

_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 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 parties to the Financing Agreement and participants in the Debt Issuance Plan.

_Financing Agreement_—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.

_Finance Law_—the State Finance Law of New York.

_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.
APPENDIX—(Continued)

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

Guaranty 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.

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.

Secretary—the Secretary of the Treasury of the United States.

Series 38 Bonds—the Bonds described in this Official Statement

Series 38 Resolution—the Series Resolution of the Corporation authorizing the Series 38 Bonds.

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, Statement of Changes in Funds Available to Purchase City of New York Obligations, Summary of Changes in Funding Requirements and the related Debt Service Fund, Capital Reserve Fund, Guaranty 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, 1981 and the Debt Service Fund, Capital Reserve Fund, Guaranty Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for City of New York obligations as described in Note 7 to the financial statements, have been applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1981

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

STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>June 30, 1981</th>
<th>September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,382,333,000</td>
<td>$2,382,333,000</td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>4,388,130,000</td>
<td>4,388,135,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>6,770,463,000</td>
<td>6,770,468,000</td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>79,712,875</td>
<td>128,417,743</td>
</tr>
<tr>
<td>Deposit for bonds authorized and unissued</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>54,389,486</td>
<td>51,716,094</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>1,214,912</td>
<td>1,975,892</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>6,905,780,273</td>
<td>6,953,077,729</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt Service Fund:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3,441</td>
<td>3,556</td>
</tr>
<tr>
<td>Investments in marketable securities</td>
<td>242,879,650</td>
<td>342,642,149</td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td>7,382,719</td>
<td>557,955</td>
</tr>
<tr>
<td>City of New York obligations</td>
<td>725,352,000</td>
<td>590,719,000</td>
</tr>
<tr>
<td>Accrued interest on City of New York obligations</td>
<td>16,593,774</td>
<td>2,119,491</td>
</tr>
<tr>
<td>Total Debt Service Fund</td>
<td>992,211,584</td>
<td>936,042,151</td>
</tr>
<tr>
<td>Investments in marketable securities held for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>820,266,925</td>
<td>841,237,693</td>
</tr>
<tr>
<td>Purchase of City of New York obligations</td>
<td>464,704,250</td>
<td>464,708,500</td>
</tr>
<tr>
<td>Guaranty Fund</td>
<td>62,025,414</td>
<td>63,786,442</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>7,376,299</td>
<td>7,041,937</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,346,584,472</td>
<td>2,312,816,723</td>
</tr>
<tr>
<td>Funding requirements</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>

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

DEBT SERVICE, CAPITAL RESERVE AND GUARANTY FUNDS

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECEIPTS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax allocation received from State of New York</td>
<td>$292,100,000</td>
<td></td>
</tr>
<tr>
<td>Per capita aid received from State of New York</td>
<td>69,900,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>$68,378,908</td>
<td>$21,281,575</td>
</tr>
<tr>
<td>Income from obligations of the City of New York</td>
<td>66,288,776</td>
<td>15,008,532</td>
</tr>
<tr>
<td>Accrued interest received on issuance of bonds</td>
<td>1,242,962</td>
<td>35</td>
</tr>
<tr>
<td>City of New York obligations acquired</td>
<td>195,300,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>693,210,646</td>
<td>36,290,142</td>
</tr>
<tr>
<td>Capital Reserve Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from bond proceeds</td>
<td>60,199,250</td>
<td>750</td>
</tr>
<tr>
<td>Transfer from Debt Service Fund</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>$68,100,442</td>
<td>20,970,020</td>
</tr>
<tr>
<td>Total</td>
<td>138,299,692</td>
<td>20,970,770</td>
</tr>
<tr>
<td>Guaranty Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer from bond proceeds</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>6,178,788</td>
<td>1,761,028</td>
</tr>
<tr>
<td>Total</td>
<td>18,178,788</td>
<td>1,761,028</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td>849,689,126</td>
<td>59,021,940</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on First General Resolution Bonds</td>
<td>186,359,800</td>
<td>46,479,787</td>
</tr>
<tr>
<td>Interest on Second General Resolution Bonds</td>
<td>346,504,349</td>
<td>95,184,656</td>
</tr>
<tr>
<td>Principal repayment of First General Resolution Bonds</td>
<td>12,590,000</td>
<td></td>
</tr>
<tr>
<td>Principal repayment of Second General Resolution Bonds</td>
<td>70,150,000</td>
<td></td>
</tr>
<tr>
<td>Less: Discount on purchases</td>
<td>(6,045,623)</td>
<td></td>
</tr>
<tr>
<td>Net cost</td>
<td>64,104,377</td>
<td></td>
</tr>
<tr>
<td>Total debt service</td>
<td>609,558,526</td>
<td>141,664,443</td>
</tr>
<tr>
<td>Requirement for Guaranty Fund</td>
<td>13,795,468</td>
<td>(2,673,392)</td>
</tr>
<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>633,353,994</td>
<td>138,991,051</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of receipts over expenditures for the period</strong></td>
<td>$216,335,132</td>
<td>$(79,969,111)</td>
</tr>
</tbody>
</table>

F-3
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

STATEMENT OF CHANGES IN FUNDS AVAILABLE TO PURCHASE CITY OF NEW YORK OBLIGATIONS

<table>
<thead>
<tr>
<th>Receipts:</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal amount of bonds issued</td>
<td>$737,005,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>(4,801,500)</td>
<td>(750)</td>
</tr>
<tr>
<td>Transfers to Capital Reserve Fund</td>
<td>(60,199,250)</td>
<td></td>
</tr>
<tr>
<td>Transfer to Guaranty Fund</td>
<td>(12,000,000)</td>
<td></td>
</tr>
<tr>
<td>Net proceeds available</td>
<td>660,004,250</td>
<td>4,250</td>
</tr>
</tbody>
</table>

Distributions:

| Purchase of City of New York obligations for Debt Service Fund | $195,300,000 | 0 |
| Net change for the period                                      | $464,704,250 | $4,250 |

Funds available to purchase City of New York obligations:

<p>| For the period | $464,704,250 | $4,250 |
| At beginning of period | 464,704,250 |
| At end of period    | $464,704,250 | $464,708,500 |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding requirement at beginning of the period</td>
<td>$5,297,407,629</td>
<td>$4,559,195,801</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>City of New York obligations not previously recognized</td>
<td>(710,997,104)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in debt outstanding</td>
<td>654,265,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Debt Service, Capital Reserve and Guaranty Funds</td>
<td>(216,335,132)</td>
<td>79,969,111</td>
</tr>
<tr>
<td>Funds available to purchase City of New York obligations</td>
<td>(464,704,250)</td>
<td>(4,250)</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>(440,342)</td>
<td>1,095,344</td>
</tr>
<tr>
<td>Funding requirement at end of the period</td>
<td>$4,559,195,801</td>
<td>$4,640,261,006</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
OPERATING FUND
STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>For the fiscal year ended June 30, 1981</th>
<th>For the three months ended September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td>$5,000,000</td>
<td>$308,065</td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>718,336</td>
<td>308,065</td>
</tr>
<tr>
<td>Income from investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,718,336</td>
<td>308,065</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>379,003</td>
<td>86,834</td>
</tr>
<tr>
<td>Legal services</td>
<td>438,376</td>
<td>108,394</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>628,019</td>
<td>140,915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,445,398</td>
<td>336,143</td>
</tr>
<tr>
<td>Oversight functions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,622,024</td>
<td>414,784</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>1,128,785</td>
<td>309,144</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,750,809</td>
<td>723,928</td>
</tr>
<tr>
<td>General and administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>512,504</td>
<td>130,574</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>125,541</td>
<td>89,325</td>
</tr>
<tr>
<td>Office rental</td>
<td>87,113</td>
<td>21,153</td>
</tr>
<tr>
<td>Data processing services</td>
<td>109,721</td>
<td>12,323</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>97,950</td>
<td>37,406</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>79,739</td>
<td>34,050</td>
</tr>
<tr>
<td>General office expenses</td>
<td>37,103</td>
<td>13,259</td>
</tr>
<tr>
<td>Communications</td>
<td>22,465</td>
<td>4,804</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>9,651</td>
<td>444</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,081,787</td>
<td>343,338</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>5,277,994</td>
<td>1,403,409</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures</td>
<td>$440,342</td>
<td>($1,095,344)</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

(All data relating to September 30, 1981 and the period then ended are unaudited)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the “Corporation”) is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation. The Corporation was created 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. 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.

Investments in marketable securities held in the Capital Reserve or Guaranty Funds are carried at amortized cost and investments in marketable securities in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. Generally, investments in other funds are carried at cost.

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 Method: 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.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

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 moneys paid into the debt service and capital reserve funds.

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. In 1977, the State enacted a program of gradually increasing rebates for all stock transfer tax payers. Rebates equal to 100% of the tax began on October 1, 1981. The legislation provides that taxpayers are to continue to pay the stock transfer tax at the present rate but will be entitled to a 100% rebate should the Corporation not require the funds. 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.

The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1981 and September 30, 1981 amounted to $1,925 million and $1,947.8 million, respectively. Payments made to the Corporation for 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 12 months ended June 30, 1981 and September 30, 1981 amounted to $484 million.

To the extent that funds are available from investment income, receipt of principal and interest payments on obligations of the City and other sources, they may be used to reduce the Corporation's funding requirements.

The Corporation certified to and was paid on October 9, 1981, $30 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

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. 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, 1981 and September 30, 1981, approximately $596.3 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 100% of the principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during the succeeding calendar year.

The Capital Reserve Fund balance at June 30, 1981 of $820.3 million, net of liabilities of $166.0 million for securities sold under agreements to repurchase, included accrued interest of $16.2 million, and comprised $323.9 million relating to First General Resolution Bonds and $496.4 million relating to Second General Resolution Bonds.

The Capital Reserve Fund balance at September 30, 1981 of $841.2 million, net of liabilities of $42.6 million for securities sold under agreements to repurchase, included accrued interest of $20.1 million, and comprised $331.7 million relating to First General Resolution Bonds and $509.5 million relating to Second General Resolution Bonds.

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, 1981, the amortized cost of the investments exceeded market value by approximately $105.5 million. At September 30, 1981, the amortized cost of the investments exceeded market value by approximately $135.5 million.

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 September 30, 1981, no claim has 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. Investments in the Debt Service Fund are carried at the lower of cost or market value inclusive of accrued interest in accordance with the bond resolutions pursuant to which they were established. At September 30, 1981, income from investments was reduced by $6.2 million to record an unrealized loss on investments held in the Debt Service Fund.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS—(Continued)
(All data relating to September 30, 1981 and the period then ended are unaudited)

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

At June 30, 1980, the Corporation held $665 million of City bonds and $149 million of City notes which it had acquired previously as a result of various exchanges and payments to the City. When acquired, such obligations were not recorded in the Statement of Financial Position pending resolution of certain terms and conditions of repayment.

During the 1981 fiscal year, the Corporation acquired $195 million of City bonds as the initial component of a program to provide for a significant portion of the City's capital financing requirements through 1984. With the commencement of the City capital financing program, and the prior resolution of the payment terms of the obligations, the Corporation has recognized the City obligations in the Statement of Financial Position and, accordingly, $711 million par value of City obligations, including accrued interest of $18 million, were recorded as assets as of July 1, 1980. Of the $149 million of City notes held on June 30, 1980, $28 million were exchanged for an identical amount of City bonds and $121 million were cancelled without payment of principal by the City.

At September 30, 1981, the Corporation held $590.7 million principal amount of City bonds which bear interest at rates ranging from 7 1/4% to 10 7/8% and will mature on September 15 in each year as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$79,054</td>
</tr>
<tr>
<td>1983</td>
<td>24,553</td>
</tr>
<tr>
<td>1984</td>
<td>26,296</td>
</tr>
<tr>
<td>1985</td>
<td>27,592</td>
</tr>
<tr>
<td>1986</td>
<td>19,447</td>
</tr>
<tr>
<td>1987-1991</td>
<td>71,250</td>
</tr>
<tr>
<td>1992-1996</td>
<td>111,789</td>
</tr>
<tr>
<td>1997-2001</td>
<td>90,761</td>
</tr>
<tr>
<td>2002-2006</td>
<td>112,256</td>
</tr>
<tr>
<td>2007</td>
<td>27,721</td>
</tr>
</tbody>
</table>

$590,719

The obligations may not be sold without the consent of the City.

The Corporation, in making its certification for funds, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received.

Note 8—Commitments:

The Corporation and the City have developed a Debt Issuance Plan (the "Plan") to provide for a significant portion of the City's long-term financing requirements through 1984. Under the Plan, proceeds of debt issuances of the Corporation will be used principally to purchase obligations of the City when issued to provide a source of funding for a portion of the City's capital program. At September 30, 1981, $464.7 million was available to purchase City obligations. On October 27, 1981, the Corporation acquired $227 million of City obligations. The Plan provides for additional public sales of $1.55 billion of the Corporation's bonds through 1984.
The amount of the Corporation's bonds to be sold publicly under the Plan will depend upon many conditions, including the City's actual capital requirements, the City's ability to continue raising funds in the public bond markets and the general conditions in the public bond markets.

On October 8, 1981, the Corporation issued in a public sale $100 million of its Second General Resolution Series 31 Bonds. On October 23, 1981, the Corporation sold in a private sale its Second General Resolution Series 32 and Series 33 Bonds in the aggregate principal amount of $208.6 million and $116.1 million, respectively. The sale of Series 32 and Series 33 Bonds represents the last scheduled sale by the Corporation to the participating financial institutions and New York City pension funds under an agreement dated November 15, 1978. The September 30, 1981 financial statements do not give effect to these transactions, although the exhibits do.

In February 1981, the Corporation sold $100 million of Second General Resolution Series 27 Bonds, with detachable Warrants, which entitle the holders of those Warrants to purchase at face value, up to an aggregate of $100 million principal amount of 10½% Series 28 Bonds periodically between February 5, 1981 and January 18, 1983. As of September 30, 1981, Warrants were exercised for the issuance of $10,000 principal amount of Series 28 Bonds. The financial statements and Exhibits I and II do not give effect to the remaining unissued principal amount of $99.99 million; however, such is included in Exhibit III in summarizing the pro forma future payment requirements as explained therein.

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>June 30, 1981</th>
<th>September 30, 1981</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>February 1:</td>
<td>1984-1985</td>
<td>11%</td>
<td>$1,090</td>
</tr>
<tr>
<td>BB</td>
<td>1982-1986</td>
<td>6%</td>
<td>75,255</td>
<td>75,255</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>FF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
</tbody>
</table>

**Total First Resolution**

2,382,333  2,382,333

| **Second General Resolution Bonds:** | July 1: | 1982-1986 | 8% | 53,840 | 53,840 |
| | 1982-1986 | 8% | 114,750 | 114,750 |
| | 1982-1986 | 8% | 47,105 | 47,105 |
| | 1982-1986 | 8% | 58,635 | 58,635 |
| | 1982-1991 | 8% | 129,760 | 139,860 |
| | 1982-1991 | 8% | 18,215 | 18,215 |
| | 1982-1992 | 7.5% | 189,700 | 189,700 |
| | 1982-1992 | 7.5% | 776,230 | 776,230 |
| | 1999-2008 | 8.375% | 250,000 | 250,000 |
| | 1985-1998 | 8.375% | 139,525 | 139,525 |
| | 1985-1998 | 8.375% | 60,375 | 60,375 |
| | 1985-1998 | 7.85%-8.5% | 201,100 | 201,100 |
| | 1989-1999 | 8.1%-8.625% | 125,000 | 125,000 |
| | 1999-2008 | 8.125% | 125,000 | 125,000 |
| | 1993-1999 | 7.4%-7.625% | 132,235 | 132,235 |
| | 1983-1999 | 7.875% | 103,175 | 103,175 |
| | 1983-1999 | 7.875% | 73,155 | 73,155 |
| | 2000-2008 | 9% | 90,000 | 90,000 |
| | 2000-2008 | 8.5% | 64,270 | 64,270 |
| | 1984-1999 | 8.75% | 209,680 | 209,680 |
| | 1984-1999 | 8.75% | 150,320 | 150,320 |
| | 2000-2008 | 9.1% | 125,000 | 125,000 |
| | 2000-2008 | 9% | 100,000 | 100,000 |
| | 2000-2008 | 6.5%-9.75% | 100,000 | 100,000 |
| | 1982-2000 | 10.75% | 174,705 | 174,705 |
| | 1982-2000 | 10.75% | 125,295 | 125,295 |
| | 1996-2008 | 10.625% | 100,000 | 100,000 |
| | 1984 | 10.625% | 5 | 5 |
| | 1983-2000 | 11.375% | 98,980 | 98,980 |
| | 1984-2008 | 11.3%-13.5% | 100,000 | 100,000 |
| | 1983-2001 | 13.375% | 208,575 | 208,575 |
| | 1983-2001 | 13.375% | 116,125 | 116,125 |

**Total Second Resolution**

4,388,130  4,812,835

**Total bonds outstanding**

$6,770,463  $7,195,168

F-12
**EXHIBIT I**

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS**

*September 30, 1981*

(In thousands)

(Unaudited)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>Principal and Interest Requirements</th>
<th>Capital Reserve Fund Additions/(Releases)*</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First General Bond Resolution</td>
<td>Second General Bond Resolution*</td>
<td>Total*</td>
</tr>
<tr>
<td>1982.....</td>
<td>$ 178,657†</td>
<td>$ 398,615†</td>
<td>$ 577,272†</td>
</tr>
<tr>
<td>1983.....</td>
<td>245,650</td>
<td>575,376</td>
<td>821,026</td>
</tr>
<tr>
<td>1984.....</td>
<td>260,447</td>
<td>618,141</td>
<td>878,588</td>
</tr>
<tr>
<td>1985.....</td>
<td>261,882</td>
<td>636,155</td>
<td>898,037</td>
</tr>
<tr>
<td>1986.....</td>
<td>246,116</td>
<td>633,855</td>
<td>879,971</td>
</tr>
<tr>
<td>1987.....</td>
<td>255,167</td>
<td>613,142</td>
<td>868,309</td>
</tr>
<tr>
<td>1988.....</td>
<td>306,609</td>
<td>594,283</td>
<td>903,922</td>
</tr>
<tr>
<td>1989.....</td>
<td>356,036</td>
<td>579,043</td>
<td>935,079</td>
</tr>
<tr>
<td>1990.....</td>
<td>352,770</td>
<td>563,295</td>
<td>916,065</td>
</tr>
<tr>
<td>1991.....</td>
<td>352,356</td>
<td>559,513</td>
<td>911,869</td>
</tr>
<tr>
<td>1992.....</td>
<td>352,201</td>
<td>561,522</td>
<td>913,723</td>
</tr>
<tr>
<td>1993.....</td>
<td>349,300</td>
<td>376,627</td>
<td>725,927</td>
</tr>
<tr>
<td>1994.....</td>
<td>350,962</td>
<td>387,833</td>
<td>738,795</td>
</tr>
<tr>
<td>1995.....</td>
<td>177,272</td>
<td>382,832</td>
<td>560,104</td>
</tr>
<tr>
<td>1996.....</td>
<td>329,523</td>
<td>329,523</td>
<td>659,046</td>
</tr>
<tr>
<td>1997.....</td>
<td>238,231</td>
<td>238,231</td>
<td>476,462</td>
</tr>
<tr>
<td>1998.....</td>
<td>233,793</td>
<td>233,793</td>
<td>467,586</td>
</tr>
<tr>
<td>1999.....</td>
<td>246,793</td>
<td>246,793</td>
<td>493,586</td>
</tr>
<tr>
<td>2000.....</td>
<td>191,026</td>
<td>191,026</td>
<td>382,052</td>
</tr>
<tr>
<td>2001.....</td>
<td>162,256</td>
<td>162,256</td>
<td>324,512</td>
</tr>
<tr>
<td>2002.....</td>
<td>131,709</td>
<td>131,709</td>
<td>263,418</td>
</tr>
<tr>
<td>2003.....</td>
<td>130,724</td>
<td>130,724</td>
<td>261,448</td>
</tr>
<tr>
<td>2004.....</td>
<td>129,683</td>
<td>129,683</td>
<td>259,366</td>
</tr>
<tr>
<td>2005.....</td>
<td>128,602</td>
<td>128,602</td>
<td>257,204</td>
</tr>
<tr>
<td>2006.....</td>
<td>127,467</td>
<td>127,467</td>
<td>254,934</td>
</tr>
<tr>
<td>2007.....</td>
<td>126,298</td>
<td>126,298</td>
<td>252,596</td>
</tr>
<tr>
<td>2008.....</td>
<td>125,100</td>
<td>125,100</td>
<td>250,200</td>
</tr>
<tr>
<td>Total</td>
<td>$4,048,455</td>
<td>$9,781,437</td>
<td>$13,829,892</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.

† The fiscal year 1982 requirements represent the balance of funding required during the year.
EXHIBIT III

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SUMMARY OF ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS
September 30, 1981
(In thousands)
(Unaudited)

<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 Debt Service on Bonds Outstanding*</th>
<th>Pro Forma†</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$ 212,514††</td>
<td>$ 455,527††</td>
<td>$ 668,041††</td>
<td>$ 5,312</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>530,203</td>
<td>781,261</td>
<td>10,624</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>572,194</td>
<td>812,437</td>
<td>10,624</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>613,532</td>
<td>894,184</td>
<td>13,299</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>630,640</td>
<td>873,751</td>
<td>13,065</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>627,870</td>
<td>876,991</td>
<td>12,814</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>607,137</td>
<td>868,350</td>
<td>12,561</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>588,193</td>
<td>946,258</td>
<td>12,298</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>572,840</td>
<td>926,884</td>
<td>12,027</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>556,975</td>
<td>908,506</td>
<td>11,755</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>552,719</td>
<td>905,901</td>
<td>11,472</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>554,152</td>
<td>905,371</td>
<td>11,181</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>382,896</td>
<td>737,439</td>
<td>10,586</td>
</tr>
<tr>
<td>1996</td>
<td>377,609</td>
<td>377,609</td>
<td>755,218</td>
<td>10,276</td>
</tr>
<tr>
<td>1997</td>
<td>325,052</td>
<td>325,052</td>
<td>650,104</td>
<td>9,961</td>
</tr>
<tr>
<td>1998</td>
<td>235,238</td>
<td>235,238</td>
<td>470,476</td>
<td>9,642</td>
</tr>
<tr>
<td>1999</td>
<td>230,601</td>
<td>230,601</td>
<td>461,202</td>
<td>9,314</td>
</tr>
<tr>
<td>2000</td>
<td>243,043</td>
<td>243,043</td>
<td>486,086</td>
<td>8,977</td>
</tr>
<tr>
<td>2001</td>
<td>188,094</td>
<td>188,094</td>
<td>376,188</td>
<td>9,829</td>
</tr>
<tr>
<td>2002</td>
<td>159,788</td>
<td>159,788</td>
<td>319,576</td>
<td>9,478</td>
</tr>
<tr>
<td>2003</td>
<td>130,023</td>
<td>130,023</td>
<td>260,046</td>
<td>9,121</td>
</tr>
<tr>
<td>2004</td>
<td>128,904</td>
<td>128,904</td>
<td>257,808</td>
<td>8,766</td>
</tr>
<tr>
<td>2005</td>
<td>127,702</td>
<td>127,702</td>
<td>255,404</td>
<td>8,398</td>
</tr>
<tr>
<td>2006</td>
<td>126,484</td>
<td>126,484</td>
<td>252,968</td>
<td>8,022</td>
</tr>
<tr>
<td>2007</td>
<td>125,182</td>
<td>125,182</td>
<td>250,364</td>
<td>7,646</td>
</tr>
<tr>
<td>2008</td>
<td>123,831</td>
<td>123,831</td>
<td>247,662</td>
<td>8,261</td>
</tr>
<tr>
<td>2009</td>
<td>122,435</td>
<td>122,435</td>
<td>244,870</td>
<td>122,435</td>
</tr>
<tr>
<td>Total</td>
<td>$4,207,840</td>
<td>$10,261,177</td>
<td>$14,469,117</td>
<td>$275,199</td>
</tr>
</tbody>
</table>

* Gives effect to the issuance of the Series 31, Series 32 and Series 33 Bonds.
† Assumes the issuance of the remaining unissued authorized principal amount of $99.99 million of Series 28 Bonds on October 25, 1981.
†† Includes $93 million which was paid on August 1, 1981 as debt service payment on First General Resolution Bonds and $248.9 million which was paid on July 1, 1981 as debt service payment on Second General Resolution Bonds.
February 1, 1982

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 $100,000,000 aggregate principal amount of Series 38 Bonds (the “Series 38 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 38 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 38 Resolution, adopted January 1, 1982 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 38 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 38 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 38 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 38 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 38 Bonds are dated February 1, 1982 except as otherwise provided in the Resolutions with respect to fully registered Series 38 Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B-1
The Series 38 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 38 Bonds are interchangeable as provided in the Resolutions. Coupon Series 38 Bonds are numbered 38- - and fully registered Series 38 Bonds are lettered and numbered 38R- - followed, in each case, by the last two digits of the year of maturity and the number of the Series 38 Bonds. Coupon Series 38 Bonds and fully registered Series 38 Bonds are numbered consecutively from one upward in order of issuance.

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, commencing on July 1, 1987, and July 1, 1993, respectively, and on each July 1 thereafter prior to maturity, in each case 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 38 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the election of the Corporation on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 38 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 38 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 38 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 38 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 38 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 38 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 the 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.

B-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 38 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 38 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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. Interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

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 38 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 38 Bonds, and the execution and delivery of the Series 38 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 38 Bond numbered 38-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

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

Series 38 Bonds

BOND PURCHASE AGREEMENT

January 21, 1982

Salomon Brothers Inc
Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
e/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Gentlemen:

Subject to the terms and conditions herein, the undersigned Municipal Assistance Corporation For The City of New York (the “Corporation”) hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the “Underwriters”), for whom you are acting as Representatives (the “Representatives”), with respect to the purchase by the Underwriters, jointly and severally, from the Corporation, and the sale by the Underwriters, of $100,000,000 aggregate principal amount of the Corporation’s Series 38 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Bonds”), which the Underwriters herein agree to purchase and which are to be issued pursuant to the Second General Bond Resolution and the Series 38 Resolution, adopted by the board of directors of the Corporation on November 25, 1975 and January 21, 1982, respectively (collectively, the “Resolution”).

Attached hereto is a copy of the final Official Statement of the Corporation including the cover page and exhibits thereto, dated January 21, 1982, relating to the Bonds (the “final Official Statement”).

SECTION 1. Representations and Agreements of the Corporation.

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

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”); it is a purpose of the Corporation to assist The City of New York (the “City”) in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City; and the Act has been validly adopted and is in full force and effect.
(b) A specimen Bond, a copy of this Agreement executed by the Corporation and a copy of the Resolution certified by an appropriate officer of the Corporation shall be delivered to you at or prior to the Closing Time (hereinafter defined).

(c) The information concerning the Corporation and the Bonds in the final Official Statement is true at the time of acceptance hereof by the Representatives in all material respects. The final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation will apply the proceeds from the sale of the Bonds substantially as set forth in the Resolution and the final Official Statement.

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

(e) The Corporation agrees to cooperate with the Underwriters to register or qualify the Bonds for offer and sale under the securities or “blue sky” laws of such jurisdiction in the United States as the Underwriters may request (it being understood that nothing herein shall require the Corporation to qualify as a foreign corporation or as a dealer in securities or to execute any consent to service of process other than in connection with such qualification or registration).

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

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

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

(i) The execution, delivery and performance of this Agreement and the Bonds have been duly authorized by proper proceedings and will not contravene any provisions of law or regulation or by-law of the Corporation or any agreement, decree or instrument binding upon the Corporation or any of its property. This Agreement constitutes a legal, valid and binding agreement of the Corporation enforceable against the Corporation in accordance with its terms, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to this Agreement.
(j) Except for liens created by or in connection with the bonds and notes heretofore issued by the Corporation, by the Resolution and by the Corporation's General Bond Resolution dated July 2, 1975 (the "First General Bond Resolution"), there is no lien on the revenues or property of the Corporation as of the date of this Agreement and as of the Closing Time there will be no liens on the revenues or property of the Corporation except for the liens created by or in connection with such bonds and notes, by the Resolution and by the First General Bond Resolution.

(k) The Corporation has complied with all of the covenants contained in, and no event of default exists pursuant to, the Resolution, the Bonds, or the First General Bond Resolution or the bonds issued thereunder.

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

(m) The financial statements of the Corporation contained in the final Official Statement (i) fairly present the financial position and results of operations of the Corporation as of the dates and for the periods therein set forth and (ii) were prepared in accordance with generally accepted accounting principles. Since June 30, 1981, the date of the audited financial statements, there has been no material adverse change in the financial position of the Corporation or transactions in the Bond Service Fund, Debt Service Fund, either of the Capital Reserve Funds and Operating Fund established under the Resolution and the First General Bond Resolution, except as referred to in the final Official Statement.

(n) If during the period commencing on the date hereof and ending at the Closing Time any event affecting the transactions contemplated by this Agreement shall occur which makes untrue any statement of a material fact set forth in the final Official Statement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and if in the opinion of the Corporation and the Representatives such event requires a supplement or amendment to the final Official Statement, the Corporation at its expense will supplement or amend the final Official Statement in a form and in a manner approved by the Representatives and counsel for the Underwriters.

(o) To the best of the knowledge of the Corporation, no independent investigation having been made, the Agreements (as defined in the final Official Statement) are in full force and effect and no default exists thereunder. The Agreements to which the Corporation is a party constitute legal, valid and binding agreements enforceable against the Corporation in accordance with their respective terms, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to such Agreements.

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

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the Corporation, the Bonds for an aggregate purchase price of $97,681,000, plus accrued interest from February 1, 1982 to the date of payment and delivery. The Bonds shall be issued under and secured by the Resolution, to the extent therein provided. The Bonds shall mature and bear the interest rates and be subject to redemption as set forth in the final Official Statement. Payment for the Bonds shall be made by certified or official bank check or checks, in New York Clearing House funds, payable to the order of the Corporation, at the Closing Time, at the offices of the Corporation, One World Trade Center, Suite 8901, New York, New York. The Closing Time shall be 8:30 A.M., New York time, on February 4, 1982, or such other time and place as may be provided in accordance with the provisions of Section
9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Bonds shall be delivered in definitive form, as coupon Bonds in the denomination of $5,000 each registrable as to principal only, or Bonds registered as to principal and interest in the denomination of $5,000 each or any integral multiple of $5,000, and shall be available for examination and packaging by the Underwriters not less than 24 hours prior to the Closing Time. The paying agents for the Bonds are as set forth in the final Official Statement.

SECTION 3. Conditions of the Underwriters' Obligations.

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

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

(1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (i) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, in the form attached hereto as Exhibit A and (ii) Hawkins, Delafield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B and C and further as to the enforceability of the 1978 State Covenant (as defined in the final Official Statement), in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as counsel for the Underwriters shall reasonably approve.

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

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

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

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

(6) Certificates, reasonably satisfactory in form to you, as Representatives, dated the
Closing Time, of the Mayor and the Comptroller of the City, or an appropriate deputy, to the
effect that certain specified information contained in the final Official Statement, as the same
has been theretofore supplemented or amended as of the Closing Time, under the caption
"Certain Developments Affecting the City" is true in all material respects or is a fair
presentation of the information set forth therein.

(7) A certificate, reasonably satisfactory in form to you, as Representatives, of an
appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing
Time, setting forth sufficient facts, estimates and circumstances to support the conclusion,
stated in the certificate, that on the date of issue it is not expected that the proceeds of the
Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds within the
meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and stating
that to the best of the knowledge and belief of the certifying officer there are no other facts,
estimates or circumstances that would materially change such expectation.

(8) An opinion, dated the Closing Time and addressed to the Corporation, of Hawkins,
Delafield & Wood, to the effect that, based upon their examination of law and review of the
certification by the Corporation provided for in (7) above, they are of the opinion that the
facts, estimates and circumstances are sufficiently set forth in such certificate to satisfy the
criteria which are necessary under Section 103(c) of the Internal Revenue Code of 1954, as
amended, and Sections 1.108-13, 1.103-14 and 1.108-15 of the regulations promulgated
thereunder as amended to the date thereof, to support the conclusion that the Bonds will not
be arbitrage bonds, and that no matters have come to their attention which make
unreasonable or incorrect the representations made in such certificate.

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

(b) The market price of the Bonds, or the market prices of general credit or revenue
obligations issued by states or political subdivisions thereof, or the market prices of such
revenue obligations of the character of the Bonds, shall not (in the reasonable opinion of the
Representatives) have been materially adversely affected by reason of the fact that between the
date hereof and the Closing Time:
(1) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or introduced and favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or

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

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

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

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

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

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

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

(f) Underwriters which are member banks of the Federal Reserve System shall be authorized under applicable law to underwrite the Bonds. Underwriters which are subject to regulation by the New York State Department of Banking shall be authorized under applicable law to underwrite the Bonds.

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

(h) No event shall have occurred on or after the date hereof which in the reasonable judgment of the Representatives (1) has jeopardized the continued eligibility of the City for loan guarantees of its indebtedness pursuant to the Agreements or (2) forms the basis for any party to the Agreements to terminate its obligations thereunder.

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

SECTION 4. Conditions of the Corporation’s Obligations.

The Corporation’s obligations hereunder, other than pursuant to Sections 5, 7 and 10 hereof, are subject to:

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

(b) the satisfaction of the conditions set forth above in (a) (4), (a) (5), (a) (6), (c), (d), (f), (g), (h) and (i) of Section 3 hereof; and
(c) the receipt by the Underwriters at the Closing Time of the opinions described in (a) (1), (a) (2) and (a) (3) of Section 3 hereof.

SECTION 5. Deposit.

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

SECTION 6. Representations and Agreements to Survive Delivery.

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

SECTION 7. Payment of Expenses.

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

SECTION 8. Use of Preliminary and Final Official Statement.

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Bonds the preliminary Official Statement dated January 18, 1982, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Bonds. Each Underwriter agrees, in connection with the sale of Bonds by such Underwriter, that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement.

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

SECTION 10. Indemnification.

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

SECTION 11. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters and the Corporation and their respective successors, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Corporation, and officials of the Corporation, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The terms "successors" and "assigns" shall not include any purchaser of Bonds from any Underwriter merely because of such purchase.
Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or the apportionment and payment of per capita aid under Section 54 of the State Finance Law or to the funds created by Sections 92-b, 92-d and 92-e of the State Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

SECTION 12. Notice.

All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at One World Trade Center, Suite 8901, New York, New York 10048, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022; and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives at the address set forth above.

SECTION 13. Representation.

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


This Agreement shall be governed by the laws of the State of New York and may not be assigned by the Corporation or the Underwriters.
If the foregoing is in accordance with the Underwriters' understanding of the agreement among the Corporation and the Underwriters, kindly sign and return to the Corporation the enclosed duplicates hereof, whereupon it will constitute a binding agreement among the Corporation and the Underwriters in accordance with its terms.

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[SEAL]

By

STEPHEN WEINSTEIN
Authorized Officer

By

HEATHER L. RUTH

Accepted and confirmed as of the date first above written:

SALOMON BROTHERS INC

GOLDMAN, SACHS & CO.

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

CITIBANK, N.A.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

BACHE HALSEY STEUART SHIELDS INCORPORATED

BRAIN, STEARNS & CO.

L. F. ROTHCHILD, UNTERBERG, TOWBIN

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

By

SALOMON BROTHERS INC

By

GEDALE B. HOBOWITZ
SCHEDULE II

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

UNDERWRITERS

SAVOMON BROTHERS INC
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BACHE HALSEY STUART SHIELDS INCORPORATED
BARE, STEARNS & CO.
L. F. ROTHCHILD, UNTERBERG, TOWBIN
Representatives

Allen Company Incorporated
Banconorthwest
Bank of Boston/The First National Bank of Boston
Bankers Trust Company
A. G. Becker/Warburg Paribas Becker
Blyth Eastman Paine Webber Incorporated
Alex. Brown & Sons
Chemical Bank
Continental Bank/Continental Illinois National Bank and Trust Company of Chicago
Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated
Ehrlich-Bober & Co., Inc.
The First Boston Corporation
First Chicago/The First National Bank of Chicago
First Interstate Bank of California
Glickenhaus & Co.
Harris Trust and Savings Bank

Allen Company Incorporated
Banconorthwest
Bank of Boston/The First National Bank of Boston
Bankers Trust Company
A. G. Becker/Warburg Paribas Becker
Blyth Eastman Paine Webber Incorporated
Alex. Brown & Sons
Chemical Bank
Continental Bank/Continental Illinois National Bank and Trust Company of Chicago
Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated
Ehrlich-Bober & Co., Inc.
The First Boston Corporation
First Chicago/The First National Bank of Chicago
First Interstate Bank of California
Glickenhaus & Co.
Harris Trust and Savings Bank

E. F. Hutton & Company Inc.
Irving Trust Company
Kidder, Peabody & Co. Incorporated
Lebenthal & Co., Inc.
Lehman Brothers Kuhn Loeb Incorporated
Manufacturers Hanover Trust Company
Marine Midland Bank, N.A.
The Northern Trust Company
John Nuveen & Co. Incorporated
Oppenheimer & Co., Inc.
Rogers Partners
Rothschild Inc.
Shearson/American Express Inc.
Smith Barney, Harris Upham & Co. Incorporated
Thomson McKinnon Securities Inc.
Weeden Municipal Securities Div. of Moseley, Hallgarten, Estabrook & Weeden Inc.
Weil, Gotshal & Manges
Weil, Gotshal & Manges
Welti Witter & Co., Inc.

Adams, McEntee & Company
Advest, Inc.
Altgelt & Company, Incorporated Affiliate of Rotan Mosle
American Securities Corporation
Bank of New York
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Langdon P. Cook & Co. Incorporated
European American Bank & Trust Company
Fahnestock & Co.
First Tennessee Bank, N.A. Memphis
Geo. B. Gibbons & Company Incorporated
Girard Bank
Matthews & Wright, Inc.

Adams, McEntee & Company
Advest, Inc.
Altgelt & Company, Incorporated Affiliate of Rotan Mosle
American Securities Corporation
Bank of New York
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Langdon P. Cook & Co. Incorporated
European American Bank & Trust Company
Fahnestock & Co.
First Tennessee Bank, N.A. Memphis
Geo. B. Gibbons & Company Incorporated
Girard Bank
Matthews & Wright, Inc.

McDonald & Company
National Bank of North America
North Carolina National Bank
The Philadelphia National Bank
Wm. E. Pollock & Co., Inc.
Prescott, Ball & Turben
Samuel A. Ramirez & Co., Inc.
Roosevelt & Cross, Incorporated
Herbert J. Sims & Co., Inc.
Southeast First National Bank of Miami
Stephens Inc.
Swiss American Securities, Inc.
UMIC, Inc.
Underwood Neuhaus & Co., Incorporated
Young, Smith & Peacock, Inc.
Adams, Harkness & Hill, Inc.
Baker, Watts & Co.
Banca Popular de Puerto Rico
Bevill, Breseler & Schulman Incorporated
Boland, Saffin, Gordon & Sautter
Butcher & Singer Incorporated
Collin, Hoychastin Co.
Craigie Incorporated
Defo & Co., Inc.
A. Webster Dougherty & Co., Incorporated
Douglas & Co. Municipalities, Inc.
A. G. Edwards & Sons, Inc.
Fidelity Union Trust Company
First of Michigan Corporation
Gunnell & Co.
Halpert, Oberst & Company
J. B. Hanauer & Co.
Chester Harris & Co., Inc.
Herzfeld & Stern

Baird, Patrick & Co., Inc.
George K. Baum & Company, Inc.
Bier, Wilson & Co., Inc.
Boening & Scattergood
Brislin & Woram
Burgess & Leith Inc.
Carolan & Co., Inc.
The Cherokee Securities Company
The Citizens and Southern National Bank (Atlanta)
Connors & Co., Inc.
Coogan, Gilbert & Co., Inc.
R. W. Corby & Co., Inc.
Coven & Company
Dolphin & Bradbury
Drysdale Securities Corporation
James J. Duane & Co.
Ellkins & Co.
Emanuel and Company
Ernst & Co.
Perris & Co., Incorporated
First Albany Corporation
First Equity Corp. of Florida
First Huntington Securities Corp.
First Interregional Equity Corporation
First Miami Securities, Inc.
First Union National Bank of North Carolina
First Wisconsin National Bank of Milwaukee
Gabriel, Hugolin & Cashman, Inc.
Gallagher Capitol Corp.
Gibralco, Inc.
Gibraltar Securities Co.
Hanauer, Stern & Co.
Hartford National Bank and Trust Company
Hefren-Tillotson, Inc.
Henderson, Few & Company
Frank Henjes & Co., Inc.
Hereith, Orr & Jones, Inc.
Horne, Barkdale & Co.
Howe, Barnes & Johnson
Hutchinson, Shockey, Easley & Co.
The Illinois Company Incorporated
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Janney Montgomery Scott Inc.
Johnston, Lemon & Co., Inc.
Kormendi, Byrd Brothers, Inc.

William R. Hough & Co.
Howard, Wall, Labousse, Friedrichs Incorporated
Joseph & Co. Incorporated
Laidlaw, Adams & Feck
Moore & Schley Municipalities, Inc.
The National City Bank of Cleveland
New Japan Securities International Inc.
O'Neill & Feldman, Inc.
Park, Ryan Inc.
Phillips, Appel & Walden, Inc.
Piper, Jaffray & Hopwood Incorporated
Rauscher Pierce Refanes, Inc.
The Robinson-Humphrey Company, Inc.
Ryan, Beck & Co.
Donald Shepzen & Co., Inc.
Sterling, Grace Municipal Securities Corporation
Michael A. Weissner, Inc.
Wheat, First Securities, Inc.

The Leedy Corporation
Leedy, Wheeler & Alleman, Incorporated
Leng Mason Wood Walker Incorporated
M. G. Lewis & Co., Inc.
Liss, Tenner & Goldberg, Inc.
J. J. Lowrey & Co. Incorporated
Mabon, Nugent & Co.
Marcus, Stowell & Beye, Inc.
Manley, Bennett, McDonald & Co.
Marks, Allen & Co.
Marshall and Meyer, Inc.
A. E. Masten & Co. Incorporated
C. S. McKee & Co., Inc.
McLaughlin, Piven Inc.
Melney & Company
Musirio & Company
E. F. Miller Municipalities, Inc.
Miller & Schroeder Municipalities, Inc.
E. A. Moos & Co., Inc.
Morgan, Olimstead, Kennedy & Gardner Incorporated
Multi-Fast Securities Inc.
Municipal Investors Service, Inc.
National Bank of Commerce/Memphis
J. A. Overton & Co.
Charles G. Peeor & Co., Inc.
R. W. Peters, Eickel & Co., Inc.
D. A. Pincee & Co.
Pursell, Graham & Co., Inc.
T. J. Raney & Sons, Inc.
Riviera Securities Corporation
Arch W. Roberts & Co.
Rodman & Renshaw, Inc.
Rogers & Lamb
Roecky, Pace Inc.
Wm. C. Roney & Company
R. Rowland & Co., Incorporated
Schaffer, Necker & Co.
Scharff & Jones, Incorporated
M. L. Stern & Co.
Swink & Company, Inc.
Thomas & Company, Inc.
Tellner & Bean, Inc.
Tripp & Co., Inc.
Union Planters National Bank
United Jersey Bank
R. D. White & Company
Warren W. York & Co., Inc.
Zahner & Company
A. W. Zucker & Co.
Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated January 21, 1982 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $100,000,000 aggregate principal amount of the Corporation’s Series 38 Bonds (the “Bonds”).

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the final Official Statement of the Corporation, dated January 21, 1982, with respect to the Bonds, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution and
the Series 88 Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 and on January 21, 1982, respectively (the "Resolutions"), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

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

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

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

3. The execution and delivery of, and the performance of the obligations under the Agreement and the issuance of the Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement constitutes the legal, valid and binding agreement of the Corporation enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the holders of the Bonds, and no other authorization for, or filing or recording of, the Resolutions is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State Covenant as that term is defined in the final Official Statement.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Resolutions except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Bonds.

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

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

7. The offering and sale of the Bonds by the Corporation to you, and the resale of the Bonds by you as contemplated by the Agreement and the final Official Statement, are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such
Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Bonds constitute “municipal securities” as such term is defined in the Securities Exchange Act of 1934, as amended.

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

9. The statements set forth in the final Official Statement under the headings “Debt Issuance Plan”, “Certain Developments Affecting the City—Federal Bankruptcy Legislation”, “Various Control Programs” and “Litigation” are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation’s obligations under the Resolutions, the Agreement or the Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement or the Bonds are rendered in reliance upon the opinions 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 opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,
MUNICIPAL ASSISTANCE CORPORATION

FOR THE CITY OF NEW YORK

NEW YORK, NEW YORK

DEAR SIRS:

We have examined a record of proceedings relating to the issuance of $100,000,000 aggregate principal amount of Series 38 Bonds (the “Series 38 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 38 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 38 Resolution, adopted January 21, 1982 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 38 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 38 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 38 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 38 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 38 Bonds are dated February 1, 1982 except as otherwise provided in the Resolutions with respect to fully registered Series 38 Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturing</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$ 3,720,000</td>
<td>9%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9½</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10%</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11%</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11¼</td>
</tr>
<tr>
<td>1992</td>
<td>18,005,000</td>
<td>12½%</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14%</td>
</tr>
</tbody>
</table>

The Series 38 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 38 Bonds are interchangeable as provided in the Resolutions. Coupon Series 38 Bonds are numbered 38-— and fully registered Series 38 Bonds are lettered and numbered 38R— followed, in each case, by the last two digits of the year of maturity and the number of the Series 38 Bonds. Coupon Series 38 Bonds and fully registered Series 38 Bonds are numbered consecutively from one upward in order of issuance.

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, commencing on July 1, 1989 and July 1, 1993, respectively, and on each July 1 thereafter prior to maturity, in each case 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 38 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the election of the Corporation on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to the City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such
Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 38 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 38 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 38 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 38 Bond pursuant to Chapter 201 of the Laws of New York of 1975 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other items therein. 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 38 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 38 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 38 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 38 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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 capital 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. Interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

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 38 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 38 Bonds, and the execution and delivery of the Series 38 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 38 Bond numbered 38-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
Hawkins, Delafield & Wood
67 Wall Street, New York 10005

February 1982

EXHIBIT C
to
Bond Purchase Agreement

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

As representatives of the several underwriters named in Schedule I to the Bond Purchase Agreement dated January 21, 1982 with the Municipal Assistance Corporation For The City of New York.

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

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation For The City of New York (the “Corporation”) and are this day rendering our final approving opinion (the “Opinion”) relating to the authorization and issuance of the Corporation’s Series 38 Bonds (the “Bonds”), dated February 1, 1982 and authorized by the Second General Bond Resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, and the Series 38 Resolution, adopted January 21, 1982. The Opinion is being rendered in connection with the delivery of the Bonds to Salomon Brothers Inc on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement for the Bonds (the “Bond Purchase Agreement”) by and among you, as representatives of said Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the Corporation in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Corporation relating to the authorization, execution and delivery of the Bond Purchase Agreement, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Bonds dated January 21, 1982 (the “Official Statement”).

In connection with the sale of the Bonds, at the request of the Corporation, we participated and assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports
on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE BONDS (other than the statistical and financial information or statements of expectation or anticipation of the Corporation under the headings “Per Capita Aid”, “Sales Tax”, “Quarterly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly Collections of Stock Transfer Tax”), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS BEING OFFERED, AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

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

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

We are further of the opinion that the issuance and sale to you of the Bonds pursuant to and as contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Bonds by you would be similarly exempt from registration under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended, and the Bonds constitute “municipal securities” within the meaning of the Securities Exchange Act of 1934, as amended.

We are further of the opinion that the Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State.

Very truly yours,
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:

I have reviewed the tabular data and footnotes set forth under the charts “Quarterly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly Collections of Stock Transfer Tax” contained in the final Official Statement with respect to the Series 38 Bonds dated January 1, 1982, as the same has been heretofore supplemented or amended as of the date hereof (the “Official Statement”) of the Municipal Assistance Corporation For The City of New York under the sections captioned “Payment of the Bonds—Sales Tax” and “Payment of the Bonds—Stock Transfer Tax.” Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this.... day of February, 1982.

.................................
James H. Tully, Jr.
After discussion, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Series 38 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 is adopted; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the Series 38 Bonds be and hereby is approved, and distribution of the Official Statement be and hereby is authorized.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SECOND GENERAL BOND RESOLUTION

Adopted November 25, 1975
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**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101.</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>102.</td>
<td>Authority for this Resolution</td>
<td>5</td>
</tr>
<tr>
<td>103.</td>
<td>Resolution to Constitute Contract</td>
<td>5</td>
</tr>
</tbody>
</table>

#### Article II
**Authorization and Issuance of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201.</td>
<td>Authorization of Bonds</td>
<td>6</td>
</tr>
<tr>
<td>202.</td>
<td>Provision for Issuance of Bonds</td>
<td>6</td>
</tr>
<tr>
<td>203.</td>
<td>Provisions for Refunding Bonds</td>
<td>10</td>
</tr>
<tr>
<td>204.</td>
<td>Additional Obligations</td>
<td>12</td>
</tr>
</tbody>
</table>

#### Article III
**General Terms and Provisions of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301.</td>
<td>Medium of Payment; Form and Date</td>
<td>12</td>
</tr>
<tr>
<td>302.</td>
<td>Legends</td>
<td>13</td>
</tr>
<tr>
<td>303.</td>
<td>Execution and Authentication</td>
<td>13</td>
</tr>
<tr>
<td>304.</td>
<td>Interchangeability of Bonds</td>
<td>15</td>
</tr>
<tr>
<td>305.</td>
<td>Negotiability, Transfer and Registry</td>
<td>15</td>
</tr>
<tr>
<td>306.</td>
<td>Transfer and Registration of Coupon Bonds</td>
<td>15</td>
</tr>
<tr>
<td>307.</td>
<td>Transfer of Registered Bonds</td>
<td>17</td>
</tr>
<tr>
<td>308.</td>
<td>Regulations with Respect to Exchanges and Transfers</td>
<td>17</td>
</tr>
<tr>
<td>309.</td>
<td>Bonds Mutilated, Destroyed, Stolen or Lost</td>
<td>18</td>
</tr>
<tr>
<td>310.</td>
<td>Preparation of Definitive Bonds; Temporary Bonds</td>
<td>18</td>
</tr>
</tbody>
</table>

#### Article IV
**Redemption of Bonds**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401.</td>
<td>Privilege of Redemption and Redemption Price</td>
<td>19</td>
</tr>
<tr>
<td>402.</td>
<td>Redemption at the Election or Direction of the Corporation</td>
<td>20</td>
</tr>
<tr>
<td>403.</td>
<td>Redemption Other Than at Corporation's Election or Direction</td>
<td>20</td>
</tr>
<tr>
<td>404.</td>
<td>Selection of Bonds to Be Redeemed by Lot</td>
<td>20</td>
</tr>
<tr>
<td>405.</td>
<td>Notice of Redemption</td>
<td>21</td>
</tr>
<tr>
<td>406.</td>
<td>Payment of Redeemed Bonds</td>
<td>22</td>
</tr>
</tbody>
</table>

*This Table of Contents was not part of the Resolution as adopted.*
TABLE OF CONTENTS

ARTICLE V
CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>501.</td>
<td>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>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>601.</td>
<td>The Pledge Effected by the Resolution</td>
<td>24</td>
</tr>
<tr>
<td>602.</td>
<td>Establishment of Funds</td>
<td>24</td>
</tr>
<tr>
<td>603.</td>
<td>Application of Payments</td>
<td>24</td>
</tr>
<tr>
<td>604.</td>
<td>Operating Fund</td>
<td>25</td>
</tr>
<tr>
<td>605.</td>
<td>Bond Service Fund</td>
<td>25</td>
</tr>
<tr>
<td>606.</td>
<td>Capital Reserve Fund</td>
<td>26</td>
</tr>
<tr>
<td>607.</td>
<td>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>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>701.</td>
<td>Security for Deposits</td>
<td>28</td>
</tr>
<tr>
<td>702.</td>
<td>Investment of Funds and Accounts Held by the Trustee</td>
<td>29</td>
</tr>
<tr>
<td>703.</td>
<td>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>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>801.</td>
<td>Appointment and Acceptance of Duties of Trustee</td>
<td>31</td>
</tr>
<tr>
<td>802.</td>
<td>Appointment and Acceptance of Duties of Paying Agents</td>
<td>32</td>
</tr>
<tr>
<td>803.</td>
<td>Responsibilities of Trustee and Paying Agents</td>
<td>32</td>
</tr>
<tr>
<td>804.</td>
<td>Evidence on Which Fiduciaries May Act</td>
<td>33</td>
</tr>
<tr>
<td>805.</td>
<td>Compensation</td>
<td>34</td>
</tr>
<tr>
<td>806.</td>
<td>Permitted Acts and Functions</td>
<td>34</td>
</tr>
<tr>
<td>807.</td>
<td>Resignation of Trustee</td>
<td>34</td>
</tr>
<tr>
<td>808.</td>
<td>Removal of Trustee</td>
<td>34</td>
</tr>
<tr>
<td>809.</td>
<td>Appointment of Successor Trustee</td>
<td>35</td>
</tr>
<tr>
<td>810.</td>
<td>Transfer of Rights and Property to Successor Trustee</td>
<td>35</td>
</tr>
<tr>
<td>811.</td>
<td>Merger, Conversion or Consolidation</td>
<td>36</td>
</tr>
<tr>
<td>812.</td>
<td>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>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>901</td>
<td>Payment of Bonds</td>
<td>37</td>
</tr>
<tr>
<td>902</td>
<td>Extension of Payment of Bonds and Coupons</td>
<td>37</td>
</tr>
<tr>
<td>903</td>
<td>Offices for Payment and Registration of Bonds and Coupons</td>
<td>38</td>
</tr>
<tr>
<td>904</td>
<td>Further Assurances</td>
<td>38</td>
</tr>
<tr>
<td>905</td>
<td>Power to Issue Bonds and Make Pledges</td>
<td>39</td>
</tr>
<tr>
<td>906</td>
<td>Agreement of the State</td>
<td>39</td>
</tr>
<tr>
<td>907</td>
<td>Creation of Liens</td>
<td>39</td>
</tr>
<tr>
<td>908</td>
<td>Accounts and Reports</td>
<td>40</td>
</tr>
<tr>
<td>909</td>
<td>General</td>
<td>40</td>
</tr>
</tbody>
</table>

### ARTICLE X

**Series Resolutions and Supplemental Resolutions**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>Modification and Amendment Without Consent</td>
<td>42</td>
</tr>
<tr>
<td>1002</td>
<td>Supplemental Resolutions Effective With Consent of Bondholders</td>
<td>43</td>
</tr>
<tr>
<td>1003</td>
<td>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>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1101</td>
<td>Powers of Amendment</td>
<td>44</td>
</tr>
<tr>
<td>1102</td>
<td>Consent of Bondholders</td>
<td>45</td>
</tr>
<tr>
<td>1103</td>
<td>Modifications by Unanimous Consent</td>
<td>47</td>
</tr>
<tr>
<td>1104</td>
<td>Mailing and Publication</td>
<td>47</td>
</tr>
<tr>
<td>1105</td>
<td>Exclusion of Bonds</td>
<td>48</td>
</tr>
<tr>
<td>1106</td>
<td>Notation on Bonds</td>
<td>48</td>
</tr>
</tbody>
</table>

### ARTICLE XII

**defaults and Remedies**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1201</td>
<td>Trustee to Exercise Powers of Statutory Trustee</td>
<td>48</td>
</tr>
<tr>
<td>1202</td>
<td>Events of Default</td>
<td>48</td>
</tr>
<tr>
<td>1203</td>
<td>Remedies</td>
<td>50</td>
</tr>
</tbody>
</table>
iv

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

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

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

ARTICLE XIV
DEFEASANCE

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

ARTICLE XV
MISCELLANEOUS

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

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

ARTICLE 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-a of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

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

"City" shall mean The City of New York.

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

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

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

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

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

"Mayor" shall mean the Mayor of the City.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of New York.

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

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

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

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

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

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

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

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

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

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 202.
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
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 dis-
cretion, from the numbers of all such coupon Bonds then Outstanding
and the numbers assigned to such registered Bonds as many numbers
as, at such unit amount equal to the lowest denomination of coupon
Bonds of such Series for each number, shall equal the principal amount
of such Bonds to be redeemed. In making such selections the Trustee
may draw the Bonds by lot (a) individually or (b) by one or more
groups, the grouping for the purpose of such drawing to be by serial
numbers (or, in the case of Bonds of a denomination of more than the
lowest denomination of the coupon Bonds of such Series, by the numbers
assigned thereto as in this Section 404 provided) which end in the
same digit or in the same two digits. In case, upon any drawing by
groups, the total principal amount of Bonds drawn shall exceed the
amount to be redeemed, the excess may be deducted from any group or
groups so drawn in such manner as the Trustee may determine. The
Trustee may in its discretion assign numbers to aliquot portions of
Bonds and select part of any Bond for redemption. The Bonds to be
redeemed shall be the coupon Bonds bearing the numbers so selected
and the registered Bonds to which were assigned numbers so selected;
provided, however, that only so much of the principal amount of each
such registered Bond of a denomination of more than the lowest deno-
nination of the coupon Bonds of such Series shall be redeemed as shall
equal the lowest denomination of the coupon Bonds of such Series for
each number assigned to it and so selected.

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

406. Payment of Redeemed Bonds. Notice having been given by publication in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds registered other than to bearer presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to the redemption date, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by
coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If there shall be drawn for redemption less than all of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, either Bonds or registered Bonds of like Series and maturity authorized denominations. If, on the redemption date, the redemption of all the Bonds or portions thereof of any Series come to be redeemed, together with interest to the date of redemption, the amount held by the Trustee and Paying Agents so as to be available on the said date shall be sufficient to redeem such Bond, the Corporation shall cause to be issued such Bonds or registered Bonds of like Series and maturity and for interest for the period from the redemption date to the last interest payment date, and the coupons shall be paid for at the redemption date, and interest until paid at the rate of interest which 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, 1975 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the 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 performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

COVENANTS OF THE CORPORATION

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

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

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

903. Offices for Payment and Registration of Bonds and Coupons. The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York where Bonds and coupons may be presented for payment. The Corporation may pursuant to a Series Resolution or pursuant to resolution adopted in accordance with Section 802 designate an additional Paying Agent or Paying Agents where Bonds and coupons of the Series authorized thereby or referred to 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 Resolution, and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

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

907. **Creation of Liens.** The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund, and shall not create or cause to be created any lien or charge
prior to the Bonds on revenues, monies and securities in the Bond Service Fund; provided, however, that nothing contained in this Resolution shall prevent the Corporation from issuing (i) bonds, notes, or any other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution, (ii) obligations issued in accordance with Article II of the First General Bond Resolution except as limited in Section 909 hereof and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Sections 304 and 306 through 310 or Sections 406 or 1106 of the First General Bond Resolution.

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

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

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

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

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 signee 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 principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

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

(b) by bringing suit upon the Bonds;

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

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

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

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

1204. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,
First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

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

1205. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1206. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

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

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

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

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

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

1211. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence
thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, Sinking Fund Installment, or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Operating Fund, the 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 effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section and stating such maturity or
redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

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

MISCELLANEOUS

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

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

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

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

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

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

1507. **Effective Date.** This Resolution shall take effect immediately upon its adoption.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 38 Resolution

Authorizing
$100,000,000
SERIES 38 BONDS

Adopted January 21, 1982
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

 SERIES 38 RESOLUTION AUTHORIZING
 $100,000,000
 SERIES 38 BONDS

---

**TABLE OF CONTENTS***
---

**ARTICLE I**

DEFINITIONS AND STATUTORY AUTHORITY

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 101. Series 38 Resolution</td>
<td>1</td>
</tr>
<tr>
<td>SECTION 102. Definitions</td>
<td>1</td>
</tr>
<tr>
<td>SECTION 103. Authority for the Series 38 Resolution</td>
<td>2</td>
</tr>
</tbody>
</table>

**ARTICLE II**

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 38 BONDS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 201. Authorization of Series 38 Bonds, Principal Amount, Designation and Series</td>
<td>2</td>
</tr>
<tr>
<td>SECTION 202. Purposes</td>
<td>2</td>
</tr>
<tr>
<td>SECTION 203. Date of Series 38 Bonds</td>
<td>3</td>
</tr>
<tr>
<td>SECTION 204. Maturities and Interest Rates</td>
<td>3</td>
</tr>
<tr>
<td>SECTION 205. Interest Payments</td>
<td>3</td>
</tr>
</tbody>
</table>

---

*This Table of Contents was not part of the Resolution as adopted.*
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>206.</td>
<td>Denominations, Numbers and Letters</td>
<td>3</td>
</tr>
<tr>
<td>207.</td>
<td>CUSIP Numbers</td>
<td>4</td>
</tr>
<tr>
<td>208.</td>
<td>Places of Payment and Paying Agents</td>
<td>4</td>
</tr>
<tr>
<td>209.</td>
<td>Optional Redemption of Series 38 Bonds and Terms</td>
<td>4</td>
</tr>
<tr>
<td>210.</td>
<td>Sinking Fund Installments</td>
<td>5</td>
</tr>
<tr>
<td>211.</td>
<td>Selection by Lot</td>
<td>5</td>
</tr>
<tr>
<td>212.</td>
<td>Sale of the Series 38 Bonds</td>
<td>6</td>
</tr>
</tbody>
</table>

**ARTICLE III**

**FORMS AND EXECUTION OF SERIES 38 BONDS AND COUPONS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301.</td>
<td>Forms of Bonds and Coupons of Series 38 Bonds</td>
<td>6</td>
</tr>
<tr>
<td>302.</td>
<td>No Recourse on Series 38 Bonds</td>
<td>29</td>
</tr>
<tr>
<td>303.</td>
<td>Execution and Authentication of Series 38 Bonds</td>
<td>29</td>
</tr>
</tbody>
</table>

**ARTICLE IV**

**MISCELLANEOUS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401.</td>
<td>Special Covenants</td>
<td>29</td>
</tr>
<tr>
<td>402.</td>
<td>State Covenant</td>
<td>31</td>
</tr>
<tr>
<td>403.</td>
<td>Authorized Officers</td>
<td>32</td>
</tr>
<tr>
<td>404.</td>
<td>When Effective</td>
<td>32</td>
</tr>
</tbody>
</table>
SERIES 38 RESOLUTION AUTHORIZING
$100,000,000
SERIES 38 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 38 Resolution. This Series 38 Resolution Authorizing $100,000,000 Series 38 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, 1973, 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 38 Resolution Authorizing $100,000,000 Series 38 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 38 Resolution Authorizing $100,000,000 Series 38 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 January 21, 1982, by and among the Corporation and the Purchasers.


"Series 38 Bonds" shall mean the Bonds authorized by Article II of this Series 38 Resolution.

"Series 38 Resolution" shall mean this Series 38 Resolution Authorizing $100,000,000 Series 38 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 38 Resolution, refer to the Series 38 Resolution.

SECTION 103. Authority for the Series 38 Resolution. This Series 38 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 38 BONDS

Section 201. Authorization of Series 38 Bonds, Principal Amount, Designation and Series. The Series 38 Bonds are hereby authorized to be issued in the aggregate principal amount of $100,000,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 38 Resolution. The Series 38 Bonds maturing July 1, 1992 and July 1, 2008 shall be deemed to be Term Bonds and the Series 38 Bonds maturing on July 1 in each of the years 1984 through 1988, inclusive, shall be deemed to be Serial Bonds within the meaning of the Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "Series 38" and each as so designated shall be entitled "Series 38 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 38 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 the City and 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.

SECTION 203. Date of Series 38 Bonds. The Series 38 Bonds shall be dated February 1, 1982, except as otherwise provided in Section 301 of the Resolution with respect to certain registered Series 38 Bonds issued on or after the first interest payment date. Registered Series 38 Bonds issued prior to the first interest payment date thereof shall be dated February 1, 1982.

SECTION 204. Maturities and Interest Rates. The Series 38 Bonds shall bear interest at the rates set forth below and shall mature on July 1 in each of the years and in the principal amounts set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$3,720,000</td>
<td>9%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9 3/4</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10 1/2</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11 1/4</td>
</tr>
<tr>
<td>1992</td>
<td>18,000,000</td>
<td>12 3/4</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14 1/8</td>
</tr>
</tbody>
</table>

SECTION 205. Interest Payments. The Series 38 Bonds shall bear interest from February 1, 1982, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation's obligation with respect to the payment of the principal sum of the Series 38 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 38 Bonds shall be issued in the denomination of $5,000 in the case of Series 38 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 38 Bonds in coupon form in the denomination of $5,000 shall be designated 38- and the Series 38 Bonds in fully registered form without coupons shall be designated 38R-. Each such number and each such number and letter designated above shall be followed by the last two digits of the year of maturity of the Series 38 Bonds and the number of the Series 38 Bond. Series 38 Bonds in coupon form so designated shall be numbered consecutively from 1 upwards in order of issuance. Any Series 38 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 38 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 38 Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such Series 38 Bond or coupon so retained by the Trustee shall not be deemed Outstanding while so retained).

SECTION 207. CUSIP Numbers. The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of CUSIP numbers for the Series 38 Bonds and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers on 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 38 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 38 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 38 Bonds, and the principal and Redemption Price of all registered Series 38 Bonds and of all Series 38 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 38 Bonds and Terms. The Series 38 Bonds maturing on or prior to July 1, 1992 are not subject to redemption prior to maturity at the election of the Corporation. The Series 38 Bonds maturing July 1, 2008 shall be subject to redemption at the election of the Corporation, at anytime on and after July 1, 1992, as a whole on any date or dates, or in part, by lot, on any interest payment date 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:
Redemption Period
(Dates Inclusive)

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>1011/2</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

SECTION 210. Sinking Fund Installments. The Series 38 Bonds maturing July 1, 1992 and July 1, 2008 shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1989 and July 1, 1993, respectively, 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 38 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 38 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 38 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 38 Bonds:

<table>
<thead>
<tr>
<th>Series 38 Bonds Due July 1, 1992</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$4,320,000</td>
<td>1993</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
<td>1994</td>
<td>4,180,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
<td>1995</td>
<td>4,265,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,680,000*</td>
<td>1996</td>
<td>4,360,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997</td>
<td>4,450,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1998</td>
<td>4,545,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1999</td>
<td>3,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2000</td>
<td>3,055,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2001</td>
<td>$4,295,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2002</td>
<td>4,590,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2007</td>
<td>3,535,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>4,015,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

SECTION 211. Selection by Lot. If less than all of the Series 38 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.
SECTION 212. Sale of the Series 38 Bonds. The Series 38 Bonds authorized to be issued herein shall be sold to the Purchasers at the purchase price set forth in the Bond Purchase Agreement but in no event less than $97,681,000, plus accrued interest on the Series 38 Bonds from February 1, 1982, to the date of delivery thereof and payment therefor, and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

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 and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the Series 38 Bonds by the Purchasers of the Preliminary Official Statement dated January 18, 1982.

The Series 38 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Corporation, subject to the conditions of the Bond Purchase Agreement and the Resolution.

ARTICLE III

FORMS AND EXECUTION OF SERIES 38 BONDS AND COUPONS

Section 301. Forms of Bonds and Coupons of Series 38 Bonds. Subject to the provisions of the Resolution, the Series 38 Bonds in coupon form and coupons to be attached thereto and the Series 38 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 38 BOND)

No. 38- $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 38 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) on the first day of July, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( %) per annum, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of 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 and agreements 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 38 Bonds" (herein called the "Series 38 Bonds"), issued in the aggregate principal amount of $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1982, entitled "Series 38 Resolution Authorizing $100,000,000 Series 38 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 38 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 38 Bonds with respect thereto and the terms and conditions upon which the Series 38 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 I 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 38 Bonds, and the Corporation hereby includes in this Series 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 38 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 38 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the
form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 38 Bonds. Coupon Series 38 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 38 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 38 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 38 Bonds with appropriate coupons attached, and/or Series 38 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.

The Series 38 Bonds maturing on or prior to July 1, 1988 are not subject to redemption prior to maturity. The Series 38 Bonds maturing July 1, 1992 are not subject to redemption prior to maturity at the election of the Corporation.

The Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the election of the Corporation at any time on and after July 1, 1992, as a whole on any date, or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Price (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>1011/2%</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101%</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>1001/2%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, in part, by lot, on July 1, in each year on and after July 1, 1989 and July 1, 1993, respectively, as provided in the Resolutions, 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 38 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$4,320,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>1994</td>
<td>4,180,000</td>
</tr>
<tr>
<td>1995</td>
<td>4,265,000</td>
</tr>
<tr>
<td>1996</td>
<td>4,360,000</td>
</tr>
<tr>
<td>1997</td>
<td>4,450,000</td>
</tr>
<tr>
<td>1998</td>
<td>4,545,000</td>
</tr>
<tr>
<td>1999</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>3,055,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$4,295,000</td>
</tr>
<tr>
<td>2002</td>
<td>4,540,000</td>
</tr>
<tr>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td>2007</td>
<td>3,533,000</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 38 Bonds payable from such Sinking Fund Installment and apply any Series 38 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 38 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 38 Bonds or portions of the Series 38 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 38 Bonds. Notice of redemption having been given, as aforesaid, the Series 38 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 38 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 38 Bonds maturing subsequent to the redemption date shall be void.

The Series 38 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 38 Bonds be payable out of any funds other than those of the Corporation.

This Series 38 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 38 Bond, or of any coupon appurtenant hereto, by accepting this Series 38 Bond or coupon shall be conclusively deemed to have agreed that this Series 38 Bond or coupon is fully negotiable for those purposes.

Neither this Series 38 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 38 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 38 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 38 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 38 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 February 1982.

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 38 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 38 Bond, dated February 1, 1982, No.
38- .

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

Provisions for Registration

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

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Registered Holder</th>
<th>Authorized Signature</th>
</tr>
</thead>
</table>
(FORM OF REGISTERED SERIES 38 BOND)
(FACE OF SERIES 38 BOND)

No. 38R- $........................

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 38 Bond

% Due July 1, % Due July 1,

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, , unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon per annum at the rate specified above, payable on July 1, 1982 and semi-annually thereafter on January 1 and on July 1, in each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.
THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 38 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 38 Bonds be payable out of any funds other than those of the Corporation.

This Series 38 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 38 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 38 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 38 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 38 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
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 38 Bonds described in the
within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

(Reverse of Form of Registered Series 38 Bond)

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 38 BOND

% Due July 1, ___
% Due July 1, ___

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 and agreements 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 38 Bonds" (herein called the "Series 38 Bonds"), issued in the aggregate principal amount of $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1982, entitled "Series 38 Resolution Authorizing $100,000,000 Series 38 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 38 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 38 Bonds with respect thereto and the terms and conditions upon which the Series 38 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 38 Bonds, and the Corporation hereby includes in this Series 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 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 38 Bond or Bonds and/or, at the option of the transferee, a coupon Series 38 Bond or Bonds of the denomination of $5,000 each with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Series 38 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 38 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 38 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 38 Bonds. Coupon Series 38 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 38 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 38 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 38 Bonds with appropriate coupons attached, and/or Series 38 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.
The Series 38 Bonds maturing on or prior to July 1, 1988 are not subject to redemption prior to maturity. The Series 38 Bonds maturing on July 1, 1992 are not subject to redemption prior to maturity at the election of the Corporation.

The Series 38 Bonds maturing July 1, 2008 are subject to redemption at the election of the Corporation at any time on and after July 1, 1992, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolution, 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, 1992 to December 31, 1993</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>1011/4</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100%</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, in part, by lot, on July 1 in each year on and after July 1, 1989 and July 1, 1993, respectively, as provided in the Resolutions, 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 38 Bonds specified therefor:

<table>
<thead>
<tr>
<th>Series 38 Bonds Due July 1, 1992</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>$4,320,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Series 38 Bonds Due July 1, 2008</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>1994</td>
<td>4,180,000</td>
</tr>
<tr>
<td>1995</td>
<td>4,265,000</td>
</tr>
<tr>
<td>1996</td>
<td>4,360,000</td>
</tr>
<tr>
<td>1997</td>
<td>4,450,000</td>
</tr>
<tr>
<td>1998</td>
<td>4,545,000</td>
</tr>
<tr>
<td>1999</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>3,055,000</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 38 Bonds payable from such Sinking Fund Installment and apply any Series 38 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 38 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 38 Bonds or portions of the Series 38 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 38 Bonds. Notice of redemption having been given, as aforesaid, the Series 38 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinafore provided, and, from and after the date so fixed for redemption, interest on the Series 38 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 38 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--
TEN ENT--as tenants by
JT TEN --as joint tenants

as tenants in common
the entireties
with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT--
(Cust) (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 38 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Series 38 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 38 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 38 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 38 Bonds or for any claim based thereon or on the Series 38 Resolution against any member or officer of the Corporation or any person executing the Series 38 Bonds and neither the Directors of the Corporation nor any other person executing the Series 38 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 38 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 38 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 38 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 38 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 38 Bonds are as defined in the First General Bond Resolution. The Corporation hereby covenants with the holders of the Series 38 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 hereby covenants further with the holders of the Series 38 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 102 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) pub-
lished by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. State Covenant. In accordance with the provisions of Section 10-a of the 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 (henceforth called the "Control Act"), the Corporation hereby includes in this Series 38 Resolution the pledge and agreement of the State with the holders of the Series 38 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 38 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 38 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 38 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 38 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reinstate 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 38 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 38 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 38 Bonds is in full force and effect.

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 38 Resolution or the Bond Purchase Agreement in connection with the issuance of the Series 38 Bonds.

SECTION 404. When Effective. The Series 38 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
ORDER TO TRUSTEE AS TO AUTHENTICATION AND DELIVERY OF SERIES 38 BONDS

4 February 1982

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

We have heretofore delivered to you, as Trustee under the Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (herein called the "Second General Bond Resolution"), by the Municipal Assistance Corporation For The City of New York (the "Corporation"), $100,000,000 principal amount of Series 38 Bonds, dated February 1, 1982, in definitive form (the "Bonds"), authorized, printed, executed and issued pursuant to the Second General Bond Resolution and the Series 38 Resolution of the Corporation adopted January 21, 1982, and to be sold pursuant to the Bond Purchase Agreement dated January 21, 1982 and the Official Statement of the Corporation dated January 21, 1982. We have also delivered to you, as Trustee, on January 21, 1982, the $500,000 good faith deposit for the purchase price of the Bonds delivered to us by the Underwriters.

You are hereby requested, authorized and ordered to authenticate the Bonds and when so authenticated to deliver them, upon receipt of the documents and opinions which together with this order constitute all the conditions precedent to the delivery of the Bonds pursuant to the Second General Bond Resolution and upon receipt of payment in the amount of $97,290,388.49 (representing the purchase price of the Bonds in the amount of $97,681,000, minus the sum of $500,000 which was received by us as the good faith deposit and delivered to you on January 21, 1982, plus the sum of $109,388.49 which represents the accrued interest on the Bonds from February 1, 1982 to the date hereof), to or in accordance with the order of the Underwriters designated in the Bond Purchase Agreement, against the receipt of the Underwriters therefor.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]
Deputy Executive Director
CERTIFICATE OF THE DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, C. Mark Lawton, 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 Official Statement dated January 21, 1982 (the "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 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 Official Statement under the section captioned "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 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 (a) 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 4th day of February, 1982.

C. Mark Lawton
Director of the Budget of the State of New York
CERTIFICATION 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:

I have reviewed the tabular data and footnotes set forth under the charts "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax" contained in the Official Statement of the Municipal Assistance Corporation for the City of New York, dated January 21, 1982, with respect to the Series 38 Bonds, as the same statement has been heretofore supplemented or amended as of the date hereof (the "Official Statement") under the sections captioned "Payment of the Bonds--Sales Tax" and "Payment of the Bonds--Stock Transfer Tax." Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of February 1982.

[Signature]

JAMES H. TULLY, JR.
Commissioner
CERTIFICATE OF THE DIRECTOR OF MANAGEMENT AND BUDGET
OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase Agreement
Relating to the Series 38 Bonds

I, ALAIR A. TOWNSEND, Director of Management and
Budget of The City of New York (the "City"), on behalf of the
City and to the best of my knowledge and belief, do HEREBY
CERTIFY as follows:

1. I have reviewed the information contained in
the Official Statement relating to the Series 38 Bonds dated
January 21, 1982, of the Municipal Assistance Corporation For
The City of New York (the "Corporation") under the section
captioned "Part 9 --Certain Developments Affecting the City."
Certain of such information which is referred to in the
paragraphs numbered 2 through 11 of this certificate
represents certain public information contained in the
official reports, statements or other documents of the City,
including a final Official Statement issued November 25, 1981
by the City in connection with the sale of $75 million
aggregate principal amount of its general obligation bonds.
Reference should be made to such official reports, statements,
Official Statement, or other documents for a more complete
explanation of such information.
2. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that the City, after it lost access to the public credit markets, took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets, including accounting reforms and development of a three-year financial plan (the "Three Year Financial Plan"), is accurate and not misleading in any material respect.

3. The information contained in such section under the subheading "Fiscal Years 1975-1981" 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 tuition at the City University of New York, and received additional State and Federal aid, is accurate and not misleading in any material respect.

4. The information set forth in such section under the subheading "Fiscal Years 1975-1981" with respect to (a) the City's failure to regain access to the public credit markets 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 reenter the public credit markets, and (c) the results of those proposals, is accurate and not misleading in any material respect.

5. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that (a) in March 1981, the City reentered the long-term public credit markets with an issue of $75 million of its bonds and in July and November 1981, the City sold another $100 million and $75 million of its bonds; (b) these bond issues received an investment grade rating from Standard & Poor's, Inc.; (c) Moody's Investors Service, Inc. recently raised its rating on the bonds to the highest non-investment grade rating; (d) since 1979, the City has been able to obtain an increasing portion of its seasonal financing needs through the sale of short-term notes to the public; and (e) in the 1981 fiscal year, the City obtained all of its seasonal financing requirements through the sale of short-term notes to the public, has so satisfied $500 million of an estimated seasonal financing requirement for the 1982 fiscal year of $650 million and expects to satisfy its remaining needs, is accurate and not misleading in any material respect.

6. The information set forth in such section under the subheading "Fiscal Years 1975-1981" to the effect that (a) pursuant to the Act and the Emergency Act, the City is
required to submit to the Control Board by May 12 of each year 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"), (b) 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, (c) 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, and (d) the City's budget for the 1981 fiscal year was balanced in accordance with GAAP, one year earlier than required by State law, is accurate and not misleading in any material respect.

7. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that the financial plan for fiscal years 1982-1985 as modified through October 23, 1981 (the "1982 Four Year Plan") (a) projects revenues and expenditures for the 1982 fiscal year of $14.858 billion, an increase of $159 million over the projections contained in the plan approved on July 2, 1981, resulting primarily from revenue increases in Federal and State categorical grants over what had been anticipated and from higher expenditures, primarily higher short-term interest costs; (b) projects a GAAP-balanced budget for the 1982 fiscal
year and potential budget gaps of $803 million, $1,004 million, and $1,028 million for fiscal years 1983 through 1985, respectively, which figures do not include significant projected deficits of $43 million, $264 million and $442 million for the Transit Authority in fiscal years 1983 through 1985, respectively; (c) proposes a combination of gap-closing actions which, if realized, could produce GAAP-balanced budgets for the 1983 through 1985 fiscal years, including City actions totalling $517 million, $506 million, and $604 million, respectively, which actions include agency expenditure reductions and revenue enhancement programs; State actions, including the phased takeover of Medicaid costs and other new State aid, anticipated to provide $236 million, $529 million, and $908 million for those years, respectively; and Federal actions totalling $50 million annually, is accurate and not misleading in any material respect.

8. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that, on January 18, 1982, the City presented to the Control Board a proposed modification of the 1982 Four Year Plan which (a) projects revenues and expenditures for the 1982 fiscal year of $14.934 billion, an increase of $76 million over the Plan approved on October 23, 1981; (b) projects budget gaps for fiscal years 1983 through 1985 of $854 million, $1,022 million
and $870 million, respectively, exceeding the budget gaps contained in the 1982 Four Year Plan by $51 million in fiscal 1983 and $18 million in fiscal 1984, while the fiscal 1985 projected gap is $158 million lower than previously projected; (c) contains estimates of local tax revenues and expenditures which are significantly lower than such estimates contained in the 1982 Four Year Plan, primarily as a result of reductions in Federal categorical aid and changes in Federal tax policy; (d) contains expenditure estimates for fiscal years 1983 and 1984 which project wage increases of 3% in each year; (e) includes proposed gap-closing programs consisting of City actions totalling $557 million in fiscal 1983 and $530 million in each year thereafter which include agency expenditure reductions to be achieved primarily through productivity improvements, increases in certain local taxes, and other revenue enhancements, and State actions totalling $297 million, $590 million, and $969 million in fiscal years 1983 through 1985, respectively, which include the phased takeover of local Medicaid costs and an adjustment of the State education aid formula as required by a recent Court decision; (f) does not include budget gaps projected for the TA totalling $10 million, $202 million, and $370 million for fiscal years 1983 through 1985, respectively; and (g) is subject to review and approval by the Control Board and may
be revised prior to approval, is accurate and not misleading in any material respect.

9. The information set forth in such section under the subheading "Fiscal Years 1982-1985" to the effect that the City has made a preliminary projection for its 1986 fiscal year which reflects a projected budget gap of $735 million is accurate and not misleading in any material respect.

10. The information set forth in such section under the subheading "Litigation" in relation to (a) the 1982 Four Year Plan containing provisions for the settlement of judgments and claims, other than real estate tax certiorari proceedings, in the amount of $80 million for the 1982 fiscal year and $70 million in each of the 1983 through 1985 fiscal years, (b) numerous real estate tax certiorari proceedings presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments and the possible impact on the City of an adverse decision involving these issues, (c) the City's report that as of June 30, 1981, the estimated potential exposure to the City in these proceedings could amount to approximately $1.8 billion, (d) provision in the 1982 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amount of approximately $45 million annually in the 1982 through 1985 fiscal years, (e) remedial
legislation with respect to such liability and litigation challenging that legislation, and (f) decisions by the Court of Appeals on January 7, 1982, is accurate except that, in connection with the decisions of the Court of Appeals, an interlocutory judgment has been entered in a proceeding to which the City is not a party. Such information is not misleading in any material respect.

11. The information set forth in such section under the subheading "Litigation" with respect to (a) the pending action challenging purchases of City bonds by the Teacher's Retirement System, and (b) the action challenging the State Department of Education's implementation of Federal regulations regarding the public education of children with learning disabilities, and (c) the action challenging alleged discriminatory practices of certain City retirement systems, is accurate and not misleading in any material respect.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of February, 1982.

THE CITY OF NEW YORK

By

Director of Management and Budget
September 9, 1981

Pursuant to the provisions of Section 1101 of the New York City Charter, I hereby designate and authorize Louis A. Friedrich, Deputy Director of Management and Budget, to execute all documents necessary to the exercise of the powers and duties of the Office of Management and Budget at any time when I am not present to execute such documents.

This designation shall remain in effect until revoked by me.

Alair A. Townsend
Director of Management and Budget
CERTIFICATE OF THE FIRST DEPUTY COMPTROLLER OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase Agreement Relating to the Series 38 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 38 Bonds, dated January 21, 1982, as the same may have been heretofore supplemented or amended, of the Municipal Assistance Corporation For The City of New York (the "Corporation") under the section captioned "PART 9 --Certain Developments Affecting the City." Certain of such information, which is referred to in the paragraphs numbered 2 through 6 of this certificate, represents certain information contained in official reports, statements or other documents made public by the Office of the Comptroller of The City of New York (the "City"). Reference is made to such official reports, statements or other documents for a more complete explanation of such information.

2. The information set forth in such section under the subheading "Fiscal Years 1975-1981" 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 "Fiscal Years 1975-1981" 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.

4. The information set forth in such section under the subheading "Fiscal Years 1975-1981" 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 through 1980 financial statements is true and accurate.

5. The information set forth in such section under the subheading "Fiscal Years 1975-1981" with respect to the results of the audit of the City's 1981 financial statements and the opinion and report of the consortium of independent accounting firms is true and accurate.

6. 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 the 4th day of February 1982.

[Signature]
First Deputy Comptroller
of The City of New York
20 January 1982

Honorable Edward V. Regan,
Comptroller
STATE OF NEW YORK/DEPARTMENT OF
AUDIT AND CONTROL
A. E. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

This letter is to request your approval for the sale to a syndicate of underwriters of $100,000,000 of Series 38 Bonds of the Municipal Assistance Corporation, to be issued pursuant to its Second General Bond Resolution. The Series 38 Bonds will be sold to the underwriters at a net price of approximately 97.68% of par.

The Corporation is issuing the Series 38 Bonds in order to provide for payment of approximately $83 million of the net proceeds of the sale to the City of New York, through the purchase of a similar principal amount of bonds of the City upon certification by the Mayor of the City that such payment is required to pay for items currently permitted to be included in the City's capital budget. Approximately $14.6 million of the net proceeds will be deposited in the Capital Reserve Aid Fund established pursuant to the Second General Bond Resolution. The balance of the net proceeds, approximately $29,000, will be deposited in the Corporation's Bond Service Fund established under the Second General Bond Resolution.

The Series 38 Bonds are comprised of Serial Bonds aggregating $19,810,000 and maturing July 1 of each of the years 1984 through 1988, inclusive, Term Bonds aggregating $18,005,000 and maturing July 1, 1992, and Term Bonds aggregating $62,185,000 and maturing July 1, 2008. The interest rates and reoffering prices of the Bonds are as shown below:
20 January 1982
Edward V. Regan
Page 2.

<table>
<thead>
<tr>
<th>Due</th>
<th>Amount</th>
<th>Rate</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>3,720,000</td>
<td>9</td>
<td>100%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9  3/4</td>
<td>100</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10 1/2</td>
<td>100</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11 1/4</td>
<td>100</td>
</tr>
<tr>
<td>1992</td>
<td>18,005,000</td>
<td>12 3/4</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14 1/8</td>
<td>100</td>
</tr>
</tbody>
</table>

The Bonds which mature on or prior to 1988 are not subject to redemption prior to maturity. The Term Bonds maturing during 2008 are callable at the option of the Corporation on and after July 1, 1992, at an initial redemption price of 102% of par plus accrued interest. The Term Bonds maturing in 1992 and 2008 are also subject to redemption from mandatory sinking fund installments commencing July 1, 1989 with respect to the Bonds maturing during 1992, and July 1, 1993, with respect to Bonds maturing during 2008. The mandatory sinking fund installments and optional redemption provisions are as set forth in the annexed schedule.

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

We further request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended, of the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution of
20 January 1982
Edward V. Regan
Page 3.


Your approval is respectfully requested.

Sincerely,

Heather L. Ruth
Executive Director

HLR/bjw

Enclosure

The sale of the above described bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described and system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution and the Series 38 Bond Resolution of the Corporation, are hereby approved.

Edward V. Regan, Comptroller of The State of New York

Dated: January 21, 1982
## SCHEDULE

### OPTIONAL REDEMPTION PROVISIONS

Series 38 Bonds Due July 1, 2008

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

### SINKING FUND INSTALLMENTS

Series 38 Bonds Due
July 1, 1992

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>4,320,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,680,000 *</td>
</tr>
</tbody>
</table>

Series 38 Bonds Due
July 1, 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>$4,800,000</td>
</tr>
<tr>
<td>1994</td>
<td>4,180,000</td>
</tr>
<tr>
<td>1995</td>
<td>4,265,000</td>
</tr>
<tr>
<td>1996</td>
<td>4,360,000</td>
</tr>
<tr>
<td>1997</td>
<td>4,450,000</td>
</tr>
<tr>
<td>1998</td>
<td>4,545,000</td>
</tr>
<tr>
<td>1999</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>3,055,000</td>
</tr>
<tr>
<td>2001</td>
<td>$4,295,000</td>
</tr>
<tr>
<td>2002</td>
<td>4,540,000</td>
</tr>
<tr>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td>2007</td>
<td>3,535,000</td>
</tr>
<tr>
<td>2008</td>
<td>4,015,000 *</td>
</tr>
</tbody>
</table>

* Payment at maturity
GENERAL CERTIFICATE OF THE
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

I, STEPHEN J. WEINSTEIN, Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State"), constituting a public benefit 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:
Name | Corporation Office | Date of Expiration of Term
--- | --- | ---
Felix G. Rohatyn | Chairman | December 31, 1983
Edward M. Kresky | Vice Chairman | December 31, 1981 (1)
Francis J. Barry | | December 31, 1983
Kenneth J. Bialkin | | December 31, 1982
George M. Brooker | | December 31, 1977 (1)
Eugene J. Keilin | | December 31, 1982
Dick Netzer | | December 31, 1983
Andrew P. Steffan | | December 31, 1980 (1)
Robert C. Weaver | | December 31, 1980 (1)

(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 and September 23, 1981, 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 final Official Statement dated January 21, 1982, 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 might in any material respect adversely affect the transactions contemplated by the Bond Purchase Agreement attached to the Record of Proceedings as document no. 3 (the "Agreement"), the issuance of the $100,000,000 Series 38 Bonds (the "Bonds"), or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Bonds or the validity of the Bonds, the Resolutions (as defined below), the Agreement, or any agreement or instrument to which the Corporation is a party which is required in connection with the issuance of the Bonds.

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 38 Resolution of the Corporation adopted
January 21, 1982 (both such resolutions being hereinafter called the "Resolutions"), attached to the Record of Proceedings as documents no. 5 and 6, copies of which are being delivered contemporaneously herewith to the Trustee named in such Resolutions, which I hereby certify pursuant to Section 202 of the Second General Bond Resolution are true and correct copies of the duly adopted originals thereof in their entireties on file and of record in the principal office of the Corporation and that the same are in full force and effect on the date hereof and have not been repealed, modified or amended.

9. That the Extract of the Minutes of the Meeting of the Corporation attached to the Record of Proceedings as document no. 4 is a true and correct copy of the duly adopted original thereof on file and of record in the 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 B, are identical in all respects, except as to number, denomination and name of registered owner, with the Bonds this day delivered to the Purchaser referred to the Resolutions (the "Purchasers") and said specimens are substantially in the forms required by the Resolutions.
WE, HEATHER L. RUTH and STEPHEN J. WEINSTEIN, Executive Director 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 has adopted 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.

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 A attached hereto; and (c) the aggregate estimated amount of Operating Expenses for the current Fiscal Year is $8,800,000. (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. 14, as representing the Sales Tax and Stock Transfer Tax, and (ii) the amount set forth in the certificate attached to the Record of Proceedings as document no. 15, 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 of the amount set forth in paragraph 5(b) herein, and maximum annual debt service on notes of the Corporation not issued under the Resolutions or the First General Bond Resolution, for each Fiscal Year set forth pursuant to paragraph 5(b) herein.

7. That each of the representations of the Corporation set forth in Section 1 of the Agreement is true, accurate and complete in all material respects as though made with respect to and as of the date hereof.

8. That each of the agreements set forth in Section 1 of the Agreement to be complied with at or prior to the delivery of the Bonds on the date hereof has been complied with as of the date hereof.

9. 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 final Official Statement, this certificate is based on the final Official Statement as the same may have been supplemented or amended as of the date hereof.

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 4th day of February, 1982.

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

(SEAL)

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

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Name of Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>United States Trust Company of New York</td>
</tr>
</tbody>
</table>

Assistant  
Vice President
### Municipal Assistance Corporation
#### For The City of New York

**Debt Service Payment and Funding Requirements by Fiscal Year**

**SEC RES DEBT SERVICE AFTER SERIES 38 PLUS COMP NOTE**

*(In Dollars)*

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>70,150,000</td>
<td>385,377,072</td>
<td>455,527,072</td>
<td>577,281,145</td>
</tr>
<tr>
<td>1983</td>
<td>97,345,000</td>
<td>487,726,637</td>
<td>585,071,637</td>
<td>618,833,598</td>
</tr>
<tr>
<td>1984</td>
<td>149,555,000</td>
<td>466,097,930</td>
<td>615,652,930</td>
<td>667,979,120</td>
</tr>
<tr>
<td>1985</td>
<td>213,020,000</td>
<td>450,189,652</td>
<td>663,209,652</td>
<td>696,389,357</td>
</tr>
<tr>
<td>1986</td>
<td>261,735,000</td>
<td>428,657,995</td>
<td>690,392,995</td>
<td>693,237,277</td>
</tr>
<tr>
<td>1987</td>
<td>283,085,000</td>
<td>403,639,263</td>
<td>686,724,263</td>
<td>671,369,026</td>
</tr>
<tr>
<td>1988</td>
<td>287,335,000</td>
<td>377,454,797</td>
<td>664,811,797</td>
<td>651,283,310</td>
</tr>
<tr>
<td>1989</td>
<td>293,695,000</td>
<td>350,890,275</td>
<td>644,585,275</td>
<td>634,650,174</td>
</tr>
<tr>
<td>1990</td>
<td>304,030,000</td>
<td>323,756,146</td>
<td>627,786,146</td>
<td>608,841,699</td>
</tr>
<tr>
<td>1991</td>
<td>305,585,000</td>
<td>296,483,311</td>
<td>602,068,311</td>
<td>603,667,962</td>
</tr>
<tr>
<td>1992</td>
<td>327,935,000</td>
<td>268,423,386</td>
<td>596,358,386</td>
<td>604,240,702</td>
</tr>
<tr>
<td>1993</td>
<td>358,185,000</td>
<td>238,207,160</td>
<td>596,392,160</td>
<td>417,843,318</td>
</tr>
<tr>
<td>1994</td>
<td>200,075,000</td>
<td>213,024,557</td>
<td>413,101,557</td>
<td>426,718,429</td>
</tr>
<tr>
<td>1995</td>
<td>228,610,000</td>
<td>192,673,834</td>
<td>421,283,834</td>
<td>414,953,466</td>
</tr>
<tr>
<td>1996</td>
<td>238,610,000</td>
<td>170,632,293</td>
<td>409,292,293</td>
<td>360,409,770</td>
</tr>
<tr>
<td>1997</td>
<td>205,665,000</td>
<td>149,929,597</td>
<td>355,594,597</td>
<td>267,954,584</td>
</tr>
<tr>
<td>1998</td>
<td>131,000,000</td>
<td>133,609,917</td>
<td>265,619,917</td>
<td>262,321,335</td>
</tr>
<tr>
<td>1999</td>
<td>138,950,000</td>
<td>119,821,875</td>
<td>258,771,875</td>
<td>272,520,693</td>
</tr>
<tr>
<td>2000</td>
<td>163,855,000</td>
<td>104,608,220</td>
<td>268,463,220</td>
<td>216,050,721</td>
</tr>
<tr>
<td>2001</td>
<td>122,805,000</td>
<td>89,998,160</td>
<td>212,803,160</td>
<td>187,442,229</td>
</tr>
<tr>
<td>2002</td>
<td>106,775,000</td>
<td>77,631,415</td>
<td>184,406,415</td>
<td>153,383,382</td>
</tr>
<tr>
<td>2003</td>
<td>98,375,000</td>
<td>67,836,975</td>
<td>166,211,975</td>
<td>156,450,408</td>
</tr>
<tr>
<td>2004</td>
<td>95,210,000</td>
<td>58,926,661</td>
<td>154,136,661</td>
<td>151,873,345</td>
</tr>
<tr>
<td>2005</td>
<td>99,970,000</td>
<td>49,507,524</td>
<td>149,477,524</td>
<td>148,523,037</td>
</tr>
<tr>
<td>2006</td>
<td>106,340,000</td>
<td>39,650,185</td>
<td>145,990,185</td>
<td>145,949,125</td>
</tr>
<tr>
<td>2007</td>
<td>115,105,000</td>
<td>29,103,772</td>
<td>144,208,772</td>
<td>145,350,348</td>
</tr>
<tr>
<td>2008</td>
<td>124,695,000</td>
<td>17,687,636</td>
<td>142,382,636</td>
<td>134,049,159</td>
</tr>
<tr>
<td>2009</td>
<td>125,235,000</td>
<td>5,876,105</td>
<td>131,111,105</td>
<td></td>
</tr>
</tbody>
</table>

**Total** 5,242,980,000 5,997,696,350 11,240,676,350 10,895,475,641

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: (Substitutes for abbreviations may also be used where not in the following list):

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

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

PLACE HERE NUMBER OF THE 52ND ISSUE

Please Print or Type Name and Address of Transferee

the within Series 38 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints:

Attorney to transfer the within Series 38 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 38 Bond in every particular, without alteration or enlargement or any change whatever.
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: conditional abbreviations may also be used though not in the following:

TEN COM—tenants in common

TEN ENT—as tenants by the entirety

JT TEN—as joint tenants with right of survivorship and not as tenants in common

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

Please Print or Type Name and Address of Transferee

the within Series 38 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Series 38 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 38 Bond in every particular, without alteration or enlargement or any change whatever.

UNIF GIF M MIN ACT—

(Custodian: (Municipal: )

State Uniform Gifts to Minors

Act

(5000)

(5000)
This bond is one of a duly authorized issue of bonds of the Corporation designated as "Series 38 Bond" and bears an interest rate of 5 1/2% per annum, maturing on July 1, 1988. The face amount of the Series 38 Bond is $1,000.

The Corporation is authorized to issue such bonds under its Charter and the laws of the State of New York. The bonds are secured by a mortgage and a lien on certain real and personal property.

The proceeds of the sale of the bonds are to be used for the construction of a new building to be used as a headquarters for the Corporation.

To the extent that any description or other part of this document is incorrect or misleading, please disregard it.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SERIES 38 BOND

12 3/4% DUE JULY 1, 1992

To the bearer and to the holder hereof and to his assigns and his successors in interest, the undersigned on the face hereof, for value received, does promise to pay to the order of the payee of record at the office of the Municipal Assistance Corporation for the City of New York in the city of New York, on or before the principal sum of $100.00, together with interest thereon at the rate of 12 3/4% per annum, from the date hereof until maturity, and for such additional period in case of default in payment of interest or principal as the holder hereof shall, at his option, continue the same for account of the payee, with interest thereon at the rate of 12 3/4% per annum per annum, from the date of such default until payment in full hereof is made.

This bond is subject to the provisions of the Internal Revenue Code of 1986, as amended, and any comparable state or local laws, and the holder hereof is hereby notified that the provisions of Section 115 of the Code require the filing of an income tax return and the payment of any income tax due on the receipt of this bond and any interest thereon.

The holder hereof is further notified that the provisions of Section 104 of the Code require the filing of an income tax return and the payment of any income tax due on the receipt of this bond and any interest thereon.

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):

TEN COM—tenors in common
TEN ENT—as tenants by the entirety
TEN J—tenants in joint tenancy with right of survivorship and not as tenants in common

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

PLEASE INSERT DATE OR OTHER IDENTIFYING NUMBER OF ASSIGNMENT (FOR COMPUTER RECORD ONLY)

Please Print or TypeWrite Name and Address of Transferee:

The within Series 38 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Series 38 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 38 Bond in every particular, without alteration or enlargement or any change whatever.
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 December 31, 1981 of the Sales Tax (p. 4) after deduction of cost of administering, collecting and distributing such tax was $1,365,494,230

2. The most recent collections for the twelve (12) consecutive calendar months ended December 31, 1981 of the Stock Transfer Tax (p. 5) after deduction of cost of administering, collecting and distributing such tax was $ 574,039,158

3. The most recent collections for the twelve (12) consecutive calendar months ended December 31, 1981 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

Total of $1,939,533,388

C. The total amount of $1,939,533,388 for the twelve (12) consecutive calendar months ended December 31, 1981 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 January 1, 1982 from the Sales Tax and Stock Transfer Tax will be less than $1,939,533,388.

E. With respect to Sales Tax collection for the twelve (12) consecutive calendar months ended December 31, 1981, 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 January 1982. Overdistributions were made to the Special Account which ranged from $221,401 to $11,122,699 for certain prior 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 $9.8 million to reflect underdistributions 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 on this 4th day of February 1982.

[Signature]

JAMES H. TULLY, JR.

To: United States Trust Company of New York as Trustee under the Resolution (as defined above).
ARBITRAGE CERTIFICATE

Municipal Assistance Corporation For The City of New York
Series 38 Bonds

I. GENERAL

1.1 I, Steven J. Kantor, Treasurer of the Municipal Assistance Corporation For The City of New York (the "Corporation"), HEREBY CERTIFY with respect to the Corporation's $100,000,000 Series 38 Bonds (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 a series resolution adopted January 21, 1982 , 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 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. PURPOSE 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 modified Four Year Plan and provide for certain reserve fund requirements, 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") and (ii) to augment the Capital Reserve Fund established under the Second Resolution.

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 $97,681,000 (exclusive of underwriter's discount of $2,319,000 and of accrued interest on the Bonds for 3 days of $109,388.49). Such proceeds will be applied as follows:

| Purchase of City Bonds | $83,030,000 |
| Deposit into Second Resolution | Capital Reserve Fund | $14,651,000 |

$97,681,000

3.2 The accrued interest on the Bonds of $109,388.49, representing 3 days' interest, will be applied on July 1, 1982, 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 an agreement between the City and the Corporation to be entered into on or before August 1, 1982 (the "Bond Purchase Agreement") which 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, although certain of such bonds may become subject to the lien of a pledge in favor of a third party.

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 a letter from the Comptroller's office and the Office of Management and Budget of the City attached hereto as Exhibit B and an arbitrage certificate of the City to be delivered at such time(s) as the City Bonds are purchased pursuant to the Bond Purchase Agreement, that such proceeds will be used in a manner consistent with the arbitrage regulations promulgated under Section 103(c) of the Code as though the City Bonds had been issued as of the date hereof.
c. All such proceeds will be expended on or before February 4, 1985, 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 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 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, including any increase in the Requirement reasonably expected within the next fiscal year, and will be invested without restriction as to yield.

IV. TERMS OF THE BONDS AND THE PURCHASE THEREOF

4.1. The date, maturities, rates of interest and redemption features of the Bonds are shown on Exhibit A attached hereto.

4.2. The Corporation's contract of sale with the underwriters for the Bonds specifies that such underwriters are entering into the contract for the purpose of purchasing the Bonds for resale to the public purchasers thereof and that such public purchasers shall be offered the Bonds by
the underwriters at the prices listed on the cover of the Official Statement for the Bonds, plus accrued interest. At the time the contract was entered into, the interest rates and initial sales prices of other municipal bond issues were reviewed by the Corporation. As a result, the Corporation believes that the initial offering prices of the Bonds to the public purchasers at the time of the sale thereof to the underwriters reasonably reflects the fair market value of the Bonds applicable in the established tax-exempt securities market.

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 are 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 4th day of February, 1982.

[Signature]

Steven J. Kantor, Treasurer
Municipal Assistance Corporation
For The City of New York
The Series 38 Bonds are dated as of February 1, 1982, will be sold at par, bear interest at the rates set forth below and mature on July 1 in each of the years and in the principal amounts set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$3,720,000</td>
<td>9%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9 3/4</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10 1/2</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11 1/4</td>
</tr>
<tr>
<td>1992</td>
<td>18,005,000</td>
<td>12 3/4</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14 1/8</td>
</tr>
</tbody>
</table>

Optional Redemption

The Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the option of the Corporation on and after July 1, 1992, 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 Price (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1992 to December 31, 1993</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1994 to June 30, 1995</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1995 to December 31, 1996</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1997 to June 30, 1998</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1998 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The Series 38 Bonds maturing July 1, 1992 and July 1, 2008 are subject to redemption, in part by lot, on July 1 in each of the years, and in 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 38 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$4,320,000</td>
<td>1993</td>
<td>$4,800,000</td>
<td>2001</td>
<td>$4,295,000</td>
</tr>
<tr>
<td>1990</td>
<td>4,445,000</td>
<td>1994</td>
<td>4,180,000</td>
<td>2002</td>
<td>4,540,000</td>
</tr>
<tr>
<td>1991</td>
<td>4,560,000</td>
<td>1995</td>
<td>4,265,000</td>
<td>2003</td>
<td>4,820,000</td>
</tr>
<tr>
<td>1992</td>
<td>4,680,000 *</td>
<td>1996</td>
<td>4,360,000</td>
<td>2004</td>
<td>2,450,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1997</td>
<td>4,450,000</td>
<td>2005</td>
<td>2,760,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1998</td>
<td>4,545,000</td>
<td>2006</td>
<td>3,115,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1999</td>
<td>3,000,000</td>
<td>2007</td>
<td>3,535,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2000</td>
<td>3,055,000</td>
<td>2008</td>
<td>4,015,000 *</td>
</tr>
</tbody>
</table>

* Payment at maturity.
4 February 1982

Municipal Assistance Corporation
For The City of New York
One World Trade Center
New York, New York 10048

Attn:  Mr. Steven Kantor

Re:  $100 Million Series 38 Bonds
     Dated as of February 1, 1982

Dear Sirs:

In connection with the issuance by the Municipal Assistance Corporation For The City of New York (the "Corporation") of its $100 million Series 38 Bonds, dated as of February 1, 1982, and the proposed use of $83.030 million of the proceeds thereof to purchase bonds to be issued by the City of New York (the "City"), we hereby advise you that the City will sell to the Corporation, before February 4, 1985, its bonds (the "Bonds") in an aggregate principal amount equal to $83.030 million, and that, on or before such date, the City will use the proceeds of the Bonds for the purpose of financing capital expenditures for capital improvement projects permitted to be included in its capital budget for the fiscal year during which the City issues the bonds, or to reimburse its General Fund for temporary advances authorized to be made for such purposes. The City has incurred as of the date hereof, or reasonably expects to incur within six months or, to the extent there are good business reasons, within one year, from the date hereof, substantial binding obligations to commence or acquire capital improvement projects undertaken for the purposes for which the Bonds will be issued.

In addition, the City reasonably expects to proceed with due diligence to completion on capital improvement projects, including those to be financed with proceeds of the Series
38 Bonds, having at least the periods of probable usefulness set forth in Exhibit A after substantial binding obligations have been incurred.

Very truly yours,

Martin Ives
First Deputy Comptroller of The City of New York

R. A. Friederich

Alair A. Townsend
Director of Management and Budget For The City of New York
<table>
<thead>
<tr>
<th>Periods of Probable Usefulness</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>15 years</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>20 years</td>
<td>$44,000,000</td>
</tr>
<tr>
<td>25 years or greater</td>
<td>$13,030,000</td>
</tr>
<tr>
<td></td>
<td>$83,030,000</td>
</tr>
</tbody>
</table>
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 38 Resolution adopted by the Corporation on January 21, 1982 (collectively, the Resolutions), authorizing the issuance of the Corporation's Series 38 Bonds (the Bonds) in the aggregate principal amount of $100,000,000, HEREBY CERTIFIES that:

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

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

3. Pursuant to the provisions of the Resolutions and the order of the Corporation dated today, the Trust Company has today authenticated and delivered $100,000,000 principal amount of the Bonds.

4. Each person who authenticated the Bonds was duly elected or appointed, qualified and acting as an authorized officer of the Trust Company and empowered to perform such act, and the attached copy of an Executive Order pursuant to Article VII of the By-Laws Authorizing Corporate Trust and Agency Division Signing Authorities 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 terms.

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, the Trust Company has caused this Certificate to be executed by the officers thereunto duly authorized this 4th day of February, 1982.

UNITED STATES TRUST COMPANY
OF NEW YORK

By ____________________________
Assistant Vice President

(CORPORATE SEAL)

Attest:

__________________________
Assistant Secretary
Any officer of such Division shall have authority to authenticate, execute, countersign, or certify on behalf of the Trust Company bonds, debentures, and other evidences of indebtedness, coupons, certificates, warrants, and proxies with respect to which the Trust Company is trustee, registrar, depositary, transfer agent, fiscal agent, or other agent, as the case may be, and to certify as to the incumbency and specimen signature of any of the officers of the Corporate Trust and Agency Division. The Chairman of the Board or the President or a Vice Chairman or an Executive Vice President of the Trust Company, or such Senior Vice Presidents of the Trust Company as may be authorized by the Chief Executive Officer, may, from time to time, designate employees who shall be authorized, for and under the supervision of an officer of the Corporate Trust and Agency Division and subject in each case to such conditions or limitations as the Chief Executive Officer may prescribe, to authenticate, execute, countersign, or certify such bonds, debentures, other evidences of indebtedness, coupons, certificates, or warrants and proxies, using the title "Authorized Officer" or "Authorized Signature." The Chairman of the Board or the President or a Vice Chairman or an Executive Vice President of the Trust Company, or such Senior Vice Presidents of the Trust Company as may be authorized by the Chief Executive Officer, may also, from time to time, designate employees who shall be authorized, for and under the supervision of an officer of the Corporate Trust and Agency Division, and subject in each case to such conditions or limitations as the Chief Executive Officer may prescribe, to sign advices, receipts, and other documents in connection with the transfer, receipt, delivery, subscription, redemption or exchange of securities, guarantee signatures upon sale, transfer or assignment of stocks and bonds, and erasures in connection therewith, using the title "Authorized Officer" or "Authorized Signature."

[Signature]

Chief Executive Officer
United States Trust Company
of New York

Dated: January 1, 1981
February 4, 1982

Municipal Assistance Corporation
For The City of New York
Suite 8901
One World Trade Center
New York, New York 10048

Re: United States Trust Company of
New York - Municipal Assistance
Corporation For The City of
New York - Series 38 Bonds

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 38 Bonds issued today in the aggregate principal amount of $100,000,000 (the Bonds) pursuant to the Second General Bond Resolution and the Series 38 Resolution adopted by the Corporation on January 21, 1982 (collectively, the Resolutions), and being sold today pursuant to the Bond Purchase Agreement dated January 21, 1982 and the Official Statement dated January 21, 1982 of the Corporation.

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 Resolutions and to exercise all of the rights, powers and obligations of the Trustee.

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

Very truly yours,

Carter, Ledyard & Milburn

RRG:wpc
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 38 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on January 21, 1982. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolution referred to above.

CHASE MANHATTAN BANK, N.A.

By: [Signature]

Title: Vice President

Attest: [Signature]

Dated: January 25, 1982
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 38 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on January 21, 1982. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolution referred to above.

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By: John A. Fahey
Title: Vice Presi

Attest: John A. Fahey
Dated: 1-32-82
February 4, 1982

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated January 21, 1982 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $100,000,000 aggregate principal amount of the Corporation’s Series 38 Bonds (the “Bonds”).

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the final Official Statement of the Corporation, dated January 21, 1982, with respect to the Bonds, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution and
Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Bonds constitute “municipal securities” as such term is defined in the Securities Exchange Act of 1934, as amended.

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

9. The statements set forth in the final Official Statement under the headings “Debt Issuance Plan”, “Certain Developments Affecting the City—Federal Bankruptcy Legislation”, “Various Control Programs” and “Litigation” are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation’s obligations under the Resolutions, the Agreement or the Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement or the Bonds are rendered in reliance upon the opinions 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 opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON
February 4, 1982

United States Trust Company
of New York
45 Wall Street
New York, New York

Gentlemen:

We have delivered to Salomon Brothers Inc and certain other representatives of the Underwriters an opinion dated the date hereof with respect to the issuance of $100,000,000 aggregate principal amount of the Series 38 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 $100,000,000 aggregate principal amount of Series 38 Bonds (the "Series 38 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 38 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 38 Resolution, adopted January 21, 1982 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 38 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 and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 38 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 38 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 38 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 38 Bonds are dated February 1, 1982 except as otherwise provided in the Resolutions with respect to fully registered Series 38 Bonds, will mature on July 1 in each of the years and will bear interest payable July 1, 1982 and semi-annually thereafter on January 1 and on July 1 in each year at the respective rates per annum shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Maturin$</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>$ 3,720,000</td>
<td>9%</td>
</tr>
<tr>
<td>1985</td>
<td>3,840,000</td>
<td>9⁴/₄%</td>
</tr>
<tr>
<td>1986</td>
<td>3,970,000</td>
<td>10¹/₄%</td>
</tr>
<tr>
<td>1987</td>
<td>4,080,000</td>
<td>11%</td>
</tr>
<tr>
<td>1988</td>
<td>4,200,000</td>
<td>11¹/₄%</td>
</tr>
<tr>
<td>1992</td>
<td>18,005,000</td>
<td>12⁴/₄%</td>
</tr>
<tr>
<td>2008</td>
<td>62,185,000</td>
<td>14¹/₄%</td>
</tr>
</tbody>
</table>
The Series 38 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 38 Bonds are interchangeable as provided in the Resolutions. Coupon Series 38 Bonds are numbered 38- - and fully registered Series 38 Bonds are lettered and numbered 38R- - followed, in each case, by the last two digits of the year of maturity and the number of the Series 38 Bonds. Coupon Series 38 Bonds and fully registered Series 38 Bonds are numbered consecutively from one upward in order of issuance.

The Series 38 Bonds maturing on July 1, 1992 and July 1, 2008 are subject to redemption, commencing on July 1, 1989, and July 1, 1993, respectively, and on each July 1 thereafter prior to maturity, in each case 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 38 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 38 Bonds maturing on July 1, 2008 are subject to redemption at the election of the Corporation on and after July 1, 1992, 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-c to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 38 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 38 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 38 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 38 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 purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 38 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 38 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 the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.
5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 38 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 38 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 nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code 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. Interest on the Series 38 Bonds is exempt from (i) Federal income taxes under the existing statutes, and (ii) personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 38 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for estate or gift taxes and taxes on transfers.

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 38 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 38 Bonds, and the execution and delivery of the Series 38 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 38 Bond numbered 38-84-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

[Signature]
February 4, 1982

United States Trust Company
of New York
New York, New York

The Several Underwriters Named
in Schedule I of the Bond
Purchase Agreement dated
January 21, 1982 with the
Municipal Assistance Corpora-
tion For The City of New York

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 an opinion
dated the date hereof with respect to the issuance of the
Series 38 Bonds of the Corporation and an opinion of even
date herewith 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. You are entitled
to rely on said opinions as if the same were addressed to
you.

Very truly yours,

Hawkins, Delafield & Wood
February 4, 1982

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

As representatives of the several Underwriters named in Schedule I to the
Bond Purchase Agreement dated January 21, 1982 with the Municipal Assistance Corporation For The City of
New York.

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

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation For The City of New York (the
"Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to
the authorization and issuance of the Corporation’s Series 38 Bonds (the "Bonds"), dated February
1, 1982 and authorized by the Second General Bond Resolution adopted by the Corporation on
November 25, 1975, as amended and supplemented, and the Series 38 Resolution, adopted January
21, 1982. The Opinion is being rendered in connection with the delivery of the Bonds to Salomon
Brothers Inc on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement
for the Bonds (the "Bond Purchase Agreement") by and among you, as representatives of said
Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by
the Corporation in connection with the authorization, sale and issuance of the Bonds, including a
record of proceedings of the Corporation relating to the authorization, execution and delivery of the
Bond Purchase Agreement, were present at various meetings in connection therewith and have
participated with others in the preparation of various parts of the Official Statement with respect to
the Bonds dated January 21, 1982 (the "Official Statement").

In connection with the sale of the Bonds, at the request of the Corporation, we participated and
assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the
information and representations contained therein. Rendering such assistance involved, among other
things, discussions and inquiries concerning various and related subjects, and reviews of and reports
on certain documents and proceedings. We also participated in conferences with the board of
directors of the Corporation and its officers, agents and employees, the State Comptroller and his
deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and
your counsel, White & Case, at which the contents of the Official Statement and related matters were
discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE
BONDS (other than the statistical and financial information or statements of expectation or
anticipation of the Corporation under the headings "Per Capita Aid", "Sales Tax", "Quarterly
Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock
Transfer Tax"), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE
RATIOS (other than the statistical and financial information set forth therein), BONDS BEING
OFFERED, AGREEMENT OF THE STATE OF NEW YORK AND SUMMARY OF CERTAIN
PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or
summaries of the statutory provisions, documents or matters therein set forth.

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

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

We are further of the opinion that the issuance and sale to you of the Bonds pursuant to and as
contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act
of 1933, as amended, and the resale of the Bonds by you would be similarly exempt from registration
under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the
Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939,
as amended, and the Bonds constitute "municipal securities" within the meaning of the Securities
Exchange Act of 1894, as amended.

We are further of the opinion that the Bonds are legal investments, under present provisions of
New York law, for all public officers and bodies of the State and political subdivisions of the State
and other persons carrying on an insurance business, all banks, bankers, trust companies, savings
banks and savings associations, including savings and loan associations, building and loan
associations, investment companies and other persons carrying on a banking business, all
administrators, guardians, executors, trustees and other fiduciaries, and all other persons
whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of
the State.

Very truly yours,

[Signature]

Hawkins, Delafield & Wood
February 4, 1982

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

Gentlemen:

We have reviewed the accompanying arbitrage certificate of Mr. Steven J. Kantor, 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 38 Bonds dated February 1, 1982 and delivered this day (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, make unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Hawkins, Delafeld & Wood]
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,

[Signature]
February 4, 1982

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated January 21, 1982 (the “Bond Purchase Agreement”) between you and Municipal Assistance Corporation For The City of New York (the “Corporation”), under which you and such other Underwriters jointly and severally agree to purchase from the Corporation $100,000,000 aggregate principal amount of its Series 38 Bonds (the “Bonds”) issued pursuant to the Second General Bond Resolution and the Series 38 Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 and January 21, 1982, respectively (the “Resolutions”). Pursuant to the Resolutions, the Corporation has designated United States Trust Company of New York as trustee (the “Trustee”).

In connection with the offering of the Bonds, the Corporation has prepared and authorized the distribution of an official statement dated January 21, 1982 (the “Official Statement”).

In acting as your counsel, we have participated in the preparation of the Official Statement and have examined the originals, or copies thereof certified to our satisfaction, of such corporate records of the Corporation, certificates of public officials, certificates of officers of the Corporation and such other documents, records and papers as we have deemed necessary or appropriate in order to give the opinions expressed herein. We have relied upon such certificates of officers of the Corporation and other certifications with respect to the accuracy of material factual matters contained therein which were not independently established. In addition, we have, with your approval, assumed that the Bonds have been duly executed on behalf of the Corporation and duly authenticated by the Trustee, and that the signatures on all documents and instruments examined by us are genuine, which assumptions we have not independently verified.
Based upon the foregoing, it is our opinion that:

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

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

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

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

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

In the course of the preparation by the Corporation of the Official Statement, we and representatives of the Underwriters participated in numerous conferences and conversations with general counsel and bond counsel for the Corporation and with certain officers and representatives of the Corporation, and we also consulted on numerous occasions with representatives of certain of the Underwriters. We are not passing upon the accuracy, completeness, or fairness of the information contained in the Official Statement. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records of proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the Official Statement. It is our understanding that you are relying upon the preparation of the Official Statement by the Corporation and certifications of various officers and officials of the Corporation, the State and The City of New York as to the accuracy, completeness and fairness of the statements contained therein. Further, we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the Official Statement or in our conferences or conversations referred to above which has caused us to believe that the Official Statement, as of the date thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

Very truly yours,
February 4, 1982

Dear Sirs:

Reference is made to our opinion to you of even date herewith with respect to the Series 38 Bonds of Municipal Assistance Corporation For The City of New York. We hereby confirm to you that, while we have not participated in conferences or conversations regarding the accuracy, completeness or fairness of the information contained in the Official Statement referred to in such opinion with those involved in its preparation or otherwise undertaken any investigation with respect to the information contained in such Official Statement subsequent to its date, nothing has come to our attention which has caused us to believe that such Official Statement, as of this date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,
$100,000,000
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SERIES 38 BONDS

BLUE SKY MEMORANDUM

January 18, 1982

SALOMON BROTHERS INC
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BACHE HALSFORD STUART SHIELDS INCORPORATED
BEAR, STEARNS & CO.
L.F. ROTHSCHILD, UNTERBERG, TOWBIN
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

In connection with the proposed offering of $100,000,000 aggregate principal amount of the Series 38 Bonds (hereinafter referred to as the "Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), we have prepared the accompanying Preliminary Blue Sky Survey relating to the provisions of the securities or Blue Sky laws of the jurisdictions enumerated therein. The Survey is based upon an examination of such laws as reported in the latest unofficial compilations available to us and upon financial and other information furnished by officers of the Corporation or contained in the Preliminary Official Statement dated January 18, 1982. The Survey covers (i) offers of and solicitations of offers to purchase the Bonds ("offers"), made orally or by means of the Preliminary Official Statement before issuance of the Official Statement in final form; and (ii) sales or contracts of sale of the Bonds ("sales") after issuance of the Official Statement in final form.
The Survey is based upon the opinion of Bond Counsel that the Corporation is a corporate governmental agency and instrumentality of the State of New York and upon the assumptions that the offers and sales will be made in accordance with the applicable statements contained in the Official Statement and at a price not in excess of the initial public offering price specified therein, that the necessary banking authority approvals have been obtained, and that the Bonds will be purchased by you and the other Underwriters and will be sold by the purchasers for their own account.

The Survey also is subject to the following qualifications:

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

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

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

Very truly yours,

WHITE & CASE
Preliminary Blue Sky Survey

$100,000,000
Municipal Assistance Corporation for the City of New York
Series 38 Bonds

Part I
Offers and Sales to the Public by Banks and Registered Dealers

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

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

(1) Registration as a dealer is required of banks not regulated by an agency of Arizona or the United States.
(2) A bank must register as a dealer unless it is authorized to do business in Florida.
(3) Banks must register as brokers or dealers in this state.
(4) Banks not organized under the laws of Illinois or the United States must register as dealers in this state.
(5) Registration or licensing as a dealer is not required in Nevada, provided the dealer or broker is either registered pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or is a member of the National Association of Securities Dealers, Inc. or is a bank.
(6) Application for confirmation of exemption is being filed. Before making any offers or sales, dealers should communicate with Salomon Brothers Inc for information as to final approval.
PART II
Exempt Transactions

Dealers

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made to dealers and brokers in the jurisdictions listed below without registration of the Bonds or any filings being made in such jurisdictions. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions except as otherwise indicated.

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

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers and brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association, or is registered as a broker-dealer in California; or has no place of business in California, and effects transactions in California exclusively with broker-dealers, or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to broker-dealers or exempt institutions.

(3) Provided offeror or seller is a bank, or a registered broker or has filed as an exempt broker in Colorado.

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

(5) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(6) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in this state, or has no place of business in this state and effects transactions in this state exclusively with or through registered broker-dealers or with exempt institutions.

(7) Provided offeror or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.

(8) Provided offeror or seller is a bank, or is registered as a broker-dealer in Nevada, or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(9) Provided offeror or seller is a bank, savings institution or trust company; or a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

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

(11) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effect transactions for its own account or as agent for the seller pursuant to bank agency regulation.
### Institutions

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made in the following jurisdictions to the institutions specified, without registration of the Bonds or any filings being made. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions, unless otherwise indicated. This Survey does not cover the status of the Bonds with respect to eligibility for investment by any of the institutions mentioned.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Alaska(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Arizona</td>
<td>Any bank, savings institution, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.</td>
</tr>
<tr>
<td>Arkansas(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>California(2)</td>
<td>Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), wholly-owned subsidiary of the foregoing institutional investors, college or university which has total endowment funds of not less than $5,000,000, or corporation which has a net worth of not less than $14,000,000; provided the purchaser, whether acting for itself or as trustee, represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security; or any government, governmental agency, state university or state college or their employee retirement systems.</td>
</tr>
<tr>
<td>Colorado(3)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Connecticut(1)</td>
<td>Any state bank and trust company, national banking association, mutual savings bank, savings and loan association, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Delaware(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>District of Columbia(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
</tbody>
</table>
Florida ........................ Any bank or trust company, whether acting in its individual or fiduciary capacity, savings institution, insurance company, regulated investment company, or a pension or profit-sharing plan having assets not less than $500,000.

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

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

Hawaii(4) ........................ Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

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

Illinois .......................... Any corporation, bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, association engaged as a substantial part of its business or operations in purchasing or holding securities, or a trust in respect of which a bank or trust company is trustee or co-trustee.

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

Iowa(5) ........................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Kansas ........................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution, or institutional buyer.

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

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

Maine(6) ........................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

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

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

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

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

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

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

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

Nevada(7) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

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

New Jersey(8) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

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

New York Any bank or any syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups.

North Carolina(1)(9) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

North Dakota Any bank, savings bank, savings institution, trust company, insurance company or any corporation, organization or association, a principal part of whose business consists of the buying of securities.
Ohio (6) ............... Any institutional investor, defined as any corporation, bank, insurance company, pension fund or trust, employees' profit sharing fund or trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.

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

Oregon .................... Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer.

Pennsylvania (10) ........ Any institutional investor, defined as any bank, insurance company, pension or profit sharing plan or trust, investment company, as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, whether the buyer is acting for itself or in some fiduciary capacity, the Federal Government, State or any agency or political subdivision thereof or any other person designated by regulation of the Pennsylvania Securities Commission.

Puerto Rico (1) ........... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Rhode Island ............. Any national bank, or any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or institutional buyer, such securities being purchased by such institution for its own account and investment.

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

South Dakota .............. Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, the State or any agency or political subdivision thereof, or other financial institution or institutional buyer, whether such person is acting for itself or as trustee.

Tennessee (5) ............. Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or any other person engaged as a substantial part of its business in investing in securities (except a broker-dealer), in each case having a net worth in excess of $1,000,000.

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

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

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

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

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

Wisconsin(1)(11) .......... Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or the state or any agency or political subdivision thereof, or other financial institution or institutional investor, whether such person is acting for itself or as trustee.

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

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association; or is registered as a broker-dealer in California or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to other broker-dealers or to exempt institutions.

(3) Provided offeror or seller is a bank, or a registered broker or dealer or has filed as an exempt broker or dealer in Colorado.

(4) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(5) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in this state, or has no place of business in this state and effects transactions in this state exclusively with or through registered broker-dealers or with exempt institutions.

(6) Provided offeror or seller is a registered or licensed dealer in this state.

(7) Provided offeror or seller is a bank or is registered as a broker-dealer in Nevada or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(8) Provided offeror or seller is a bank, savings institution or trust company; or is a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

(9) A bank, savings institution, trust company, or North Carolina registered dealer may also offer and sell the Bonds to corporations other than the exempt institutions cited.

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

(11) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
$100,000,000
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SERIES 38 BONDS

SUPPLEMENTAL BLUE SKY MEMORANDUM

January 21, 1982

Salomon Brothers Inc
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers Inc
One New York Plaza
New York, New York 10004

Dear Sirs:

This Memorandum supplements and completes our Blue Sky Memorandum dated January 18, 1982, with reference to the offering of the Series 38 Bonds (the "Bonds") of the Municipal Assistance Corporation For The City of New York.

We wish to advise you that exemptions have been confirmed where necessary.

For information as to the Blue Sky status of the Bonds in the various jurisdictions, reference is made to our Blue Sky Memorandum of January 13, 1982.

Very truly yours,

WHITE & CASE
CERTIFICATE OF TRUSTEE AS TO RECEIPT OF PROCEEDS OF THE SALE OF SERIES 38 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 ("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 38 Bonds, in the aggregate principal amount of $100,000,000 (the "Bonds"), as authorized by the Series 38 Resolution adopted by the Corporation on January 21, 1982, hereby acknowledges, on behalf of the Corporation, the receipt of the proceeds of sale of the Bonds, plus accrued interest thereon, consisting of a $500,000 good faith deposit received on January 21, 1982 and the additional amount of $97,290,388.49 (representing the purchase price of the Bonds in the amount of $97,681,000 plus accrued interest in the aggregate amount of $109,388.49, less such good faith deposit) received on the date hereof, for use in accordance with instructions delivered by the Corporation to the Trustee on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of United States Trust Company of New York this 4th day of February 1982.

(SEAL)

[Signature]
Assistant Vice President

Attest:

[Signature]
Assistant Secretary
On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated January 21, 1982 (the "Agreement") with the Municipal Assistance Corporation For The City of New York (the "Corporation"), acknowledges receipt from United States Trust Company of New York, as Trustee under the Second General Bond Resolution adopted on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), upon the order of the Corporation, of the Series 38 Bonds (the "Bonds") of the Corporation, in definitive form, in the principal amount of $100,000,000 issued pursuant to the Second General Bond Resolution and the Series 38 Resolution adopted on January 21, 1982.

The aggregate purchase price of the Bonds is $97,681,000 plus accrued interest in the amount $109,388.49 from February 1, 1982 to the date hereof, for a total of $97,790,388.49, for which a check is herewith tendered in the amount of $97,290,388.49, the balance being provided by the application of the good faith check in the amount of $500,000 delivered to the Corporation on January 21, 1982.
In connection with the purchase of the Bonds, the undersigned acknowledges receipt of all of the documents required to be delivered to the undersigned pursuant to the Agreement.

IN WITNESS WHEREOF, this receipt has been executed this 4th day of February, 1982.

SALOMON BROTHERS INC

As Representative
of the Underwriters

By [Signature]
Vice President
ORDER AS TO DEPOSIT AND INVESTMENT
OF SERIES 38 BOND PROCEEDS

4 February 1982

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

You have today received the amount of $97,290,388.49 from the Municipal Assistance Corporation For The City of New York (the "Corporation") which, together with the good faith deposit of $500,000 received on January 21, 1982, constitutes the aggregate proceeds, including accrued interest, of the Corporation's sale of its $100,000,000 aggregate principal amount of Series 38 Bonds dated February 1, 1982 (the "Proceeds"). You are hereby requested, authorized and ordered to deposit the Proceeds in the Corporation's Proceeds Account (the "Proceeds Account").

You are hereby further requested, authorized and ordered: (i) to deposit, on February 5, 1982, $14,651,000 of the Proceeds Account into the Capital Reserve Fund under the Second General Bond Resolution adopted on November 25, 1975, as amended and supplemented (the "Second General Resolution"), and (ii) to deposit, on February 5, 1982, $109,388.49 of the Proceeds Account in the Bond Service Fund under the Second General Resolution. The balance of $83,030,000 shall continue to be held in the Proceeds Account pending further written direction from the Corporation, which direction shall cause such balance to be used to purchase bonds issued by the City of New York to finance capital improvements.

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 Bond Resolution, you are hereby requested, authorized and directed to invest monies in the Proceeds Account, the Capital Reserve Fund and the Bond Service Fund, and any accrued interest thereon, in the manner provided in Section 702 of the Second General Bond Resolution.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]
Deputy Executive Director
$100,000,000
Municipal Assistance Corporation
For The City of New York
(A Public Benefit Corporation of the State of New York)

Series 38 Bonds
(is issued Pursuant to the Second General Bond Resolution)

Dated: February 1, 1992 / Due: July 1, as shown below

$19,810,000 Series 38 Serial Bonds

Amort. Maturity Date
$3,730,000 1984 9% @100% $4,990,000 1987 11% @100%
3,840,000 1985 9% @100% 4,200,000 1988 11% @100%
3,970,000 1986 10% @100%

$18,005,000 12% Term Bonds Due July 1, 1992 @ 100%
$62,185,000 14% Term Bonds Due July 1, 2008 @ 100%
(Fixed accrued interest)

The Series 38 Bonds are payable from certain per capita state aid and, to the extent not required for payment of certain other obligations of the Corporation, including bonds issued under the Corporation's First General Bond Resolution, revenues derived from certain fees and compensating use taxes imposed by the State of New York with the City of New York and, under certain conditions, the State's social security 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 38 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 therefor. Neither the faith nor the credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Series 38 Bonds.

The Series 38 Bonds are offered when, as and if issued by the Corporation and received by the Underwriters and subject to approval of legality by the Corporation and the Underwriters, through their counsel. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Certain legal matters will be passed on for the Underwriters by their counsel, White & Case, New York, New York.

The Underwriters will require that you take all necessary action to consummate the purchase of the securities

Goldman, Sachs & Co.
Merrill Lynch White Wess Capital Markets Group
Citicorp Bank, N.A.
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

Salomon Brothers Inc

Certain factors that may affect decisions to invest in these securities are described in the Official Statement, which should be read in its entirety by persons considering a purchase of these securities. This statement does not constitute an offer to sell these securities, which offer may only be made by means of the Official Statement which may be obtained at no charge from the Underwriters or may otherwise be available in compliance with the securities laws of each state.
MUNICIPAL ASSISTANCE CORPORATION FOR
THE CITY OF NEW YORK

$100,000,000
SERIES 38 BONDS

MEMORANDUM OF CLOSING ON FEBRUARY 4, 1982

At a closing held on February 4, 1982, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the underwriters referred to in Schedule I to the Bond Purchase Agreement dated January 21, 1982 (the "Bond Purchase Agreement") among the Corporation and each of such underwriters (collectively the "Underwriters") $3,720,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1984, $3,840,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1985, $3,970,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1986, $4,080,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1987, $4,200,000 of the Corporation's Series 38 Bonds maturing on July 1, 1988, $18,005,000 of the Corporation's Series 38 Bonds maturing on July 1, 1992 and $62,185,000 aggregate principal amount of the Corporation's Series 38
Bonds maturing on July 1, 2008 (collectively the "Series 38 Bonds"). The Series 38 Bonds were issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, each as further amended, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the Second General Bond Resolution, adopted by the Corporation on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), and the Series 38 Resolution adopted by the Corporation on January 21, 1982, authorizing the Series 38 Bonds (the "Series 38 Resolution").

I

The Closing

A. On February 3, 1982, a preliminary closing was held at the offices of the Corporation, Suite 8901, One World Trade Center, New York, New York. All papers to be delivered at the Closing, to the extent practicable, were executed and approved, and such papers were packaged and placed in escrow.
Series 38 Bonds on the terms stated in the Bond Purchase Agreement and the Series 38 Resolution, and approving the Official Statement and authorizing the distribution of the Official Statement.

5. Copy of the Second General Bond Resolution.

6. Copy of the Series 38 Resolution.

7. Written order of the Corporation as to the delivery and authentication of the Series 38 Bonds.

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

9. A certificate of the Commissioner of Taxation and Finance of the State, dated the Closing Date, required pursuant to Section 3(a)(5) of the Bond Purchase Agreement. (Exhibit D to the Bond Purchase Agreement)

10. A certificate, dated the Closing Date, of the Mayor of The City of New York (the "City") or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

11. A certificate, dated the Closing Date, of the Comptroller of the City or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

12. The approval, dated January 21, 1982, of the Comptroller of the State required pursuant to Section 3(d) of the Bond Purchase Agreement.

13. A general certificate of the Corporation as to directors, officers, terms of office and other details of the Corporation, including the seal, bylaws, litigations, the Second General Bond Resolution, the Series 38 Resolution, minutes, specimen Bonds, signatures, and certifications, required pursuant to Section 202 of the Second General Bond Resolution, specifically as to:
(i) no default under Section 202.2(4); and
(ii) debt coverage under Section 202.3(3) - (4);

and the certifications of the Corporation, required pursuant to Section 3(a)(3) of the Bond Purchase Agreement and Section 401 of the Series 38 Resolution, with specimen Series 38 Bonds attached thereto.

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

15. A certificate of the Director of the Budget of the State as to the amount of Per Capita Aid, required pursuant to Section 202.3(2) of the Second General Bond Resolution.

16. Arbitrage certificate of the Corporation required pursuant to Section 3(a)(7) of the Bond Purchase Agreement.

B. From the Corporation to United States Trust Company of New York, as trustee (in such capacity, the "Trustee") and its counsel:

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

(a) See item A.5 above.
(b) See item A.6 above.
(c) See item A.7 above.
(d) See item A.13 above.
(e) See item A.14 above.
(f) See item A.15 above.
(g) See item D below.
(h) See item E below.

(i) See item F.1 below.

2. Order as to deposit and investment of the proceeds of the Series 38 Bonds.

C. From the United States Trust Company of New York to the Corporation, with executed copies to the Representatives and their counsel:

1. Certificate with attached copy of the Executive Order pursuant to its By-laws showing authority for officers to authenticate the Series 38 Bonds.

2. Opinion of Counsel for the Trustee with respect to United States Trust Company of New York's authority to act as Trustee, together with a reliance opinion to the Representatives.

D. From The Chase Manhattan Bank, N.A. and Bank of America NT & SA to the Corporation, with copies to the Representatives and their counsel:

Acceptance of the Office of Paying Agent.

E. From Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, to the Representatives and their counsel:

The opinion, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit A thereto, together with a reliance opinion to the Trustee.

F. From Messrs. Hawkins, Delafield & Wood, Bond Counsel, to the Representatives and their counsel:
1. The opinion, dated the Closing Date, addressed to the Corporation (accompanied by a letter authorizing reliance thereon by the Trustee and Underwriters), furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit B thereto.

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

3. The opinion, dated the Closing Date, addressed to the Corporation (accompanied by a letter authorizing reliance thereon by the Trustee and the Underwriters), as to the enforceability of the 1978 State Covenant, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement.

4. The opinion, dated the Closing Date, addressed to the Corporation, as to arbitrage, furnished pursuant to Section 3(a)(8) of the Bond Purchase Agreement.

G. From Messrs. White & Case, Counsel to the Underwriters, to the Representatives:

1. The opinions, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(2) of the Bond Purchase Agreement.

2. A survey of the applicable "Blue Sky" laws of various jurisdictions.

3. A copy of the "Tombstone" relating to the Series 38 Bonds.


III

Delivery of the Series 38 Bonds and Checks at the Closing

A. Coupon bonds in bearer form representing $3,720,000 aggregate principal amount of the Corporation's
Series 38 Bonds maturing on July 1, 1984, coupon bonds in bearer form representing $3,840,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1985, coupon bonds in bearer form representing $3,970,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1986, coupon bonds in bearer form representing $4,080,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1987, coupon bonds in bearer form representing $4,200,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1988, coupon bonds in bearer form representing $18,005,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 1992, and coupon bonds in bearer form representing $62,185,000 aggregate principal amount of the Corporation's Series 38 Bonds maturing on July 1, 2008 were delivered to the Representatives.

B. The Representatives delivered to the Corporation a certified or official bank check in New York Clearing House funds in the amount of $97,290,388.49 which, together with the deposit of $500,000 paid pursuant to Section 5 of the Bond Purchase Agreement, constitutes payment in full of the purchase price of the Series 38 Bonds.
C. Receipt of the Trustee as to proceeds of the sale of the Series 38 Bonds was given to the Representatives.

D. Receipt of the Representatives for the Series 38 Bonds was given to the Trustee.
Schedule I

Persons Present at the Closing

For The Corporation:
Stephen J. Weinstein
Maxine H. Gillman

For The Trustee:
George Boswell
Pat V. Santivasci

For The Underwriters:
Robert F. Mabon

For Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation:
Allen L. Thomas
James K. Thornton

For Hawkins, Delafield & Wood, Bond Counsel:
John J. Koehane
Jack M. Schrager

For Carter, Ledyard & Milburn, Counsel to the Trustee:
Robert R. Grew
John C. Phelan

For White & Case, Counsel to the Underwriters:
David H. Blair
Anthony F. Kahn