SECOND AMENDMENT TO THE AMENDED AND RESTATATED AGREEMENT

SECOND AMENDMENT TO THE AMENDED AND RESTATATED AGREEMENT made as of the 8th day of June, 1978 (the "Second Amendment"), by and among the Municipal Assistance Corporation for The City of New York (the "Corporation") and each of the undersigned New York City Commercial Banks (the "Banks"), New York City Pension Funds (the "Pension Funds") and New York City Sinking Funds (the "Sinking Funds").

Each of the parties hereto agrees that the agreement made as of the 26th day of November, 1975 (the "Amended and Restated Agreement"), as amended by and among the parties to this Second Amendment by the First Amendment to the Amended and Restated Agreement made as of the 17th day of August, 1977 (the "First Amendment") (the Amended and Restated Agreement as amended by the First Amendment is herein called the "Agreement") is hereby further amended as follows:

1. Paragraph 4(d) is hereby added to the Agreement to provide as follows:

   (d) Those of the Pension Funds and Sinking Funds listed on Schedule X (the "Participating Funds") hereby agree, severally and not jointly, to purchase on or prior to June 9, 1978 an aggregate of $335,490,000 principal amount of subordinated notes of the Corporation, substantially in the proportion set forth in Schedule X annexed hereto. All such subordinated notes shall bear interest at a rate equal to the annual yield equivalent to the discounted price of United States Treasury Bills of maturity closest to 30 days, but not exceeding 30 days, available for purchase in the secondary market, determined as reported in The New York Times on the date of such purchase and shall mature on June 30, 1978. The purchases provided for in this Paragraph 4(d) shall not be in substitution for, in satisfaction of, a waiver of, or in any other way affect the provisions of Paragraph 4(a) hereof (subject in each case to the provisions of Paragraph 4(e) hereof).

2. Paragraph 4(e) is hereby added to the Agreement to provide as follows:

   (e) The obligations of the Participating Funds to purchase notes pursuant to Paragraph 4(d) hereof shall be conditioned upon each of the following facts being true on the date of such purchase: (i) the Comptroller of the City or any Deputy Comptroller of the City shall certify that the City has timely paid when due principal of and interest on bonds and notes of the City outstanding at such time, except for notes of the City subject to the moratorium under the provisions of the New York State Emergency Moratorium Act for the City of New York, for which adequate provision for payment has been made, and notes of the City held by the Corporation, as to which no certificate need be given, and an authorized officer of the Corporation shall certify that the Corporation has timely paid when due principal of and interest on its bonds and notes outstanding at such time; (ii) the Corporation Counsel of the City shall issue an opinion that the City is not under the jurisdiction of any court pursuant to any proceedings under the federal bankruptcy laws or pursuant to Title 6-A of the Local Finance Law (or any statute analogous in purpose or effect to any such laws or such Law); (iii) the Corporation Counsel of the City shall issue an opinion that Chapter 890 of the Laws of 1975 of the State of New York is effective (or has been replaced by a statute having the same purpose or effect as such Law); (iv) an authorized officer of the Corporation shall certify that, promptly upon the receipt of the proceeds from the purchase of the notes pursuant to Paragraph 4(d) hereof, the Corporation will pay to the City an amount equal to such proceeds, and the Comptroller of the City or any Deputy Comptroller of the City shall certify that, promptly upon the receipt of such amount, he will authorize payment of the contributions to the Pension Funds which were requested to have been made in May 1978 and that he will authorize payment of the contributions to the Pension Funds requested or to be requested for June 1978, by June 15, 1978; (v) the Corporation shall, in
connection with such purchase, deliver to each Participating Fund an Official Statement with
respect to the notes substantially the same as the preliminary Official Statement dated June 7,
1978 and previously delivered to such Funds; (vi) Public Law 94-236 shall be in force and
effect and the Secretary of the Treasury of the United States of America shall have notified
each Pension Fund in writing that he will not determine that the taking effect of the Second
Amendment is inconsistent with the considerations set forth in Section (a)(2) of such Law;
(vii) the Corporation Counsel of the City shall issue an opinion that the New York City Seasonal
Financing Act of 1975 is in force and effect, the Credit Agreement is in force and effect and
the Comptroller or any Deputy Comptroller shall certify that the City is not in default in the
payment of principal of and interest on any notes of the City issued pursuant to such Credit
Agreement; (viii) each Participating Fund shall have received an unqualified approving opinion
as to legality of the notes from recognized bond counsel and such other documents as counsel
for the Participating Funds shall reasonably request in form and substance satisfactory to such
counsel, provided, however, that if litigation is pending or threatened in respect of the validity
of such notes the approving opinion shall state in substance that the validity of such notes will
not, in the opinion of such bond counsel, be affected by any order of a court of last resort;
(ix) each of the Participating Funds shall simultaneously make the purchases provided for in
Paragraph 4(d) hereof; (x) the City shall deliver to each of the parties to this Agreement an
approval signed by the Deputy Mayor for Finance thereof to the effect that the City approves
this Second Amendment; (xi) each of the Participating Funds shall have received a certificate
from the Commissioner of Taxation and Finance of the State of New York in the form annexed
hereto as Exhibit A and a certificate from the Director of the Budget of the State of New York
in the form annexed hereto as Exhibit B, and the Corporation shall deliver to each of the Par-
ticipating Funds a certificate of an authorized officer stating that the Corporation has no reason
to believe that (A) anything contained in such certificates of the Commissioner of Taxation
and Finance and of the Director of the Budget, or (B) any of the amounts of available Per
Capita Aid, Sales Tax and Stock Transfer Tax referred to on pages 10 and 11 of the Corpora-
tion's Official Statement, is inaccurate in any material respect, and stating that the amounts
of the Corporation's debt service referred to on pages 10 and 11 of such Official Statement
are accurate in all material respects; and (xii) the Comptroller of the City or any Deputy
Comptroller of the City shall certify that, based on then current reasonable projections, to the
best of his knowledge, after receipt of the proceeds of sale of the notes provided for in Paragraph
4(d) hereof and certain reasonably anticipated real estate tax prepayments during June 1978,
the City will have sufficient funds to meet its cash requirements for the balance of June 1978,
including the payments referred to in clause (iv) hereof and repayments of the outstanding
balances under the Credit Agreement referred to in clause (vii) hereof, without resort to additional
borrowing by the City.

3. Paragraph 4(f) is hereby added to the Agreement to provide as follows:

(f) Any provisions of Paragraphs 4(a) and 4(c) hereof to the contrary notwithstanding,
there shall be no purchase by any Pension Fund that is a Participating Fund of bonds of the City
under the provisions of such Paragraphs if such purchase would cause the sum of (i) the principal
amount of such bonds and (ii) the principal amount of notes of the Corporation purchased by such
Pension Fund pursuant to Paragraph 4(d) hereof still held by such Pension Fund and still outstanding
or not yet paid or deemed paid in accordance with their terms to exceed such Pension Fund's
proportionate share of bonds of the City referred to in Paragraph 4(a) hereof. Such payment or
provision for payment may occur prior to or simultaneously with purchases under the provisions
of Paragraph 4(a) hereof (subject in each case to the provisions of Paragraph 4(c) hereof). The
Corporation may prepay the notes of the Corporation referred to in Paragraph 4(d) hereof at any
time at par plus accrued interest thereon to the date of prepayment. In no event shall payment of
the notes be subject to "rollover" or be conditioned upon the purchase of bonds of the City
referred to in Paragraph 4(a) hereof and in no event shall the amount or any portion thereof due
and payable on June 30, 1978 or on the date of prepayment on the notes be used or usable as a set off against amounts or any portion thereof due or which may be due as the purchase price of such bonds.

4. Paragraph 4(g) is hereby added to the Agreement to provide as follows:

(g) Anything in Paragraph 4 hereof to the contrary notwithstanding, the provisions of Paragraph 4(a) hereof with respect to Pension Funds shall be void and no force and effect if the principal of, and interest on, any of the notes purchased by any such Pension Fund pursuant to Paragraph 4(d) hereof are not paid in full when due in accordance with their terms.

5. This Second Amendment shall become effective immediately upon its execution.

In Witness Whereof, each of the parties has caused this instrument to be executed by its duly authorized officer as of the date first above written.

Municipal Assistance Corporation
For The City of New York

By Stephen Weinstein

Pension Funds That Are Participating Funds

New York City Employees' Retirement System

By Philip Michael

By Harold E. Herkommmer

Board of Education Retirement System
For The City of New York

By Domenica Olszenski

Teachers' Retirement System
For The City of New York

By Wallace F. Sullivan

Pension Funds That Are Not Participating Funds

New York City Fire Department Pension Fund, Article 1-B

By Stephen J. Murphy

New York City Police Pension Fund, Article 2

By Philip Michael

Sinking Funds That Are Participating Funds

Sinking Fund of the City of New York

By Paul M. O'Brien

Rapid Transit System Sinking Fund of the City of New York

By Paul M. O'Brien

Transit Unification Sinking Fund of the City of New York

By Paul M. O'Brien
SINKING FUND THAT IS NOT A PARTICIPATING FUND

WATER SINKING FUND OF THE
CITY OF NEW YORK

By PAUL M. O'BRIEN

Approved as to Form on Behalf of the
Pension Funds and Sinking Funds:

JANICE GRIFFITH
ACTING CORPORATION COUNSEL
FOR THE CITY OF NEW YORK
June 8, 1978

BANKS

CITIBANK, N.A.

By LEON J. KARVELIS, JR., V.P.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By ROSS MATTHEWS, VICE PRESIDENT

BANKERS TRUST COMPANY

By HOWARD M. SCHNEIDER

IRVING TRUST COMPANY

By JACOB Z. SCHUSTER, VICE PRESIDENT

UNITED STATES TRUST COMPANY OF NEW YORK

By CHARLES A. FRANK, III, V.P.

THE BANK OF NEW YORK

By ROGER S. PHELPS, JR., V.P.

THE CHASE MANHATTAN BANK, N.A.

By PALMER TURNHEIM, SENIOR V.P.

MANUFACTURERS HANOVER TRUST COMPANY

By JOHN D. LEE, V.P.

MARINE MIDLAND BANK

By RICHARD C. KELLER

CHEMICAL BANK

By HERMAN CHARBONNEAU

NATIONAL BANK OF NORTH AMERICA

By LAURENCE T. DUNNE, F.O.
### SCHEDULE X

**Pension Fund and Sinking Fund Purchases**  
*of Notes of the Corporation Required On*  
*Or Prior to June 9, 1978*

<table>
<thead>
<tr>
<th>Fund</th>
<th>Principal Amount of Notes of the Corporation to be Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City Employees' Retirement System</td>
<td>$182,655,000</td>
</tr>
<tr>
<td>Teachers' Retirement System for The City of New York</td>
<td>133,685,000</td>
</tr>
<tr>
<td>Board of Education Retirement System for The City of New York</td>
<td>7,770,000</td>
</tr>
<tr>
<td>Sinking Fund of The City of New York</td>
<td>2,276,000</td>
</tr>
<tr>
<td>Rapid Transit System Sinking Fund of The City of New York</td>
<td>5,121,000</td>
</tr>
<tr>
<td>Transit Unification Sinking Fund of The City of New York</td>
<td>3,983,000</td>
</tr>
</tbody>
</table>
EXHIBIT A

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 NOTE RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK AUTHORIZING THE ISSUANCE OF NOT IN EXCESS OF $400,000,000 PROMIS- SORY NOTES, 1978 SERIES (the “Resolution”) adopted June 1, 1978 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 in the Resolution.

B. 1. The collections of Sales Tax (section 1107 of the Tax Law of the State of New York) for the calendar months of April, May and June, 1977 after the deduction of cost of administering, collecting and distributing such taxes were:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>$ 23,631,396</td>
</tr>
<tr>
<td>May</td>
<td>$ 46,700,760</td>
</tr>
<tr>
<td>June</td>
<td>$112,948,032</td>
</tr>
</tbody>
</table>

$183,280,188

2. The collections of Stock Transfer Tax (Article 12 of the Tax Law of the State of New York) for the calendar months of April, May and June, 1977 were:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>$ 21,502,173</td>
</tr>
<tr>
<td>May</td>
<td>$ 24,392,687</td>
</tr>
<tr>
<td>June</td>
<td>$ 25,016,381</td>
</tr>
<tr>
<td>Total</td>
<td>$ 70,911,241</td>
</tr>
</tbody>
</table>
| Less Administrative Charge | $151,967

$ 70,759,274

Total of $254,039,462

C. The total amount of $254,039,462 for the calendar quarter ended June 30, 1977 as set forth in paragraph B above, taking into account the statement set forth in paragraph E below, is less than the total revenues expected to be collected by me during the calendar months of April, May and June, 1978 from the Sales Tax and Stock Transfer Tax.

D. In addition, while it is not presently possible to predict the amount of Sales Tax and Stock Transfer Tax to be certified to the comptroller as available for distribution, subject to legislative appropriation, on June 30, 1978 to the Special Tax Account of the Corporation, taking into account the statement in paragraph E below, it is my expectation that the amount to be so certified as available on June 30, 1978 will be greater than the amount so certified as available on June 30, 1977.

E. 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 from Sales Tax and Stock Transfer Tax will be less than the amounts stated above.
It should be noted that legislation (Chapter 878 of the Laws of 1977) with respect to the Stock Transfer Tax alters the pattern of flow of Stock Transfer Tax moneys into the Stock Transfer Tax fund. However, it is not expected at the present time that such legislation would occasion a change in my expectation set forth in paragraphs C and D above.

IN WITNESS WHEREOF, I have hereto set my hand this 8th day of June, 1978.

.................................................................
Commissioner of Taxation and Finance

TO:

The New York City Employees' Retirement System;
Board of Education Retirement System for the City of New York;
New York City Sinking Funds; and
Teachers' Retirement System for the City of New York
EXHIBIT B

CERTIFICATE OF THE ACTING DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

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

The estimated amount of per capita aid payable to The City of New York pursuant to Section 54 of the State Finance Law, as amended, available to be apportioned and paid into the Special Aid Account of the Municipal Assistance State Aid Fund established pursuant to Section 92-c of the State Finance Law for the first quarter of fiscal year of the State commencing April 1, 1978 is expected to be approximately $434,324,000.00.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of June, 1978.

........................
Acting Director of the Budget
of the State of New York

To:

New York City Employees' Retirement System
Board of Education Retirement System for The City of New York
Teachers' Retirement System for The City of New York
Sinking Fund of The City of New York
Rapid Transit System Sinking Fund of The City of New York
Transit Unification Sinking Fund of The City of New York
Second Amendment
made as of June 8, 1978

Correspondence

1978
July 26, 1978

Marilyn F. Friedman, Esq.,
General Counsel
Municipal Assistance Corporation
2 World Trade Center
New York, New York 10047

Dear Marilyn:

In accordance with our recent conversation, enclosed is a copy of my July 26, 1978 letter to Mr. Harold Herkommer, Executive Director, New York City Employees' Retirement System, and enclosure thereto.

Best regards.

Sincerely,

William Josephson

Enclosure
June 15, 1978

Marilyn F. Friedman, Esq.
Municipal Assistance Corporation
2 World Trade Center
Room 4540
New York, New York 10047

Dear Marilyn:

Through the fog that surrounds all of my recollections of how we spent the evening of June 8 comes the recollection that we promised the Fire Fund a letter confirming the agreement orally stated to them and incorporated in their resolution that MAC would not single out the Fire Fund for a lawsuit to attempt to enforce the obligations under Paragraph 4(a) of the First Amendment.

Bruce Simon has confirmed that he expects us to do a draft. Accordingly, I have prepared the enclosed draft for your review and comment. If it looks okay to you, you can simply have it typed on MAC letterhead and send it directly to the Fund. If not, please let me have your thoughts. Before sending it to the Fund, however, I think that one or the other of us should check with Jim Greilheimer to make sure that he is in agreement with this form and that it is consistent with whatever the City will send to the Fund.

Best personal regards.

Sincerely,

Allen L. Thomas

ALT/njr
Enclosure
Board of Trustees of the New York City Fire Department Pension Fund, Article 1-B
c/o Commissioner Stephen J. Murphy, Chairman
110 Church Street
New York, New York

Gentlemen:

Reference is made to the Second Amendment to the Amended and Restated Agreement (the "Second Amendment") made as of the 8th day of June, 1978 by and among the Corporation, the five New York City Pension Funds (the "Pension Funds"), including the New York City Fire Department Pension Fund, Article 1-B (the "Fire Fund") and certain other parties.

In the course of the negotiations among The City of New York (the "City"), the Corporation and the Fire Fund, representatives of the City informed the Fire Fund and representatives of the Corporation that the City agrees that it will not seek enforcement of any rights it may have pursuant to Paragraph 4(a) of the Amended and Restated Agreement as amended by the First Amendment (dated November 26, 1975 and August 17, 1977, respectively, among all of the parties to the Second Amendment) against the Fire Fund without simultaneously seeking enforcement against all Pension Funds of any such rights.
June 13, 1978

Dr. Jackson R.E. Phillips
moody's Investor Service
99 Church Street
New York, New York 10007

Dear Jack:

As I promised you yesterday at our meeting, I enclose two copies of the Second Amendment to the Amended and Restated Agreement pursuant to which the Corporation sold its $335,490,000 principal amount of subordinated notes to a group of Pension Funds and Sinking Funds last Friday. I believe that at our meeting, Gene Keilin gave you two copies of the Official Statement and Note Resolution relating to the sale.

If you have any questions about the Second Amendment, please call me.

Sincerely,

Allen L. Thomas

Enclosures

cc: Eugene J. Keilin, Esq.
MEMORANDUM TO: Mr. John LaCarubba  
Executive Director  
Board of Education  
Retirement System  
65 Court Street  
Brooklyn, NY 11201

Mr. Harold Herkommer  
Executive Director  
New York City Employees'  
Retirement System  
220 Church Street  
New York, NY 10013

Mr. Daniel O'Neal Vona  
Deputy Commissioner  
New York City Police  
Pension Fund  
No. 1 Police Plaza  
New York, NY 10038

Mr. Stephen J. Murphy  
First Deputy  
Commissioner  
New York City Fire Department Pension Fund  
110 Church Street  
New York, NY 10007

Mr. Wallace F. Sullivan  
Executive Director  
New York City Teachers'  
Retirement Board  
40 Worth Street  
New York, NY 10013

RE: New York City Preliminary Official Statement

We have been requested by The City of New York to forward to you a copy of the Preliminary Official Statement dated May 22, 1978 in connection with the several obligations of the five City Pension Funds to purchase bonds of the City pursuant to Section 4 of the Restructuring Agreement dated as of August 17, 1977. We are advised by the City that of the $703,000,000 principal amount of General Obligation Serial Bonds of the City proposed to be offered, $682,710,000 principal amount, bearing interest at the rate of 9% per annum, will be offered for purchase