MUNICIPAL ASSISTANCE CORPORATION FOR THE 
CITY OF NEW YORK

BOND PURCHASE AGREEMENT

Dated as of November 15, 1978
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Parties</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recitals</td>
<td>1</td>
</tr>
<tr>
<td><strong>SECTION 1.</strong> Sale and Purchase of the Bonds</td>
<td>2</td>
</tr>
<tr>
<td>1.1. Reliance and Agreement to Purchase</td>
<td>2</td>
</tr>
<tr>
<td>1.2. Type of Bonds and Maturity</td>
<td>2</td>
</tr>
<tr>
<td>1.3. Purchase Price and Interest Rate</td>
<td>4</td>
</tr>
<tr>
<td>1.4. Redemption Provisions</td>
<td>4</td>
</tr>
<tr>
<td>1.5. Series Resolutions</td>
<td>5</td>
</tr>
<tr>
<td>1.6. Determination of Closing Dates and Principal Amounts</td>
<td>6</td>
</tr>
<tr>
<td>1.7. Closings</td>
<td>8</td>
</tr>
<tr>
<td><strong>SECTION 2.</strong> Representations and Warranties of the Corporation</td>
<td>9</td>
</tr>
<tr>
<td>2.1. The Corporation; the MAC Act</td>
<td>9</td>
</tr>
<tr>
<td>2.2. Official Statement</td>
<td>9</td>
</tr>
<tr>
<td>2.3. Financial Statements</td>
<td>10</td>
</tr>
<tr>
<td>2.4. Authorization; Validity</td>
<td>10</td>
</tr>
<tr>
<td>2.5. State Covenant</td>
<td>10</td>
</tr>
<tr>
<td>2.6. Payment of the Bonds</td>
<td>11</td>
</tr>
<tr>
<td>2.7. No Conflict, etc.</td>
<td>11</td>
</tr>
<tr>
<td>2.8. Governmental Approvals</td>
<td>11</td>
</tr>
<tr>
<td>2.9. Pending or Threatened Litigation</td>
<td>11</td>
</tr>
<tr>
<td>2.10. Liens</td>
<td>12</td>
</tr>
<tr>
<td>2.11. Use of Proceeds</td>
<td>13</td>
</tr>
<tr>
<td>2.12. Sovereign Immunity</td>
<td>13</td>
</tr>
<tr>
<td>2.13. Certificates to Constitute Representation and Warranty of the Corporation</td>
<td>13</td>
</tr>
<tr>
<td><strong>SECTION 3.</strong> Conditions to Closings</td>
<td>13</td>
</tr>
<tr>
<td>3.1. Guaranteed Bonds</td>
<td>14</td>
</tr>
<tr>
<td>3.2. Simultaneous Purchases</td>
<td>15</td>
</tr>
<tr>
<td>3.3. Purchases Pursuant to Financial Plan</td>
<td>16</td>
</tr>
<tr>
<td>3.4. Agreements and Legislation in Effect</td>
<td>17</td>
</tr>
<tr>
<td>3.5. No Adverse Decision</td>
<td>18</td>
</tr>
<tr>
<td>3.6. No Material Adverse Changes in MAC’s Affairs</td>
<td>20</td>
</tr>
<tr>
<td>3.7. No Specified Adverse Changes in City’s Affairs</td>
<td>21</td>
</tr>
<tr>
<td>3.8. No Default of Corporation, City, State or Certain Agencies; No Bankruptcy, etc.</td>
<td>22</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS—Continued

3.9. Amendment or Supplement of Official Statement ........................................ 23
3.10. Certificates ....................................................................................... 24
3.11. Instruments Delivered under Second Bond Resolution ......................... 24
3.12. Opinions ......................................................................................... 24
3.15. Tax Exemption .................................................................................... 26
3.16. Legal Investment ............................................................................... 26
3.17. Contributions to Pension Funds ........................................................... 26
3.18. No Prohibited Transactions, etc. ......................................................... 27
3.19. Qualified Status ................................................................................. 28
3.20. Legislative Amendments ..................................................................... 29
3.21. Additional Certificates, etc. ................................................................. 29

SECTION 4. Covenants of the Corporation .................................................. 29
4.1. Annual and Quarterly Reports ............................................................. 29
4.2. Other Information ............................................................................... 30
4.3. Limitations on Indebtedness ............................................................... 31
4.4. Provisions with Respect to State Covenant ......................................... 32
4.5. Home Office Payment ....................................................................... 37

SECTION 5. Miscellaneous ......................................................................... 37
5.1. Notices ............................................................................................... 37
5.2. Expenses .......................................................................................... 37
5.3. Parties in Interest ............................................................................... 38
5.4. Certain Provisions Executory ............................................................. 38
5.5. Representations and Agreements to Survive Delivery ......................... 38
5.6. Representations of Purchasers ............................................................. 38
5.7. Resale Restrictions ............................................................................ 38
5.8. Independent Investment Decisions ...................................................... 39
5.9. Pension Fund Covenant .................................................................... 39
5.10. No Implied Waivers ........................................................................ 40
5.11. Amendments, Consents, Waivers ...................................................... 40
5.12. Table of Contents and Headings ......................................................... 42
5.13. Definitions ....................................................................................... 42
5.14. Applicable Law ............................................................................... 44
5.15. Term of Agreement ......................................................................... 44
5.16. Counterparts .................................................................................... 44
### TABLE OF CONTENTS—Continued

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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BOND PURCHASE AGREEMENT

AGREEMENT dated as of November 15, 1978 among the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (the “Corporation”) and, severally and not jointly, each of the commercial banks, savings banks and insurance companies (the “Financial Institutions”), and the New York City Pension Funds (the “Pension Funds”), listed on Schedule I hereto. The Financial Institutions and the Pension Funds are herein collectively referred to as the “Purchasers”.

WITNESSETH:

WHEREAS, the Corporation will authorize the issuance and sale to the Purchasers of its bonds under this Agreement (the “Bonds”) pursuant to its Second General Bond Resolution adopted November 25, 1975, as from time to time amended and supplemented (the “Second Bond Resolution”); the Bonds will be issued pursuant to the Second Bond Resolution and the 1978 Series 11 Resolution, the 1978 Series 12 Resolution and the 1978 Series 13 Resolution, each adopted and supplemented prior to the execution of this Agreement, and from time to time after June 30, 1979 by series resolutions adopted in accordance with Section 1.5, (collectively, the “Series Resolutions”); the Second Bond Resolution and the Series Resolutions are from time to time herein referred to as the “Resolutions”;

WHEREAS, pursuant to Section 10-a.1 of the New York State Financial Emergency Act for The City of New York, as from time to time amended (the “FCB Act”), the City has been authorized to include in its bonds and notes and the Corporation has been authorized and required to include in its bonds, including the Bonds, a pledge and agreement (the “State Covenant”) of the State of New York (the “State”) that the State will not take certain actions, including any action which will substantially impair the authority of the New York State Financial Control Board (the “Control Board”) for The City of New York in specified respects to be an independent monitor of the fiscal affairs of The City of New York (the “City”); the City has executed and delivered an Adherence Agreement dated the date hereof, in the form attached hereto as Exhibit A (the “Adherence Agreement”), in which the City has agreed with and for the benefit of the Purchasers that, among other things, it will comply with the provisions of the FCB Act, as it may be amended from time to time, and that it will comply with certain provisions of the FCB Act as in effect on the date hereof; pursuant to Section 10-a.3 of the FCB Act, the City has included in the Adherence Agreement a pledge and agreement of the State that the State will not take certain actions with respect to the Adherence Agreement; and the
Purchasers have informed the State and the Corporation, and the Corporation acknowledges, that the enactment and amendment to date of the FCB Act, the requirement that the State Covenant be included in the Bonds, the inclusion of the State Covenant in this Agreement and in the Series Resolutions and the execution and delivery of the Adherence Agreement are each essential prerequisites to the execution and delivery of this Agreement by the Purchasers and their purchase of Bonds hereunder; and


NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained the parties hereto agree as follows:

SECTION 1. Sale and Purchase of the Bonds.

1.1. Reliance and Agreement to Purchase. Subject to the terms and conditions hereof and in reliance on the representations, warranties and covenants of the Corporation in this Agreement and in the Resolutions, of the City in the Adherence Agreement and of the State in the State Covenant, the Adherence Agreement, Section 3015 of the MAC Act (as defined in Section 2.1 below) and Section 906 of the Second Bond Resolution, each of which represents to the Purchasers an integral and important undertaking to them, each Purchaser severally and not jointly agrees to purchase from the Corporation in each of the Fiscal Years specified in Schedule I hereto, on the Closing Date or Dates and in the principal amounts determined by the Corporation pursuant to Section 1.6, an aggregate principal amount of Bonds not exceeding the principal amount set forth therein opposite the name of such Purchaser for such Fiscal Year. References to a “Fiscal Year” are to the 12-month period ending on June 30 of such year. The Bonds shall be in such form as is prescribed in, shall be subject to, and shall have the benefits of the terms and covenants and be secured in accordance with the provisions of, the Resolutions.

1.2. Type of Bonds and Maturity. (a) Except for Bonds purchased in Fiscal Year 1979 by the insurance companies listed on Schedule II hereto, all Bonds of each Series shall be Term Bonds (as defined in the Resolutions) maturing no later than July 1 in the twentieth Fiscal Year commencing after
the Closing Date (as defined in Section 1.6(d)) for the purchase of Bonds of such Series. The Term Bonds shall be retired in substantial part prior to their stated maturities through operation of a sinking fund. All Term Bonds issued on a particular Closing Date shall have the same maturity and (subject to rounding each Sinking Fund Installment, as defined in the Second Bond Resolution, to the nearest $5,000) shall have the same average life and a proportionate mandatory sinking fund schedule. Bonds purchased in Fiscal Year 1979 by the insurance companies listed in Schedule II hereto shall be Serial Bonds (as defined in the Resolutions) having the maturities and bearing interest as described in Schedule II hereto.

(b) The Bonds issued to any Purchaser on any Closing Date in Fiscal Year 1980, 1981 or 1982 shall have an average life as of such Closing Date of not more than 13.2 years; provided, however, that they may have an average life as of such Closing Date of not more than 16 years so long as (i) after giving effect to such issuance of Bonds, the weighted average of the average lives as of the respective Closing Dates shall be no more than 13.2 years for (A) all Bonds which have been issued to such Purchaser during such Fiscal Year, or (B) all Bonds which have been and are to be issued to such Purchaser during such Fiscal Year in accordance with this Section 1 (the Corporation having demonstrated, based on reasonable assumptions, that such Bonds to be issued, together with the Bonds to be issued simultaneously to the other Purchasers, will meet the coverage requirements for bonds issued under the Second Bond Resolution ("Second Resolution Bonds"); and (ii) no Bonds issued during such Fiscal Year shall have an average life as of the Closing Date for the purchase of such Bonds of less than seven years. If the Corporation shall issue any Bonds in reliance on the proviso in the preceding sentence but (as a result of not utilizing any Purchaser's full commitment during the applicable Fiscal Year for any reason other than a default by such Purchaser) the weighted average of the average lives as of the respective Closing Dates for all Bonds issued to such Purchaser during such Fiscal Year is more than 13.2 years (the "Long Bonds"), then (i) the Bonds issued to such Purchaser on the first Closing Date in a subsequent Fiscal Year (or, if the weighted average of the average lives as of the respective Closing Dates of the Long Bonds and the Bonds issued to such Purchaser on such first Closing Date is more than 13.2 years and if such Bonds so issued represent less than 50% of such Purchaser's commitment during the Fiscal Year of such Closing Date, on the first two Closing Dates in a subsequent Fiscal Year) (the "Short Bonds") shall have an average life (or lives) such that the weighted average of the average lives as of the respective Closing Dates for the Short Bonds and the Long Bonds...
shall be no more than 13.2 years, (ii) the average life of all such Short Bonds shall be no more than 13.2 years and (iii) the weighted average of the average lives as of the respective Closing Dates for the Long Bonds, the Short Bonds and all other Bonds, if any, issued to such Purchaser later in the Fiscal Year in which the Short Bonds are issued shall be no more than 13.2 years.

1.3. *Purchase Price and Interest Rate.* As provided in the Series Resolutions adopted prior to the date hereof, the Term Bonds to be purchased on the first Closing Date shall bear interest at a rate of 83% per annum and the Serial Bonds to be purchased on the first Closing Date shall bear interest as shown on *Schedule II* and the purchase price for such Bonds shall be equal to 98.075% of the principal amount thereof, together with interest accrued to the date of purchase. The purchase price for all Bonds purchased hereunder after Fiscal Year 1979 shall be equal to 100% of the principal amount thereof, together with interest accrued to the date of purchase. Bonds purchased on each subsequent Closing Date shall bear interest at the rate per annum determined as described in *Schedule III* hereto, with the first installment of interest payable no more than eight months after such Closing Date.

1.4. *Redemption Provisions.* (a) The Resolutions shall provide that the Bonds (other than the Serial Bonds) shall be subject to mandatory redemption, in part, by lot, on July 1 of specified years, beginning no later than the tenth Fiscal Year commencing after the date of original issuance, through operation of a sinking fund in accordance with the provisions of Section 1.2.

(b) Each Series Resolution substantially in the form of *Exhibit B* hereto shall provide that the Bonds issued pursuant thereto shall be subject to redemption at the option of the Corporation on or after July 1 in the tenth Fiscal Year commencing after the date of their original issuance, as a whole on any date, or in part by lot on any interest payment date, at a redemption price of 102% of the principal amount of Bonds being redeemed in the tenth Fiscal Year commencing after the date of their original issuance, 101.5% in the eleventh Fiscal Year, 101% in the twelfth Fiscal Year, 100.5% in the thirteenth Fiscal Year and 100% in the fourteenth Fiscal Year or at any time thereafter, together in each case with accrued interest to the date of redemption; provided, however, that for Bonds to be purchased on a particular Closing Date, if the optional redemption prices or the period before any optional redemption can be made for the series of Second Resolution Bonds then most recently issued and sold by the Corporation in a public sale (the "Public Bonds") are different from the foregoing provisions of this paragraph, the optional redemption provisions for the Bonds to be purchased on such Closing Date shall be determined as follows: (i) the Bonds to be purchased on such Closing Date shall be redeemable at the option
of the Corporation beginning on July 1 of the tenth Fiscal Year commencing after the date of their original issuance; (ii) if the earliest optional redemption date of the Public Bonds is during the tenth Fiscal Year commencing after the date of their original issuance, the initial optional redemption price for the Bonds to be purchased on such Closing Date shall be equal to the initial redemption price for the Public Bonds, together with accrued interest to the date of redemption; (iii) if the earliest optional redemption date of the Public Bonds is during a Fiscal Year later than the tenth Fiscal Year commencing after the date of their original issuance, the initial optional redemption price for the Bonds to be purchased on such Closing Date shall be equal to (A) the initial optional redemption price for the Public Bonds plus (B) one-half percent multiplied by the result of subtracting ten from the number of years from the Fiscal Year of original issuance of the Public Bonds to the Fiscal Year in which the Public Bonds are first redeemable at the option of the Corporation, together with accrued interest to the date of redemption; (iv) if the earliest optional redemption date of the Public Bonds is during a Fiscal Year earlier than the tenth Fiscal Year commencing after the date of their original issuance, the initial optional redemption price for the Bonds to be purchased on such Closing Date shall be equal to (A) the initial optional redemption price for the Public Bonds less (B) one-half percent multiplied by the result of subtracting from ten the number of years from the Fiscal Year of original issuance of the Public Bonds to the Fiscal Year in which the Public Bonds are first redeemable at the option of the Corporation, together with accrued interest to the date of redemption; (v) the initial optional redemption price as determined in clauses (ii) through (iv) above shall apply for the period from July 1 to June 30 of the tenth Fiscal Year commencing after the date of original issuance of the Bonds to be purchased on such Closing Date and the optional redemption price shall be reduced by one-half percent each July 1 thereafter. Notwithstanding the foregoing to the contrary, the initial optional redemption price for such Bonds shall never be less than 102% of the principal amount of Bonds being redeemed, and in no event shall a redemption price be less than 100% of the principal amount of Bonds being redeemed, together in each case with accrued interest to the date of redemption.

1.5. Series Resolutions. In Fiscal Year 1979 the Term Bonds purchased by the Financial Institutions shall be issued pursuant to the 1978 Series 11 Resolution adopted prior to the execution of this Agreement, all Bonds purchased by the Pension Funds shall be issued pursuant to the 1978 Series 12 Resolution adopted prior to the execution of this Agreement and all Serial
Bonds purchased by the Financial Institutions shall be issued pursuant to the 1978 Series 13 Resolution adopted prior to the execution of this Agreement. Before each Closing Date after Fiscal Year 1979, the Corporation shall adopt two Series Resolutions substantially in the form of Exhibit B hereto, each with appropriate insertions to reflect the terms of the Bonds to be issued on such Closing Date in accordance with the provisions of this Section 1; all Bonds sold on such Closing Date to the Financial Institutions shall be issued under one such Series Resolution and all Bonds sold on such Closing Date to the Pension Funds shall be issued under the other Series Resolution.

1.6. Determination of Closing Dates and Principal Amounts. (a) Delivery of the Bonds to be purchased, severally and not jointly, by the Purchasers during Fiscal Year 1979 shall be made on November 17, 1978 or on such other date as the Corporation and the Purchasers may mutually agree.

(b) On or before July 1 of each Fiscal Year after Fiscal Year 1979 through and including Fiscal Year 1982, the Corporation shall deliver to each of the Purchasers a schedule, consistent with the then current Financial Plan covering the four Fiscal Years beginning on such July 1, setting forth the date or dates during the upcoming Fiscal Year on which it is anticipated that Bonds are to be purchased hereunder and the aggregate principal amount to be purchased on each such date in accordance with paragraph (c) of this Section. Such schedule shall be solely for the convenience of the Purchasers and shall not constitute a notice contemplated by paragraph (c) of this Section. For purposes of this Agreement, the term “Financial Plan” shall mean the City's four-year financial plan, as modified from time to time, prepared pursuant to the FCB Act, provided that such plan and any such modification have been approved by the Control Board pursuant to the FCB Act.

(c) The Corporation shall give to each of the Purchasers 30 calendar days' written notice of any date for the purchase of Bonds during Fiscal Years 1980, 1981 and 1982, specifying the aggregate principal amount of Bonds to be purchased on such date by each of the Purchasers in accordance with paragraph (c) of this Section, and five business days' written notice of the maturity of, redemption provisions for and the date as of which interest on such Bonds will first accrue. For purchases during Fiscal Year 1982, each date, if any, so specified shall be on or before December 31, 1981. Delivery of the Bonds specified in each notice pursuant to this paragraph shall be made on the date specified in such notice or on such other date as the Corporation and the Purchasers purchasing such Bonds may mutually agree; provided, however,
that the Corporation may postpone such date pursuant to paragraph (d) of this Section. There shall be no more than four Closing Dates (as defined in paragraph (d) of this Section) in any one Fiscal Year beginning with Fiscal Year 1980 and at least $100 million aggregate principal amount of Bonds shall be scheduled to be purchased on each such Closing Date.

(d) Upon notice to the Purchasers, at any time on or before a scheduled date for the purchase of Bonds after Fiscal Year 1979, and from time to time, the Corporation may postpone the date for the purchase of such Bonds to a specified date up to 90 calendar days from the date determined pursuant to paragraph (c) of this Section. The Corporation shall not be required to give notice of any such postponement in advance of the previously scheduled purchase date. The foregoing to the contrary notwithstanding, no date for the purchase of Bonds may be postponed to a subsequent Fiscal Year. Notwithstanding anything in this Agreement to the contrary, no date for the purchase of Bonds in Fiscal Year 1982 may be postponed beyond January 20, 1982. Each date for the purchase of Bonds determined as provided in this Section, after giving effect to any postponement pursuant to this paragraph, is herein referred to as a “Closing Date.”

(e) The aggregate principal amount of Bonds to be purchased on each Closing Date in any Fiscal Year shall be scheduled to be purchased simultaneously by the several Purchasers ratably in proportion to the respective principal amounts of Bonds set forth opposite their names for such Fiscal Year in Schedule I hereto plus, to the extent provided in Section 3.5(b), any additional principal amounts for such Fiscal Year in respect of Bonds not purchased in prior Fiscal Years solely as a result of Section 3.5(a). No Purchaser shall be obligated to purchase a greater or lesser aggregate principal amount of Bonds on any Closing Date by reason of another Purchaser’s not purchasing, or not having purchased, the aggregate principal amount of Bonds scheduled to be purchased by it.

(f) To the extent that the Bonds scheduled pursuant to paragraph (a), (c) or (d) of this Section to be purchased by any Purchaser on a Closing Date are not so purchased on such Closing Date and such Purchaser has not defaulted in its obligation hereunder to purchase such Bonds, the obligation of such Purchaser to purchase the principal amount of such Bonds shall terminate forthwith, except to the extent that such Bonds are not purchased solely as a result of Section 3.5(a) and the relevant decision, ruling or finding is reversed on appeal or otherwise set aside during the Fiscal Year of such Closing Date, in which case (i) if such reversal or setting aside occurs on or before February 1 of such Fiscal Year the commitment to purchase such Bonds
during such Fiscal Year shall be reinstated and must be utilized, if at all, during such Fiscal Year and (ii) if such reversal or setting aside occurs after February 1 of such Fiscal Year the remaining commitment to purchase such Bonds during such Fiscal Year shall be reinstated and may be utilized, in full in such Fiscal Year, or in accordance with the provisions of Section 3.5(b) in a subsequent Fiscal Year. To the extent the Corporation does not give timely notification or notifications to a Purchaser pursuant to paragraph (c) of this Section of its election to sell to such Purchaser the full aggregate principal amount of Bonds which such Purchaser has agreed to purchase during the applicable Fiscal Year, the obligation of the Purchaser to purchase the principal amount of Bonds not included in any such timely notice for such Fiscal Year shall terminate forthwith. Notwithstanding the termination of a commitment pursuant to this paragraph, (A) such commitment may be reinstated and utilized in accordance with this paragraph or (B) commitments in subsequent Fiscal Years may be increased in respect of such terminated commitments in accordance with Section 3.5(b).

1.7. Closings. Delivery of the Bonds to be purchased by the Purchasers shall be made at the offices of The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, New York, or at such other place or places as the Corporation and the Purchasers purchasing such Bonds shall mutually agree. At each closing, the Corporation shall deliver to each Purchaser a Bond or Bonds, dated the Closing Date or any date within 45 days before the Closing Date (in each case with no more than 45 days of interest accrued to the Closing Date), in the aggregate principal amount of Bonds being purchased by such Purchaser on such Closing Date, against payment therefor by a certified or official bank check in New York Clearing House funds payable to the order of the Corporation in the amount of the purchase price thereof. The Bonds so delivered shall be in such authorized denominations and in bearer or registered form (and, in the case of registered Bonds, registered in such names) as the Purchaser thereof shall have requested in a notice to the Corporation given not less than 10 calendar days prior to the Closing Date or, in the case of the first Closing Date, not less than two business days prior to such Closing Date or, in the absence of such notice from a Purchaser purchasing Bonds on a Closing Date, such Purchaser shall receive one Bond registered in its name in the full principal amount being purchased by it on such Closing Date. Notwithstanding the foregoing, if the Corporation delivers temporary Bonds on any Closing Date, any such temporary Bond shall be in fully registered form only and the Corporation shall make definitive Bonds available for exchange pursuant to Section 310 of the Second Bond Resolution
as soon thereafter as practicable and in any event not later than 30 days after the Closing Date and shall pay the expenses, if any, of each Purchaser incurred in connection with such exchange.

SECTION 2. Representations and Warranties of the Corporation. The Corporation hereby represents and warrants to each of the Purchasers that:

2.1. The Corporation; the MAC Act. The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation duly 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 “MAC Act”). The MAC Act has been validly enacted and is in full force and effect.

2.2. Official Statement. The Corporation has delivered to each Purchaser, prior to the date of execution hereof, the preliminary official statement dated November 10, 1978 of the Corporation and, in connection with the execution hereof, the official statement, marked to show all changes from the preliminary official statement, each containing information material to the purchase of Bonds on the first Closing Date concerning the Corporation, its securities, the City, the State and other matters, including annual financial statements of the type required pursuant to Section 4.1. The Corporation will deliver to each Purchaser, at least five business days prior to each subsequent Closing Date, an official statement containing information material to the purchase of Bonds on such Closing Date concerning the Corporation, its securities, the City, the State and other matters, including audited annual financial statements for the most recent Fiscal Year and unaudited quarterly financial statements for any subsequent quarters then completed, of the type and as then required to be delivered pursuant to Section 4.1. For this purpose the Corporation may prepare one official statement for all of the anticipated Closing Dates in a particular Fiscal Year and deliver any amendments or supplements thereto as may be necessary for each purchase of Bonds during such Fiscal Year at least five business days before the applicable Closing Date. As used herein the term “Official Statement” shall refer to the most recent official statement referred to above, as it may be amended or supplemented from time to time. The Official Statement does not, and will not as of the date of any amendment or supplement, in connection with the offer and sale of the Bonds, contain
any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.3. Financial Statements. The financial statements of the Corporation contained in the Official Statement fairly present the financial position and transactions in the debt service funds, the capital reserve funds and the operating funds referred to below of the Corporation as of the dates and for the periods therein specified in accordance with generally accepted accounting principles consistently applied. Since the date of the most recent financial statements included in the Official Statement, there has been no material adverse change in the financial position of the Corporation or in transactions in the debt service funds, the capital reserve funds or the operating funds established under the Second Bond Resolution and the Corporation's General Bond Resolution adopted July 2, 1975, as supplemented and amended (the "First Bond Resolution"), except as referred to in the Official Statement.

2.4. Authorization; Validity. The execution, delivery and performance by the Corporation of this Agreement and the Bonds issued or to be issued on or before the date as of which this representation and warranty is made have been duly authorized by proper proceedings. The Second Bond Resolution and each Series Resolution relating to such Bonds have been validly adopted and are in full force and effect. This Agreement has been duly executed and delivered by the Corporation. This Agreement and the Resolutions referred to above constitute valid and legally binding obligations of the Corporation. All Bonds, if any, issued on or before the date as of which this representation and warranty is made have been duly authorized, executed, authenticated, issued and delivered and constitute valid and legally binding obligations of the Corporation, and are entitled to the benefits of the Resolutions. The Corporation is subject to suit by the Purchasers to enforce the Corporation's obligations under this Agreement, and by the Trustee under the Second Bond Resolution or Bondholders in accordance with Section 1207 of the Second Bond Resolution, to enforce the Corporation's obligations under the Resolutions and the Bonds, and courts of competent jurisdiction have power in appropriate proceedings to enforce such obligations.

2.5. State Covenant. The Corporation has been duly authorized and required to include the State Covenant in the Bonds. The Bonds to be delivered to the Purchasers pursuant to this Agreement will contain the State Covenant. The FCB Act has been validly enacted and is in full force and effect.
2.6. Payment of the Bonds. The Corporation shall pay punctually the principal, premium, if any, and interest on the Bonds when the same shall become due. To that end the Corporation covenants and warrants that it will take all action and do all things which it may lawfully take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the MAC Act, this Agreement, the Resolutions and the Bonds in order to provide for and to assure payment of the principal of and premium, if any, and interest on the Bonds when the same shall become due.

2.7. No Conflict, etc. The execution, delivery and performance of this Agreement, the Bonds, the Resolutions and the Official Statement, under the circumstances contemplated hereby and by the Official Statement, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any law, resolution, ordinance, regulation, decree or order existing on the date of as which this representation and warranty is made, the by-laws of the Corporation, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

2.8. Governmental Approvals. No authorization, consent or approval of, or filing or registration with, any Governmental Authority or court is or will be necessary, under requirements of law existing on the date as of which this representation and warranty is made, for the valid execution, delivery or performance by the Corporation of this Agreement, the Resolutions or the Bonds (other than the adoption by the Corporation of Series Resolutions, and any required State Comptroller approval of the terms of sale, for Bonds to be issued after the date as of which this representation and warranty is made), or, if necessary, such authorization, consent, approval, filing or registration has been duly obtained or made. As used herein, the term "Governmental Authority" shall refer to any legislative body or other governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation (which has the jurisdiction and power to take the action it purports to take).

2.9. Pending or Threatened Litigation. There is no action, suit, proceeding or investigation before or by any court or Governmental Authority pending, or (to the best of the knowledge of the Corporation) overtly threatened, against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person wherein an
unfavorable decision, ruling or finding would (a) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the State Covenant, (b) in any material respect limit the obligations of the City referred to in the State Covenant or contained in Section 9-a or 9-b of the FCB Act or the obligations of the City under the FCB Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Control Board, (c) declare the State Covenant or the Adherence Agreement invalid or unenforceable in whole or in material part, (d) in any other manner adversely affect provisions for or materially adversely affect sources for payment of the principal of or premium, if any, or interest on the Bonds, as such provisions and sources are described in the Official Statement delivered in connection with the execution hereof, or (e) declare the Resolutions, the MAC Act or the Corporation's obligations under the Bonds to be invalid or unenforceable in whole or in material part; except any such action, suit, proceeding or investigation (or any action, suit or proceeding which may be brought with respect to the subject matter of any such investigation) (A) which is referred to in Schedule IV hereeto, or (B) wherein an unfavorable decision, ruling or finding would have any of the effects described in clause (a), (b) or (c) above, but which is referred to in a certificate of the Chairman of the Corporation delivered on the Closing Date as of which this representation and warranty is made to the Purchasers and to each of the counsel delivering opinions on such date pursuant to Section 3.12(b) and (e), or (C) wherein an unfavorable decision, ruling or finding would have any of the effects described in clause (d) or (e) above, but which, in the opinion (which opinion shall be addressed, and be in form and substance satisfactory, to the Purchasers and shall be dated the date as of which this representation and warranty is made) of Paul, Weiss, Rifkind, Wharton & Garrison, Hawkins, Delafield & Wood, or other counsel acceptable to the Purchasers (which acceptance shall not be unreasonably withheld), the decision, ruling or finding of the court or Governmental Authority of final jurisdiction would not have any of the effects described in clause (d) or (e) above.

2.10. Liens. Except for liens described in the Official Statement (including liens created by the bonds and notes issued by the Corporation on or before the date as of which this representation and warranty is made, by the Second Bond Resolution, by the First Bond Resolution and by the Guarantee Fund required by the Agreement to Guarantee (as defined in Section 3.1(a))), there is no lien, charge or encumbrance of any kind on the revenues of the Corporation, the property of the Corporation (other than any property which
may be subject to conditional sales, mechanics' and similar liens), or the moneys held in the Special Aid Account (as defined in the Second Bond Resolution), the special account created for the Corporation in the Municipal Assistance Tax Fund established pursuant to Section 92-d of the State Finance Law (the "Special Tax Account") or the Stock Transfer Tax Fund established pursuant to Section 92-b of the State Finance Law (the "Stock Transfer Tax Fund").

2.11. Use of Proceeds. The Corporation will apply the proceeds of the sale of the Bonds to be purchased hereunder as described in the Official Statement. Such proceeds 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 the "Code"'), and the applicable regulations from time to time promulgated or proposed thereunder. The proceeds of the sale of the Bonds will not be used directly or indirectly for the purpose, whether immediate, incidental or ultimate, of "purchasing" or "carrying" any "margin stock" or "margin security" as defined in Regulations G and U, respectively, of the Board of Governors of the Federal Reserve System, as amended from time to time.

2.12. Sovereign Immunity. In any proceeding by a Purchaser to enforce any of the obligations of the Corporation under this Agreement in a court of competent jurisdiction, the Corporation does not have and agrees not to assert the defense of sovereign immunity and consents to the initiation of such proceeding. In any proceeding by the Trustee under the First or Second Bond Resolution, or by Bondholders in accordance with Section 1207 of the Second Bond Resolution, to enforce any obligations of the Corporation under the Bonds, the Resolutions, the First Bond Resolution or the MAC Act in a court of competent jurisdiction, the Corporation does not have and agrees not to assert the defense of sovereign immunity and consents to the initiation of such proceeding.

2.13. Certificates to Constitute Representation and Warranty of the Corporation. Any certificate signed by any officer of the Corporation and delivered to the Purchasers pursuant to this Agreement shall be deemed a representation and warranty by the Corporation to each of the Purchasers as to the accuracy of the statements therein made.

Section 3. Conditions to Closings. The obligation of each of the several Purchasers to purchase Bonds on any Closing Date shall be subject
to (a) the performance or observance by the Corporation of all of the agreements and conditions to be performed or observed by it under this Agreement and the Resolutions on or prior to such Closing Date, (b) the accuracy on such Closing Date of the representations and warranties in (i) Section 2 of this Agreement and Section 1 of the Adherence Agreement on and as of such Closing Date as if made on and as of such date and (ii) the certificates delivered on such Closing Date pursuant to this Agreement and (c) the satisfaction, on the Closing Date, of the following conditions:

3.1. Guaranteed Bonds. (a) There shall have been executed and delivered on or prior to the first Closing Date an Agreement to Guarantee dated as of November 15, 1978 (the “Agreement to Guarantee”) among the United States of America, acting by and through the Secretary of the Treasury (the “Secretary”), the State, the City, the Control Board and the Corporation and a Guaranteed Bond Purchase Agreement dated as of November 15, 1978 (the “Guaranteed Bond Purchase Agreement”) among the City, the City and State pension funds named therein and the United States of America, acting by and through the Secretary, each in the form delivered to the Purchasers prior to the execution of this Agreement, providing for the guarantee of City bonds (the “Guaranteed Bonds”) pursuant to the Federal Guarantee Act and the purchase of the Guaranteed Bonds by such City and State pension funds.

(b) The City and State pension funds named in the Guaranteed Bond Purchase Agreement shall have purchased at least 90% in aggregate principal amount of Guaranteed Bonds scheduled pursuant to Section 1.4 or 4.9(b) of such agreement to have been purchased before the Closing Date, and the obligation of each such pension fund to purchase the balance of such Guaranteed Bonds in accordance with such agreement shall be in full force and effect. Except as provided below in this paragraph, there shall have been no adjournment pursuant to Section 1.4(c) of such agreement because of a refusal by the Secretary to issue guarantees pursuant to the Agreement to Guarantee unless the Secretary (i) shall have issued any guarantees pursuant to the Agreement to Guarantee on or after the date of such refusal and on or before the Closing Date or (ii) shall confirm as of the Closing Date that the reason for such refusal has been cured. At least $75 million aggregate principal amount of such Guaranteed Bonds shall be purchased by such pension funds in each of Fiscal Year 1979 and Fiscal Year 1980 pursuant to the Guaranteed Bond Purchase Agreement on or within 30 days before each of the initial Closing Dates in Fiscal Year 1979 and Fiscal Year 1980, respectively; provided, however, that in the case of any postponement pursuant to Section 1.6(d) of this Agree-
ment, a purchase of such Guaranteed Bonds at any time after the date 30 days before the original closing date and on or before the Closing Date shall satisfy this requirement. The conditions in this paragraph shall not apply on any Closing Date after Fiscal Year 1979 if and to the extent the Secretary shall have stated that he is unable to issue guarantees solely because he is unable to make the determination required by Section 103(2) of the Federal Guarantee Act.

(c) In the event the Secretary shall have issued guarantees pursuant to the Federal Guarantee Act of any securities issued by the Corporation, the Secretary shall have waived the priority of the United States established under Section 3466 of the Revised Statutes (31 U.S.C. 191) with respect to all the Bonds, as contemplated in Section 105(c) of the Federal Guarantee Act.

3.2. Simultaneous Purchases. (a) On the first Closing Date, the full aggregate principal amount of Bonds scheduled to be purchased by the Purchasers on such Closing Date, as contemplated by Section 1.6(a) and Schedule I hereto, shall be purchased simultaneously pursuant to this Agreement. On each subsequent Closing Date, at least 90% in aggregate principal amount of the Bonds scheduled to be purchased by the Purchasers on such Closing Date, as contemplated by Section 1.6 and Schedule I hereto, shall be purchased simultaneously pursuant to this Agreement or as contemplated by paragraph (b) of this Section. At least 94% in aggregate principal amount of the Bonds scheduled to have been purchased by the Purchasers prior to such Closing Date, as contemplated by Section 1.6 and Schedule I hereto (other than any Bonds not purchased solely as a result of Section 3.5(a)), shall have been purchased pursuant to this Agreement or as contemplated by paragraph (b) of this Section.

(b) For the purposes of determining whether the tests provided for in paragraph (a) of this Section have been fulfilled, in the event any Purchaser does not purchase Bonds scheduled pursuant to Section 1.6(c) or (d) to be purchased by it, the Corporation may sell such Bonds, or other Second Resolution Bonds with maturities and average lives no earlier or shorter, respectively, than such Bonds, in a direct placement or in the general public market for municipal securities; provided, however, that in respect of Bonds not purchased by a Financial Institution pursuant to this Agreement, no Bonds or other Second Resolution Bonds sold in a direct placement to a Pension Fund shall be considered to have been sold for purposes of paragraph (a) of this Section, and in respect of Bonds not purchased by a Pension Fund pursuant to this Agreement, no Bonds or other Second Resolution Bonds sold in a direct placement to a Financial Institution shall be considered to have
been sold for purposes of paragraph (a) of this Section; and provided further, that in any event (i) no sale of such Bonds shall relieve such defaulting Purchaser from any liability which results from such default, and (ii) no Bonds or such other Second Resolution Bonds so sold in the general public market for municipal securities shall be considered to have been sold for purposes of paragraph (a) of this Section unless the Corporation shall have previously sold in such market the full aggregate principal amount of bonds scheduled to have been so sold in the then current Fiscal Year through the month of such Closing Date as set forth in the schedule delivered pursuant to Section 3.3(a) as it may be amended consistent with the Financial Plan, which amendment shall have been delivered to the Purchasers at least 30 days prior to the failure of a Purchaser to purchase Bonds which resulted in such public sale.

3.3. Purchases Pursuant to Financial Plan. (a) The Purchasers shall have received a copy of the initial Financial Plan and all modifications thereof to the Closing Date covering the four Fiscal Years beginning with the then current Fiscal Year, accompanied by a schedule of anticipated borrowings by the Corporation and the City in the then current Fiscal Year. Such schedule shall be consistent with the Financial Plan and shall specify for each such borrowing the issuer of the securities, the aggregate principal amount and type of securities to be issued, the month of issuance, whether the securities will be issued pursuant to a public offering or a direct placement and, in the case of a direct placement, the type of investors. Each schedule shall set forth such information for each anticipated borrowing in reasonable detail comparable to the schedule of anticipated borrowings for Fiscal Year 1979 that accompanied the Financial Plan delivered to each of the Purchasers prior to the date hereof.

(b) The Purchasers shall have received a certificate of the Control Board dated as of such Closing Date and accompanied by a borrowing schedule covering each completed Fiscal Year after Fiscal Year 1978 and the then current Fiscal Year and setting forth, with respect to each actual borrowing up to the Closing Date and each anticipated borrowing thereafter, the information required to be set forth in a borrowing schedule pursuant to paragraph (a) of this Section. Such certificate shall set forth certifications to the effect that, in the judgment of the Control Board, (i) borrowings during each completed Fiscal Year after Fiscal Year 1978, as set forth on the attached borrowing schedule, are consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year
as reflected in the Financial Plan as in effect at the end of such Fiscal Year, (ii) actual and anticipated borrowings during the then current Fiscal Year, as set forth on the attached borrowing schedule, are consistent with the projections of the City's seasonal and long-term borrowing requirements for such Fiscal Year as reflected in the Financial Plan then in effect, and (iii) actual and projected borrowings set forth on the attached schedule have been taken into consideration by the Control Board in determining that the cash flow projections included in the Financial Plan then in effect are based on reasonable and appropriate assumptions as to sources and uses of cash for the entire period covered by the Financial Plan.

3.4. Agreements and Legislation in Effect. (a) The Resolutions and the MAC Act, each as in effect on the date of this Agreement, shall be in full force and effect and, since the date of this Agreement, shall not have been amended or modified in any respect that is materially adverse to the interests of the Purchasers. This Agreement shall be in full force and effect, with such modifications, amendments and waivers as may have been made in accordance with the provisions of Section 5.11.

(b) All of the provisions of the FCB Act, as in effect on the date of this Agreement, the repeal of which would have any of the effects described in clause (a) or (b) of Section 2.9, and the State Covenant shall be in full force and effect and, since the date of this Agreement, shall not have been amended or modified in any respect that is materially adverse to the interests of the Purchasers; it being understood that to the extent amendments are specifically permitted by the Adherence Agreement they shall not be deemed to be materially adverse to the interests of the Purchasers. The Adherence Agreement shall be in full force and effect, with such modifications, amendments and waivers as may have been made in accordance with the provisions of Section 4.4 thereof.

(c) The Federal Guarantee Act, the Federal Appropriation Act, the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement, the Pension Legislation and Section 10-a.4 of the FCB Act, each as in effect on the date of this Agreement, and Chapter 890 of the Laws of 1975 of the State as amended by Chapter 448 of the Laws of 1978 of the State and as further amended when and as contemplated by Section 3.20 ("Chapter 890"), shall be in full force and effect and, since the date of this Agreement, shall not have been amended or modified in any respect which materially adversely affects (i) the ability of the Secretary to issue guarantees pursuant to the Agreement to Guarantee, (ii) the ability of the City to satisfy the requirements of the
Agreement to Guarantee or the Guaranteed Bond Purchase Agreement or to issue Guaranteed Bonds, (iii) the ability of the City and State pension funds named in the Guaranteed Bond Purchase Agreement to purchase Guaranteed Bonds pursuant thereto or their qualified status under Section 401(a) of the Code or (iv) the ability of the Pension Funds to purchase Bonds pursuant to this Agreement or their qualified status under Section 401(a) of the Code. Neither the Senate nor the House of Representatives of the Congress of the United States shall have agreed to any resolution referred to in Section 104(a) of the Federal Guarantee Act stating in substance that it disapproves of any part of the guarantees to be provided under such Act.

3.5. No Adverse Decision. (a) No decision, ruling or finding shall have been entered by any court or Governmental Authority since the date of this Agreement (and not reversed on appeal or otherwise set aside) (i) which has any of the effects described in clauses (a) through (e) of Section 2.9, (ii) which declares this Agreement to be invalid or unenforceable in whole or in material part, (iii) which declares the Agreement to Guarantee, the Guaranteed Bond Purchase Agreement, the Federal Guarantee Act, the Federal Appropriation Act, Chapter 890, the Pension Legislation or Section 10-a.4 of the FCB Act to be invalid or unenforceable as an entirety, or which declares any provision thereof to be invalid or enforceable if the deletion of such provision by amendment would cause the requirements of Section 3.4 not to be satisfied, (iv) which declares Chapter 890, the Pension Legislation or Section 10-a.4 of the FCB Act to be inapplicable to this Agreement or any purchase contemplated hereby, or (v) to the effect that (A) any purchase or prospective purchase by such Purchaser of any Bonds pursuant to this Agreement or (B) the entry into this Agreement by such Purchaser, has violated or will violate any applicable fiduciary obligation of any trustee, director or officer under any law (whether statutory or otherwise); unless, solely with respect to the matters referred to in clauses (a), (b) and (c) of Section 2.9, (1) such decision, ruling or finding is stayed pending appeal, and (2) two of the firms of Hawkins, Delafield & Wood or Paul, Weiss, Rifkind, Wharton & Garrison or Rogers & Wells or other counsel acceptable to the Purchasers (which acceptance shall not be unreasonably withheld), shall deliver opinions, addressed and in form and substance satisfactory to the Purchasers and dated as of such Closing Date, to the effect, without qualification, that the decision, ruling or finding of the court or Governmental Authority having final jurisdiction in the matter will not have any of the effects described in such clauses.

(b) If any Purchaser shall not have purchased the total principal amount of Bonds which it is committed to purchase in any Fiscal Year after Fiscal
Year 1979 solely as a result of the conditions in paragraph (a) of this Section not being satisfied, and the relevant decision, ruling or finding is subsequently reversed on appeal or otherwise set aside after February 1 of the Fiscal Year in which such Bonds were not purchased and prior to December 1, 1981, then at the option of the Corporation (exercised as provided in the last sentence of this paragraph) the commitment of such Purchaser to purchase Bonds in Fiscal Years after such Bonds were not purchased (but no purchase shall be later than January 20, 1982) may be increased by the amount of Bonds not purchased by such Purchaser solely as a result of the conditions in paragraph (a) not being satisfied, to the following extent:

(i) such Purchaser’s commitment for Fiscal Year 1981 as set forth in Schedule I hereto shall not be increased by more than the result of multiplying such commitment by a fraction, the numerator of which is 200 and the denominator of which is 537, and its commitment for Fiscal Year 1982 as set forth in Schedule I hereto shall not be increased by more than the result of multiplying such commitment by a fraction, the numerator of which is 375 and the denominator of which is 325;

(ii) if any Purchaser’s commitment for a Fiscal Year is increased pursuant to this paragraph, all Purchasers whose commitments for such Fiscal Year may be increased pursuant to this paragraph shall have their respective commitments increased for such Fiscal Year in proportion to the respective principal amounts of Bonds previously not purchased by them solely as a result of the conditions in paragraph (a) of this Section not being satisfied;

(iii) the aggregate increase for all Purchasers in commitments to purchase pursuant to this paragraph shall not exceed $500 million for all Fiscal Years; and

(iv) in no event shall such Purchaser’s total commitments for Fiscal Years 1980, 1981 and 1982, after giving effect to all terminations of commitments pursuant to Section 1.6(f) solely as a result of the conditions of paragraph (a) not being satisfied and all increases of commitments pursuant to this paragraph, exceed its total commitments for such Fiscal Years as set forth in Schedule I hereto.

Such Purchaser’s commitment shall be increased within the limits provided above upon the satisfaction of the following conditions:

(1) such Purchaser shall have been given notice by the Corporation on or before the July 1 next succeeding the Fiscal Year in which
the Bonds were not purchased, that the conditions in paragraph (a) of this Section were not satisfied during all or any specified part of such Fiscal Year, specifying the principal amount of the Bonds not purchased by such Purchaser during such Fiscal Year solely by reason of such conditions not being satisfied; any such notice may be included in a schedule delivered pursuant to Section 1.6(b); and

(2) such Purchaser shall have been given notice by the Corporation within three months after the relevant decision, ruling or finding is reversed or otherwise set aside of the extent, if any, to which the commitments of such Purchaser (and each other Purchaser who did not purchase Bonds as aforesaid) for the then current and all subsequent Fiscal Years shall be increased in accordance with this paragraph (which annual increases in commitments may not thereafter be revised upward in respect of such reversal or otherwise setting aside).

(c) The State shall not either have successfully asserted or be asserting the defense of sovereign immunity in any proceeding brought in a court of competent jurisdiction by a holder of an obligation reciting the State Covenant, or by a trustee acting on behalf of such holder to enforce the State Covenant or by a Purchaser to enforce Section 3 of the Adherence Agreement or Section 4.4(f) of this Agreement.

3.6. No Material Adverse Changes in MAC's Affairs. (a) The prospects for payment of the principal of or premium, if any, or interest on the Bonds when due shall not have been materially adversely affected since the date of this Agreement by the existence of a lien, claim, charge or encumbrance (other than as described in the Official Statement delivered in connection with the execution of this Agreement) or by any legislative, executive or other action or inaction by any Governmental Authority, such as but not limited to a failure to appropriate Per Capita Aid, Sales Taxes or Stock Transfer Taxes, each as defined in the Second Bond Resolution, but in any case excluding the issuance by the Corporation of its bonds and notes as permitted by the Second Bond Resolution, the Resolutions, the First Bond Resolution and this Agreement.

(b) No Governmental Authority shall have taken or failed to take any legislative, executive or other action, and no formal declaration by the State Senate, Assembly or Governor or the Corporation shall have been made, so as to materially adversely affect the prospects that the State will make payments pursuant to Section 3036-a.3 of the MAC Act at the times and to the extent contemplated by such Section.
(c) No event or condition shall have occurred and be continuing which constitutes an event of default under the Second Bond Resolution, the First Bond Resolution or any other resolution pursuant to which the Corporation shall have issued bonds, notes or other evidences of indebtedness, or which, with the giving of notice or the passage of time or both, would constitute such an event of default.

(d) The Bonds to be purchased on the Closing Date shall have been rated within 10 days prior to such Closing Date no less than Baa by Moody's Investors Service, Inc. and BBB by Standard & Poor's Corporation (or other comparable investment grade designation which may hereafter be used generally by either such agency), who shall have each received from the Corporation a copy of the Official Statement relating to the sale of such Bonds including any amendments or supplements delivered after the initial delivery thereof to such agencies and on or before the Closing Date.

3.7. No Specified Adverse Changes in City's Affairs. (a) The City shall have delivered to the Purchasers its audited financial statements, which include a Statement of Operations, for each Fiscal Year (beginning with Fiscal Year 1978) preceding that in which the Closing Date occurs and such financial statements shall not show for any such Fiscal Year a Deficit in excess of 2% of Total Revenues; provided, however, that such financial statements shall not be required for the Fiscal Year immediately preceding any Closing Date which is within four months after the end of such Fiscal Year but prior to the issuance of audited financial statements for such Fiscal Year so long as the following conditions are satisfied: (i) the certificate of the First Deputy Comptroller and the Director of Management and Budget of the City delivered pursuant to Section 3.10 shall state that nothing has come to their attention that would cause them to believe that there was a Deficit for such Fiscal Year in excess of 2% of Total Revenues and (ii) such certificate and the certificate of the Control Board delivered pursuant to Section 3.10 shall state that the Financial Plan in effect at the end of such Fiscal Year did not project a Deficit for such Fiscal Year in excess of 2% of Total Revenues.

(b) Neither the certificate of the First Deputy Comptroller and the Director of Management and Budget of the City nor the certificate of the Control Board, delivered pursuant to Section 3.10, shall project (i) that there will be a Deficit for the then current Fiscal Year in excess of 2% of Total Revenues or (ii) that the City's total seasonal borrowing needs for the then current Fiscal Year will be in excess of 9% of Total Revenues for such Fiscal Year.
plus an amount, up to 1% of Total Revenues, which the Control Board
determines is equal to the amount of Displaced Revenues for such Fiscal Year.

(c) For purposes of this Agreement the following terms shall have the
following definitions: “Total Revenues” for any Fiscal Year shall mean all
revenues required, by generally accepted accounting principles as modified
or adjusted by the Control Board pursuant to Section 8.2-a of the FCB Act,
to be reported by the City on an accounting basis in its Statement of Operations
for such Fiscal Year, plus (i) transfers from the capital budget to fund expense
items, but not in excess of the amount set forth in the Financial Plan for such
Fiscal Year, and (ii) transfers, pursuant to inter-fund agreements, to fund
items in the expense budget which have been determined, in accordance with
generally accepted accounting principles, to be capital items, but not in excess
of the amount set forth in the Financial Plan for such Fiscal Year; “Total
Expenditures” for any Fiscal Year shall mean all expenditures, encumbrances
and transfers and other payments to debt service funds required, by generally
accepted accounting principles as modified or adjusted by the Control Board
pursuant to Section 8.2-a of the FCB Act, to be reported by the City on an
accounting basis in its Statement of Operations for such Fiscal Year, provided
that (i) pension costs shall be accounted for on a cash, rather than accrual,
basis, but only to the extent set forth in the Financial Plan for such Fiscal Year,
and (ii) said expenditures, encumbrances and transfers shall include any
capital item included in the expense budget and funded by transfers pursuant
to inter-fund agreements, but only to the extent such transfers are included in
Total Revenues for such Fiscal Year; “Deficit” for any Fiscal Year shall mean
the excess of Total Expenditures over Total Revenues; “Displaced Revenues”
for any Fiscal Year after Fiscal Year 1978 shall mean any revenue items
which, together with offsets of expenditures in an equal amount, were required
by generally accepted accounting principles to be reported by the City on an
accounting basis in its Statement of Operations for Fiscal Year 1978 but, as
a result of changes in funding arrangements or for comparable reasons, are
not required to be reported in the Statement of Operations for such subse-
quent Fiscal Year; and “Statement of Operations” shall mean for each Fiscal
Year the City’s General Fund Statement of Revenues, Expenditures, Encum-
brances and Transfers.

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

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

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

3.9. Amendment or Supplement of Official Statement. The Purchasers shall have received from the Corporation promptly, and in any event on or before such Closing Date, such amendment or supplement, if any, to the Official Statement delivered pursuant to Section 2.2 with respect to such Closing Date, as may be necessary in order that as of the Closing Date the
Official Statement, as amended and supplemented, 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.

3.10. Certificates. The Purchasers shall have received certificates, dated the Closing Date, of each of the following officials or any deputy acceptable to the Purchasers: (a) the Chairman or Executive Director of the Corporation substantially in the form attached hereto as Exhibit C, (b) the Executive Director of the Control Board substantially in the form attached hereto as Exhibit D-1 or D-2, as the case may be, (c) the State Comptroller substantially in the form attached hereto as Exhibit E and (d) the First Deputy Comptroller and the Director of Management and Budget of the City substantially in the form attached hereto as Exhibit F.

3.11. Instruments Delivered under Second Bond Resolution. The Purchasers shall have received copies of the opinions, certificates and other instruments being delivered to the Trustee pursuant to Section 202 of the Second Bond Resolution in connection with the delivery of the Bonds being purchased. To the extent the certificate delivered pursuant to Section 202.3(1) of the Second Bond Resolution refers to collections of and expected revenues from taxes other than Sales Taxes and Stock Transfer Taxes, the amounts of such other taxes shall be separately identified in such certificate and the certificate delivered pursuant to Section 202.3(4) of the Second Bond Resolution. The debt service coverage requirements for the issuance of the Bonds in Section 202.3(4) of the Second Bond Resolution and Section 401(2) of the Series Resolutions shall be satisfied without giving any effect to any such other taxes.

3.12. Opinions. The Purchasers shall have received opinions, dated the Closing Date and addressed to the Purchasers (except that the opinion of the State Attorney General may be addressed to the Chairman of the Corporation and the opinion of Davis Polk & Wardwell will be addressed and delivered only to the Financial Institutions) of the following counsel or other counsel acceptable to the Purchasers (which acceptance shall not be unreasonably withheld): (a) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, substantially in the form attached hereto as Exhibit G, (b) Hawkins, Delafield & Wood, Bond Counsel for the Corporation, substantially in the form attached hereto as Exhibit H-1, H-2 and H-3, (c) the State Attorney General substantially in the form attached hereto as Exhibit I-I
and l-2, (d) the City Corporation Counsel substantially in the form attached hereto as Exhibit J, (e) Rogers & Wells, Bond Counsel for the City, substantially in the form attached hereto as Exhibit K and (f) Davis Polk & Wardwell, special counsel for the Financial Institutions, substantially in the form attached hereto as Exhibit L, in each case with such changes, and with such annexed opinions (not otherwise delivered) of other counsel referred to therein, if any, as the Purchasers purchasing Bonds on such Closing Date shall approve, provided that each of the foregoing opinions shall include favorable opinions as to such additional matters as any such Purchaser may reasonably request.

3.13. Arbitrage Certificate and Opinion. The Purchasers shall have received (a) a certificate, satisfactory in form to special counsel for the Financial Institutions, of an appropriate officer of the Corporation satisfactory to such counsel, dated the Closing Date, setting forth sufficient facts, estimates and circumstances to support the conclusion that on the date of issue it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Code, and stating that to the best of the knowledge and belief of the certifying officer such facts, estimates and circumstances are reasonable; and (b) an opinion satisfactory in form to special counsel for the Financial Institutions, dated the Closing Date and addressed to the Corporation and the Purchasers, of Hawkins, Delafield & Wood, to the effect that, based upon their examination of law and review of the certification by the Corporation provided for 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 Code and proposed Regulations Section 1.103-13, 1.103-14 and 1.103-15 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; or such other certificates and opinions as may be required or deemed advisable by the Purchasers by reason of any amendments to the Code or the applicable regulations promulgated or proposed thereunder.

3.14. State Comptroller Approval. (a) With respect to the first Closing Date only, the State Comptroller shall have approved in writing the sale of the Bonds during Fiscal Years 1979 through 1982 pursuant to the provisions of this Agreement and the terms of the Bonds (including without limitation, the formula for determining interest rates set forth in Schedule III hereto) as provided in this Agreement and in the Resolutions.
(b) With respect to each Closing Date, the State Comptroller shall have approved in writing (pursuant to the approval described in (a) above or otherwise) the sale of the Bonds on such Closing Date and the terms of such Bonds as provided in this Agreement and in the Resolutions.

3.15. **Tax Exemption.** With respect to any purchase to be made by a Financial Institution, the exclusion from gross income for Federal income tax purposes of interest on the Bonds shall not be threatened by reason of the fact that between the date of this Agreement and the Closing Date:

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

(b) 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

(c) an order, ruling or regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service and published in the Federal Register,

with the purpose or effect, directly or indirectly, of imposing Federal income taxation (including without limitation, the minimum tax on tax preference items under Sections 56-58 of the Code) upon such interest as would be received by the holders of the Bonds.

3.16. **Legal Investment.** No Purchaser shall be required to purchase Bonds on any Closing Date if the Bonds do not qualify as a legal investment for such Purchaser under all laws and regulations applicable to it (without resort, in the case of a Financial Institution, to any basket or leeway provisions permitting portions of its assets to be invested in securities not otherwise eligible for investment, such as § 81-17 of the State Insurance Law and § 235-29 of the State Banking Law).

3.17. **Contributions to Pension Funds.** If such Purchaser is a Pension Fund, all contributions and other payments required by law to be made by the City (or any agency of whose funds the City Comptroller is custodian) to such Pension Fund shall have been made for each month (after November 1978) of the then current Fiscal Year at substantially the same time and in substantially
the same manner as such contributions and payments were made in the corresponding month of Fiscal Year 1977. In no event shall a payment be deemed not to meet the requirements of this Section if it is made on or before the last day of such month.

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

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

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

(c) on the Closing Date, the requirement with respect to the percentage limitations set forth in Section 2(a) of the Pension Legislation (as adjusted below) shall have been met; for purposes of this paragraph (c) the applicable percentage limitations set forth in Section 2(a) of the Pension Legislation shall each be reduced by three-quarters of one percent;

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

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

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

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

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

3.21. **Additional Certificates, etc.** The Purchasers shall have received additional certificates, instruments and other documents as the Purchasers or special counsel for the Financial Institutions may reasonably request to evidence the due performance and satisfaction at or prior to such Closing Date of all agreements to be performed and all conditions then to be satisfied in connection with the transactions contemplated hereby or by the Official Statement.

**SECTION 4. Covenants of the Corporation.** The Corporation hereby covenants and agrees with each of the Purchasers that, during the term of this Agreement:

4.1. **Annual and Quarterly Reports.** It will deliver to each of the Purchasers and make publicly available (a) promptly when available, but in any event within 120 days after the close of the Corporation's fiscal year, an Annual Report to bondholders containing no less than (i) a statement of the Corporation's financial position as of the close of such fiscal year and the related debt service fund, capital reserve fund and operating fund statements of transactions during such year, prepared in accordance with generally accepted accounting principles and certified by nationally recognized independent public accountants, (ii) a statement of (A) collections by the State during the preceding year of Sales Taxes paid into the Special Tax Account and Stock Transfer Taxes paid into the Stock Transfer Tax Fund and (B) amounts appropriated and apportioned as Per Capita Aid and deposited in the Special Aid Account, with itemized deductions of amounts paid to satisfy prior statutory claims to such amounts and (iii) other information concerning (A) collections, appropriations and apportionments by the State of Sales Taxes, Stock Transfer Taxes and Per Capita Aid and payments of said Taxes and Aid
from the State to the Corporation, (B) changes in the Corporation's debt structure, including redemptions, calls and defaults, if any, (C) changes in the Corporation's capital reserve funds and debt service funds, (D) legislative, executive and administrative actions and proposals known to the Corporation that materially affect the Corporation or the Bonds, (E) any action, suit, proceeding or investigation before or by any court or Governmental Authority pending against the Corporation or, to the knowledge of the Corporation, any other person wherein an unfavorable decision, ruling or finding would adversely affect provisions or materially adversely affect sources for payment of the Bonds or which questions the validity or enforceability of the Resolutions, the MAC Act or the Bonds and (F) changes in the Corporation's management and (b) promptly when available, but in any event within 60 days after the close of each of the first three quarters of the Corporation's fiscal year, for each quarter commencing with the second quarter of Fiscal Year 1979, a Quarterly Report to bondholders containing no less than (i) a statement of the Corporation's financial position as of the close of such quarter and the related debt service fund, capital reserve fund and operating fund statements of transactions during such quarter, together with a certificate of the Treasurer or chief financial officer of the Corporation stating that such statements are prepared in accordance with accounting principles consistent with the most recent annual financial statements delivered pursuant to (a) above except as otherwise noted in such Quarterly Report, (ii) a statement of collections during the previous quarter of Sales Taxes and Stock Transfer Taxes paid into the Special Tax Account and Stock Transfer Tax Fund, respectively, and (iii) a statement of any material changes in the information referred to in clause (a) (iii) above.

4.2. Other Information. (a) It will make each Official Statement, including each amendment and supplement thereto (or a substantially comparable official statement issued by the Corporation in connection with a concurrent public offering), publicly available and will provide for a sufficient number of copies thereof to be printed or otherwise duplicated for such purpose. Any such official statement and each such amendment and supplement shall bear an appropriate legend, which legend will include a statement to the effect that such document was prepared in connection with the particular transaction for which it was issued, that information contained therein may be out of date and that the Corporation has no obligation to keep such document up to date.

(b) It will promptly make publicly available and provide any Purchaser with such financial or other information as such Purchaser shall reasonably request in order to evaluate the credit of the Corporation and its compliance with this Agreement, the Resolutions and the MAC Act.
4.3. Limitations on Indebtedness. (a) The aggregate principal amount of the Corporation's bonds, notes and other evidences of indebtedness outstanding at any time under the First Bond Resolution and the Second Bond Resolution shall not exceed $8.8 billion. The Corporation shall not issue any bonds otherwise than under the First or Second Bond Resolution unless (i) the proceeds of such bonds are used to purchase bonds of the City in the same aggregate principal amount, with comparable interest rates, and such bonds of the City mature serially on dates not more than one year before the maturity or earlier mandatory redemption dates of comparable principal amounts of such bonds of the Corporation, (ii) at the time of issuance such bonds of the City are rated no less than Baa by Moody's Investors Service, Inc. or BBB by Standard & Poor's Corporation (or other comparable investment grade designation which may hereafter be used generally by either such agency) and (iii) the results of operations under the City's audited Statement of Operations, for the most recently completed Fiscal Year (or the prior Fiscal Year, if such issuance of bonds is within the first four months of a Fiscal Year), prepared in accordance with generally accepted accounting principles show total revenues to have been equal to or greater than total expenditures; the Corporation agrees to hold any such City bond to its maturity or earlier redemption.

(b) The Corporation shall not after the date hereof issue any short-term notes unless (i) they are payable only from revenues otherwise payable to the City after payment in full of all debt service and capital reserve fund requirements under the First Bond Resolution and the Second Bond Resolution, (ii) the Corporation receives certificates in the form contemplated by paragraphs (1), (2) and (3) of Section 202.3 of the Second Bond Resolution as in effect on the date of this Agreement, and (iii) the amounts described in paragraphs (1) and (2) of such Section, after deducting the amounts described in paragraphs (3)(a) and (3)(c) of such Section, will be at least two times the aggregate amount described in paragraph (3)(b) of such Section for each Fiscal Year set forth pursuant to such paragraph, including for this purpose the amount of principal of and interest on all of the Corporation's short-term notes payable during such Fiscal Year. In the event the Corporation issues any short-term notes, then for so long as such short-term notes are outstanding it will not issue any bonds under the First Bond Resolution unless it receives certificates in the forms described in Section 202.3 of the Second Bond Resolution and it will not issue any bonds under the First or Second Bond Resolution unless the amounts described in paragraphs (1) and (2) of Section 202.3 of the Second Bond Resolution, as set forth in the certificate described therein and delivered in connection with such issuance, after deducting the amounts described in paragraphs 3(a) and
(3)(c) of such Section, as set forth in the certificate described therein and delivered in connection with such issuance, will be at least two times the aggregate amount described in paragraph (3)(b) of such Section for each Fiscal Year, as set forth in the certificate described therein and delivered in connection with such issuance, including in such aggregate amount described in paragraph (3)(b) the amount of principal of and interest on all of the Corporation's short-term notes payable during such Fiscal Year. No short-term notes of the Corporation shall be renewed or refunded by the issuance of other short-term notes of the Corporation.

4.4. Provisions with respect to the State Covenant. (a) The Corporation shall not make payments to the City for any item which is permitted by law to be included in the City's capital budget, other than expense items permitted to be included in the capital budget of the City pursuant to the FCB Act, unless the amount paid to the City to enable the City to pay for any such item shall be evidenced by City bonds in an equal principal amount. On or before March 31, 1979, to the extent permitted by law, the Corporation shall exchange for an equal principal amount of City bonds at least $20 million aggregate principal amount of City bond anticipation notes held by it on the date of this Agreement. At any time when the City shall be authorized by law to include in its bonds or notes the State Covenant, each bond or note of the City acquired by the Corporation which matures on or before July 1, 2002 shall include the State Covenant. At the time of any such acquisition the Corporation shall obtain from the City an agreement (to the extent the City shall at the time be authorized by law to enter into such an agreement) containing provisions for the benefit of the Corporation comparable to those in the Adherence Agreement. Any such agreement shall include the pledge and agreement of the State (the “State Pledge and Agreement”) authorized by Section 10-a.3 of the FCB Act and shall be coterminous with the Adherence Agreement.

(b) The Corporation shall at all times after March 31, 1979 and until July 1, 2002 hold at least $1 million aggregate principal amount of bonds of the City which include the State Covenant.

(c) After December 31, 1981 (i) if (A) Financial Institutions or their affiliates that own for their own account (directly or through their nominees) Bonds in an aggregate principal amount at least equal to the greater of 25% of the aggregate principal amount of Bonds then owned by the Financial Institutions and their affiliates (directly or through their nominees) for their own account or 10% of the aggregate principal amount of Bonds purchased by the Financial Institutions, or (B) Pension Funds that own (directly
or through their nominees) Bonds in an aggregate principal amount at least equal to the greater of 25% of the aggregate principal amount of Bonds then owned by the Pension Funds (directly or through their nominees) or 10% of the aggregate principal amount of Bonds purchased by the Pension Funds, give notice to the Corporation (which notice shall specify that it is given pursuant to this paragraph) that (1) the State has taken an action (the "State Action"), which such Financial Institutions or Pension Funds, as the case may be, have determined in good faith is an action which is described in the State Covenant as an action which the State will not take, or (2) there has been a decision, ruling or finding by any court of competent jurisdiction (the "Court Action") that Section 9-a or 9-b of the FCB Act as it may be amended in accordance with the Adherence Agreement, or any provision of the FCB Act which such Purchasers determine in good faith is protected by the State Covenant (insofar as a repeal of such provision would violate the State Covenant), is invalid and such Purchasers determine in good faith that such invalidity can be cured, consistent with the general framework of the FCB Act, by one or more means described in such notice, then, (ii) unless two of the firms of Hawkins, Delafield & Wood or Paul, Weiss, Rifkind, Wharton & Garrison or Rogers & Wells or other counsel reasonably acceptable to the Purchasers shall deliver opinions, addressed to and in form and substance satisfactory to the Purchasers, to the effect, without qualification, (A) in the case of State Action, that such action is not an action which is described in the State Covenant as an action which the State will not take, or that such action is not prohibited by the State Covenant by reason of its being a valid exercise of the State's reserved police power, or (B) in the case of Court Action, that the provisions so declared invalid are not protected by the State Covenant or that such invalidity cannot be cured, consistent with the general framework of the FCB Act, by action, whether legislative, executive or administrative, by one or more of the State, the City or the Control Board, then, in any such case, (iii) the Corporation shall promptly give public notice to the Governor, the Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council, and the City Comptroller that such notice from the Purchasers has been given and shall promptly and diligently proceed to protect and enforce its rights under the State Covenant included in any City bonds or notes then held by it, the agreement of the City referred to in paragraph (a) of this Section, the State Pledge and Agreement or otherwise, in each case by promptly and diligently bringing such suits, actions or proceedings at law or in equity, or taking such other actions, as the Corporation, being advised by counsel, shall deem most effectual to protect and enforce such rights.
(d) Beginning six months after the date of notice from the Purchasers referred to in paragraph (c) of this Section, the Corporation shall not issue bonds, notes or other evidences of indebtedness (other than to refund bonds, notes or other evidences of indebtedness of the Corporation then outstanding, whether prior to or at maturity and, to the extent provided below, to fund its capital reserve fund requirements) unless at the time of such issuance (i) the Purchasers shall have received the appropriate opinions described in paragraph (c) of this Section, or (ii) in the case of State Action, (A) there shall have been a decision, ruling or finding by a court of competent jurisdiction (which has not been reversed on appeal or otherwise set aside) that such State Action is invalid or that such State Action does not constitute an action which is described in the State Covenant as an action the State will not take or that such State Action is not prohibited by the State Covenant by reason of its being a valid exercise of the State's reserved police power or (B) the State takes action which has the effect of nullifying such State Action, or (iii) in the case of Court Action, (A) such Court Action shall have been reversed on appeal or otherwise set aside, (B) there shall have been a decision, ruling or finding by a court of competent jurisdiction (which has not been reversed on appeal or otherwise set aside) that the provision invalidated by such Court Action is not protected by the State Covenant or (C) the invalidity determined in such Court Action shall have been cured. The foregoing provisions of this paragraph shall not prohibit the Corporation from issuing bonds to fund its capital reserve fund requirements so long as there shall not have been any payments or other withdrawals from the Corporation's capital reserve funds during the five years before the issuance of such bonds. If the Corporation issues any bonds in reliance on the preceding sentence it shall not make any payments or other withdrawals (other than withdrawals for deposit into any of the Corporation's debt service funds required to meet debt service fund requirements) from any of its capital reserve funds at any time during the five years after the issuance of such bonds unless, after giving effect to such payment or withdrawal, the balance in such capital reserve fund would be at least equal to the largest amount required to be maintained therein during the five year period after such issuance based upon actual debt service requirements for bonds, notes or other evidences of indebtedness outstanding at the time of such payment or withdrawal.

(e) If (i) Financial Institutions or their affiliates that own for their own account (directly or through their nominees) Bonds in an aggregate principal amount at least equal to the greater of 25% of the aggregate principal
amount of Bonds then owned by the Financial Institutions and their affiliates (directly or through their nominees) for their own account or 10% of the aggregate principal amount of Bonds purchased or committed to be purchased thereafter under this Agreement by the Financial Institutions, or (ii) Pension Funds that own (directly or through their nominees) Bonds in an aggregate principal amount at least equal to the greater of 25% of the aggregate principal amount of Bonds then owned by the Pension Funds (directly or through their nominees) or 10% of the aggregate principal amount of Bonds purchased or committed to be purchased thereafter under this Agreement by the Pension Funds, give notice to the Corporation (which notice shall specify that it is given pursuant to this paragraph) that there has been a State Action or Court Action and, in the case of any such Court Action, such Purchasers determine in good faith that such invalidity can be cured, consistent with the general framework of the FCB Act, by one or more means described in such notice, then, unless the Purchasers receive the appropriate opinions of counsel described in paragraph (c)(ii) of this Section, the Corporation shall promptly and diligently proceed to protect and enforce its rights under the State Covenant included in any City bonds or notes then held by it, the agreement of the City referred to in paragraph (a) of this Section and the State Pledge and Agreement, the rights of the Bondholders and the Trustee under the State Covenant included in the Series Resolutions, the rights of the Bondholders under the State Covenant included in the Bonds and the rights of the Purchasers under the State Covenant included in this Agreement, in each case by bringing such suits, actions or proceedings at law or in equity (including without limitation, actions as amicus curiae and joining in any suits, actions or proceedings by the Trustee, Bondholders or Purchasers) or taking such other actions, as such Purchasers shall direct by an instrument or concurrent instruments in writing executed and delivered to the Corporation; provided, however, that such direction shall not be otherwise than in accordance with law. In the case of inconsistent directions the Corporation shall follow the directions of the Purchasers or their affiliates owning (directly or through their nominees) or committed to purchase thereafter under this Agreement the larger aggregate principal amount of Bonds. In the absence of directions the Corporation shall take such actions as it, being advised by counsel, shall deem most effectual to protect and enforce such rights.

(f) In accordance with the provisions of Section 10-a of the FCB Act, as amended to the date hereof, the Corporation hereby includes in this Agreement the pledge and agreement of the State that the State will not take any action which will (i) substantially impair the authority of the Control Board
during a control period (as defined in Section 2.12 of the FCB Act as in effect on the date the Bonds are first issued) (A) 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 Section 8.1 of the FCB Act as in effect on the date the Bonds are first issued and paragraph b of such Section 8.1 as in effect from time to time, (B) to disapprove a contract of the City or a covered organization (as defined in the FCB 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 Section 7.4 of the FCB Act or (C) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the FCB Act) of City revenues; (ii) substantially impair the authority of the Control 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; (iii) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (iv) alter the composition of the Control Board so that the majority of the voting members of the Control Board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (v) terminate the existence of the Control Board prior to the time to be determined in accordance with Section 13 of the FCB Act as in effect on the date the Bonds are first issued; (vi) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the Control Board; or (vii) alter the definition of a control period set forth in Section 2.12 of the FCB Act, as in effect on the date the Bonds are first issued, or substantially alter the authority of the Control Board as set forth in said Section 2.12 to recompute 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 Purchasers if at any time (1) 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 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 (2) such
Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged.

4.5. **Home Office Payment.** If so requested by any Purchaser the Corporation will cause the Trustee under the Second Bond Resolution to pay to such Purchaser, by check mailed first class to such Purchaser or its nominee at its address shown on the books of the Corporation or, at the option of such Purchaser, by wire transfer in accordance with any unrevoked instructions to the Corporation from such Purchaser, all amounts payable in respect of interest on the Bonds registered as to both principal and interest in the name of such Purchaser or its affiliate or nominee without any presentation or surrender of the Bonds or any notation on the Bonds of such payment being required. All payments of interest on the Bonds shall, if made by check, be made in New York Clearing House funds.

**Section 5. Miscellaneous.**

5.1. **Notices.** All communications hereunder, if sent to the Corporation, shall be addressed to its Executive Director, Room 4540, Two World Trade Center, New York, New York 10047, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022, or at such other address or to such other firm as the Corporation shall hereafter advise each of the Purchasers in writing; and if sent to any Purchaser, shall be addressed as provided in Schedule I hereto, with a copy to Davis Polk & Wardwell, 1 Chase Manhattan Plaza, New York, New York 10005, or at such other address or to such other firm as such Purchaser shall hereafter advise the Corporation in writing. Any such notice shall be deemed to have been given when delivered or received by mail, or when both telephoned, telecopied, telegraphed or telexed and confirmed in writing by being mailed postage prepaid.

5.2. **Expenses.** Whether or not any of the transactions hereunder is consummated, the Corporation shall pay all of its costs and expenses in connection with the preparation, authorization, execution, delivery and performance of this Agreement, the Bonds, the Resolutions, the Official Statement, the Adherence Agreement and any amendments or supplements to any of the foregoing, and in connection with the closings hereunder, including without limitation, printing costs, the fees and disbursements of its bond counsel and of its General Counsel, rating agency fees and fees of the Municipal Securities Rulemaking Board. The Corporation shall also pay the fees and disburse-
ments of special counsel for the Financial Institutions in connection with the foregoing and the expenses incurred by each Pension Fund in providing its members, participants and beneficiaries with information in connection with the foregoing.

5.3. Parties in Interest. This Agreement shall be binding upon, and inure solely to the benefit of, the Purchasers (and any of their affiliates owning Bonds) and the Corporation and their respective successors, and no other person, partnership, association, corporation or governmental entity shall have or acquire any right under or by virtue of this Agreement; provided, however, that the parties hereto acknowledge that they are subject to the enforcement provisions of Section 105(f) of the Federal Guarantee Act; and provided further, that the second sentence of Section 2.12 shall also inure to the benefit of the Trustees under the First and Second Bond Resolution and the holders of all bonds issued thereunder. No purchaser of Bonds from any Purchaser shall be deemed to be a successor merely by reason of such purchase.

5.4. Certain Provisions Executory. Any provisions of Article 10 of the State Public Authorities Law or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the State Tax Law 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-c 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 the moneys available in such funds.

5.5. Representations and Agreements to Survive Delivery. All representations and warranties of the Corporation hereunder or pursuant hereto shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Purchasers, and shall survive delivery of the Bonds to the Purchasers.

5.6. Representations of Purchasers. Each of the Purchasers represents and warrants to the Corporation that this Agreement has been duly executed and delivered by such Purchaser and constitutes a valid and legally binding obligation of such Purchaser.

5.7. Resale Restrictions. (a) To the extent permitted by law, each Purchaser agrees that, if any Closing Date is on or within 30 calendar days after,
or (if the Corporation shall have given notice to such Purchaser on such Closing Date of its intention to make a public offering) 40 calendar days before, the date of execution of any purchase agreement relating to bonds being issued by the Corporation and offered to the public, it will not sell, offer to sell or otherwise dispose of the Bonds purchased on such Closing Date for 40 calendar days after such Closing Date (or 60 calendar days in the case of the first Closing Date), or such shorter period as the Corporation and the successful bidders or purchasers in such public offering may agree; provided, however, that this Section shall not preclude a bona fide pledge or deposit of Bonds by any holder thereof or any sale or other disposition of Bonds to any affiliate of such Purchaser who agrees not to make any sale, offer to sell or other disposition of such Bonds which could not be made by such Purchaser pursuant to this Section.

(b) No Purchaser shall sell any Bonds in a direct placement to the Corporation or to the Trustee under the Second Bond Resolution acting in its capacity as Trustee.

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

5.9. Pension Fund Covenant. Each of the Pension Funds hereby covenants for itself to the extent necessary to meet the requirements of the Pension Legislation in accordance with the obligation of each such Pension Fund (a) to use its best efforts to obtain the report referred to in paragraph (c) of Section 3.18, (b) to make the certification to the Secretary contemplated by Section 1(b)(2) of the Pension Legislation, provided, however, that such certification need not be made if (i) the report referred to above cannot be obtained or (ii) the percentage limitation requirements or absence of negative cash flow referred to in paragraphs (c) and (d) of Section 3.18, the computation as to which shall be prepared by the actuary of each Pension Fund, shall not have been met, in which case a copy of such computation, accompanied by such supporting documentation as the Secretary may reasonably request, shall be delivered to the Secretary, and (c) to deliver the statement required by Section 2(e)(1)(B) of the Pension Legislation in accordance with the provisions of such Section.
5.10. *No Implied Waivers.* No failure or delay by any of the Purchasers in exercising any right, power or privilege hereunder or under any document or instrument contemplated hereby shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the Purchasers under this Agreement are cumulative and not exclusive of any other rights or remedies now or hereafter existing at law or in equity.

5.11. *Amendments, Consents, Waivers.* (a) None of the provisions of this Agreement may be modified or amended, nor may compliance therewith be waived, without the written consent of the Corporation and each of the Purchasers, except to the extent otherwise provided below in this Section.

(b) Any of the provisions of Section 4 may be modified, amended or waived upon the consent of both the Financial Institutions and the Pension Funds in accordance with the following provisions:

So long as the sum of (i) the aggregate principal amount of Bonds then owned by the Financial Institutions and their affiliates (directly or through their nominees) and (ii) the aggregate principal amount of Bonds which the Financial Institutions are committed to purchase under this Agreement after the date of determination, shall equal or exceed an amount equal to 75% of the aggregate principal amount of Bonds theretofore purchased, and committed to be purchased after the date of determination, under this Agreement by the Financial Institutions, said provisions shall be deemed modified, waived or amended, as the case may be, on behalf of the Financial Institutions upon the written consent of the Financial Institutions or their affiliates who own (directly or through their nominees) or are committed to purchase after the date of determination Bonds in an aggregate principal amount equal to at least 75% of the sum of (i) and (ii) above and, so long as the sum of (iii) the aggregate principal amount of Bonds then owned by the Pension Funds (directly or through their nominees) and (iv) the aggregate principal amount of Bonds which the Pension Funds are committed to purchase under this Agreement after the date of determination, shall equal or exceed an amount equal to 75% of the aggregate principal amount of Bonds theretofore purchased, and committed to be purchased after the date of determination, under this Agreement by the Pension Funds, said provisions shall be deemed modified, waived or amended, as the case may be, on behalf of the
Pension Funds upon the written consent of the Pension Funds who own (directly or through their nominees) or are committed to purchase after the date of determination Bonds in an aggregate principal amount equal to at least 75% of the sum of (iii) and (iv) above. Subject to the provisions of the next sentence, if the sum of (i) and (ii) above is less than 75% of the aggregate principal amount of Bonds theretofore purchased, and committed to be purchased after the date of determination, under this Agreement by the Financial Institutions, said provisions shall be deemed modified, waived or amended, as the case may be, on behalf of the Financial Institutions upon the written consent of the Financial Institutions or their affiliates who own (directly or through their nominees) or are committed to purchase after the date of determination Bonds in an aggregate principal amount in excess of 50% of the sum of (i) and (ii) above and, if the sum of (iii) and (iv) above is less than 75% of the aggregate principal amount of Bonds theretofore purchased, and committed to be purchased after the date of determination, under this Agreement by the Pension Funds, said provisions shall be deemed modified, waived or amended, as the case may be, on behalf of the Pension Funds upon the written consent of Pension Funds who own (directly or through their nominees) or are committed to purchase after the date of determination Bonds in an aggregate principal amount in excess of 50% of the sum of (iii) and (iv) above. If at any time the Financial Institutions and their affiliates own (directly or through their nominees), or are committed to purchase under this Agreement after such time, Bonds in an aggregate principal amount of less than $117,470,000, the consent of the Financial Institutions shall not be required for any modification, amendment or waiver of any of the provisions of Section 4. If at any time the Pension Funds own (directly or indirectly), or are committed to purchase under this Agreement after such time, Bonds in an aggregate principal amount of less than $62,500,000, the consent of the Pensions Funds shall not be required for any modification, amendment or waiver of any of the provisions of Section 4.

(c) The provisions of Sections 2.9, 3.1, 3.3, 3.4(b), 3.4(c) (other than clauses (iii) and (iv)), 3.5, 3.6(a), 3.6(b), 3.7, 3.8(a) (ii) and (iv), 3.8(b), 3.10, 3.17 and 3.20 may be modified, amended or waived upon the consent of the Purchasers who are committed to purchase under this Agreement after such time, Bonds in an aggregate principal amount of at least 90% of the aggregate principal amount of Bonds so committed to be purchased. The Purchasers who are committed to purchase under this Agreement on a particular Closing Date Bonds in an aggregate principal amount of at least 90% of the aggregate
principal amount of Bonds so committed to be purchased may determine in writing, for purposes of Section 3.4(a), that any amendment or modification referred to therein is not materially adverse to the interests of the Purchasers as of such Closing Date.

(d) The provisions of Section 3.15 may be modified, amended or waived upon the consent of all of the Financial Institutions committed to purchase Bonds after such time and the provisions of Section 3.4(c)(iii) and (iv), 3.18 and 3.19 may be modified, amended or waived upon the consent of all of the Pension Funds committed to purchase Bonds after such time.

(e) Solely for purposes of paragraph (b) of this Section, it shall be conclusively presumed in connection with any bona fide request for a consent that a Purchaser (together with its affiliates) does not own (directly or through its nominee) any bearer Bonds in coupon form if such Purchaser does not, within 10 days of the giving of notice to such Purchaser of such request for a consent, submit to the Corporation an affidavit specifying the principal amount of bearer Bonds in coupon form then owned by such Purchaser and its affiliates (without necessarily specifying the particular series of Bonds so owned). A request for a consent shall not be considered to be bona fide for purposes of this paragraph unless there has been taken or omitted to be taken or there is a present intention to take or omit to take the action which would be permitted to be taken or omitted to be taken, as the case may be, upon such consent and such fact is stated in such request.

(f) Subject to the provisions of Section 3.18(a), each consent or determination given or made pursuant to this Section shall bind each Purchaser and its affiliates, whether or not it shall join in the giving or making of such consent or determination.

5.12. **Table of Contents and Headings.** The table of contents and headings of Sections in this Agreement and Section 5.13 are inserted for convenience only and shall not be deemed to be part of this Agreement.

5.13. **Definitions.** The terms set forth below are defined in this Agreement as indicated.
<table>
<thead>
<tr>
<th>Term</th>
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<tr>
<td>Adherence Agreement</td>
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<td>Recitals</td>
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<td>Section 3.6(a)</td>
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<td>Section 3.6(a)</td>
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</table>
5.14. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

5.15. **Term of Agreement.** The term of this Agreement shall be from the date hereof until the principal of and premium, if any, and interest on the Bonds and all other amounts due hereunder are paid in full or duly provided for.

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

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

**Municipal Assistance Corporation**  
**For the City of New York**

By Eugene J. Keilin  
Executive Director
COMMERCIAL BANKS

BANKERS TRUST COMPANY
By HOWARD M. SCHNEIDER
Vice President

THE BANK OF NEW YORK
By ROGER S. PHELPS, JR.
Vice President

THE CHASE MANHATTAN BANK,
N.A.
By PALMER TURNHEIM
Senior Vice President

CHEMICAL BANK
By HERMAN R. CHARBONNEAU
Vice President

CITIBANK, N.A.
By WILLIAM F. DORE
Assistant Vice President

IRVING TRUST COMPANY
By JOHN R. WINDLEIER
Senior Vice President

MANUFACTURERS HANOVER TRUST
COMPANY
By RUSSELL K. POPE
Vice President

MARINE MIDLAND BANK
By DAVID H. WOODRUFF
Vice President

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK
By FREDERICK C. WITSELL, JR.
Vice President

NATIONAL BANK OF NORTH
AMERICA
By GERARD P. DOUGHERTY
Vice President

UNITED STATES TRUST COMPANY
OF NEW YORK
By EDWIN A. HEARD
Vice Chairman
SAVINGS BANKS

AMERICAN SAVINGS BANK
By  DOUGLAS B. STUART
   Senior Vice President

THE BROOKLYN SAVINGS BANK
By  JOHN T. CORRIGAN
   Assistant Treasurer

CENTRAL SAVINGS BANK
By  GEORGE J. ENNIS
   Vice President and Treasurer

THE DIME SAVINGS BANK
   of NEW YORK
By  E. T. SARACHMAN
   Vice President

DOLLAR SAVINGS BANK
   of NEW YORK
By  IAN D. SMITH
   Executive Vice President

THE EAST NEW YORK SAVINGS BANK
By  THOMAS J. WISS
   Executive Vice President

EMPIRE SAVINGS BANK
By  WM. R. O'BRIEN
   Vice President

ANCHOR SAVINGS BANK
By  EDWARD BERTELLOTTI
   Investment Officer

THE BOWERY SAVINGS BANK
By  DOLORES J. MORRISBY
   Vice President

COLLEGE POINT SAVINGS BANK
By  VINCENT A. PULIDORE
   Comptroller

THE DIME SAVINGS BANK
   of WILLIAMSBURGH
By  BERNARD BERNSTEIN
   Executive Vice President

DRY DOCK SAVINGS BANK
By  GEORGE KLEIN
   Assistant Vice President

EMIGRANT SAVINGS BANK
By  THOMAS N. MORROW
   Vice President

FLUSHING SAVINGS BANK
By  JAMES F. McCONNELL
   Vice President
SAVINGS BANKS (Continued)

FRANKLIN SAVINGS BANK
of NEW YORK
By JOHN L. REILLY
Vice President

THE GREEN POINT SAVINGS BANK
By MARTIN DASH
Vice President

THE GREENWICH SAVINGS BANK
By JOSEPH J. BEIRNE, JR.
Vice President

HAMBURG SAVINGS BANK
By ROBERT W. DONALDSON
Vice President and Comptroller

HARLEM SAVINGS BANK
By WILLIAM R. MAHOOOD
Vice President

INDEPENDENCE SAVINGS BANK
By WILLIAM R. BAUMANN
Treasurer

THE LINCOLN SAVINGS BANK
By R. J. WITTINE
Senior Vice President

METROPOLITAN SAVINGS BANK
By BARRY M. DONOHUE
Vice President

THE NEW YORK BANK FOR SAVINGS
By WILLIAM H. FOULK, JR.
Senior Vice President

NORTHFIELD SAVINGS BANK
By EDWARD P. HOFFMAN
Senior Vice President

NORTH SIDE SAVINGS BANK
By FRANCIS T. KENNEY
Treasurer

QUEENS COUNTY SAVINGS BANK
By HOWARD MILLER
Vice President of Mortgages

RICHMOND COUNTY SAVINGS BANK
By JAMES P. LEAHY
Vice President and Comptroller

RIDGEWOOD SAVINGS BANK
By JOSEPH C. VOLZ
Vice President
SAVINGS BANKS (Continued)

RICHLAND HILL SAVINGS BANK
By JOHN A. MCAULIFFE
Vice President and Investment Officer

THE SEAMEN'S BANK FOR SAVINGS
By ROBERT C. HOLLENBECK
Vice President

ROOSEVELT SAVINGS BANK
By HAROLD V. STRURM
Senior Vice President

UNION DIME SAVINGS BANK
By GARY B. KLINGER
Vice President and Treasurer
By PAUL ALBONETTI
Assistant Treasurer

STATEN ISLAND SAVINGS BANK
By HARRY P. DOHERTY
Cashier

THE WILLIAMSBURGH SAVINGS BANK
By GEORGE W. CLARK
Executive Vice President

UNITED MUTUAL SAVINGS BANK
By EDWARD L. NELSON
Vice President
By BARTON C. ENGLISH
Treasurer

INSURANCE COMPANIES

COLUMBIAN MUTUAL LIFE INSURANCE COMPANY
By HARRY T. GORMAN
Senior Vice President and Secretary

COMPANION LIFE INSURANCE COMPANY
By CHARLES T. LOCKE
General Counsel

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES
By DAVID F. HOYT
Assistant Vice President

HOME LIFE INSURANCE COMPANY
By JOHN A. FABIAN
Vice President—Securities
INSURANCE COMPANIES (Continued)

**Metropolitan Life Insurance Company**
By **George M. Crandles**
Vice President

By **George K. Penn, Jr.**
Vice President and Investment Counsel

**The Mutual Life Insurance Company of New York**
By **Herbert C. Strong**
Assistant Vice President

**New York Life Insurance Company**
By **Harold K. Herzog**
Vice President

**Security Mutual Life Insurance Company of New York**
By **Alexander R. Chiesi**
Vice President and Controller

**Teachers Insurance and Annuity Association of America**
By **John M. Baldwin**
Investment Officer

**United States Life Insurance Company in The City of New York**
By **Richard G. Hohn**
Vice President and Secretary

By **Frank J. Pados**
Second Vice President

PENSION FUNDS

**New York City Employees' Retirement System**
By **Harold E. Herkommer**
Executive Director

**Teachers' Retirement System for The City of New York**
By **Wallace F. Sullivan**
Executive Director

**Board of Education Retirement System for The City of New York**
By **John La Carrubba**
Executive Director

**New York City Police Pension Fund, Article 2**
By **Patrick W. Lehane**
Chief Administrative Officer
## Schedule I

### Purchasers and Commitments

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

<table>
<thead>
<tr>
<th>Purchasers</th>
<th>FY 1979</th>
<th>FY 1980</th>
<th>FY 1981</th>
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<td>Attention: Kim Engelbert</td>
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<tr>
<td>Vice President</td>
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<tr>
<td>Executive Vice President</td>
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<td>and Treasurer</td>
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### Commitments

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2. Savings Banks:

<p>| American Savings Bank                           | $1,500  | $—      | $—      | $—      | $1,500  |
| 335 Broadway                                    |         |         |         |         |         |
| New York, N. Y. 10013                           |         |         |         |         |         |
| Attention: Douglas B. Stuart                    |         |         |         |         |         |
| Senior Vice President                           |         |         |         |         |         |
| Anchor Savings Bank                             | $1,500  | $1,500  | $1,500  | $1,500  | $6,000  |
| 1 Dag Hammarskjold Plaza                       |         |         |         |         |         |
| New York, N. Y. 10017                           |         |         |         |         |         |
| Attention: Investment Department                |         |         |         |         |         |
| The Bowery Savings Bank                         | $9,350  | $9,525  | $9,525  | $9,000  | $37,400 |
| 110 East 42nd Street                            |         |         |         |         |         |
| New York, N. Y. 10017                           |         |         |         |         |         |
| Attention: Dolores J. Morrissey                 |         |         |         |         |         |
| Vice President                                  |         |         |         |         |         |</p>
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<th>FY 1981</th>
<th>FY 1982</th>
<th>Total</th>
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<tr>
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<tr>
<td>Frank Tutone</td>
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<tr>
<td>Vice President and Treasurer</td>
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3. Insurance Companies:

<p>| Columbian Mutual Life Insurance Company         | $50     | $50     | $50     | $50     | $200  |
|                                                 |         |         |         |         |       |
| One Columbian Mutual Plaza                      |         |         |         |         |       |
| Binghamton, N. Y. 13902                         |         |         |         |         |       |
| Attention: Harry T. Gorman                     |         |         |         |         |       |
| Senior Vice President and Secretary             |         |         |         |         |       |</p>
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<tr>
<td>Treasurer</td>
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4. Pension Funds:

| New York City Employees’ Retirement System                               | $29,640 | $110,090| $110,125| $57,020 | $306,875|
| 220 Church Street                                                       |         |         |         |         |        |
| New York, N.Y. 10013                                                    |         |         |         |         |        |
| Attention: Harold E. Herkommer                                          |         |         |         |         |        |
| Executive Director                                                      |         |         |         |         |        |
| Teachers’ Retirement System for The City of New York                    | $19,865 | 73,770  | 73,785  | 38,205  | 205,625|
| 40 Worth Street                                                         |         |         |         |         |        |
| New York, N.Y. 10013                                                    |         |         |         |         |        |
| Attention: Wallace F. Sullivan                                          |         |         |         |         |        |
| Executive Director                                                      |         |         |         |         |        |
| Board of Education Retirement System for The City of New York           | $1,090  | 4,040   | 4,030   | 2,090   | 11,250 |
| 65 Court Street                                                         |         |         |         |         |        |
| Brooklyn, N.Y. 11201                                                    |         |         |         |         |        |
| Attention: John La Carrubba                                              |         |         |         |         |        |
| Executive Director                                                      |         |         |         |         |        |
| New York City Police Pension Fund, Article 2                            | $9,780  | 36,325  | 36,335  | 18,810  | 101,250|
| 1 Police Plaza                                                          |         |         |         |         |        |
| New York, N.Y. 10038                                                    |         |         |         |         |        |
| Attention: Deputy Commissioner                                          |         |         |         |         |        |

Totals for Pension Funds                                                  | $60,375 | $224,225| $224,275| $116,125| $625,000|

Totals for All Purchasers                                                 | $401,000| $537,000| $537,000| $324,700| $1,799,700|
### Schedule II

**Serial Bond Maturities for Closing in Fiscal Year 1979**

*(dollars in thousands)*

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Schedule III

Determination of Interest Rates for Closings After Fiscal Year 1979

The interest rate for Bonds purchased on a Closing Date after Fiscal Year 1979 (the “New Bonds”) shall, except as provided below, be the rate equal to The Bond Buyer 20 Bond Index published during the week preceding the week in which the Closing Date occurs plus the average excess of (a) the Market Yield to Maturity (determined as provided below) on each of the trading days for which The Bond Buyer 20 Bond Index is published (the “BBI Dates”) during the 13 weeks immediately preceding the week in which the Closing Date occurs over (b) The Bond Buyer 20 Bond Index on such BBI Dates. The rate so calculated shall be rounded to the nearest eighth of a percentage point. If the rate so determined is less than the Market Rate (determined as provided below) that would prevail on the BBI Date during the week preceding the week in which the Closing Date occurs, then the interest rate for the New Bonds shall be the Market Rate. In the event of any postponement of a scheduled date for the purchase of New Bonds, the interest rate for the New Bonds shall be calculated in accordance with this Schedule as of the actual Closing Date.

Market Yield to Maturity

The Market Yield to Maturity shall be calculated by J. J. Kenney & Co., or another nationally recognized broker or dealer in municipal securities selected by the Committee described below who is not itself, and is not affiliated with, a managing underwriter of obligations of or a financial advisor to the Corporation or the City and who is independent from each of the Purchasers, (the “Calculator”), as follows:

1. The Calculator shall determine the arithmetic average on each BBI Date during the 13 weeks immediately preceding the Closing Date of (a) the yield to maturity based on market prices on such BBI Date for the Corporation’s 7½% bonds due 1992 (the “7½% Bonds”) and (b) the yield to maturity based on market prices on such BBI Date for the Corporation’s term bonds (the “Other Bonds”) which would require the least Basis Point Adjustment (as defined in 3 below) of any one or more series of term bonds issued under the Second Bond Resolution (other than the 7½% Bonds) having the same interest rate and maturity date and similar optional redemption provisions, and trading together, which facts shall be conclusively determined by the Committee, (i) of which at least $100 million aggregate principal amount had been publicly distributed by the Corporation and were outstanding on each such BBI Date and (ii) which are not redeemable at the option of the
Corporation for at least seven years after the Closing Date. If there is more than one such one or more series of term bonds, the “Other Bonds” shall be the one or more series with a final maturity date that is closest to that of the New Bonds or, if there is more than one such one or more series having the closest final maturity date, the “Other Bonds” shall be the one or more series with the largest aggregate principal amount of bonds outstanding as of the Closing Date.

2. The market prices for 7½ % Bonds or Other Bonds on any BBI Date shall be the average of the bid and asked prices for the 7½ % Bonds or Other Bonds, as the case may be, determined by the Calculator on the basis of bid and asked prices quoted to such firm on such BBI Date by at least three recognized market makers in the 7½ % Bonds or the Other Bonds, as the case may be, who are independent from the Purchasers.

3. The Basis Point Adjustment for any series of term bonds then outstanding shall be the number of basis points (rounded to the nearest tenth of a basis point) equal to the number resulting from the following calculation:

\[
3 \left( A_{\text{new}} - A_{\text{old}} \right) + \left( M_{\text{new}} - M_{\text{old}} \right) \times 5 \]

4. The Market Yield to Maturity on any BBI Date during the 13 weeks immediately preceding the Closing Date shall be the arithmetic average of the respective yields to maturity on such BBI Date for the 7½ % Bonds and the Other Bonds, determined as provided above, plus the arithmetic average of the respective Basis Point Adjustments as of such Closing Date for the 7½ % Bonds and the Other Bonds; provided, however, that if such average of the Basis Point Adjustments is a negative number, it shall not be subtracted and the Market Yield to Maturity for each such BBI Date shall be such arithmetic average of yields to maturity on such date, without adjustment.
5. Assuming the average life and the final maturity date for the New Bonds are 13 and 1999, for the 7 1/2% Bonds are 9 and 1992 and for the Other Bonds are 18.5 and 2000, then the Basis Point Adjustment for the 7 1/2% Bonds would be 23.8, the Basis Point Adjustment for the Other Bonds would be minus 21.9 and the average of such Basis Point Adjustments would be 1.0, all as shown in the following calculations:

Basis Point Adjustment for 7 1/2% Bonds  
\[
\frac{3 (13-9) + (1999-1992)}{4} \times 5 = 23.75 \text{ rounded to } 23.8
\]

Basis Point Adjustment for Other Bonds  
\[
\frac{3 (13-18.5) + (1999-2000)}{4} \times 5 = -21.875 \text{ rounded to } -21.9
\]

Average of Basis Point Adjustments for 7 1/2% Bonds and Other Bonds to be Added in Determining Market Yields to Maturity  
\[
\frac{23.8 + (-21.9)}{2} = .95 \text{ rounded to } 1.0
\]

**Market Rate**

The Market Rate on the BBI Date during the week preceding the Closing Date shall be the coupon rate (rounded to the nearest eighth of a percentage point) that would prevail in a successful public distribution on such date at par (assuming an underwriting spread then customary) of New Bonds in an aggregate principal amount equal to the lesser of (a) the aggregate principal amount of the New Bonds and (b) $250 million, and shall be determined as follows:

1. On the BBI Date during the week before the week of the Closing Date the Calculator shall determine the yield to maturity for each series of term bonds (and any issue of serial bonds with a comparably active trading market) issued by the Corporation under the Second Bond Resolution with an average life as of such Closing Date within five years of that of the New Bonds, on the basis of the average of the bid and asked prices for such series quoted to the Calculator on such BBI Date by at least three recognized market makers in such bonds who are independent from each of the Purchasers. On the basis
of such yields to maturity the Calculator shall determine the yield to maturity at which, in its best judgment, the New Bonds would have traded in the secondary market on the BBI Date during the week before the week of the Closing Date.

2. As soon as practicable on the day after the BBI Date referred to in 1 above, the Corporation shall cause the Calculator to deliver to the Corporation, the City, each of the Purchasers, the lead underwriter in the Corporation's most recent public distribution of bonds issued under the Second Bond Resolution (the "Lead Underwriter") and the committee of three experts described below (the "Committee"), a report setting forth the Calculator's determination of the Market Yields to Maturity for each of the prior 13 BBI Dates (including a description of all bid and asked prices and of its calculations) and its determination of the yield to maturity for the New Bonds described in 1 above (including a description of all bid and asked prices and of its calculation).

3. Before the close of business on the day after the BBI Date referred to in 1 above, the Lead Underwriter shall notify in writing the Corporation, the City, the Purchasers and the Committee of its judgment as to what the coupon rate would have been for a successful public distribution on such BBI Date at par (assuming an underwriting spread then customary) of New Bonds in an aggregate principal amount equal to the lesser of (a) the aggregate principal amount of the New Bonds and (b) $250 million.

4. In the afternoon of the first business day after the Lead Underwriter gives the notification referred to in 3 above, there shall be a meeting at which representatives of the Corporation, the City and the Purchasers may present their views to the Committee, and ask questions of the Calculator and the Lead Underwriter, with respect to the determination of the Market Rate.

5. On or before the business day after the meeting referred to in 4 above, the Committee shall notify in writing the Corporation, the City and the Purchasers of its determination of the interest rate for the New Bonds in accordance with this Schedule. In the event of a disagreement within the Committee as to what the Market Rate should be, a majority vote shall prevail or, if there is no majority consensus, the Market Rate shall be equal to the arithmetic average of the rates which each expert on the Committee believes to be appropriate.
Any Bonds issued by the Corporation on the Closing Date shall bear interest at the rate determined by the Committee in accordance with this Schedule, which determination shall be final and binding on all parties. The issuance by the Corporation of bonds bearing such rate shall in each case be subject to the adoption by the Corporation of a Series Resolution providing therefor.

The Closing Date for the New Bonds shall be no earlier than the business day after the notification by the Committee of its determination of the interest rate for the New Bonds.

The Committee shall consist of three recognized experts in pricing municipal bonds who are not, and are not affiliated with, any managing underwriter of obligations of or financial advisor to the Corporation or the City and who are independent from each of the Purchasers. One such expert shall be chosen (and may be removed) by the Corporation, one shall be chosen (and may be removed) by the Purchasers and the third shall be chosen (and may be removed) by the first two experts so chosen. The Purchasers have initially chosen John F. Thompson and the Corporation has initially chosen David Rochat. The Purchasers' expert shall be chosen or removed by the vote of (a) the Financial Institutions committed to purchase in excess of 50% in aggregate principal amount of the Bonds committed to be purchased thereafter under this Agreement by the Financial Institutions and (b) the Pension Funds committed to purchase in excess of 50% in aggregate principal amount of the Bonds committed to be purchased thereafter under this Agreement by the Pension Funds.

The Corporation shall pay the reasonable fees and expenses of the Calculator and the Committee.

If for any reason The Bond Buyer 20 Bond Index is no longer published, the Committee shall select a comparable index which shall be substituted for The Bond Buyer 20 Bond Index for all purposes of this Schedule.
Schedule IV

Existing Litigation

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

AN ACT to amend chapter eight hundred ninety of the laws of nineteen hundred seventy-five relating to the purchase by certain retirement systems and pension funds of the city of New York of obligations of such city and of the municipal assistance corporation for such city and indemnification for such investments, in relation to indemnification and payment of administrative expenses pursuant to such chapter and the duration and clarification of certain provisions of such chapter and to amend the administrative code of the city of New York and the education law, in relation to time of payment of employer contributions to such retirement systems and pension funds

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section one of chapter eight hundred ninety of the laws of nineteen hundred seventy-five, relating to the purchase by certain retirement systems and pension funds of the city of New York of obligations of such city and of the municipal assistance corporation for such city and indemnification for such investments, is hereby amended to read as follows:

§ 1. a. Notwithstanding any inconsistent provisions of law, the trustees of the New York city employees' retirement system, the board of education retirement system of the city of New York, the teachers' retirement system of the city of New York, the New York city police pension funds and fire department pension funds may, in their discretion, purchase and hold obligations of the city of New York or obligations of the municipal assistance corporation for the city of New York and enter into commitments contemplated by subdivision four of section ten-a of the New York state financial emergency act for the city of New York, as amended, providing for the purchase of such obligations by such retirement systems or pension funds (hereinafter referred to as "entry into commitments") without regard to the percentage of the assets of any such system or fund invested in such obligations and without regard to the percentage of outstanding obligations of such issuer held or to be held by such system or fund.

b. For the purchase and holding of the obligations and entry into commitments and the sale of assets as described in this act, the trustees of such retirement systems and funds in determining investments by such systems and

EXPLANATION—Matter in italics is new; matter in brackets [ ] is old law to be omitted.
funds may consider, in addition to other appropriate factors recognized by law, the extent to which such investments will (a) maintain the ability of the city of New York (1) to make future contributions to such systems and funds and (2) to satisfy its future obligations to pay pension and retirement benefits to members and beneficiaries of such systems and funds and (b) protect the sources of funds to provide retirement benefits for members and beneficiaries of such systems and funds.

§ 2. Subdivision a of section two of such chapter is hereby amended to read as follows:

a. Notwithstanding any other provision of law, including the provisions of subdivision one of section seventeen of the public officers law, the city of New York shall save harmless and indemnify all members of the board, officers, employees, trustees, fiduciaries and investment advisors of any such system or fund from financial loss arising out of any claim, demand, suit, action or judgment for alleged negligence, waste or breach of fiduciary duty (a) resulting from the purchase by such systems and funds of any obligations of the city of New York or the municipal assistance corporation for the city of New York from such city or corporation or (b) resulting from the holding by such systems or funds of any such obligations so purchased or (c) resulting from entry into commitments or (d) resulting from the sale of any assets held in such systems and funds to produce sufficient revenues to purchase such obligations, provided that such person shall, within eight days after the date on which he is served with any summons, complaint, process, notice, demand, claim or pleading, deliver the original or a true copy thereof to the corporation counsel of the city of New York. Upon such delivery the corporation counsel of the city of New York shall assume control of the representation of such person in connection with such claim, demand, suit, action or proceeding. Such person shall cooperate fully with the corporation counsel of the city of New York or any other person designated to assume such defense in respect of such representation or defense.

§ 3. Section three of such chapter is hereby amended to read as follows:

§ 3. a. The city retirement systems and funds shall continue as separate and distinct bodies corporate with (i) the power to borrow money, and pledge as collateral therefor such assets as they may deem advisable for the purpose of purchasing, in their discretion, obligations of the state, the city of New York or the municipal assistance corporation for the city of New York, and (ii) such other powers as may be conferred upon them by law.
b. (i) All assets of the city retirement systems and funds, including to the extent not otherwise provided by law, all dividends, interest and other income therefrom, are and shall hereafter continue to be held in trust for the sole and exclusive purpose of providing for pension benefits and such benefits, if any, as may be payable pursuant to variable supplements programs for members and beneficiaries of such system or fund, including the defraying of administrative expenses [(1)] to the extent that payment of such expenses have been authorized by the city of New York and (2) if the city of New York shall not have provided the funds to pay such expenses as they fall due from such assets is authorized by paragraph (ii) of this subdivision b.

(ii) (A) If the city of New York is under the jurisdiction of any court pursuant to any proceedings under the federal or state bankruptcy laws (or any statute analogous in purpose or effect to any such laws) the board of trustees or retirement board of any such system or fund may direct use of assets of such system or fund to defray administrative expenses authorized by the city in any case where the city shall not have provided the funds to pay such expenses as they fall due.

(B) If the city is under the jurisdiction of any court pursuant to any proceedings described in subparagraph (A) of this paragraph (ii) and the city shall not have made appropriations for the administrative expenses of any such system or fund for any city fiscal year, the board of trustees or retirement board thereof may direct use of assets of such system or fund to pay its administrative expenses during such fiscal year up to a maximum amount determined as hereinafter provided in this subparagraph. The amount of the total expense budget appropriation for the nineteen hundred seventy-eight–nineteen hundred seventy-nine fiscal year of the city for administrative expenses of such system or fund shall be multiplied by the percentage by which the consumer price index (all urban consumers, New York-Northeastern New Jersey) published by the United States Bureau of Labor Statistics for the month of June immediately preceding the city fiscal year for which such maximum amount is being determined hereunder exceeds such consumer price index for the month of June, nineteen hundred seventy-eight. Such maximum amount shall be the sum obtained by adding the product of such multiplication to the amount of such total expense budget appropriation for such nineteen hundred seventy-eight–nineteen hundred seventy-nine fiscal year.

c. No creditor of the city of New York shall have any claim against the assets of such system or fund, by virtue of his status as such creditor; provided, however, this sentence shall not be interpreted to deny to a pensioner
or beneficiary of a city retirement system or fund any causes of action against the city or a retirement system or fund by virtue of his status as such pensioner or beneficiary.

d. The moneys and investments of each city retirement system or fund if held by the comptroller of the city of New York shall not be commingled with any other moneys or investments held by such comptroller.

§ 4. Section five of such chapter, as amended by chapter four hundred forty-eight of the laws of nineteen hundred seventy-eight, is hereby amended to read as follows:

§ 5. (a) This act shall take effect immediately, except that the provisions of sections one through three shall be retroactive to and shall be deemed to have been in full force and effect from and after November twenty-third, nineteen hundred seventy-five [. and such].

(b) The provisions of section one and paragraph (i) of subdivision a of section three shall terminate on December thirty-first, nineteen hundred eighty-three, provided, however, that nothing herein contained shall be deemed to diminish the indemnification provided by section two of this act for investment (including, without limitation, purchases and holdings), entry into commitments, borrowings, pledges and sales made in accordance with the provisions of this act during the period commencing November twenty-third, nineteen hundred seventy-five, and ending on December thirty-first, nineteen hundred eighty-three, which indemnification shall continue and survive with respect to any such action effected during such period in accordance with the provisions of this act.

§ 5. Section B3-21.0 of the administrative code of the city of New York is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1)(A) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the retirement system.

(B) The New York city health and hospitals corporation shall make monthly payments, in twelve equal installments, with respect to obligations which it incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.
(3) The New York city off-track betting corporation, the Triborough bridge and tunnel authority and the New York city housing authority shall make their respective annual contributions to the retirement system in respect of obligations payable in the payment fiscal year on or before January first of the payment fiscal year.

(4) The board of trustees of the retirement system may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 6. Section B18-27.0 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the pension fund.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The board of trustees of the pension fund may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such fund, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 7. Section B19-7.68 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

c. (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the pension fund.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The board of trustees of the pension fund may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such fund, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.
§ 8. Section B20-30.0 of such code is hereby amended by adding thereto a new subdivision c to read as follows:

(c) (1) The comptroller shall make monthly payments, in twelve equal installments, with respect to obligations which the city incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in subdivision b of this section) and shall be made on or before the last day of each month.

(3) The retirement board of the retirement system may waive the requirements of the foregoing provisions of this subdivision with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 9. Subdivision sixteen of section twenty-five hundred seventy-five of the education law is hereby amended by adding thereto a new paragraph (g) to read as follows:

(g) (1) The board of education shall make monthly payments, in twelve equal installments, with respect to obligations which such board incurs to pay sums to the retirement system.

(2) The equal monthly payments shall be in respect of obligations payable in the payment fiscal year (as defined in paragraph (a) of this subdivision) and shall be made on or before the last day of each month.

(3) The retirement board of the retirement system may waive the requirements of the foregoing provisions of this paragraph with respect to time of payment to such system, provided that any such waiver of time of payment in any instance shall not apply to the time of subsequent payments unless there shall be a subsequent waiver.

§ 10. If any section, part or provision of this act shall be declared unconstitutional or invalid or ineffective by any court of competent jurisdiction, such declaration shall be limited to the section, part or provision directly involved in the controversy in which such declaration was made and shall not affect any other section, provision or part thereof.

§ 11. This act shall take effect immediately.
EXHIBIT A

ADHERENCE AGREEMENT

November 15, 1978

To each of the Purchasers
   Referred to Below

Dear Sirs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 4. Miscellaneous.

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

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

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

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

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

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

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

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

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

THE CITY OF NEW YORK

Approved as to form:

By ........................................
Edward I. Koch,
Mayor

By ........................................
Allen G. Schwartz,
Corporation Counsel

By ........................................
Harrison J. Goldin,
Comptroller
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

19 Series Resolution

Authorizing up to

$ 19 SERIES BONDS

Adopted, 19
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

19 SERIES RESOLUTION AUTHORIZING
UP TO $19 SERIES BONDS

TABLE OF CONTENTS*

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. 19 Series Resolution ............................................. 1
SECTION 102. Definitions .......................................................... 1
SECTION 103. Authority for the 19 Series Resolution ....................... 2

ARTICLE II
AUTHORIZATION, TERMS AND ISSUANCE OF 19 SERIES BONDS

SECTION 201. Authorization of 19 Series Bonds, Principal Amount,
Designation and Series .......................................................... 2
SECTION 202. Purpose ............................................................. 2
SECTION 203. Date of 19 Series Bonds ........................................ 2
SECTION 204. Maturity and Interest Rate ..................................... 2
SECTION 205. Interest Payments ................................................ 2

* This Table of Contents was not part of the Resolution as adopted.
SECTION 206. Denominations, Numbers and Letters ....................... 3
SECTION 207. CUSIP Numbers .............................................. 3
SECTION 208. Places of Payment and Paying Agents ................... 3
SECTION 209. Optional Redemption of 19 Series Bonds and Terms .......... 4
SECTION 210. Sinking Fund Installments ................................. 4
SECTION 211. Selection by Lot ............................................. 5
SECTION 212. Sale of the 19 Series Bonds ................................. 5

ARTICLE III

FORMS AND EXECUTION OF 19 SERIES BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of 19 Series Bonds ............... 5
SECTION 302. No Recourse on 19 Series Bonds ........................... 24
SECTION 303. Execution and Authentication of 19 Series Bonds .............. 24

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants .......................................... 25
SECTION 402. State Covenant ............................................... 26
SECTION 403. Authorized Officers ......................................... 27
SECTION 404. When Effective ............................................. 27
19 SERIES RESOLUTION AUTHORIZING UP TO $ 19 SERIES 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. 19 Series Resolution. This 19 Series Resolution Authorizing up to $ 19 Series Bonds is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on November 25, 1975, entitled “Second General Bond Resolution” and referred to herein as the “Resolution”.

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this 19 Series Resolution Authorizing up to $ 19 Series Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this 19 Series Resolution Authorizing up to $ 19 Series Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement dated as of November 1, 1978, by and among the Corporation, the commercial banks, savings banks, insurance companies and New York City pension funds listed in Schedule I thereto.

“19 Series Bonds” shall mean the Bonds authorized by Article II of this 19 Series Resolution.

“19 Series Resolution” shall mean this 19 Series Resolution Authorizing up to $ 19 Series Bonds.

“Purchasers” shall mean*

(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.

* Comprised of either the commercial banks, savings banks and insurance companies listed in Schedule I to the Bond Purchase Agreement (other than the insurance companies listed in Schedule II thereto) or the New York City pension funds listed in Schedule I to the Bond Purchase Agreement.
(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this 19 Series Resolution, refer to this 19 Series Resolution.

SECTION 103. Authority for the 19 Series Resolution. The 19 Series Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF
19 SERIES BONDS

SECTION 201. Authorization of 19 Series Bonds, Principal Amount, Designation and Series. The 19 Series Bonds are hereby authorized to be issued in the aggregate principal amount of up to $ pursuant to and subject to the terms, conditions and limitations established in the Resolution and this 19 Series 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 "19 Series " and each as so designated shall be entitled "19 Series 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. [description of lawful purposes to be added]

SECTION 203. Date of 19 Series Bonds. The 19 Series Bonds shall be dated , 19 , except as otherwise provided in Section 301 of the Resolution with respect to certain registered 19 Series Bonds issued on or after the first interest payment date. Registered 19 Series Bonds issued prior to the first interest payment date thereof shall be dated , 19 .

SECTION 204. Maturity and Interest Rate. The 19 Series Bonds shall mature on and in the aggregate principal amount of up to $ and shall bear interest at the rate of % per annum.

SECTION 205. Interest Payments. The 19 Series Bonds shall bear interest from , 19 payable on January 1, 19 , and July 1, 19 and semi-annually thereafter on January 1 and July 1, in each year, to the date of maturity or earlier redemption, and thereafter shall bear interest at the same rate until the Corporation’s obligation with respect to the payment of the principal sum on said 19 Series Bonds is discharged.
SECTION 206. Denominations, Numbers and Letters. The 19 Series Bonds shall be issued in the denomination of $5,000 or $100,000 in the case of 19 Series Bonds in coupon form payable to bearer and in the denomination of $5,000 or an integral multiple of $5,000 in the case of 19 Series Bonds in fully registered form without coupons. The 19 Series Bonds in coupon form in the denomination of $5,000 shall be numbered and 19 Series Bonds in coupon form in the denomination of $100,000 shall be numbered and lettered C- and the 19 Series Bonds in fully registered form without coupons shall be numbered and lettered R-, in each case followed by the number of the 19 Series Bond. 19 Series Bonds in coupon form so designated shall be numbered consecutively from 1 upwards and 19 Series Bonds in fully registered form so lettered shall be numbered consecutively from 1 upwards in order of issuance. Any 19 Series 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, the Trustee is authorized to retain any 19 Series Bonds 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 19 Series Bond or Bonds in accordance with the provisions of Section 304 of the Resolution (any such 19 Series Bonds or coupons 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 19 Series Bonds and to have such CUSIP numbers printed thereon, and the Corporation may direct the Trustee to use such CUSIP numbers in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the 19 Series 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 19 Series Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: at the corporate trust office of
Manhattan, City and State of New York, or at the option of the holder, at
in the City and County of San Francisco, State of California. The
interest on all registered 19 Series Bonds, and the principal and Red-
demption Price of all registered 19 Series Bonds and of all 19 Series
Bonds issued in coupon form payable to bearer and subsequently regis-
tered as to principal, shall be payable at the corporate trust office of the
Trustee.

SECTION 209. Optional Redemption of 19 Series Bonds and
Terms. (1) The 19 Series Bonds shall be subject to redemption at the
election of the Corporation, at any time on and after July 1, 19 , 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>
</table>

(2) The foregoing notwithstanding, no 19 Series Bond shall be re-
deemed at the election of the Corporation unless a sufficient amount of 19
Series Bonds* shall also be redeemed so that the ratios of Outstanding
19 Series Bonds to Outstanding 19 Series Bonds* immediately prior and immediately subsequent to giving effect to such redemption shall
remain substantially constant.

SECTION 210. Sinking Fund Installments. The 19 Series Bonds
maturing on , 19 shall be subject to redemption, in part, by
operation of the Bond Service Fund through application of Sinking Fund
Installments as provided in the Resolution commencing on July 1, , 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 19 Series Bond or portion thereof to be
redeemed, plus accrued interest, if any, to the date of redemption. Unless
none of the 19 Series Bonds shall then be Outstanding and, subject to
the provisions of Section 605 of the Resolution permitting amounts to be

* Insert reference to other Series of Bonds being sold simultaneously pursuant to the Bond Purchase Agreement.
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 19 Series 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 19 Series Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
</table>

SECTION 211. Selection by Lot. If less than all of the 19 Series Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

In giving effect to any redemption by lot pursuant to the Resolution, the Trustee shall use such method as it shall determine to be efficient and equitable in assuring that coupon Bonds in a denomination other than $5,000 are subject to redemption in $5,000 increments in the same manner as coupon Bonds in the denomination of $5,000 or registered Bonds.

SECTION 212. Sale of the 19 Series Bonds. (1) The 19 Series Bonds shall be sold to the Purchasers at a price of par plus accrued interest to the date of delivery.

(2) The Chairman or Executive Director of the Corporation is hereby authorized to sign and deliver to the Purchasers a final Official Statement in substantially the form submitted to this meeting with such changes, corrections, deletions and additions as he shall deem advisable.

(3) The 19 Series Bonds authorized to be issued herein shall be issued and delivered to the Purchasers upon payment therefor to the Trustee for the account of the Corporation in accordance with the Bond Purchase Agreement and the Resolution.

ARTICLE III

FORMS AND EXECUTION OF 19 SERIES BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of 19 Series Bonds. Subject to the provisions of the Resolution, the 19 Series Bonds in coupon form and coupons to be attached thereto and the 19 Series Bonds in registered form, together with the form of assignment therefor, and the Trustee’s Certificate of Authenticity, shall be in substantially the following form and tenor:
(FORM OF COUPON 19 SERIES BOND)

No. $5,000

[No. C-] MUNICIPAL ASSISTANCE CORPORATION ($100,000)
FOR THE CITY OF NEW YORK

19 SERIES 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 constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York (hereinafter sometimes referred to as the “State”), acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal sum of Five Thousand Dollars ($5,000) [One Hundred Thousand Dollars ($100,000)] on the first day of July, 19__, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of ___ per centum (%) per annum, payable on January 1, 19__ and on July 1, 19__ and semi-annually thereafter on January 1 and 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 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 , in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at , in the City and County of San Francisco, State of California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York as trustee under the resolution of the Corporation adopted November 25, 1975, as supplemented, entitled “Second General Bond Resolution” (herein called the “Second General Bond Resolution”), or its successor as trustee (herein called the “Trustee”), in like coin or currency.

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

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

This Bond is one of a series of Bonds designated "19 Series Bonds" (herein called the "19 Series Bonds"), issued in the aggregate principal amount of up to $19 Series Resolution Authorizing up to $19 Series 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 19 Series Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 19 Series Bonds with respect thereto and the terms and conditions upon which the 19 Series Bonds are issued and may be issued thereunder.
Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York (Chapter 868 of the Laws of New York of 1975) as amended (herein called the "Control Act"), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued, after September 28, 1978, including the 19 Series Bonds, and the Corporation hereby includes in this 19 Series 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 19 Series 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 19 Series 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 (each as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowing of the city or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of city revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the city or the covered organizations and proposed short-term or long-term borrowings of the city and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the city; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Emergency Act as in effect on the date the 19 Series Bonds are issued; (f) substantially modify the requirement that the city's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two, as in effect on the date the 19 Series 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 19 Series Bond, if at any time (i) there is on
deposit in a separate trust account with a bank trust company or other fidu-
ciary sufficient moneys or direct obligations of the United States or obli-
gations 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 19 Series Bonds and irrevocable in-
structions from the Corporation, respectively, 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) the 19 Series 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 19 Series Bond is in full force and
effect.

To the extent and in the manner permitted by the terms of the Resolu-
tions, the provisions of the Resolutions or any resolution amendatory
thereof or supplemental thereto, may be modified or amended by the Cor-
poration with the written consent of the holders of at least two-thirds in prin-
cipal amount of the Bonds then Outstanding (as defined in the Second Gen-
eral 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; pro-
vided, 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 pur-
pose of the calculation of Outstanding Bonds.

This 19 Series Bond is transferable by delivery except when regis-
tered as to principal otherwise than to bearer. It may be registered as to prin-
cipal 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 author-
ized in writing, and similarly noted hereon; but this Bond may be discharged
from registration by being in like manner transferred to bearer, after which it
shall again become transferable by delivery; and this Bond may again and
from time to time be registered or discharged from registration in the same
manner. Registration of this Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The 19 Series Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the 19 Series Bonds. Coupon 19 Series 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 coupon 19 Series Bonds and/or registered 19 Series Bonds of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered 19 Series 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 19 Series Bonds with appropriate coupons attached, and/or 19 Series Bonds without coupons of any other authorized denominations.

The 19 Series Bonds are not subject to redemption prior to July 1, 19 , *.

The 19 Series Bonds shall be subject to redemption at the election of the Corporation, at any time on or after July 1, 19 , as a whole on any date, or in part, by lot, on any interest payment date, at the Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount) plus accrued interest, if any, to the date of redemption, as set forth below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
</table>

The 19 Series Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from

* Date to be the earliest of optional redemption or sinking fund installments.
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 19 Series Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
</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 accrued, if any, to the date of such purchase, 19 Series Bonds payable from such Sinking Fund Installment and apply any 19 Series Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 19 Series 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 19 Series Bonds or portions of the 19 Series 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 19 Series Bonds. Notice of redemption having been given, as aforesaid, the 19 Series Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price heretabefore provided, and, from and after the date so fixed for redemption, interest on the 19 Series Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 19 Series Bonds maturing subsequent to the redemption date shall be void.

The 19 Series 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 19 Series Bonds be payable out of any funds other than those of the Corporation.

This 19 Series 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 19 Series Bond, or of any coupon appurtenant hereto, by accepting this 19 Series Bond or coupon shall be conclusively deemed to have agreed that this 19 Series Bond or coupon is fully negotiable for those purposes.

Neither this 19 Series 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 19 Series 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 19 Series Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 19 Series 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 19 Series 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 19.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

[SEAL]

Attest:

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

Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 19 Series Bonds of the Municipal Assistance Corporation For The City of New York.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

Authorized Signature

(FORM OF COUPON)

No. ................. $ .................

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK on the 1st day of , 19 (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 , in the Borough of Manhattan, City and State of New York, or at the option of the holder at , 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 19 Series Bonds, No. [No. C- ]

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 19 SERIES BOND)

[FACE OF 19 SERIES BOND]

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

% Due July 1, 19

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

19 SERIES BOND

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (herein and on the reverse side hereof sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein and on the reverse side hereof sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to ....... or registered assigns, upon presentation and surrender of this Bond, the principal sum of .....................................................

............................................DOLLARS on the first day of July, 19 , unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon at the rate of per centum ( %) per annum, payable on January 1, 19 and on July 1, 19 and semi-annually thereafter on January 1 and 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 "19 Series 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 19 Series Bonds be payable out of any funds other than those of the Corporation.

This 19 Series 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 19 Series 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 19 Series Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 19 Series 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 19 Series 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 first day of , 19 .

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

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

[SEAL]

Attest:

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

This Bond is one of the 19 Series Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

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

[Reverse of Form of Registered 19 Series Bond]

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

19 SERIES BOND

% Due July 1, 19

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 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 inter-
est on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the state of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

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

This Bond is one of a series of Bonds designated "19 Series
Bonds" (herein called the "19 Series Bonds"), issued in the aggregate
principal amount of up to $19
pursuant to the Second General Bond
Resolution and the series resolution of the Corporation, adopted
entitled "19 Series Resolution Authorizing up to $19
Series Bonds" (said resolutions being herein collectively called the "Resolutions"), for the 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 Res-
solution (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 19 Series
Bonds, the nature, extent and manner of enforcement of such pledges, the
rights and remedies of the bearers or registered owners of the 19 Series
Bonds with respect thereto and the terms and conditions upon which the
19 Series Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Fi-
nancial Emergency Act for The City of New York (Chapter 868 of the Laws
of New York of 1975) as amended (herein called the "Control Act"), the
State has authorized and required the Corporation to include in any agree-
ment made by the Corporation with holders of its bonds issued after Sep-
ember 28, 1978, including the 19 Series Bonds, and the Corporation
hereby includes in this 19 Series 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 pe-
riod, as defined in subdivision twelve of Section two of the Control Act as in
effect on the date the 19 Series Bonds are issued, (i) to approve, disap-
prove, 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 19 Series Bonds are
issued and paragraph b of such subdivision one as in effect from time to time,
(ii) to disapprove a contract of the City or a covered organization (as defined
in the Control Act) if the performance of such contract would be inconsistent
with the financial plan or to approve or disapprove proposed short-term or
long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of city revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with section thirteen of the Control Act as in effect on the date the 19 Series Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two, as in effect on the date the 19 Series 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 19 Series 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 19 Series 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) the 19 Series 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 19 Series 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 Gen-
eral Bond Resolution), or, in case less than all of 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 19 Series 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 19 Series Bond or Bonds and/or, at the option of the transferee, a coupon 19 Series Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and interest rate as the surrendered 19 Series 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 19 Series 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 19 Series Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 or $100,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the 19 Series Bonds. Coupon 19 Series 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 coupon 19 Series Bonds and/or registered 19 Series Bonds of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered 19 Series 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 19 Series Bonds with appropriate coupons attached, and/or 19 Series Bonds without coupons of any other authorized denominations.

The 19 Series Bonds are not subject to redemption prior to July 1, 19.

The 19 Series Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 19, 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 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>(Dates Inclusive)</td>
<td></td>
</tr>
</tbody>
</table>

The 19 Series Bonds are also subject to redemption, in part by lot as provided in the Resolutions, on July 1 in each of the years and in the amounts set forth below, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such 19 Series Bonds specified therefor:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
</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, 19 Series Bonds payable from such Sinking Fund Installment and apply any 19 Series Bonds so purchased as a credit against such Sinking Fund Installment.
In the event that any or all of the 19 Series 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 19 Series Bonds or portions of the 19 Series 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 19 Series Bonds. Notice of redemption having been given, as aforesaid, the 19 Series 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 19 Series Bonds or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 19 Series 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
**Act**—Uniform Gifts to Minors

**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)
the within 19 Series Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney
to transfer the within 19 Series 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 19 Series Bond in every particular, without alteration or enlargement or any change whatever.

SECTION 302. **No Recourse on 19 Series Bonds.** No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 19 Series Bonds or for any claim based thereon or on the 19 Series 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 19 Series 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 19 Series 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 19 Series Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the 19 Series 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 19 Series Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the 19 Series Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of issuance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the 19 Series 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 3 after deducting the amount set forth pursuant to paragraph (3)(a) of such subsection 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 days after the end of each calendar quarter on an unaudited basis and (b) within ninety 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 funds and capital reserve fund statement of transactions and the operating fund statement of transactions for the period then ended, together with notes and exhibits thereto, similar in form to the notes and exhibits (which in any case shall include exhibits showing (i) all Bonds and Notes of the Corporation then outstanding, (ii) a summary of annual debt service funding requirements, and (iii) a summary of total annual debt service payment requirements) published by the Corporation for the Fiscal Year ended June 30, 1977, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. *State Covenant.* (1) In accordance with the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, being chapter 868 of the Laws of New York of 1975, as amended to the date hereof (herein called the "Control Act"), the Corporation hereby includes in this 19 Series Resolution the pledge and agreement of the State with the holders of the 19 Series 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 19 Series 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 19 Series 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 (each as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be deter-
mined in accordance with Section thirteen of the Control Act as in effect on the date the 19 Series Bonds are issued; (f) substantially modify the requirement that the City’s financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two, as in effect on the date the 19 Series 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 19 Series Bonds 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 19 Series 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) the 19 Series 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 19 Series Bond is in full force and effect.

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

SECTION 403. Authorized Officers. In addition to those persons defined in Section 101 of the Resolutions as Authorized Officers, the Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to issue and deliver the 19 Series Bonds and apply the proceeds thereof to deliver and execute in the name and on behalf of the Corporation any certification, opinion, record or other document required by or authorized pursuant to the Resolution, this 19 Series Resolution or the Bond Purchase Agreement in connection with the issuance of the 19 Series Bonds.

SECTION 404. When Effective. The 19 Series Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
EXHIBIT C

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

, the Chairman [Executive Director] of the Municipal Assistance Corporation For The City of New York (the “Corporation”), hereby certifies that:

1. The Corporation has performed all of its agreements to be performed on or prior to the date hereof pursuant to the Bond Purchase Agreement dated as of November 15, 1978 among the Corporation and the several Purchasers named in Schedule I thereto (the “Bond Purchase Agreement”), the Corporation’s Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (the “Second Bond Resolution”) and [description of Series Resolution to date] (together with the Second Bond Resolution, the “Resolutions”). After giving effect to the issuance of Bonds (as defined in the Bond Purchase Agreement) on the date hereof, the Corporation will be in compliance with the provisions of Section 4.3 of the Bond Purchase Agreement.

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

3. No event or condition which constitutes an event of default under the Second Bond Resolution, the First Bond Resolution (as defined in the Bond Purchase Agreement) or any other resolution pursuant to which the Corporation has issued bonds, notes or other evidences of indebtedness, and no event or condition which, with the passage of time or the giving of notice or both, would constitute such an event of default, has occurred and is continuing.

4. The Corporation is not in default in (a) the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued, assumed or guaranteed by the Corporation, (b) the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing with the consent of the Corporation the payment of any indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money [(except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or interest on the secured indebtedness)] or (c) the performance or observance of any covenant or a condition under the
Resolutions, the Bond Purchase Agreement or the Agreement to Guarantee.

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

6. The prospects for payment of the principal of or premium, if any, or interest on the Bonds when due have not been materially adversely affected since the date of the Bond Purchase Agreement by the existence of a lien, claim, charge or encumbrance (other than as described in the Official Statement delivered in connection with the execution of the Bond Purchase Agreement) or by any legislative, executive or other action or inaction by any Governmental Authority (as defined in the Bond Purchase Agreement), such as but not limited to a failure to appropriate Per Capita Aid, Sales Taxes or Stock Transfer Taxes, each as defined in the Second Bond Resolution, but in any case excluding the issuance by the Corporation of its bonds and notes as permitted by the Resolutions, the First Bond Resolution and the Bond Purchase Agreement.

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

8. The Bonds and the Resolutions conform in all material respects to the description thereof in the Corporation’s Official Statement dated [ as amended or supplemented to the date hereof] (the “Official Statement”).

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

10. Nothing has come to the Corporation’s attention which would indicate that any of the conditions specified in Section 3 of the Bond Purchase Agreement has not been satisfied as of the date hereof.

In Witness Whereof, I have set forth my hand this day of , 19

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

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

1. On , the Control Board approved a financial plan (the "Financial Plan") which (i) with respect to the City and the Board of Education of the City, covers Fiscal Year 1979 through Fiscal Year 1982 and was determined by the Control Board to be consistent with applicable provisions of Section 8 of the New York State Financial Emergency Act for The City of New York, as amended (the "Act"), and (ii) with respect to the covered organizations (as defined in the Act) other than the Board of Education of the City, covers Fiscal Year 1979 and, to that extent, was determined by the Control Board to be consistent with applicable provisions of Section 8 of the Act.

2. The Financial Plan is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which the Control Board has determined are reasonable and appropriate for purposes of fulfilling its statutory obligations under the Act to review and approve or disapprove a financial plan and financial plan modifications. On the basis of such assumptions and methods of estimation, the Financial Plan currently projects (a) that Total Revenues of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit during the current Fiscal Year and (b) that actual and anticipated seasonal borrowings of the City during the current Fiscal Year will aggregate up to $ , which is equal to % of projected Total Revenues. [As of (insert date which is within 10 days of the Closing Date) the Control Board determined, pursuant to its statutory obligations under the Act, that no further modification of the Financial Plan would then be required.]*

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* This sentence to be included only if the Financial Plan was not approved by the Control Board within 10 days of the Closing Date.
3. In the judgment of the Control Board, the City is in substantial compliance with all outstanding orders of the Control Board.

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

5. As used herein the terms "Deficit" and "Total Revenues" have the meanings set forth in Section 3.7 of the Bond Purchase Agreement dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York and the Purchasers named in Schedule I thereto.

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

NEW YORK STATE FINANCIAL CONTROL BOARD

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

Executive Director
NEW YORK STATE FINANCIAL CONTROL BOARD

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

1. On , the Control Board approved a financial plan for the City and the covered organizations, as that term is defined in the New York State Financial Emergency Act for The City of New York, as amended (the "Act"), which it determined was consistent with applicable provisions of Section 8 of the Act and which covers Fiscal Year [fiscal year of closing] through Fiscal Year [fiscal year three years thereafter]. On (insert the date of approval of each subsequent financial plan modification) the Control Board approved modifications to such financial plan and determined that such financial plan, as modified, was consistent with applicable provisions of Section 8 of the Act* (such financial plan [, as modified[,] is hereafter referred to as the "Financial Plan"]).

2. The Financial Plan is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which the Control Board has determined are reasonable and appropriate for purposes of fulfilling its statutory obligations under the Act to review and approve or disapprove a financial plan and financial plan modifications. On the basis of such assumptions and methods of estimation, the Financial Plan currently projects (a) that Total Revenues of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit during the current Fiscal Year [or, when applicable, that the City will incur a Deficit during the current Fiscal Year of $ , which is equal to % of projected Total Revenues], [and] (b) that actual and anticipated seasonal borrowings of the City during the current Fiscal Year will aggregate up to $ , which is equal to % of projected Total Revenues [and (c) that Displaced Revenues during the current Fiscal Year will aggregate $ , which is equal to % of projected Total Revenues]. [As of (insert date which is within 10 days of the Closing Date) the Control Board determined, pursuant to its statutory obligations under the Act, that no further modification of the Financial Plan would then be required.]*

* This sentence to be included only if the Financial Plan was not approved by the Control Board within 10 days of the Closing Date.
[The Financial Plan in effect at the end of Fiscal Year (insert prior Fiscal Year) did not project a Deficit (or, if applicable, projected Total Revenues during such Fiscal Year of $ and a Deficit during such Fiscal Year of $, which is equal to % of such Total Revenues).]*

3. On the basis of [description of then available audited financial reports of the City for each Fiscal Year beginning with Fiscal Year 1978], in the judgment of the Control Board the City has made substantial progress in each such Fiscal Year since Fiscal Year 1978 toward achieving [or the City has achieved] a budget prepared and balanced so that the results thereof would not show a deficit when reported in Fiscal Year 1982 and thereafter in accordance with generally accepted accounting principles, subject to the provisions of Section 8.2-a of the Act.

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

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

6. As used herein, the terms "Deficit" and "Total Revenues" have the meanings set forth in Section 3.7 of the Bond Purchase Agreement dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York and the Purchasers named in Schedule I thereto.

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

NEW YORK STATE FINANCIAL CONTROL BOARD

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

Executive Director

* This sentence to be included only if the Closing Date is before the issuance of audited financial statements of the City for the prior Fiscal Year.
EXHIBIT E

CERTIFICATE OF THE COMPTROLLER OF THE STATE OF NEW YORK

, the Comptroller of the State of New York, hereby certifies as follows:

1. The State is not in default in (a) the payment of the principal of or premium, if any, or interest on any note, bond or other evidence of indebtedness issued or guaranteed by the State or (b) the payment of any amounts payable under any lease or other arrangement securing the payment of any indebtedness of a public benefit corporation or other governmental agency or body for borrowed money [(except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or interest on the secured indebtedness)].

2. No bankruptcy, insolvency or similar proceeding or moratorium or similar legislation in respect of the State or any of its obligations is pending or, to the best of my knowledge, contemplated.

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

Comptroller of
The State of New York
EXHIBIT F

CERTIFICATE OF THE CITY OF NEW YORK

, the First Deputy Comptroller of The City of New York (the “City”), and the Director of Management and Budget of the City, hereby certify on behalf of the City and to the best of their knowledge and belief as follows:

1. The City is not in default in (a) the payment of the principal of or premium, if any, or interest on any note, bond or other evidence of indebtedness issued, assumed or guaranteed by the City, (b) the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing with the consent of the City the payment of any indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money [(except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or interest on the secured indebtedness)], or (c) the performance or observance of any covenant or condition under the Adherence Agreement dated November 15, 1978 between the City and the Purchasers referred to therein (the “Adherence Agreement”), the Agreement to Guarantee dated as of November 15, 1978 among the United States of America, acting by and through the Secretary of the Treasury (the “Secretary”), the State of New York, the City, the New York State Financial Control Board (the “Control Board”) and the Municipal Assistance Corporation For The City of New York (the “Agreement to Guarantee”) or the Guaranteed Bond Purchase Agreement dated as of November 15, 1978 among the City, the City and State pension funds named therein and the Secretary.

2. No agency, instrumentality or public benefit corporation of the City (as to which statutory provision has been made whereby the City may appropriate funds to be paid into a capital reserve or similar fund in order to provide moneys for the payment of any bond, note or other evidence of indebtedness of such agency, instrumentality or public benefit corporation) is in default in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness constituting a general obligation of such agency, instrumentality or public benefit corporation.
3. No bankruptcy, insolvency or other similar proceeding or moratorium or similar legislation in respect of the City or any agency, instrumentality or public benefit corporation referred to above or any of their respective obligations is pending or contemplated.

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

5. No bonds or bond anticipation notes have been issued to fund expense items which were included in the City's capital budget for any Fiscal Year after Fiscal Year 1978 in excess of the amounts permitted under Section 6.13 of the Agreement to Guarantee; the amounts included are consistent with making substantial progress toward elimination of all such amounts from the City's capital budget for Fiscal Year 1982 and thereafter in accordance with Section 8.1.a of the New York State Financial Emergency Act for The City of New York, as amended.

6. The Monthly Financial Plan Statements for New York City (the "Monthly Statement"), submitted to the Secretary pursuant to Section 6.7.2 of the Agreement to Guarantee and to the Control Board, is based on certain assumptions and methods of estimation concerning revenues, expenditures, cash flow and other matters which are reasonable and appropriate for purposes of such report. The most recent Monthly Statement dated forecasts that Total Revenues of the City during the current Fiscal Year will be $ and that the City will not incur a Deficit [or, when applicable, that the City will incur a Deficit during the current Fiscal Year of $ which is equal to % of forecasted Total Revenues]. Such Monthly Statement forecasts that seasonal borrowing of the City during the current Fiscal Year will aggregate $ , which is equal to % of such Total Revenues.*

7. Although all forecasts are based on assumptions concerning future events which cannot be predicted with certainty, and no certification can be given that the forecasted results will in fact be achieved, the undersigned have no knowledge or notice of events subsequent to those addressed by such Monthly Statement which, in their judgment, if reflected in such Monthly Statement restated as of the date of this certificate, would result in a forecast for the current Fiscal Year of a Deficit in excess of 2% of Total Revenues or aggregate seasonal borrowings in excess of 9% [or, if appropriate, 10%] of Total Revenues.*

* In the event the Closing Date occurs in the first two months of a Fiscal Year, these paragraphs shall refer to the Financial Plan of the City approved by the Control Board instead of the Monthly Statement.
[8. The Financial Plan of the City in effect at the end of Fiscal Year (insert prior Fiscal Year) as approved by the Control Board, projected no Deficit in excess of 2% of Total Revenues for such Fiscal Year. Set forth in attachment A hereto are any material factors that have come to the attention of the undersigned which may cause the City’s audited operating results to show a Deficit which is a greater percentage of Total Revenues than that shown in such Financial Plan, if any. Until the audited financial statements are available, the effect of such factors and other factors which may be identified by the City’s auditors cannot be predicted with assurance. However, as of the date of this certificate and after careful consideration under the circumstances, nothing has come to the attention of the undersigned that would cause the undersigned to believe that there was a Deficit in Fiscal Year (insert prior Fiscal Year) in excess of 2% of Total Revenues.]*

8[9]. As used herein, the terms “Deficit”, and “Total Revenues” have the meanings set forth in Section 3.7 of the Bond Purchase Agreement dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York and the Purchasers listed on Schedule I thereto.

* This paragraph to be included only if the Closing Date is before the issuance of audited financial statements of the City for the prior Fiscal Year.

THE CITY OF NEW YORK

Approved as to form:

Corporation Counsel

By

First Deputy Comptroller

By

Director of Management
and Budget
To each of the Purchasers listed
on Schedule I of the Bond
Purchase Agreement dated as of
November 15, 1978

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated as of November 15, 1978 (the "Agreement"), by and among the Corporation and each of you, severally, as purchasers, and the sale by the Corporation to you thereunder on the date hereof, of $ aggregate principal amount of the Corporation's 19... Series... and... Bonds (the "Bonds"). Unless the context otherwise requires, all capitalized terms used herein have the same meaning ascribed to them in the Agreement.

[Closing date]
In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the New York State Financial Emergency Act For The City of New York, as amended (the “FCE Act”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the “Second Bond Resolution”), the 19...Series ... Resolution and the 19...Series ... Resolution each adopted by the Board of Directors of the Corporation on ... (the Second Bond Resolution and such Series Resolutions are herein collectively called the “Resolutions”), the Agreement and the schedules and exhibits annexed thereto, and have made such further examinations of law and fact as we considered necessary in order to form the opinions herein expressed.

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

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement and to adopt the Resolutions and to issue the Bonds thereunder.

2. The execution and delivery of, and the performance of the obligations under, the Agreement have been authorized by proper corporate proceedings of the Corporation and no other authorization for, or filing or recording of, the Agreement or the Bonds is required. The Agreement constitutes a valid and legally binding agreement of the Corporation enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, moratorium, insolvency or similar laws validly enacted and applicable to the rights created pursuant to the Agreement. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and legally binding upon the Corporation and enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws validly enacted and applicable to the rights of the holders of the Bonds, and no other authorization for, or filing or recording of, the Resolutions is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the State Covenant.
3. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid, legally binding, direct and general obligations of the Corporation and are entitled to the benefits of the Resolutions except as enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws validly enacted and applicable to the rights of holders of the Bonds.

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

5. Except as referred to in Schedule IV of the Agreement or in a schedule annexed hereto, to the best of our knowledge, there is no action, suit, proceeding or investigation before or by any court, any legislature or governmental official, department, commission, board, bureau, agency, instrumentality or body or public benefit corporation, pending, or threatened, against the Corporation wherein an unfavorable decision, ruling or finding would (a) in any material respect impair the powers, limit the duties or shorten the duration of the Control Board, each as referred to in the State Covenant, (b) in any material respect limit the obligations of the City referred to in the State Covenant or contained in Section 9-a or 9-b of the FCB Act or the obligations of the City under the FCB Act to adopt and adhere to balanced budgets, to adopt and adhere to financial plans or to comply with orders of the Control Board, (c) declare the State Covenant or the Adherence Agreement invalid or unenforceable in whole or in material part, (d) in any other manner adversely affect provisions for or materially adversely affect sources for payment of the principal of or premium, if any, or interest on the Bonds as described in the Official Statement of the Corporation dated as of November 17, 1978 issued in connection with the execution of the Agreement, or (e) declare the Resolutions, the Act or the Corporation's obligations under the Bonds to be invalid or unenforceable in whole or in material part.

6. The issuance and delivery of the Bonds by the Corporation are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for
the qualification of the Resolutions or any indenture with respect to the
Bonds pursuant to the Trust Indenture Act of 1939, as amended. The
Bonds constitute "municipal securities" as such term is defined in the

All opinions rendered herein relating to the effect of the Constitution of
the State, or state or local finance laws, upon the validity, binding effect or
enforceability of the Resolutions or the Bonds are rendered in reliance upon
the opinion of Hawkins, Delafield & Wood, Bond Counsel, of even date here-
with addressed to the Corporation and delivered to you in accordance with the
Agreement, and, although we have made no independent investigation with
respect thereto, such opinion is in form and substance satisfactory to us, and
we believe that you and we are justified in relying thereon.

Very truly yours,
Municipal Assistance Corporation
For the City of New York
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $ aggregate principal amount of 19 Series Bonds (the "19 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 19 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 supplemented to the date hereof (the "Second General Bond Resolution"), and the 19 Series Resolution, adopted ______ , 19 ______ (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The 19 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 or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corpo-
ration to limit the issuance of additional bonds. The 19 Series Bonds are being issued for the purpose set forth in the Series Resolution.

The Corporation is authorized to issue Bonds, in addition to the 19 Series Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the 19 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 19 Series Bonds are dated 1, 19 except as otherwise provided in the Resolution with respect to fully registered 19 Series Bonds, will bear interest from 1, 19 payable and semi-annually thereafter on July 1 and January 1 in each year at the rate of 10.00% per annum and will mature on July 1, 19.

The 19 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 19 Series Bonds are interchangeable as provided in the Resolutions. Coupon 19 Series Bonds are numbered - and fully registered 19 Series Bonds are lettered and numbered R-. Coupon 19 Series Bonds and fully registered 19 Series Bonds are numbered consecutively from one upward in order of issuance.

The 19 Series Bonds are subject to redemption, in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 19 Series Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the 19 Series Bonds are subject to redemption at the election of the Corporation on and after , 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 appropri-
ated 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") there-
under 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 Con-
solidated Laws; (iii) any amounts required to be paid by The City to the New
York City Transit Authority pursuant to the provisions of chapter seven of the
laws of the State of nineteen hundred seventy-two; (iv) any amounts required
to be paid by The City to the State to repay an advance made in nineteen
hundred seventy-four to subsidize the fare of the New York City Transit
Authority; and (v) five hundred thousand dollars to the chief fiscal officer
of The City for payment to the trustees of the police pension fund of such
City pursuant to the provisions of paragraph e of subdivision 7 of such section
54 of the State Finance Law, suspending the power of The City to adopt local
laws for the imposition of certain sales and compensating use taxes pursuant to
sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter
60 of such Consolidated Laws, and the taxes imposed pursuant to said sections,
until all notes and bonds of the Corporation, including the 1977 Series 8
Bonds, and interest thereon have been fully paid and discharged, adding a
new section 92-d to Article 6 of the State Finance Law establishing a municipal
assistance tax fund (the "Tax Assistance Fund") and a special account for the
Corporation within the Tax Assistance Fund (the "Special Tax Account"),
adding a new section 1107 to Article 28 of said Tax Law imposing sales and
compensating use taxes in The City at a rate of four percent (4%) on certain
items therein described and at a rate of six percent (6%) on the sale of
certain parking services (the "Sales Tax"), the revenues derived from which,
less such amounts as the Commissioner of Taxation and Finance determines
to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the "Stock Transfer Tax") are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the 19 Series Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 19 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 19 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 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 19 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 19 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 on the date hereof, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

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

6. The 19th 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 19th 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) at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to the extent amounts referred to in 7(a) hereof are insufficient and subject to such prior claims referred to above, to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

(c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;
(d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

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

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Act or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55 of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and
hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the 19 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 19 Series Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 19 Series Bonds, and the execution and delivery of the 19 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 19 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:

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

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

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

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

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

Very truly yours,
United States Trust Company  
of New York, as Trustee  
130 John Street  
New York, New York  
The several Purchasers named in a  
Bond Purchase Agreement dated as of  
November 15, 1978 by and among  
such Purchasers and the Municipal  
Assistance Corporation For The  
City of New York  

Gentlemen:  

We are bond counsel to the Municipal Assistance 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 19 Series Bonds of the Corporation and an opinion dated the date  
hereof with respect to the New York State Financial Emergency Act For The  
City of New York, a copy of each of which is annexed hereto. You are  
extended to rely on said opinions as if the same were addressed to you.  

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

Very truly yours,  

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* The bracketed portion of the above opinion is to be delivered on each  
Closing Date in this opinion or in another supplemental opinion.
Chairman
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Mr. Chairman:

This is to acknowledge receipt of your letter of [   ], relating to the authorization, sale and issuance of the [   ] Series [   ] Bonds, dated [   ], in the aggregate principal amount of $[   ] (herein called “the [   ] Series [   ] Bonds”) by the Municipal Assistance Corporation For The City of New York (herein called the “Corporation”) to the Purchasers named in Schedule I (herein called the “Purchasers”) to the Bond Purchase Agreement dated as of November 15, 1978 between the Purchasers and the Corporation (herein called the “Bond Purchase Agreement”).

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, created pursuant to Chapters 168 and 169 of the Laws of 1975 (herein referred to as the “Acts”), as amended by Chapters 868, 870, 874, 875, 889, and 891 of the Laws of 1975, by Chapters 185 and 456 of the Laws of 1977 and by Chapters 201, 466 and 777 of the Laws of 1978.

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

Based on the foregoing, it is my opinion that:

1. Article 10 of the Public Authorities Law of the State of New York, and the amendments to the Tax Law and the State Finance Law, added by Chapter 168 of the Laws of 1975, entitled “An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund”, and Title III of Article 10 of the Public Authorities Law and the amendments to the State Finance Law and the New York City Stabilization Reserve Corporation Act, added by Chapter 169 of the Laws of 1975, entitled “An Act
to amend the public authorities law, in relation to creating the municipal assistance corporation for the City of New York; to amend the state finance law, in relation to bonds and notes of such corporation; and to amend the public authorities law, in relation to the termination of the authority and existence of the New York city stabilization reserve corporation", were introduced in the New York State Legislature on June 9, 1975 (S6701-A8599, and S6702-A8600, respectively), were passed in both Senate and Assembly on June 9, 1975 on a Message of Necessity from the Governor and a Home Rule Message from the City of New York, and were approved by the Governor on June 10, 1975. The passage of these bills conforms to the provisions of Article III, § 14 and Article IX, § 2 of the Constitution of the State of New York. I conclude, therefore, that the Acts have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

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

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

By Chapters 874 and 875 of the Laws of 1975 (S.5-A.5 and S.15-A.15, respectively, Extraordinary Session), the above referenced Acts were further amended. The amendments were passed in both Houses of the Legislature on November 14, 1975 on a Message of Necessity from the Governor and were approved by the Governor on November 14, 1975. The passage of these bills conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I conclude, therefore, that the amendments have been
validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

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

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

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

By Chapter 456 of the Laws of 1977 (S.6870 and A.8993), the above referenced Acts were further amended. The amendment was passed in the Assembly on July 7, 1977 and in the Senate on July 8, 1977 on a Message of Necessity from the Governor and was approved by the Governor on July 19, 1977. The passage of this bill conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further conclude, therefore, that the amendment has been validly enacted and has become law upon the Governor's approval in accordance with the Constitution and the laws of the State of New York and is in full force and effect.
By Chapters 201 and 466 of Laws of 1978 (A.13025 and S.10146-A.12927, respectively), the above referenced Acts were further amended. The amendment which became Chapter 201 was passed in both Houses of the Legislature on May 26, 1978 on a Message of Necessity from the Governor and was approved by the Governor on June 2, 1978. The amendment which became Chapter 466 passed in the Senate on May 23, 1978, passed in the Assembly on June 22, 1978, and was approved by the Governor on July 6, 1978. The passage of these bills conforms to the provisions of Article III, § 14 of the Constitution of the State of New York and I further conclude, therefore, that the amendments have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

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

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

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

4. Subdivision 2 of Section 3036-a of the Public Authorities Law as added by the Acts provides that the Corporation shall create as an additional and separate fund, a Capital Reserve Fund. Subdivision 4 of such section
provides that for any calendar year, the Capital Reserve Fund Requirement for such fund shall equal the amount of principal and interest maturing or otherwise due or becoming due in the succeeding calendar year on all bonds of the Corporation secured by such fund, provided however that for the calendar years set forth below, the Capital Reserve Fund Requirement as of any given date, shall equal the percentage set forth opposite such calendar year of the amount of the principal and interest maturing or otherwise due or becoming due during such calendar year on all bonds of the Corporation secured by the Capital Reserve Fund outstanding on such date:

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>1978</td>
<td>50%</td>
</tr>
<tr>
<td>1979</td>
<td>75%</td>
</tr>
<tr>
<td>1980</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

7. The Legislature appropriated per capita aid, including aid for the benefit of the Corporation for the fiscal year ending $ by Chapter 53 of the Laws of 1978. The Appropriation Act, entitled “An Act (Local Assistance Budget)” (S. , A. ), was passed in the Assembly on and in the Senate on , and was approved by the Governor on .

The passage of this bill conforms to the provisions of Article III, § 14 and Article VII, § 4 of the Constitution of the State of New York and I conclude, therefore, that the Act has been validly enacted and has become law and is in full force and effect.

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

Very truly yours,

Attorney General
Chairman
Municipal Assistance Corporation
For The City of New York
New York, New York

Dear Mr. Chairman:

This is to acknowledge receipt of your letter of [ ], relating to the authorization, sale and issuance of the [ ] Series [ ] Bonds, dated [ ], in the aggregate principal amount of $ [ ] (herein called “the [ ] Series [ ] Bonds”) by the Municipal Assistance Corporation For The City of New York (herein called the “Corporation”) to the Purchasers named in Schedule I (herein called the “Purchasers”) to the Bond Purchase Agreement dated as of November 15, 1978, between the Purchasers and the Corporation (herein called the “Bond Purchase Agreement”).

It is my opinion that:

1. The Financial Emergency Act For The City of New York (the “Act”) was added by Chapter 868 of the Laws of 1975. Chapter 868 was introduced in the New York State Legislature on September 5, 1975 (S.1, A.1, Extraordinary Session), was passed in both the Senate and Assembly on September 8, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The Act was amended by Chapters 869 and 870 of the Laws of 1975. Chapter 869 was introduced in the New York State Legislature on September 8, 1975 (S.2, A.2, Extraordinary Session), was passed in both the Senate and Assembly on September 8, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. Chapter 870 was introduced in the New York State Legislature on September 8, 1975 (S.3, A.3, Extraordinary Session), was passed in both the Senate and Assembly on September 9, 1975 on a Message of Necessity from the Governor and was approved by the Governor on September 9, 1975. The passage of these bills conformed to Article III, § 14 of the Constitution of the State of New York. I conclude, therefore, that the Act and above-referenced amendments have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.
By Chapter 201 of the Laws of 1978 (A. 13025) the Act was further amended. The amendments passed both Houses of the Legislature on a Message of Necessity from the Governor on May 26, 1978 and were approved by the Governor on June 2, 1978. The passage of these amendments conformed to Article III, § 14 of the Constitution of the State of New York. I further conclude, therefore, that these amendments have been validly enacted and have become law upon the Governor’s approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

By Chapters 777 and 778 of the Laws of 1978 (S.3—A.3, S.4—A.4 respectively, Second Extraordinary Session), the Act was further amended. The amendments passed both the Senate and Assembly on September 27, 1978, on a Message of Necessity from the Governor and were approved by the Governor on September 28, 1978. The passage of these bills conformed to Article III, § 14 of the Constitution of the State of New York. I further conclude, therefore, that these amendments have been validly enacted and have become law upon the Governor’s approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

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

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

Furthermore, the Act as amended was validly enacted as stated above in “1”, and under the Constitution and laws of the State, is entitled to the exceedingly strong presumption of constitutionality afforded to all acts of the Legislature which are validly enacted. Our Court of Appeals has said that “as a matter of substantive law every legislative enactment is deemed to be constitutional until its challengers have satisfied the courts to the contrary.” Montgomery v. Daniels, 38 NY 2d 41, 54, and cases there cited. On another occasion the Court has stated, in an oft-cited opinion, that “legislative enactments [arc] supported by a presumption of validity so strong as to demand of those who attack them a demonstration of invalidity beyond a reasonable doubt, and the courts strike them down only as a last unavoidable result.” Matter of Van Berkel v. Power, 16 NY 2d 37, 40.
3. The New York State Financial Control Board for the City of New York (the "Board") was created by the Act and is a governmental agency and instrumentality of the State of New York, having the powers and functions conferred upon it by the Act, as amended, including power to control the fiscal affairs of the City of New York, as there specifically set forth, so long as bonds of the Corporation containing the pledge of the State of New York under Section 10-a, subdivision one of the Act are outstanding and in no event beyond July 1, 2008, as provided by Section 13 of the Act.

4. Section 10-a, subdivision one of the Act authorizes and requires the Corporation to include the pledge of the State of New York therein set forth in bonds issued by the Corporation.

5. [Any litigation known to be pending which involves the subject matter of the opinion will be referred to and its status described. The opinion will state that a valid defense has been interposed or a favorable decision rendered.] No other action, suit, proceeding or investigation is pending, of which I have personal knowledge or which has been called to my personal attention, challenging the validity of the Act.

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

Very truly yours

Attorney General
To each of the Purchasers
   Referred to Below

Dear Sirs:

Reference is made to an agreement, dated as of November 15, 1978 ("Bond Purchase Agreement"), among the Municipal Assistance Corporation For The City of New York (the "Corporation") and each of the Purchasers named in Schedule I thereto (the "Purchasers") in connection with which you have requested my opinion as to certain matters concerning an agreement, dated November 15, 1978, among each of you and The City of New York (the "Adherence Agreement"), and concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the "Act").

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

1. The Act has been duly enacted and the New York State Financial Control Board (the "Board") has been duly created under the Act.

2. While there is no judicial authority directly in point, the Board has lawfully been granted the powers set forth in the Act, including without limitation, the grant of power to approve, disapprove or modify financial plans submitted by The City of New York (the "City") to
ensure compliance with the standards set forth in subdivision 1 of Section 8 of the Act. Such powers may be validly exercised by the Board as necessary in the interests of the State during the control period as defined in the Act.

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

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

5. The Adherence Agreement has been duly executed and is a valid agreement of the City and the covenants made by the City with each of you in Section 2 of the Adherence Agreement are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Act includes compliance with actions taken by the Board pursuant to the Act, my opinion as to such covenant and agreement of the City is limited to the same extent as my opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Act.
6. Enforcement of the covenants contained in the Adherence Agreement would require proof by you that the covenants constituted important security provisions in connection with your purchase of bonds of the Corporation on the date hereof and continue to constitute important security provisions to you.

The foregoing is limited to the extent that the enforceability of the Act or any part thereof and the enforceability of the covenants contained in the Adherence Agreement are subject at all times to the overriding State interest in promoting the health, safety and welfare of the people of the State.

I have rendered this opinion solely for your use in connection with the requirements imposed by the Bond Purchase Agreement with respect to the receipt by you of a favorable opinion as to the matters addressed herein. This opinion is not to be employed, referred to or quoted by any other person and should not be relied upon for any other purpose.

Very truly yours,
To each of the Purchasers

Referred to Below

Dear Sirs:

Reference is made to an agreement, dated as of November 15, 1978, among the Municipal Assistance Corporation For The City of New York (the “Corporation”) and each of the Purchasers named in Schedule I thereto (the “Purchasers”) in which you agree, severally and not jointly, to purchase certain bonds (the “Bonds”) to be issued by the Corporation. In connection with such agreement and your purchases, severally and not jointly, of aggregate principal amount of Bonds on the date hereof, you have requested our opinion, as bond counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), as to certain matters concerning an agreement, dated November 15, 1978, among each of you and the City (the “Adherence Agreement”), and concerning the New York State Financial Emergency Act for The City of New York, constituting Chapter 868 of the Laws of 1975 as amended to the date hereof (the “Control Board Act”).

The Control Board Act, among other things, establishes the New York State Financial Control Board (the “Board”) and authorizes the City to make certain covenants and agreements with any purchaser, holder or guarantor of obligations issued by the City. Section 2 of the Adherence Agreement con-
tains certain covenants made by the City with each of you (herein referred to as the “City Covenants”) and a pledge and agreement (the “Pledge and Agreement”) of the State included in the Adherence Agreement by the City pursuant to subdivision 3 of Section 10-a of the Control Board Act.

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

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

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

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

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

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

4. The Control Board Act validly prohibits the City from (a) entering into contracts or issuing obligations which are inconsistent with the financial plan of the City (whether developed by the City or adopted by the Board in the lawful exercise by the Board of its powers) in effect at the time the proposed contracts are to be entered into or the proposed obligations are to be issued or (b) issuing obligations which are inconsistent with the provisions of subdivisions one through five of Section 9-b of the Control Board Act.

5. The Pledge and Agreement is a valid and legally binding pledge and agreement of the State which the City is authorized to include and has validly included in the Adherence Agreement.
6. The Adherence Agreement has been duly executed and delivered on behalf of the City.

7. The City is authorized to include the City Covenants in the Adherence Agreement.

8. The Adherence Agreement is a valid agreement of the City, and the City Covenants are legally binding on the City except that to the extent the covenant and agreement by the City to comply with the provisions of the Control Board Act includes compliance with actions taken by the Board pursuant to the Control Board Act, our opinion as to such covenant and agreement of the City is limited to the same extent as our opinion in paragraph 2 as to the exercise by the Board of the powers granted to it by the Control Board Act.

We call your attention to certain factors affecting the enforceability of the City Covenants and the Pledge and Agreement as follows:

(a) the enforceability of the City Covenants and the Pledge and Agreement may be affected by the overriding State interest in promoting the health, safety and welfare of the people of the State and is subject to the provisions of the Federal Bankruptcy Act and may be subject to other subsequently enacted State or Federal laws relating to creditors' rights; and

(b) in a suit to enforce the City Covenants and the Pledge and Agreement, you would be required to prove with respect to the Pledge and Agreement, and with respect to the City Covenants when the City is acting in accordance with the laws of the State, that the inclusion of the City Covenants and the Pledge and Agreement in the Adherence Agreement constitute important security provisions to you.

Very truly yours,
The Financial Institutions
named on Schedule I to the
Bond Purchase Agreement dated
as of November 15, 1978 with
the Municipal Assistance
Corporation For The City of
New York

Dear Sirs:

We have acted as special counsel for the commercial banks, savings
banks and insurance companies named on Schedule I (the “Financial
Institutions”) to the Bond Purchase Agreement dated as of November 15,
1978 (the “Bond Purchase Agreement”) between the Municipal Assistance
Corporation For The City of New York (the “Corporation”) and such
Financial Institutions and certain New York City pension funds which are
also named on Schedule I thereto.

As provided in the Bond Purchase Agreement the Financial Institutions
have agreed, severally, to purchase from the Corporation an aggregate of up
to $1,174,700,000 principal amount of the Corporation’s bonds issued during
its 1979, 1980, 1981 and 1982 fiscal years pursuant to the Corporation’s
Second General Bond Resolution adopted November 25, 1975, as supple-
mented and amended (the “Second Resolution”). On 19, the Corporation adopted the Series Resolution under the Second Resolution pursuant to which Series Bonds (the “Bonds”) in the aggregate principal amount of $ are being issued to certain of the Financial Institutions pursuant to the Bond Purchase Agreement on the date hereof. (The Second Resolution and the Series Resolution are sometimes hereinafter referred to as the “Resolutions”.)

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents and other instruments as we have deemed necessary to render the following opinions.

On the basis of the foregoing, we are of the opinion that:

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

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

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

4. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and legally binding agreement of the Corporation.

5. The offering and sale of the Bonds by the Corporation to the Financial Institutions do not require registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as amended. The Bonds constitute exempted securities within the meaning of the Securities Act of 1933, as amended, and constitute “municipal securities” within the meaning of the Securities Exchange Act of 1934, as amended.

We have not independently passed upon the validity or tax exempt status of the Bonds. We hereby confirm that all proceedings of the Corporation and (i) the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, delivered pursuant to Section 3.12(a) of the
Bond Purchase Agreement, (ii) the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, delivered pursuant to Section 3.12(b) of the Bond Purchase Agreement, and (iii) the opinion of Rogers & Wells, bond counsel for The City of New York, delivered pursuant to Section 3.12(e) of the Bond Purchase Agreement, each of even date herewith, are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

We are also of the opinion that the certificates delivered on the date hereof pursuant to the requirements of the Bond Purchase Agreement are appropriately responsive to such requirements.

This opinion is being furnished by us as special counsel to the Financial Institutions solely for their benefit in connection with their several purchases of the Bonds on the date hereof pursuant to the Bond Purchase Agreement. This opinion may not be furnished to, relied upon or used by, any other person, including any other party to the Bond Purchase Agreement or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institutions.

Very truly yours,
MAC Bond Purchase Agreement dated as November 15, 1978

Correspondence, Notes, and Memos

1978 - 1981
DATE: 15 October, 1981

TO: Parties to the Bond Purchase Agreement

FROM: Albert F. Barnes, Calculator

RE: Calculator's Report

In accordance with Municipal Assistance Corporation for the City of New York Memorandum dated as of 9 July 1979 and in compliance with the Bond Purchase Agreement dated as of 15 November 1978 the following is the Calculator's report covering the time period 24 July 1981 through 15 October 1981.

Contained herein are:

1) The calculation of Market Yields to Maturity and Supporting data for the calculation.

2) Yield to maturity of the pertinent Second Resolution term bonds and actively traded serial bonds.

In the best judgment of the Calculator and in following the formulas and accepted rules of calculation set out in the Bond Purchase Agreement, the coupon rate for 15 October 1981 would have been 13.125 + $0.0008134=13.208%

In the calculation we have obtained information from secondary sources deemed reputable by us. Although such sources are usually considered reliable we cannot guarantee their accuracy.

If any of the parties have any questions or need further information, I hope they will feel free to call me. (212) 530-0906.

AFB:gg
Exhibit I

Derivation of the Coupon Rate for Bonds to be Issued

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<th>Week Number</th>
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Average of Excesses
Plus week 1 Index

TOTAL
Rounded to nearest eighth
### Exhibit II

#### 7½ Bonds

**Price and Yield Information Relating to Series 8 7½ of July 1992**

For 13 Weeks Preceding Week of Actual Closing Date

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## Exhibit III

### Other Bonds

**Price and Yield Information Relating to Series 16 7 5/8% of July 1999**

For 13 Weeks Preceding Week of Actual Closing Date

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<tr>
<td>7</td>
<td>59.000</td>
<td>62.000</td>
<td>59.000</td>
<td>62.000</td>
<td>59.000</td>
<td>62.000</td>
<td>59.167</td>
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<tr>
<td>8</td>
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<td>62.000</td>
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<td>60.500</td>
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<td>64.000</td>
<td>61.000</td>
<td>63.000</td>
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<td>60.667</td>
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<td>66.000</td>
<td>68.000</td>
<td>65.000</td>
<td>68.000</td>
<td>66.000</td>
<td>67.000</td>
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<td>11</td>
<td>67.000</td>
<td>68.500</td>
<td>67.000</td>
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<td>67.000</td>
<td>69.000</td>
<td>67.583</td>
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<td>70.000</td>
<td>68.500</td>
<td>70.000</td>
<td>68.500</td>
<td>70.500</td>
<td>68.167</td>
<td>11.97</td>
</tr>
</tbody>
</table>
Exhibit IV

Calculation of the Basis Point Adjustment

Bonds to be issued

Average Life: 12.24 years
Final Maturity: July 1, 2001

Basis Point Adjustment for 7 ½ bonds

Series 8

Average Life: 7.61 years
Final Maturity: July 1, 1992

\[
\frac{5 \times 3 \times (12.24 - 7.61) + (2001 - 1992)}{4} = 28.613
\]

Basis Point Adjustment for Other Bonds

Series 16

Average Life: 15.01 years
Final Maturity: July 1, 1999

\[
\frac{5 \times 3 \times (12.24 - 15.01) + (2001 - 1999)}{4} = (7.888)
\]

Average of Basis Point Adjustments

\[
\frac{28.613 + (7.888)}{2} = 10.363
\]
### Exhibit V

**Calculation of Market Yields to Maturity**

For '13 Weeks Preceding Week of Actual Closing Date

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield From Exhibit II 74 Bonds</th>
<th>Market Yield From Exhibit III Other Bonds</th>
<th>Average</th>
<th>Basis Point Adjustment Exhibit IV</th>
<th>Market Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13.54</td>
<td>13.15</td>
<td>13.345</td>
<td>.104</td>
<td>13.449</td>
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<td>2</td>
<td>13.45</td>
<td>12.94</td>
<td>13.195</td>
<td>.104</td>
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<td>3</td>
<td>13.66</td>
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<td>.104</td>
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<td>5</td>
<td>13.16</td>
<td>12.93</td>
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<td>6</td>
<td>14.05</td>
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<td>13.950</td>
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<td>7</td>
<td>13.86</td>
<td>13.54</td>
<td>13.700</td>
<td>.104</td>
<td>13.804</td>
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<td>13.50</td>
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<td>.104</td>
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<td>11.87</td>
<td>11.76</td>
<td>11.815</td>
<td>.104</td>
<td>11.919</td>
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</table>
Exhibit VI

Yields to Maturity for Pertinent Second Resolution Term Bonds

<table>
<thead>
<tr>
<th></th>
<th>Bid</th>
<th>Ask</th>
<th>Average</th>
<th>Yield</th>
</tr>
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<tbody>
<tr>
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<td>71.00</td>
<td>72.00</td>
<td>71.500</td>
<td>13.30</td>
</tr>
<tr>
<td>9 3/4</td>
<td>81.00</td>
<td>82.50</td>
<td>81.750</td>
<td>12.94</td>
</tr>
<tr>
<td>8 3/8</td>
<td>65.00</td>
<td>67.00</td>
<td>66.000</td>
<td>13.56</td>
</tr>
<tr>
<td>7 7/8</td>
<td>62.00</td>
<td>63.00</td>
<td>62.500</td>
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</tr>
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<td>8 5/8</td>
<td>68.00</td>
<td>69.00</td>
<td>68.500</td>
<td>13.28</td>
</tr>
<tr>
<td>10 3/4</td>
<td>81.00</td>
<td>82.00</td>
<td>81.500</td>
<td>13.47</td>
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<tr>
<td>11 3/8</td>
<td>87.00</td>
<td>89.00</td>
<td>88.000</td>
<td>13.10</td>
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<tr>
<td>9.10</td>
<td>67.00</td>
<td>69.00</td>
<td>68.000</td>
<td>13.57</td>
</tr>
</tbody>
</table>
DATE: 29 June 1981

TO: Purchasers under Bond Purchase Agreement Dated November 15, 1978

FROM: Heather L. Ruth

Pursuant to Section 1.6(b) of the Bond Purchase Agreement (the "BPA") dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation"), various commercial banks, savings banks, insurance companies and New York City pension funds (the "Purchasers"), notice is hereby given that the scheduled issuance for fiscal year 1982 is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 8, 1981</td>
<td>$324,700,000</td>
</tr>
</tbody>
</table>
DATE: 14 July 1981

TO: Purchasers under Bond Purchase Agreement Dated November 15, 1978

FROM: Heather L. Ruth

By notice dated 29 June 1981, given pursuant to Section 1.6(b) of the Bond Purchase Agreement dated as of November 15, 1978, you were advised that the Corporation anticipated that Bonds totalling $324,700,000 would be scheduled to be purchased by you on October 8, 1981.

To avoid the inconvenience which might have resulted from the inadvertent scheduling of such purchases on a religious holiday, this notice is to advise you that the Corporation now anticipates scheduling such purchases for October 22, 1981.
15 May 1981

Mr. Allen J. Kone  
United States Department  
of the Treasury  
Office of New York Finance  
Room 507  
Six World Trade Center  
New York, New York 10048  

Dear Allen:

Enclosed is a copy of the memorandum prepared by the Municipal Assistance Corporation For The City of New York requesting the Purchasers under the Bond Purchase Agreement of November 15, 1978, to waive delivery of the opinion of the State's Attorney General annexed to the Agreement as Exhibit I-1 and required under Section 3.12(c) of the Agreement. The memorandum also requests the Purchasers' consent to modification of the opinion of the Attorney General annexed to the Agreement as Exhibit I-2. As we discussed, if the proposed changes are acceptable to the Purchasers, the Corporation would like to implement them for the scheduled closing on June 4, 1981. Treasury's approval may be required to do so.

I will keep you informed about our progress with the Purchasers. Thank you for your attention to this matter.

Sincerely,

John G. Bove  
Counsel

JGB:jar

Enclosure
7 May 1981

Purchasers under the Bond Purchase Agreement Dated
as of November 15, 1978 (the "Bond Purchase
Agreement")

From: Municipal Assistance Corporation For the City of
New York (the "Corporation")

Re: June 4, 1981 Closing

This notice is to remind you of the sale scheduled to occur
on June 4, 1981, of an aggregate $237 million of bonds of
the Corporation to the financial institutions and New York
City pension funds listed on Schedule I of the Bond Purchase
Agreement (the "Purchasers"). This sale was scheduled by a
notice of the Corporation dated March 17, 1981 and circulated
to the Purchasers at that time.

Each Purchaser has heretofore received notice of the principal
amount of bonds which it should expect to purchase at this
sale. If you have notified the Corporation of your preference
as to the form and denomination of bonds which you will
purchase and wish to amend your preference, or if you have
not yet so notified the Corporation, you must do so no later
than May 25, 1981, if you wish to receive something other
than one registered bond in the principal amount of your
purchase.
September 29, 1980

Ms. Heather L. Ruth
Executive Director
Room #8901
One World Trade Center
New York, New York 10048

Dear Heather:

It was a pleasure meeting you today. I wish you well in your new position. It certainly should be an exciting and challenging opportunity.

As you are aware, I have been MAC's representative on the pricing committee since its inception. I think that it is important that you know that I will terminate my association with Donaldson, Lufkin & Jenrette on December 31, 1980. I will continue to be active in the tax-exempt fund and forming my own municipal bond dealership in Chelsea, Vermont.

I would like to continue as MAC's representative on the pricing committee, however, I certainly will understand if MAC feels that they should make a change.

I would be more than happy to meet with you if you have any questions.

Very truly yours,

[Signature]

DRR: 1q
DATE: 27 June 1980

TO: Purchasers under Bond Purchase Agreement
  Dated November 15, 1978

FROM: Harris A. Decker

Pursuant to Section 1.6(b) of the Bond Purchase Agreement (the "BPA") dated as of November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation"), various commercial banks, savings banks, insurance companies and New York City pensions funds (the "Purchasers"), notice is hereby given that the scheduled issuances for fiscal year 1981 are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2, 1980</td>
<td>$300,000,000</td>
</tr>
<tr>
<td>January 8, 1981</td>
<td>237,000,000</td>
</tr>
<tr>
<td></td>
<td>$537,000,000</td>
</tr>
</tbody>
</table>
November 19, 1979

Executive Director
Municipal Assistance Corporation
For The City of New York
One World Trade Center
Suite 8901
New York, New York 10048

Dear Sir:

Please be advised that, effective immediately, we have retained Messrs. Robinson, Silverman, Pearce, Aronsohn & Berman as our Special Counsel for purposes of all of our obligations and proceedings relating to the Bond Purchase Agreement dated as of November 15, 1978, as amended, among your corporation and the Purchasers named therein; the Agreement to Guarantee dated as of November 15, 1978, among your corporation, the State of New York, the City of New York, the New York State Financial Control Board and the United States of America; the Guaranteed Bond Purchase Agreement dated as of November 15, 1978, among the City of New York, the United States of America, the City Pension Funds and the State Pension Funds; and the Adherence Agreement of the City of New York dated November 15, 1978.

We would appreciate your forwarding copies of all notices, certifications, documents, reports and
BY MESSENER

19 November 1979

Edward Lowenthal, Esq.
Robinson, Silverman, Pearce,
Aronson & Berman
230 Park Avenue
New York, New York 10017

Dear Mr. Lowenthal:

I was informed this morning by Wallace F. Sullivan, Executive Director of the Teachers' Retirement System for The City of New York (the "Retirement System") that Robinson, Silverman, Pearce, Aronson & Berman has been retained as counsel by the Retirement System effective November 15, 1979.

At Mr. Sullivan's request, from this date forward the Municipal Assistance Corporation For The City of New York (the "Corporation") will provide you with copies of all communications which are furnished by the Corporation to the Retirement System under the Bond Purchase Agreement dated as of November 15, 1978 (the "Agreement").

I am enclosing with this letter a copy of the Agreement, and a copy of the Notice of the Corporation dated October 31, 1979, with regard to a sale scheduled for November 30, 1979, pursuant to the Agreement.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosures (2)

cc: Wallace F. Sullivan, Executive Director
Teachers' Retirement System for The City of New York

John G. Bove, Esq., Counsel
Municipal Assistance Corporation For The City of New York
Mr. Robert F. Vagt  
Executive Director  
Municipal Assistance Corporation  
For The City of New York  
1 World Trade Center  
Suite 8901  
New York, New York 10048  

Dear Mr. Vagt:

This will respond to your letter of August 23, addressed to each of us on the Committee, and referring to the fee to be paid Committee members. While the first paragraph of your letter seems to be dictating what "the fee will be," the second paragraph does refer to "MAC's practice to date to negotiate...". Accordingly, we have decided to respond with our views concerning what you have suggested. We think the fee should be on a per transaction basis. It is not a payment for attending meetings, but a payment for applying our considerable experience to the responsibility for final determination of the interest rate on each placement.

If for some future transaction a second meeting is required in order to complete this determination, we do not wish to be open to the charge that the additional meeting was held to enlarge the fees. Nor do we think that you should look with favor on this type of arrangement.

While it would be substantially below what we first believed would be reasonable, if you wish to revise your offer to two thousand dollars ($2,000) per person per transaction, we will give serious consideration to such an offer.
Mr. Robert F. Vagt
Page 2
September 7, 1979

Mr. Thompson is enclosing a further reply to your second paragraph which refers to a memorandum he prepared, although we each reviewed it at the time.

Very truly yours,

Members of the Committee:
By

John F. Thompson

By

David R. Rochat

By

Robert F. Tighe

P.S. The letter of indemnification is being reviewed by our respective house counsels.
Mr. Robert F. Vagt, Executive Director  
Municipal Assistance Corporation  
One World Trade Center  
New York, N.Y. 10048

Dear Bobby:

Since I prepared the memorandum in question, I feel that I must reply to the statements in the second paragraph of your letter of August 23 to the three Committee members.

I think the paragraph indicates a misunderstanding of the position of the Committee, and more particularly a failure to understand my position. The Committee is not an entity established to provide services to MAC. The Committee is an independent entity, established as such by the Bond Purchase Agreement dated November 15, 1978. Its required independence of affiliation with either the issuer or the purchasers is quite clearly stated on page 63 of the Agreement. As you well know, I was appointed to represent the purchasers.

When I wrote the memorandum in question, the Committee had proposed what then seemed to us a reasonable fee, and your response had been that the fee would be $200 per person per transaction, and that this was not negotiable. As stated in my memorandum, if we had accepted that response at face value we would have completed the job to be done at the meeting on August 27, accepted no fee, and then resigned as a group. However, and especially in reviewing my own position on the Committee as the appointee of the Purchasers, I felt that they should be advised of the situation before we took any such drastic steps. In fact it seemed to me that I would have been irresponsible not to go to them. Accordingly, I strongly object to your comments on the action I took, and believe them to be completely without merit.

The sooner you recognize that this Committee is an independent body responsible just as much to the Purchasers as to MAC, the better it will be for everyone concerned.

Very truly yours,

[Signature]

John F. Thompson
Date: 28 August 1979

To: Distribution

From: Andrew Decker

Re: August 30, 1979 Closing

Attached is a list of each purchaser under the Bond Purchase Agreement, the par value of bonds to be purchased, the accrued interest due at the closing and the total amount of the check to be delivered.

If there are any questions, please call.

Distribution: Richard B. Smith, Davis Polk & Wardwell
Richard Gunther, Saving Banks Trust
Pat Santivasci, U.S. Trust Company
Amy Vance, Carter, Ledyard & Milburn
John Keohane, Hawkins, Delafield & Wood
<table>
<thead>
<tr>
<th>Bond Issuer</th>
<th>Face Value</th>
<th>Accrued Interests</th>
<th>Check</th>
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</thead>
<tbody>
<tr>
<td>Bankers Trust Company</td>
<td>6,395,000.00</td>
<td>40,568.28</td>
<td>6,435,568.28</td>
</tr>
<tr>
<td>The Bank of New York</td>
<td>2,755,000.00</td>
<td>17,477.03</td>
<td>2,772,477.03</td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A.</td>
<td>12,415,000.00</td>
<td>78,757.66</td>
<td>12,493,757.66</td>
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<td>Chemical Bank</td>
<td>9,940,000.00</td>
<td>63,056.88</td>
<td>10,003,056.88</td>
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<td>Citibank, N.A.</td>
<td>14,670,000.00</td>
<td>93,062.81</td>
<td>14,763,062.81</td>
</tr>
<tr>
<td>Irvin Trust Company</td>
<td>2,950,000.00</td>
<td>18,714.06</td>
<td>2,968,714.06</td>
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<tr>
<td>Manufacturers Hanover Trust</td>
<td>9,075,000.00</td>
<td>57,569.53</td>
<td>9,132,569.53</td>
</tr>
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<td>Marine Midland Bank</td>
<td>4,765,000.00</td>
<td>30,227.97</td>
<td>4,795,227.97</td>
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<tr>
<td>Morgan Guaranty Trust Company</td>
<td>8,220,000.00</td>
<td>52,145.63</td>
<td>8,272,145.63</td>
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<td>National Bank of North America</td>
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<td>12,433.75</td>
<td>1,972,433.75</td>
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<td>760,000.00</td>
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<td>764,821.25</td>
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<td>Commercial Banks</td>
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<td>American Savings Bank</td>
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<td>0.00</td>
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<td>Anchor Savings Bank</td>
<td>495,000.00</td>
<td>3,140.16</td>
<td>498,140.16</td>
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<td>The Bowery Savings Bank</td>
<td>3,140,000.00</td>
<td>19,919.38</td>
<td>3,159,919.38</td>
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<td>700,000.00</td>
<td>4,440.63</td>
<td>704,440.63</td>
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<td>455,000.00</td>
<td>2,886.41</td>
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<td>College Point Savings Bank</td>
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<td>253.75</td>
<td>40,253.75</td>
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<td>The Dime Savings Bank of New York</td>
<td>1,845,000.00</td>
<td>11,704.22</td>
<td>1,856,704.22</td>
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<td>The Dime Savings Bank of Williamsburg</td>
<td>250,000.00</td>
<td>1,585.94</td>
<td>251,585.94</td>
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<td>Municipal Assistance Corporation</td>
<td>For The City of New York</td>
<td>Bonds to be Purchased Pursuant to the Bond Purchase Agreement</td>
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<tr>
<td>---</td>
<td>----------------------------------</td>
<td>--------------------------</td>
<td>-------------------------------------------------------------</td>
</tr>
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<td>20.</td>
<td>Dollar Savings Bank of New York</td>
<td>Far Value</td>
<td>1,460,000.00</td>
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<td>21.</td>
<td>Dry Dock Savings Bank</td>
<td>Far Value</td>
<td>1,515,000.00</td>
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<td>22.</td>
<td>The East New York Savings Bank</td>
<td>Far Value</td>
<td>495,000.00</td>
</tr>
<tr>
<td>23.</td>
<td>Emigrant Savings Bank</td>
<td>Far Value</td>
<td>1,730,000.00</td>
</tr>
<tr>
<td>24.</td>
<td>Empire Savings Bank</td>
<td>Far Value</td>
<td>355,000.00</td>
</tr>
<tr>
<td>25.</td>
<td>Flushin Savings Bank</td>
<td>Far Value</td>
<td>125,000.00</td>
</tr>
<tr>
<td>26.</td>
<td>Franklin Savings Bank</td>
<td>Far Value</td>
<td>800,000.00</td>
</tr>
<tr>
<td>27.</td>
<td>The Green Point Savings Bank</td>
<td>Far Value</td>
<td>575,000.00</td>
</tr>
<tr>
<td>28.</td>
<td>The Greenwich Savings Bank</td>
<td>Far Value</td>
<td>1,245,000.00</td>
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<td>29.</td>
<td>Hamburg Savings Bank</td>
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<td>30.</td>
<td>Harlem Savings Bank</td>
<td>Far Value</td>
<td>410,000.00</td>
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<tr>
<td>31.</td>
<td>Independence Savings Bank</td>
<td>Far Value</td>
<td>395,000.00</td>
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<tr>
<td>32.</td>
<td>The Lincoln Savings Bank</td>
<td>Far Value</td>
<td>1,040,000.00</td>
</tr>
<tr>
<td>33.</td>
<td>Metropolitain Savings Bank</td>
<td>Far Value</td>
<td>495,000.00</td>
</tr>
<tr>
<td>34.</td>
<td>The New York Bank for Savings</td>
<td>Far Value</td>
<td>2,060,000.00</td>
</tr>
<tr>
<td>35.</td>
<td>Northfield Savings Bank</td>
<td>Far Value</td>
<td>45,000.00</td>
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<tr>
<td>36.</td>
<td>North Side Savings Bank</td>
<td>Far Value</td>
<td>270,000.00</td>
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<tr>
<td>37.</td>
<td>Queens County Savings Bank</td>
<td>Far Value</td>
<td>165,000.00</td>
</tr>
<tr>
<td>38.</td>
<td>Richmond County Savings Bank</td>
<td>Far Value</td>
<td>40,000.00</td>
</tr>
<tr>
<td>39.</td>
<td>Richmond Hills Savings Bank</td>
<td>Far Value</td>
<td>320,000.00</td>
</tr>
<tr>
<td>40.</td>
<td>Ridgewood Savings Bank</td>
<td>Far Value</td>
<td>495,000.00</td>
</tr>
<tr>
<td>41.</td>
<td>Roosevelt Savings Bank</td>
<td>Far Value</td>
<td>295,000.00</td>
</tr>
<tr>
<td>No.</td>
<td>Bank/Insurance Company</td>
<td>Par Value</td>
<td>Accrued</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>42</td>
<td>The Seaman's Bank for Savings</td>
<td>1,030,000.00</td>
<td>6,534.06</td>
</tr>
<tr>
<td>43</td>
<td>Staten Island Savings Bank</td>
<td>165,000.00</td>
<td>1,046.72</td>
</tr>
<tr>
<td>44</td>
<td>Union Dime Savings Bank</td>
<td>905,000.00</td>
<td>5,741.09</td>
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<tr>
<td>45</td>
<td>United Mutual Savings Bank</td>
<td>205,000.00</td>
<td>1,300.47</td>
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<tr>
<td>46</td>
<td>The Williamsburg Savings Bank</td>
<td>1,070,000.00</td>
<td>6,787.81</td>
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<tr>
<td></td>
<td>Savings Banks</td>
<td>24,720,000.00</td>
<td>156,817.55</td>
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<tr>
<td>47</td>
<td>Columbian Mutual Life Insurance Company</td>
<td>15,000.00</td>
<td>95.16</td>
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<tr>
<td>48</td>
<td>Companion Life Insurance Company</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>49</td>
<td>The Equitable Life Assurance Society</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>50</td>
<td>Home Life Insurance Company</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>51</td>
<td>Metropolitain Life Insurance Company</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>52</td>
<td>The Mutual Life Insurance Company</td>
<td>.00</td>
<td>.00</td>
</tr>
<tr>
<td>53</td>
<td>New York Life Insurance Company</td>
<td>.00</td>
<td>.00</td>
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<tr>
<td>54</td>
<td>Security Mutual Life Insurance</td>
<td>4,090,000.00</td>
<td>25,945.94</td>
</tr>
<tr>
<td>55</td>
<td>Teachers Insurance and Annuity Association of America</td>
<td>35,000.00</td>
<td>222.03</td>
</tr>
<tr>
<td>56</td>
<td>United States Life Insurance Company in the City of New York</td>
<td>330,000.00</td>
<td>2,093.44</td>
</tr>
<tr>
<td></td>
<td>Insurance Companies</td>
<td>4,470,000.00</td>
<td>28,356.57</td>
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<tr>
<td>Bond Description</td>
<td>Par Value</td>
<td>Accrued</td>
<td>Check</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>57. New York City Employees' Retirement System for the City of New York</strong></td>
<td>36,805,000.00</td>
<td>233,481.72</td>
<td>37,038,481.72</td>
</tr>
<tr>
<td><strong>58. Teachers' Retirement System for the City of New York</strong></td>
<td>23,650,000.00</td>
<td>150,029.69</td>
<td>23,800,029.69</td>
</tr>
<tr>
<td><strong>59. Board of Education Retirement System for the City of New York</strong></td>
<td>1,255,000.00</td>
<td>7,961.41</td>
<td>1,262,961.41</td>
</tr>
<tr>
<td><strong>60. New York City Police Pension Fund, Article 2</strong></td>
<td>12,195,000.00</td>
<td>77,362.03</td>
<td>12,272,362.03</td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>73,905,000.00</td>
<td>468,834.85</td>
<td>74,373,834.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>177,000,000.00</td>
<td>1,122,843.82</td>
<td>178,122,843.82</td>
</tr>
</tbody>
</table>
DATE: 24 August 1979

TO: Parties to the Bond Purchase Agreement

FROM: F. P. Kenny, Calculator

RE: Calculator's Report

In accordance with Municipal Assistance Corporation for the City of New York memorandum dated as of 9 July 1979 and in compliance with the Bond Purchase Agreement dated as of 15 November 1978, the following is the Calculator's report covering the time period 31 May 1979 through 23 August 1979.

Contained herein are:

1) The calculation of Market Yields to Maturity and supporting data for the calculation.

2) Yield to maturity of the pertinent Second Resolution term bonds and actively traded serial bonds.

In the best judgement of the Calculator and in following the formulas and accepted rules of calculation set out in the Bond Purchase Agreement, the coupon rate for 23 August 1979 would have been 7.875.

In the calculation we have obtained information from secondary sources deemed reputable by us. Although such sources are usually considered reliable we cannot guarantee their accuracy.

If any of the parties have any questions or need further information, I hope they will feel free to call me. (212-952-4610)

dla

55 BROAD STREET • NEW YORK, N.Y. 10004 • 212 952-4600
### Exhibit I

**Derivation of the Coupon Rate for Bonds to be Issued**

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield to Maturity</th>
<th>Bond Buyer 20 Bond Index</th>
<th>Excess of Market Yield to Maturity over Bond Buyer 20 Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7.970</td>
<td>6.16</td>
<td>1.810</td>
</tr>
<tr>
<td>2</td>
<td>7.960</td>
<td>6.09</td>
<td>1.870</td>
</tr>
<tr>
<td>3</td>
<td>7.955</td>
<td>6.11</td>
<td>1.845</td>
</tr>
<tr>
<td>4</td>
<td>7.960</td>
<td>6.18</td>
<td>1.780</td>
</tr>
<tr>
<td>5</td>
<td>7.900</td>
<td>6.12</td>
<td>1.780</td>
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<td>6</td>
<td>7.835</td>
<td>6.08</td>
<td>1.755</td>
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<tr>
<td>7</td>
<td>7.810</td>
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<td>1.700</td>
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<td>8</td>
<td>7.815</td>
<td>6.15</td>
<td>1.665</td>
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<td>9</td>
<td>7.750</td>
<td>6.19</td>
<td>1.560</td>
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<tr>
<td>10</td>
<td>7.695</td>
<td>6.14</td>
<td>1.555</td>
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<tr>
<td>11</td>
<td>7.735</td>
<td>6.13</td>
<td>1.605</td>
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<td>12</td>
<td>7.755</td>
<td>6.16</td>
<td>1.595</td>
</tr>
<tr>
<td>13</td>
<td>7.860</td>
<td>6.23</td>
<td>1.630</td>
</tr>
</tbody>
</table>

**Average of Excesses** 1.70384  
**Plus Week 13 Index** 6.23  
**TOTAL** 7.93384  
**Rounded to nearest eighthth** 7.875
### Exhibit II

#### 7½% Bonds

*Price and Yield Information Relating to Series B 7½% of July 1992*

*For 13 Weeks Preceding Week of Actual Closing Date*

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th>Market Maker 2</th>
<th>Market Maker 3</th>
<th>Market</th>
<th>Price</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
</tr>
<tr>
<td>1</td>
<td>97.375</td>
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<tr>
<td>2</td>
<td>97.500</td>
<td>97.625</td>
<td>97.500</td>
<td>97.875</td>
<td>97.500</td>
<td>98</td>
</tr>
<tr>
<td>3</td>
<td>97.500</td>
<td>98</td>
<td>97.750</td>
<td>98</td>
<td>97.625</td>
<td>98</td>
</tr>
<tr>
<td>4</td>
<td>97.500</td>
<td>97.750</td>
<td>97.625</td>
<td>97.750</td>
<td>97.500</td>
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<tr>
<td>5</td>
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<td>98.375</td>
<td>98</td>
<td>98.250</td>
<td>98</td>
<td>98.500</td>
</tr>
<tr>
<td>6</td>
<td>98.750</td>
<td>98.875</td>
<td>98.750</td>
<td>99</td>
<td>98.500</td>
<td>99</td>
</tr>
<tr>
<td>7</td>
<td>98.875</td>
<td>99</td>
<td>98.750</td>
<td>99.250</td>
<td>98.875</td>
<td>99.125</td>
</tr>
<tr>
<td>8</td>
<td>98.750</td>
<td>98.875</td>
<td>98.500</td>
<td>99</td>
<td>98.750</td>
<td>99</td>
</tr>
<tr>
<td>12</td>
<td>98.625</td>
<td>98.875</td>
<td>98.625</td>
<td>98.750</td>
<td>98.750</td>
<td>98.750</td>
</tr>
<tr>
<td>13</td>
<td>97</td>
<td>97.500</td>
<td>97</td>
<td>97.500</td>
<td>97</td>
<td>97.500</td>
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</tbody>
</table>
Exhibit III

Other Bonds

Price and Yield Information Relating to Series 14 8-5/8% of July 1999

For 13 Weeks Preceding Week of Actual Closing Date

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th>Market Maker 2</th>
<th>Market Maker 3</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
</tr>
<tr>
<td>1</td>
<td>104.750</td>
<td>105</td>
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<td>105</td>
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<td>104.750</td>
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<td>3</td>
<td>104.625</td>
<td>105</td>
<td>104.250</td>
<td>104.750</td>
</tr>
<tr>
<td>4</td>
<td>104.250</td>
<td>105</td>
<td>104.500</td>
<td>105</td>
</tr>
<tr>
<td>5</td>
<td>105</td>
<td>105.500</td>
<td>105</td>
<td>105.500</td>
</tr>
<tr>
<td>6</td>
<td>105.500</td>
<td>106</td>
<td>105.500</td>
<td>106</td>
</tr>
<tr>
<td>7</td>
<td>106</td>
<td>106.125</td>
<td>106</td>
<td>106.500</td>
</tr>
<tr>
<td>8</td>
<td>106</td>
<td>106.500</td>
<td>106</td>
<td>106.500</td>
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<tr>
<td>9</td>
<td>106.250</td>
<td>106.750</td>
<td>106.375</td>
<td>107</td>
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</table>
Exhibit IV

Calculation of the Basis Point Adjustment

Bonds to be issued

Average Life 12.65 years
Final Maturity July 1, 1999

Basis Point Adjustment for 7½% Bonds

Series 8

Average Life 9.26 years
Final Maturity July 1, 1992

\[ \frac{5 \times [3 \times (12.65 - 9.26) + (1999 - 1992)]}{4} = 21.46 \]

Basis Point Adjustment for Other Bonds

Series 14

Average Life 18.44 years
Final Maturity July 1, 1999

\[ \frac{5 \times [3 \times (12.65 - 18.44) + (1999 - 1999)]}{4} = (21.71) \]

Average of Basis Point Adjustments

\[ \frac{21.46 + (21.71)}{2} = (.125) \]
### Exhibit V

**Calculation of Market Yields to Maturity**

*For 13 Weeks Preceding Week of Actual Closing Date*

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield From Exhibit II</th>
<th>Market Yield From Exhibit III</th>
<th>Average</th>
<th>Basis Point Adjustment Exhibit IV</th>
<th>Market Yield to Maturity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>7.80</td>
<td>8.14</td>
<td>7.970</td>
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<td>7.97</td>
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<tr>
<td>2</td>
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<td>8.14</td>
<td>7.960</td>
<td>0.00</td>
<td>7.96</td>
</tr>
<tr>
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<tr>
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<td>7.78</td>
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<td>7.960</td>
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<td>7.960</td>
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<tr>
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<td>7.72</td>
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<tr>
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<td>7.835</td>
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<td>7.835</td>
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<td>7.810</td>
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<tr>
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<td>7.99</td>
<td>7.815</td>
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<td>7.815</td>
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<td>7.750</td>
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<td>7.86</td>
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<td>7.88</td>
<td>7.860</td>
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</tbody>
</table>
Exhibit VI

Yields to Maturity for Pertinent Second Resolution Term Bonds

<table>
<thead>
<tr>
<th></th>
<th>Bid</th>
<th>Ask</th>
<th>Average</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
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<td>8</td>
<td>100</td>
<td>100.500</td>
<td>100.250</td>
<td>7.96</td>
</tr>
<tr>
<td>9.750</td>
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<td>104.750</td>
<td>104.625</td>
<td>9.12</td>
</tr>
<tr>
<td>8.375</td>
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<td>103.250</td>
<td>103.250</td>
<td>8.03</td>
</tr>
<tr>
<td>8.625</td>
<td>107.750</td>
<td>107.375</td>
<td>107.375</td>
<td>7.88</td>
</tr>
<tr>
<td>7.625</td>
<td>97.750</td>
<td>98</td>
<td>97.875</td>
<td>7.83</td>
</tr>
</tbody>
</table>
Date: August 24, 1979

To: Roger Pyle

From: John Bove

Re: Acknowledgement of Performance of Calculator and Committee

Enclosed for your review is a draft acknowledgement proposed to be executed by each of the Purchasers of the Series 17 and 18 Bonds. Pursuant to this document each of the Purchasers by acceptance of their respective bonds acknowledges that the interest rates were established in accordance with Schedule III of the Bond Purchase Agreement and that the Calculator and the Committee members have fully and properly discharged their responsibilities.

As I had informed you, the Calculator and the Committee members have requested that the Corporation indemnify them against any liability which might arise out of the performance of their duties. In order to assure that they would serve the Corporation agreed to the indemnification. I am enclosing for your convenience a copy of the letter to be sent to each of them. The proposed acknowledgement will assure the Corporation that each of the Purchasers are satisfied with the performance of the Calculator and the Committee and that the Corporation will not be called upon to indemnify them against claims asserted after the Closing by any of the Purchasers.

Simultaneously with this distribution to you, I am distributing the draft to the respective counsel for the Pension Funds. I would appreciate your thoughts as soon as possible.
23 August 1979

Mr. John F. Thompson
W.H. MORTON & COMPANY
American Express Plaza/15th Fl.
New York, New York 10006

Mr. Robert Tighe
DEAN WITTER REYNOLDS
130 Liberty Street/28th Fl.
New York, New York 10006

Mr. David Rochat
DONALDSON, LUFTKIN & JENRETTE
140 Broadway
New York, New York 10005

Gentlemen:

As you will recall, I described for each of you last week what appeared to be a significant difference in the perception of the role of the Committee, between the Corporation and the Committee itself. It was our view that the Committee's role was similar to that of an arbitrator who is available to resolve differences between parties; and our original figure reflected the hourly rate at which they are generally paid. In an attempt to reconcile the difference between our view and yours, we reviewed the per diem rate paid to arbitrators called in for intense periods of work in the most important situations. This was $1,000 per day. Therefore, consistent with my conversation with each of you we plan to proceed as follows: The first sale of securities subject to this rate formula has necessitated both a preliminary organizational meeting as well as the meeting required by the Bond Purchase Agreement (the "BPA"). For this transaction the fee will be Two Thousand dollars ($2,000) per person. Each subsequent sale under this BPA should require only a single meeting, and in those cases the fee will be One Thousand dollars ($1,000) per person.

I should add that I was disappointed that the sole response to my conversations with each of you last week was a memorandum circulated to a number of Purchasers under the BPA, which failed to mention that the Corporation intended to fully indemnify the Committee and which further described a process by which fees for the Committee's services would be negotiated by the Purchasers. It has been MAC's practice to date to negotiate directly with those from whom it receives services. As I indicated by telephone, this policy will not be amended in the case of your fee.

Very truly yours,

Robert F. Vagt
Executive Director
August 23, 1979

Mr. John F. Thompson
W.H. MORTON & CO.
American Express Plaza/15th Floor
New York, New York 10006

Dear John:

In order to induce you to serve as member of the committee appointed pursuant to the Bond Purchase Agreement dated November 15, 1978 among the Municipal Assistance Corporation for The City of New York (the "Corporation") and various Financial Institutions and Pension Funds, as those terms are defined in the Bond Purchase Agreement, the Corporation, to the extent it may legally do so, agrees to indemnify you and hold you harmless against any and all losses, claims, damages and liabilities arising out of the performance of your responsibilities as committee member.

In the case any claim shall be made or action brought against you based upon the performance of your duties, in respect of which indemnity may be sought against the Corporation, notice of such claim shall promptly be given to the Corporation in writing setting forth the particulars of such claim or action and the Corporation, subject to the limitations contained herein, shall assume the defense thereof including the employment of counsel of the Corporation's choosing and acceptable to you who shall not, except with your consent, be an employee of the Corporation, and the payment of all expenses. You 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 your sole expense unless the employment and payment by the Corporation of such counsel has been specifically authorized by the Corporation.

The Corporation may decline to defend or continue to defend any claim or action referred to in the preceeding paragraph, if the Corporation determines that the interest of the Corporation in the defense thereof are inconsistent with your interests. The Corporation shall promptly notify you in writing of any such determination whereupon you shall
have the right to assume the defense of such claim or action. The Corporation shall pay all reasonable expenses incurred by you, including reasonable counsel's fees, in the defense of any such claim or action in respect of which indemnity may be sought against the Corporation.

Sincerely,

[Signature]

Robert F. Vaqt
Executive Director

RFV:pas
August 23, 1979

J.J. KENNY & CO.
55 Broad Street
New York, New York 10004

Attention: Mr. Ted Kenny

Gentlemen:

In order to induce you to serve as calculator appointed pursuant to the Bond Purchase Agreement dated November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various Financial Institutions and Pension Funds, as those terms are defined in the Bond Purchase Agreement, the Corporation, to the extent it may legally do so, agrees to indemnify you and hold you harmless against any and all losses, claims, damages and liabilities arising out of the performance of your responsibilities as calculator.

In the case any claim shall be made or action brought against you based upon the performance of your duties, in respect of which indemnity may be sought against the Corporation, notice of such claim shall promptly be given to the Corporation in writing setting forth the particulars of such claim or action and the Corporation, subject to the limitations contained herein, shall assume the defense thereof including the employment of counsel of the Corporation's choosing and acceptable to you who shall not, except with your consent, be an employee of the Corporation, and the payment of all expenses. You 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 your sole expense unless the employment and payment by the Corporation of such counsel has been specifically authorized by the Corporation.

The Corporation may decline to defend or continue to defend any claim or action referred to in the preceding paragraph, if the Corporation determines that the interest of the Corporation in the defense thereof are inconsistent with your interests. The Corporation shall promptly notify you in writing of any such determination whereupon you shall
have the right to assume the defense of such claim or action. The Corporation shall pay all reasonable expenses incurred by you, including reasonable counsel's fees, in the defense of any such claim or action in respect of which indemnity may be sought against the Corporation.

Sincerely,

Robert F. Vaqt
Executive Director

RFV:pas
August 23, 1979

Mr. David Rochat
DONALDSON, LUFKIN & JENRETTE
140 Broadway
New York, New York 10005

Dear Dave:

In order to induce you to serve as member of the committee appointed pursuant to the Bond Purchase Agreement dated November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various Financial Institutions and Pension Funds, as those terms are defined in the Bond Purchase Agreement, the Corporation, to the extent it may legally do so, agrees to indemnify you and hold you harmless against any and all losses, claims, damages and liabilities arising out of the performance of your responsibilities as committee member.

In the case any claim shall be made or action brought against you based upon the performance of your duties, in respect of which indemnity may be sought against the Corporation, notice of such claim shall promptly be given to the Corporation in writing setting forth the particulars of such claim or action and the Corporation, subject to the limitations contained herein, shall assume the defense thereof including the employment of counsel of the Corporation's choosing and acceptable to you who shall not, except with your consent, be an employee of the Corporation, and the payment of all expenses. You 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 your sole expense unless the employment and payment by the Corporation of such counsel has been specifically authorized by the Corporation.

The Corporation may decline to defend or continue to defend any claim or action referred to in the preceding paragraph, if the Corporation determines that the interest of the Corporation in the defense thereof are inconsistent with your interests. The Corporation shall promptly notify you in writing of any such determination whereupon you shall
August 23, 1979
Mr. David Rochat
Page Two

have the right to assume the defense of such claim or action. The Corporation shall pay all reasonable expenses incurred by you, including reasonable counsel's fees, in the defense of any such claim or action in respect of which indemnity may be sought against the Corporation.

Sincerely,

Robert F. Vaqt
Executive Director

RFV:pas
August 23, 1979

Mr. Robert Tighe
DEAN WITTER REYNOLDS
130 Liberty Street/28th Floor
New York, New York 10006

Dear Bob:

In order to induce you to serve as member of the committee appointed pursuant to the Bond Purchase Agreement dated November 15, 1978 among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various Financial Institutions and Pension Funds, as those terms are defined in the Bond Purchase Agreement, the Corporation, to the extent it may legally do so, agrees to indemnify you and hold you harmless against any and all losses, claims, damages and liabilities arising out of the performance of your responsibilities as committee member.

In the case any claim shall be made or action brought against you based upon the performance of your duties, in respect of which indemnity may be sought against the Corporation, notice of such claim shall promptly be given to the Corporation in writing setting forth the particulars of such claim or action and the Corporation, subject to the limitations contained herein, shall assume the defense thereof including the employment of counsel of the Corporation's choosing and acceptable to you who shall not, except with your consent, be an employee of the Corporation, and the payment of all expenses. You 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 your sole expense unless the employment and payment by the Corporation of such counsel has been specifically authorized by the Corporation.

The Corporation may decline to defend or continue to defend any claim or action referred to in the preceding paragraph, if the Corporation determines that the interest of the Corporation in the defense thereof are inconsistent with your interests. The Corporation shall promptly notify you in writing of any such determination whereupon you shall
August 23, 1979
Mr. Robert Tighe
Page Two

have the right to assume the defense of such claim or action. The Corporation shall pay all reasonable expenses incurred by you, including reasonable counsel's fees, in the defense of any such claim or action in respect of which indemnity may be sought against the Corporation.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director

RFV:pas
Date: 16 August 1979
To: George Lander, Esq., Sam Bergman, Esq.
From: Linda W. Seale
Re:

Enclosed is a copy of the Amendment to the Bond Purchase Agreement in the form in which it finally went to the Financial Institutions for signature. Ken Lind will be in touch with you regarding arrangements for getting signatures from the Funds.

Also, note that under the BPA the Pension Funds should notify us on Monday of the form, denominations, and nominee names they desire for the closing. I have enclosed a copy of the form Davis, Polk sent out to the Financial Institutions for that purpose, should you wish to use it.

cc: Ken Lind, Esq.
August, 1979

Executive Director,
Municipal Assistance Corporation
   for The City of New York
Suite 8901
One World Trade Center
New York, New York 10048

Dear Sirs:

This is to notify you pursuant to Section 1.7 of the Bond Purchase Agreement dated as of November 15, 1978 between you and the Purchasers named on Schedule I thereto that the Bonds to be delivered to the undersigned on the Closing noticed for August 30, 1979 shall be in the following form and authorized denominations and, if registered Bonds are requested, shall be registered in the name indicated below:

1. Form: bearer
   registered

2. Denominations (coupon Bonds payable to bearer in denominations of $5,000 or $100,000, or registered Bonds in the denomination of $5,000 or an integral multiple thereof):

3. Name in which Bond(s) should be registered (only if registered Bonds are requested):

   Very truly yours,

   ________________________________
   (Name of Purchaser)

   By ________________________________
   Telephone __________________________

   CC: Paul, Weiss, Rifkind,
   Wharton & Garrison
   345 Park Avenue
   New York, New York 10022

   Lisa Ashton
   Davis Polk & Wardwell
   1 Chase Manhattan Plaza
   New York, New York 10005
Amendment Dated as of August 30, 1979

to Bond Purchase Agreement Dated as of November 15, 1978

The undersigned are all of the parties to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") among the Municipal Assistance Corporation For The City of New York (the "Corporation"), various commercial banks, savings banks and life insurance companies (the "Financial Institutions") and various New York City pension funds (the "Pension Funds").

The Pension Funds have requested that Part 4 of Schedule I of the Bond Purchase Agreement be amended as herein provided to reallocate the scheduled purchases among the respective Funds.

Each of the undersigned hereby agrees that:

1. Part 4 of Schedule I to the Bond Purchase Agreement is hereby amended as of August 30, 1979 by changing the amounts listed opposite the name of each Pension Fund under the columns headed "FY 1980", "FY 1981", "FY 1982", and "Total" and by updating the designation therein of certain Pension Fund officers, so that Part 4 of Schedule I shall read in its entirety as follows:
Commitments
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 1979</th>
<th>FY 1980</th>
<th>FY 1981</th>
<th>FY 1982</th>
<th>Total</th>
</tr>
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<tr>
<td>4. Pension Funds:</td>
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<tr>
<td>New York City Employees' Retirement System</td>
<td>$29,640</td>
<td>$111,665</td>
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<td>$57,830</td>
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<tr>
<td>New York, N.Y. 10013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attention: Harold E. Herkommer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Director</td>
<td></td>
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</tr>
<tr>
<td>Teachers' Retirement System for The City of New York</td>
<td>19,865</td>
<td>71,750</td>
<td>71,770</td>
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<td>200,445</td>
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<td>40 Worth Street</td>
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<td></td>
</tr>
<tr>
<td>Attention: Wallace F. Sullivan, Executive Director</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Board of Education</td>
<td>1,090</td>
<td>3,810</td>
<td>3,810</td>
<td>1,975</td>
<td>10,685</td>
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<td>Retirement System for The City of New York</td>
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<td>65 Court Street</td>
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<tr>
<td>Brooklyn, N.Y. 11201</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Attention: Dwight R. Kearns, Executive Director</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>New York City Police Pension Fund, Article 2</td>
<td>9,780</td>
<td>37,000</td>
<td>37,005</td>
<td>19,160</td>
<td>102,945</td>
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<td>1 Police Plaza</td>
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</tr>
<tr>
<td>New York, N.Y. 10038</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attention: Patrick W. Lehane, Chief Administrative Officer</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Totals for Pension Funds</td>
<td>$60,375</td>
<td>$224,225</td>
<td>$224,275</td>
<td>$116,125</td>
<td>$625,000</td>
</tr>
</tbody>
</table>
2. Except as expressly set forth herein, the terms, conditions, agreements, covenants and provisions of the Bond Purchase Agreement, including the aggregate amount of bonds to be purchased by the Pension Funds in each fiscal year and the amount to be purchased by each Financial Institution in each fiscal year, shall not be modified or otherwise affected hereby, and shall remain in full force and effect.

3. This amendment to Schedule I of the Bond Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective for all purposes upon (A) its execution by or on behalf of all of the undersigned and (B) receipt of the consent of the Secretary of the Treasury of the United States of America pursuant to Section 6.20 of the Agreement to Guarantee (as defined in the Bond Purchase Agreement).

IN WITNESS WHEREOF, each of the undersigned has caused this amendment to be duly executed on its behalf by its authorized representative.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By ________________________________
CITY PENSION FUNDS

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

By

TEACHERS' RETIREMENT SYSTEM FOR THE CITY OF NEW YORK

By

BOARD OF EDUCATION RETIREMENT SYSTEM FOR THE CITY OF NEW YORK

By

NEW YORK CITY POLICE PENSION FUND, ARTICLE 2

By

COMMERCIAL BANKS

BANKERS TRUST COMPANY

By

THE BANK OF NEW YORK

By

THE CHASE MANHATTAN BANK, N.A.

By

CHEMICAL BANK

By

CITIBANK, N.A.

By

IRVING TRUST COMPANY

By
MANUFACTURERS HANOVER TRUST COMPANY

BY ____________________________

MARINE MIDLAND BANK

BY ____________________________

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

BY ____________________________

NATIONAL BANK OF NORTH AMERICA

BY ____________________________

UNITED STATES TRUST COMPANY OF NEW YORK

BY ____________________________

SAVINGS BANKS

AMERICAN SAVINGS BANK

BY ____________________________

ANCHOR SAVINGS BANK

BY ____________________________

THE BOWERY SAVINGS BANK

BY ____________________________

THE BROOKLYN SAVINGS BANK

BY ____________________________
Amendment to BPA
Page Six

CENTRAL SAVINGS BANK
By

COLLEGE POINT SAVINGS BANK
By

THE DIME SAVINGS BANK
OF NEW YORK
By

THE DIME SAVINGS BANK
OF WILLIAMSBURGH
By

DOLLAR SAVINGS BANK OF NEW YORK
By

DRY DOCK SAVINGS BANK
By

THE EAST NEW YORK SAVINGS BANK
By

EMIGRANT SAVINGS BANK
By

EMPIRE SAVINGS BANK
By

FLUSHING SAVINGS BANK
By

FRANKLIN SAVINGS BANK
OF NEW YORK
By

THE GREEN POINT SAVINGS BANK
By
Amendment to BPA
Page Seven

THE GREENWICH SAVINGS BANK

HAMBURG SAVINGS BANK

By __________________________

By __________________________

HARLEM SAVINGS BANK

INDEPENDENCE SAVINGS BANK

By __________________________

By __________________________

THE LINCOLN SAVINGS BANK

METROPOLITAN SAVINGS BANK

By __________________________

By __________________________

THE NEW YORK BANK FOR SAVINGS

NORTHFIELD SAVINGS BANK

By __________________________

By __________________________

NORTH SIDE SAVINGS BANK

QUEENS COUNTY SAVINGS BANK

By __________________________

By __________________________

RICHMOND COUNTY SAVINGS BANK

RICHMOND HILL SAVINGS BANK

By __________________________

By __________________________

RIDGWOOD SAVINGS BANK

ROOSEVELT SAVINGS BANK

By __________________________
Amendment to BPA
Page Eight

THE SEAMAN'S BANK FOR SAVINGS

By ______________________

STATEN ISLAND SAVINGS BANK

By ______________________

UNION DIME SAVINGS BANK

By ______________________

UNITED MUTUAL SAVINGS BANK

By ______________________

THE WILLIAMSBURGH SAVINGS BANK

By ______________________

INSURANCE COMPANIES

COLUMBIAN MUTUAL LIFE
INSURANCE COMPANY

By ______________________

COMPANION LIFE INSURANCE
COMPANY

By ______________________

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES

By ______________________

HOME LIFE INSURANCE COMPANY

By ______________________
Amendment to BPA
Page Nine

METROPOLITAN LIFE INSURANCE COMPANY

By ________________________________

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

By ________________________________

NEW YORK LIFE INSURANCE COMPANY

By ________________________________

SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

By ________________________________

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By ________________________________

UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK

By ________________________________
27 July 1979

TO: Purchasers under Bond Purchase Agreement, as listed on Schedule I annexed hereto

FROM: Robert F. Vagt, Executive Director

Pursuant to Paragraph (e) of Section 1.6 of the Bond Purchase Agreement dated as of November 15, 1978, among the Municipal Assistance Corporation for the City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and New York City pension funds (the "Purchasers"), the Corporation hereby gives to each of the Purchasers notice that Bonds (as such term is defined in the Bond Purchase Agreement) are scheduled to be sold by the Corporation to the Purchasers in an aggregate principal amount of $177 million on August 30, 1979 at eleven o'clock in the forenoon in accordance with the provisions of Section 1.7 of the Bond Purchase Agreement. The aggregate principal amount of Bonds to be purchased by each Purchaser on such Closing Date is set forth of Schedule I annexed hereto opposite the name of such Purchaser.

[Signature]
Robert F. Vagt
<table>
<thead>
<tr>
<th>Purchaser</th>
<th>August 30, 1979 Amount to be Purchased</th>
<th>Purchaser</th>
<th>August 30, 1979 Amount to be Purchased</th>
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<tr>
<td>BANKERS TRUST COMPANY</td>
<td>$6,395,000</td>
<td>COLLEGE POINT SAVINGS BANK</td>
<td>$40,000</td>
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<td>Att: Kim Engelbert</td>
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<td>Att: Raymond W. Carroll</td>
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<td>THE BANK OF NEW YORK</td>
<td>2,755,000</td>
<td>THE DIME SAVINGS BANK OF NEW YORK</td>
<td>1,845,000</td>
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<td>Att: Landon Peters</td>
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<td>Att: Arthur J. Miles</td>
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<td>THE CHASE MANHATTAN BANK, N.A.</td>
<td>12,415,000</td>
<td>THE DIME SAVINGS BANK OF WILLIAMSBURGH</td>
<td>250,000</td>
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<td>Att: Palmer Turnheim</td>
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<td>Att: Joseph F. Ujazdowski</td>
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<td>CHEMICAL BANK</td>
<td>9,940,000</td>
<td>DOLLAR SAVINGS BANK OF NEW YORK</td>
<td>1,460,000</td>
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<tr>
<td>Att: Herman R. Charbonneau</td>
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<td>Att: Fredrick J. Parent</td>
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<td>CITIBANK, N.A.</td>
<td>14,670,000</td>
<td>DRY DOCK SAVINGS BANK</td>
<td>1,515,000</td>
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<td>Att: William F. Dore</td>
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<td>Att: George Klein</td>
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<td>IRVING TRUST COMPANY</td>
<td>2,950,000</td>
<td>THE EAST NEW YORK SAVINGS BANK</td>
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<td>Att: John R. Windeler</td>
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<td>MANUFACTURERS HANOVER TRUST</td>
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<td>Att: Richard R. Keller</td>
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<td>Att: Richard A. Zeller</td>
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<td>MORGAN GUARANTY TRUST COMPANY</td>
<td>8,220,000</td>
<td>FLUSHING SAVINGS BANK</td>
<td>125,000</td>
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<td>Att: Amos T. Beason</td>
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<td>Att: George C. Byrnes</td>
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<tr>
<td>NATIONAL BANK OF NORTH AMERICA</td>
<td>1,960,000</td>
<td>FRANKLIN SAVINGS BANK</td>
<td>800,000</td>
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<tr>
<td>Att: Gerard Dougherty</td>
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<td>Att: Securities Investment Dept.</td>
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<td>UNITED STATES TRUST COMPANY OF NEW YORK</td>
<td>760,000</td>
<td>THE GREEN POINT SAVINGS BANK</td>
<td>575,000</td>
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<tr>
<td>Att: Edwin A. Heard</td>
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<td>Att: John W. Raber</td>
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<td>AMERICAN SAVINGS BANK</td>
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<td>THE GREENWICH SAVINGS BANK</td>
<td>1,245,000</td>
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<td>Att: Douglas B. Stuart</td>
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<td>Att: Joseph J. Beirne, Jr.</td>
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<td>ANCHOR SAVINGS BANK</td>
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<td>HAMBURG SAVINGS BANK</td>
<td>80,000</td>
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<td>3,140,000</td>
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<td>Att: Dolores J. Morrissey</td>
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<td>Att: John J. Daley</td>
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<td>INDEPENDENCE SAVINGS BANK</td>
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<td>Att: Treasurer's Dept.</td>
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<td>THE LINCOLN SAVINGS BANK</td>
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<td>Att: George J. Ernis</td>
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<td>Att: R. J. Wittine</td>
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<tr>
<td>Purchaser</td>
<td>Amount to be Purchased</td>
<td>Purchaser</td>
<td>Amount to be Purchased</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------------------</td>
<td>-----------------------------------------------</td>
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<tr>
<td><strong>METROPOLITAN SAVINGS BANK</strong></td>
<td>$495,000</td>
<td><strong>THE EQUITABLE LIFE ASSURANCE SOCIETY</strong></td>
<td>0-</td>
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<td>Att: Bradley Hemingway</td>
<td>2,060,000</td>
<td>Att: Direct Placement Dept.</td>
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<td><strong>THE NEW YORK BANK FOR SAVINGS</strong></td>
<td></td>
<td><strong>HOME LIFE INSURANCE COMPANY</strong></td>
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<td>Att: Paul E. Proske</td>
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<td>Att: Treasurer</td>
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<td><strong>NORTH SIDE SAVINGS BANK</strong></td>
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<td><strong>THE MUTUAL LIFE INSURANCE COMPANY</strong></td>
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<td>Att: Donald Darcy</td>
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<td>Att: Securities Inv. Dept.</td>
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<tr>
<td><strong>QUEENS COUNTY SAVINGS BANK</strong></td>
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<td><strong>NEW YORK LIFE INSURANCE COMPANY</strong></td>
<td>4,090,000</td>
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<td>330,000</td>
<td><strong>TEACHERS INSURANCE AND ANNUITY ASSOCIATION</strong></td>
<td>330,000</td>
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<td>Att: John A. McAuliffe</td>
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<td>Att: Securities Division</td>
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<td><strong>RIDGEWOOD SAVINGS BANK</strong></td>
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<td><strong>UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK</strong></td>
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<td>Att: Joseph C. Volz</td>
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<td>Att: Frank Suozzo</td>
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<td><strong>ROOSEVELT SAVINGS BANK</strong></td>
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<td><strong>NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM</strong></td>
<td>36,285,000*</td>
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<td>Att: Frederick H. Schneider</td>
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<td>Att: Harold E. Herkommer</td>
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<td><strong>THE SEAMAN'S BANK FOR SAVINGS</strong></td>
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<td><strong>TEACHERS' RETIREMENT SYSTEM FOR THE CITY OF NEW YORK</strong></td>
<td>24,315,000*</td>
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<td>Att: Wallace F. Sullivan</td>
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<tr>
<td><strong>STATEN ISLAND SAVINGS BANK</strong></td>
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<td><strong>BOARD OF EDUCATION RETIREMENT SYSTEM FOR THE CITY OF NEW YORK</strong></td>
<td>1,330,000*</td>
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<td>Att: John L. P. Sipp</td>
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<td>Att: John La Carrubba</td>
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<td><strong>UNION DIME SAVINGS BANK</strong></td>
<td>905,000</td>
<td><strong>NEW YORK CITY POLICE PENSION FUND, ARTICLE 2</strong></td>
<td>11,975,000*</td>
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<td>Att: Gary B. Klinger</td>
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<td>Att: Deputy Commissioner</td>
<td></td>
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<td><strong>UNITED MUTUAL SAVINGS BANK</strong></td>
<td>205,000</td>
<td>* See Appendix</td>
<td></td>
</tr>
<tr>
<td>Att: Edward L. Nelson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>THE WILLIAMSBURGH SAVINGS BANK</strong></td>
<td>1,070,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Att: George W. Clark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>COLUMBIAN MUTUAL LIFE INSURANCE COMPANY</strong></td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Att: Harry T. Gorman</td>
<td>0-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>COMPANION LIFE INSURANCE COMPANY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Att: Charles T. Locke, Esq.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

The Corporation has been informed that the New York City Employees Retirement System, the Teacher's Retirement System for the City of New York, the Board of Education Retirement System for the City of New York and the New York City Police Pension Fund, Article 2 (the "City Pension Funds") have requested a modification of the Bond Purchase Agreement dated as of November 15, 1978 to adjust the allocation of purchases among the City Pension Funds in fiscal years 1980, 1981, and 1982 to more precisely reflect the value of their respective assets at the time of the execution of the Agreement. The aggregate amount of Bonds to be purchased by the City Pension Funds in each fiscal year covered by the Agreement will not be changed by this modification. If such a modification is approved, the amounts to be purchased by the City Pension Fund on August 30, 1979 will be as follows:

August 30, 1979
Amount to be Purchased

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City Employees Retirement System</td>
<td>$36,805,000</td>
</tr>
<tr>
<td>Teacher's Retirement System for The City of New York</td>
<td>23,650,000</td>
</tr>
<tr>
<td>Board of Education Retirement System for the City of New York</td>
<td>1,255,000</td>
</tr>
<tr>
<td>New York City Police Pension Fund, Article 2</td>
<td>12,195,000</td>
</tr>
<tr>
<td></td>
<td>$73,905,000</td>
</tr>
</tbody>
</table>
Date: 21 November 1979
To: Purchasers under the Bond Purchase Agreement
From: Municipal Assistance Corporation For The City of New York
Re: Closing Date/Delivery of Bonds

Pursuant to paragraph (d) of section 1.6 of the Bond Purchase Agreement dated as of November 15, 1978, among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks and insurance companies and New York City pension funds (the "Purchasers"), the Corporation hereby gives notice to each of the Purchasers that the date on which $360,000,000 of Bonds are to be sold to the Purchasers is adjourned from the scheduled date of November 30, 1979 to December 14, 1979. The time and place of the Closing shall remain as stated in the Corporation's notice to the Purchasers dated October 31, 1979.

The Closing Date has been adjourned in anticipation of the Control Board's adoption, subsequent to November 30, 1979, but prior to December 14, 1979, of a modification of the Financial Plan.

In accordance with Section 1.7 of the Bond Purchase Agreement, the Corporation will deliver on the Closing Date bonds in fully registered form only, one such bond to each of the Purchasers in the full principal amount being purchased by it on the Closing Date. On or before January 14, 1980, the Corporation will make available to each of the Purchasers Bonds in the form and denominations requested by it in the written notice to the Corporation to be given not later than December 4, 1979. Arrangements for delivery of the requested Bonds may be made by contacting Mr. Pat Santavasci of United States Trust Company at (212) 425-4500.
Date: 29 June 1979
To: Robert F. Vagt
From: Andrew Decker
Re: Schedule for July and August

During July and August we anticipate the issuance of approximately $307 million of the Corporation's Second General Resolution Bonds -- $130 million in a public issuance during late July or early August and $177 million in private placement on August 30. There are several matters to be considered in scheduling these issuances:

1. Under section 1.6(c) of the BPA, the Corporation must give each of the purchasers 30 calendar days written notice of a closing date stating the amount to be purchased by each of the purchasers on that closing date.

2. Under section 1.6(c) of the BPA, the Corporation must give each of the purchasers 5 business days written notice of the maturity, redemption provisions and dated date of the bonds to be issued.

3. Notices delivered under the BPA are deemed to have been given when delivered by mail confirmed in writing when delivered by some other methods.

4. Under section 2.2 of the BPA, the Corporation is required to have delivered an Official Statement to each at least 5 business days prior to the closing date. The official statement does not have to meet any "form and substance" test.

5. Under section 5.7(a) of the BPA, the purchasers are not permitted to sell bonds issued at a Closing Date for 40 days following the closing date if there has been a public sale of the Corporation's bonds within 30 days prior to the closing date.

6. The Corporation probably should announce the public sale well in advance of the actual sale to minimize market disruption and signal other New York related issuers. Whether it is announced as a refunding issue of specific series is a marketing question.

7. Allen Thomas has expressed some concern that once we have "announced" a public sale, we should probably not do extensive information meetings or institutional calls until we have a preliminary official statement for the deal.
8. Extensive revision of the Official Statement for the Series 15 offering should shorten the preparation period for the public offering.

9. None of the moneys to be raised in the first two sales are earmarked for City capital purposes; hopefully reducing any Purchaser's resistance to forward bonding.

10. The City, federal government and pension funds have amended the Agreement to Guarantee and Guaranteed Bond Purchase Agreement to correct a "mistake" in the allocation of purchases among the City pension funds that does not change the aggregate amount of bonds to be purchased by them. They have indicated that the MAC BPA should be amended to "correct" the allocation of purchases of MAC bonds among the City pension funds. Such an amendment may or may not require Board meetings or other high level review at the various financial institutions.

11. Vacation plans during July and August may slow things down a bit, particularly at the financial institutions and at some of the law firms. (Some people may be attempting to plan vacations and would appreciate knowing the issuance schedule.)

Taking these various factors into consideration, I propose the following schedule for the July and August issuances.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 12</td>
<td>Circulate first draft of Series 16 Official Statement</td>
</tr>
<tr>
<td>July 18</td>
<td>Announce August 2 sale date for public sale (announce refunding?)</td>
</tr>
<tr>
<td></td>
<td>First Official Statement meeting</td>
</tr>
<tr>
<td>July 19</td>
<td>MAC staff signs off on financial statements</td>
</tr>
<tr>
<td>July 23</td>
<td>Price Waterhouse &amp; Co. opinion on financial statements</td>
</tr>
<tr>
<td>July 24</td>
<td>Mail Series 16 preliminary Official Statement</td>
</tr>
<tr>
<td>July 27</td>
<td>Mail 30 calendar notice to Purchasers setting issuance date (deadline for receipt of notice is July 31)</td>
</tr>
</tbody>
</table>
DATE: 27 June 1979

TO: Purchasers under Bond Purchase Agreement
    Dated November 15, 1978

FROM: Robert F. Vagt

Section 1.6(b) of the Bond Purchase Agreement (the "BPA")
dated as of November 15, 1978 among the Municipal Assistance
Corporation For The City of New York (the "Corporation"),
various commercial banks, savings banks, insurance companies
and New York City pension funds (the "Purchasers") requires
the Corporation to deliver to each of the Purchasers on or
before July 1 of each fiscal year through 1982:

"... a schedule, consistent with the then current [Financial Control Board approved]
Financial Plan covering the four Fiscal Years
beginning on such July 1, setting forth the
date or dates during the upcoming Fiscal
Year on which it is anticipated that Bonds
are to be purchased hereunder and the
aggregate principal amount to be purchased
on each such date."

The scheduled issuances for fiscal year 1980 are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 30, 1979</td>
<td>$177,000,000</td>
</tr>
<tr>
<td>November 29, 1979</td>
<td>$360,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$537,000,000</td>
</tr>
</tbody>
</table>
June 13, 1979

Mr. Richard B. Smith
Davis, Polk & Wardwell
One Chase Plaza
New York, New York 10005

Dear Dick:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. Alan Brawer
Program Planners
230 West 41st Street
New York, New York 10036

Dear Alan:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Alexandra Altman, Esq.
Counsel to Deputy Mayor
250 Broadway
14th Floor
New York, New York 10007

Dear Sandy:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. Thomas DeRogatis
City of New York
Office of the Comptroller
850 Municipal Building
One Centre Street
New York, New York 10007

Dear Tom:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vaqt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. Amos Beason
Morgan Guaranty
15 Broad Street
10th Floor
New York, New York 10015

Dear Ted:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation for the City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. John S. Tamagni
Lazard Freres & Co.
One Rockefeller Center
New York, New York 10020

Dear Jack:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. Jack Friedgut
Citibank
55 Water Street
New York, New York 10038

Dear Jac:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's "Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

Robert F. Vagt
Executive Director

Enclosure
June 13, 1979

Mr. Palmer Turnheim
Chase Manhattan
One Chase Manhattan Plaza
35th Floor
New York, New York 10005

Dear Palmer:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert P. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. William Cobbs
Deputy Mayor's Office
250 Broadway
Room 1401
New York, New York 10007

Dear Billy:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

Robert F. Vagt
Executive Director

RFV:pas

Enclosure
June 13, 1979

Mr. Harold Herzog  
New York Life Insurance  
51 Madison Avenue  
Room 203  
New York, New York 10010

Dear Harold:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed is a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vagt  
Executive Director

RPV:pas

Enclosure
June 13, 1979

Mr. David Rochat
Donaldson, Lufkin & Jenrette
140 Broadway
New York, New York 10005

Dear Dave:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate. You have been nominated and have agreed to serve as a member of the Committee.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed are a copy of the BPA and a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert E. Vaqt
Executive Director

RFV: pas

Enclosures (2)
June 13, 1979

Mr. John F. Thompson
W.H. Morton & Co.
American Express Plaza
15th Floor
New York, New York 10006

Dear John:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation for the City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.0 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate. You have been nominated and have agreed to serve as a member of the Committee.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed are a copy of the BPA and a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert P. Vaqt
Executive Director

RFV:pas

Enclosures (2)
June 13, 1979

Mr. Robert Tighe
Dean Witter Reynolds
130 Liberty
28th Floor
New York, New York 10006

Dear Bob:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation for The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate. You have been nominated and have agreed to serve as a member of the Committee.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed are a copy of the BPA and a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]
Robert F. Vagts
Executive Director

RFV:pas

Enclosures (2)
June 13, 1979

Mr. Ted Kenny  
J.J. Kenny & Co.  
55 Broad Street  
New York, New York 10004

Dear Ted:

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and various commercial banks, savings banks, insurance companies and City Pension Funds (the "Purchasers"), provides for the purchase of approximately $1.8 billion of the Corporation's bonds during fiscal years 1979 through 1982. The coupon rate of these bonds is to be determined pursuant to a procedure outlined in Schedule III of the BPA at the time of each actual closing. Schedule III also provides for the appointment of a "Calculator" and the establishment of a "Committee" of three experts in the pricing of municipal bonds to perform certain calculations and make the determination of the coupon rate. You have been nominated and have agreed to serve as the Calculator.

We have scheduled a meeting for 10:00 A.M. on June 15 at the offices of the Corporation to discuss the information and procedural requirements of Schedule III. Enclosed are a copy of the BPA and a memorandum from the Corporation's Treasurer explaining in some detail the Schedule III procedure.

If you have any questions, please call.

Sincerely,

[Signature]

Robert F. Vaqt  
Executive Director

RFV:pas

Enclosures (2)
MEMORANDUM

Date: 12 June 1979
To: Parties to the Bond Purchase Agreement
From: Harris A. Decker, Treasurer
Re: Setting the Coupon Rate

Introduction

The Bond Purchase Agreement dated as of November 15, 1978 (the "BPA") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and certain commercial banks, savings banks, insurance companies and the New York City Pension Funds (the "Purchasers") provides for the purchase by those institutions, subject to certain terms and conditions, of up to $1.8 billion of bonds to be issued by the Corporation pursuant to its Second General Bond Resolution during the four fiscal years 1979 through 1982. For issuances pursuant to the BPA for the three fiscal years 1980 through 1982, Section 1.3 of the BPA provides that the interest rates of the bonds to be issued be determined as described in Schedule III of the BPA. A copy of Schedule III is attached to this memorandum for reference.

General Rule for Determining Coupon Rate

In general, Schedule III provides that the rate shall be the greater of:

1. the sum of The Bond Buyer 20 Bond Index (the "Index") published during the week preceding the actual closing date for each such issuance, plus the average of the excesses of the "Market Yield to Maturity" over the Index during the 13 weeks preceding the week of the actual closing date (the sum to be rounded to the nearest eighth of a percentage point), or

2. the "Market Rate" during the week preceding the week of the actual closing date.

Exhibit I displays the information necessary for calculating the coupon rate described in (1) above. Displayed are the Market Yield to Maturity and the Index for a 13-week period preceding the week of the closing. If the rate calculated as shown in Exhibit I is less than the Market Rate determined by a Committee of three experts (described more fully below), the coupon rate of the bonds to be issued would be the Market Rate.
Parties to the BPA  
12 June 1979  
Page Two  

Exhibit I  

Derivation of the Coupon Rate  
For Bonds to be Issued  

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Yield to Maturity</th>
<th>Bond Buyer 20 Bond Index</th>
<th>Excess of Market Yield to Maturity over Bond Buyer 20 Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8.434</td>
<td>6.29</td>
<td>2.14</td>
</tr>
<tr>
<td>2</td>
<td>8.464</td>
<td>6.28</td>
<td>2.18</td>
</tr>
<tr>
<td>3</td>
<td>8.424</td>
<td>6.25</td>
<td>2.17</td>
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<tr>
<td>4</td>
<td>8.504</td>
<td>6.33</td>
<td>2.17</td>
</tr>
<tr>
<td>5</td>
<td>8.464</td>
<td>6.30</td>
<td>2.16</td>
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<td>8.354</td>
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<td>8.194</td>
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<td>8.114</td>
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<tr>
<td>13</td>
<td>8.074</td>
<td>6.10</td>
<td>1.97</td>
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</tbody>
</table>

Average of Excesses 2.04  
Plus Week 13 Index 6.10  

TOTAL 8.14  
Rounded to nearest eighth 8.125%
The Calculator and the Committee

The BPA provides for: (1) the appointment of a nationally recognized broker or dealer in municipal securities as the "Calculator" to collect information relating to the prices and yields of the Corporation's bonds and to calculate the Market Yield to Maturity; and (2) the establishment of a "Committee" of three recognized experts in the pricing of municipal bonds to review the Calculator's information, to determine the Market Rate and to determine the coupon rate for each of the issuances pursuant to the BPA.

Market Yield to Maturity

The Calculator is required to make certain calculations for each actual closing date using dealer "bid and asked" quotations for (1) the Corporation's 7-1/2% Bonds due July 1, 1992 (the "7-1/2% Bonds"), and (2) the "Other Bonds" which are a series of the Corporation's bonds trading in the secondary market which meet all of the following requirements:

1. They are term bonds issued under the Second General Bond Resolution.

2. At least $100 million aggregate principal amount of such bonds had been publicly distributed by the Corporation and are outstanding on each trading day for which the Index is published.

3. The bonds are not callable at the option of the Corporation for a period of at least seven years after the actual closing date.

At June 7, 1979, Series 8, 10, 14 and 15 are the only bonds which meet all of these requirements. The information should be recorded at the close of each trading day for which the Index is published, in general, Thursday's closing prices.

The Calculator is required to determine for each trading day for which the Index is published during a 13-week period preceding the actual closing date, the "average yield" of the Series 8, 7-1/2% bonds of July 1, 1992 (the "7-1/2% Bonds") and the "Other Bonds".

. The "average yield" is calculated using the average of the bid and asked prices quoted by at least three recognized market makers who are independent from the Purchasers.
Parties to the BPA
12 June 1979
Page Four

If there are two or more series of bonds which meet all of the requirements described above, the "Other Bonds" to be used for pricing purposes are the bonds which require the least "Basis Point Adjustment" described below. (For present illustrative purposes assume that the "Other Bonds" are the Series 14, 8-5/8% bonds due July 1, 1999.) Accordingly, it is necessary for the Calculator to maintain market information on all series which meet the requirements.

The Calculator is also required to determine the average of the "Basis Point Adjustments" for each of the 7-1/2% Bonds and the Other Bonds and adjust each of the 13 average yields accordingly. The Basis Point Adjustment is determined by applying the following formula:

\[
5x \left[ 3x (\text{Average Life}_N - \text{Average Life}_0) + (\text{Maturity}_N - \text{Maturity}_0) \right]
\]

where: N indicates the new bonds to be issued under the BPA.

0 indicates the 7-1/2% bonds or the Other Bonds as the case may be.

The formula is applied to each combination as follows:

1. The bonds to be issued together with the Series 8 Bonds.

2. The bonds to be issued together with the "Other Bonds".

The average of the Basis Point Adjustment calculated for each combination is then added to the average of the yields for the 7-1/2% Bonds and Other Bonds for each trading day for which the Index is published during the 13-week period preceding the actual closing date. If the average of the Basis Point Adjustments is less than zero, no adjustment is made.

Exhibits II and III display sample price information and calculated yields for the 7-1/2% Bonds and the Other Bonds, respectively. In each case, bid and asked quotations are shown from three market makers. The yield is calculated based upon the average of the bid and asked. The average yield (the right-hand column) is the arithmetic average of the three market makers' yields.
### Exhibit II

#### 7-1/2% Bonds

Price and Yield Information relating to Series 8 7-1/2% of July 1992

For 13 Weeks Preceding Week of Actual Closing Date*

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th>Market Maker 2</th>
<th>Market Maker 3</th>
<th>Average Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Bid</td>
<td>Ask</td>
</tr>
<tr>
<td>1</td>
<td>94-1/4</td>
<td>94-1/2</td>
<td>94-1/4</td>
<td>94-5/8</td>
</tr>
<tr>
<td>3</td>
<td>94</td>
<td>94-1/2</td>
<td>94-1/8</td>
<td>94-1/2</td>
</tr>
<tr>
<td>4</td>
<td>93-1/4</td>
<td>93-1/2</td>
<td>93-1/4</td>
<td>93-5/8</td>
</tr>
<tr>
<td>5</td>
<td>93-3/8</td>
<td>94</td>
<td>93-1/2</td>
<td>94-1/4</td>
</tr>
<tr>
<td>6</td>
<td>94-1/2</td>
<td>95</td>
<td>94-1/2</td>
<td>95</td>
</tr>
<tr>
<td>7</td>
<td>95-1/4</td>
<td>95-1/2</td>
<td>95-3/8</td>
<td>95-1/2</td>
</tr>
<tr>
<td>8</td>
<td>95-1/2</td>
<td>96</td>
<td>95-1/2</td>
<td>96-1/4</td>
</tr>
<tr>
<td>9</td>
<td>96-1/4</td>
<td>96-3/4</td>
<td>96-1/3</td>
<td>96-5/8</td>
</tr>
<tr>
<td>10</td>
<td>96-1/2</td>
<td>97</td>
<td>96-1/2</td>
<td>97</td>
</tr>
<tr>
<td>12</td>
<td>97-1/2</td>
<td>98</td>
<td>97-1/2</td>
<td>98-1/4</td>
</tr>
</tbody>
</table>

* Sample data for display purposes only.

** Yield is based upon average of bid and ask.


**Exhibit III**

**Other Bonds**

Price and Yield Information Relating to Series 14 8-5/8% of July 1999

For 13 Weeks Preceding Week of Actual Closing Date*

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Market Maker 1</th>
<th>Market Maker 2</th>
<th>Market Maker 3</th>
<th>Average Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bid</td>
<td>Ask</td>
<td>Yield**</td>
<td>Bid</td>
</tr>
<tr>
<td>1</td>
<td>100-1/8</td>
<td>100-1/4</td>
<td>8.60</td>
<td>100-1/8</td>
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<tr>
<td>2</td>
<td>100-1/4</td>
<td>100-3/8</td>
<td>8.58</td>
<td>100-1/8</td>
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<tr>
<td>3</td>
<td>100-5/8</td>
<td>100-5/8</td>
<td>8.54</td>
<td>100-1/2</td>
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<td>4</td>
<td>100</td>
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<td>8.61</td>
<td>100-3/4</td>
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<tr>
<td>5</td>
<td>100-3/8</td>
<td>100-1/2</td>
<td>8.57</td>
<td>100-1/4</td>
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<tr>
<td>8</td>
<td>102</td>
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<td>8.34</td>
<td>102</td>
</tr>
<tr>
<td>10</td>
<td>102</td>
<td>102-3/8</td>
<td>8.35</td>
<td>102-1/8</td>
</tr>
</tbody>
</table>

* Sample data for display purposes only.

** Yield is based upon average of bid and ask.
Exhibit IV displays the calculation of the Basis Point Adjustments and the average.

Exhibit V summarizes the Average Yields calculated for each of the 7-1/2% Bonds and the Other Bonds from Exhibits II and III, displays the average of the two Average Yields and adds the average Basis Point Adjustments derived in Exhibit IV to produce the Market Yield to Maturity for each trading day for which the Index is published.
Exhibit IV

Calculation of the Basis Point Adjustment

Bonds to be issued

Average Life 13.20 years
Final Maturity July 1, 1999

Basis Point Adjustment for 7-1/2% Bonds

Series 8

Average Life 9.5 years
Final Maturity July 1, 1992

\[ \frac{5 \times \left[ 3 \times (13.2 - 9.5) + (1999 - 1992) \right]}{4} = 22.6 \]

Basis Point Adjustment for Other Bonds

Series 14

Average Life 18.44 years
Final Maturity July 1, 1999

\[ \frac{5 \times \left[ 3 \times (13.2 - 17.4) + (1999 - 1999) \right]}{4} = 15.8 \]

Average of Basis Point Adjustments

\[ \frac{22.6 + 15.8}{2} = 3.4 \text{ basis points} \]
### Exhibit V

**Calculation of Market Yields to Maturity**

*For 13 Weeks Preceding Week of Actual Closing Date*

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Average Yield From Exhibit II 7-1/2% Bonds</th>
<th>Average Yield From Exhibit III Other Bonds</th>
<th>Average</th>
<th>Basis Point Adjustment Exhibit IV</th>
<th>Market Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
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<td>8.59</td>
<td>8.40</td>
<td>.034</td>
<td>8.434</td>
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<td>2</td>
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<td>8.39</td>
<td>.034</td>
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<td>4</td>
<td>8.33</td>
<td>8.61</td>
<td>8.47</td>
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<td>8.504</td>
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<tr>
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<td>8.29</td>
<td>8.57</td>
<td>8.43</td>
<td>.034</td>
<td>8.464</td>
</tr>
<tr>
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<td>7</td>
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<td>.034</td>
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<tr>
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<td>.034</td>
<td>8.074</td>
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<tr>
<td>13</td>
<td>7.75</td>
<td>8.32</td>
<td>8.04</td>
<td>.034</td>
<td>8.074</td>
</tr>
</tbody>
</table>

*Sample date for display purposes only.*
The Calculator is also required to determine for the trading day for which the Index is published during the week immediately preceding the actual closing date, the yields to maturities for each series of term bonds and any actively traded serial bonds issued under the Second General Bond Resolution which as of the closing date have an average life within five years of the average life of the bonds to be issued.

The Calculator's Report to the Committee

The Calculator is required to deliver to the Corporation, the City, each of the Purchasers, the lead underwriter in the Corporation's most recent public distribution of Second Resolution Bonds (the "Lead Underwriter") and the Committee on the next business day after the publication of the 13th week's Index a written report stating the Calculator's determination of:

1. the Market Yields to Maturity (as illustrated in Exhibit V);
2. the yield to maturities of all Second Resolution term bonds and actively traded serial bonds as described above;
3. the yield at which, in the Calculator's best judgment, the bonds to be issued would have traded in the secondary market on the trading day for which the 13th week's Index was published.

The Lead Underwriter's Report

On the next business day after the publication of the 13th week's Index, the Lead Underwriter is required to deliver to the Corporation, the City, each of the Purchasers and the Committee a written report stating in its best judgment the coupon rate which would have prevailed in a public sale of the Corporation's bonds on the trading day for which such Index was published. In making its determination, the Lead Underwriter should assume that the lesser of (1) the aggregate principal amount of bonds to be sold; or (2) $250 million of bonds, were sold to an underwriting syndicate at the then-current discount and that the bonds were successfully reoffered at par.

The Committee

In the afternoon of the next business day a meeting must be held at which the Corporation, the City and the Purchasers may present their views to the Committee, and ask questions of the Calculator and the Lead Underwriter.
The Committee is then required to review the information presented to it including the Market Yields to Maturity and yields on other obligations of the Corporation and to determine the Market Rate for the bonds to be issued. In general, the Market Rate is the coupon rate (rounded to the nearest eighth of a percentage point) that would have prevailed during the preceding week in a successful public distribution of an amount equal to the lesser of the aggregate principal amount of bonds to be issued or $250 million.

If there is no consensus among the members of the Committee, the Market Rate shall be determined by a majority vote of the Committee members. If no majority consensus is possible, the Market Rate will be the arithmetic mean of the rates which each member of the Committee believes to be appropriate.

The Committee will then deliver a written report to the Corporation, the City and each of the Purchasers stating the Market Rate and reasons for such a finding and stating the Committee's final determination of the coupon rate for the bonds to be issued. In the event that a vote of the Committee members was required, the report shall so state. If the Market Rate was determined by averaging each member's rate, the report will state each member's rate.

The following timeline details the process for setting a closing date and determining the coupon rate for bonds to be issued under the BPA:

1. The Corporation gives a 30-day notice of a closing date to each of the Purchasers stating the amount to be issued and setting the closing date.

2. The Corporation gives a 5-day notice to each of the Purchasers stating the maturity, redemption provisions and dated date of the bonds to be issued.

3. Friday, prior to the actual closing date, the 13th week's Index is published.

4. The following Monday, the Calculator delivers a written report stating the Market Yields to Maturity, the yields on other of the Corporation's bonds, the Calculator's best judgment as to the coupon rate for the bonds to be issued and setting forth the information used to calculate the Market Yields to Maturity.
Also on Monday, the Lead Underwriter delivers a written report stating in its best judgment the coupon rate that would have prevailed in a successful public offering during the preceding week.

The next day, Tuesday, a meeting of the Committee together with the Calculator, the Corporation, the City and the Purchasers.

As soon as is possible following the meeting, the Committee will deliver its written report stating its determination of the Market Rate and the coupon rate of the bonds to be issued.
April 4, 1979

Richard Smith, Esq.
Davis, Polk & Wardwell
One Chase Manhattan Plaza
New York, New York 10005

Dear Dick:

Pursuant to Section 4.4 of the Bond Purchase Agreement among the Municipal Assistance Corporation For The City of New York and certain financial institutions and pension funds, dated as of November 15, 1978, the Corporation was to exchange for an equal principal amount of City bonds at least $20 million aggregate principal amount of City Bond Anticipation Notes held by the Corporation on the date of the Bond Purchase Agreement.

On March 30, 1979 the Corporation entered into an agreement (the "Exchange Agreement") with the City of New York providing for the exchange of $20 million aggregate principal amount of City Bond Anticipation Notes held by the Corporation for an equal principal amount of City bonds. The Exchange Agreement provided that the City bonds were to include the State Covenant referred to in the Bond Purchase Agreement and the Exchange Agreement contained provisions for the benefit of the Corporation comparable to those in the Adherence Agreement entered into by the City in conjunction with the execution of the Bond Purchase Agreement.

Also on March 30, the Corporation and the City effected the exchange provided for in the Exchange Agreement. I am pleased to enclose a copy of the Exchange Agreement executed by the City and the Corporation and a copy of the City bond, maturing September 15, 2002, which represents the final maturity of the issue of $20 million City bonds the Corporation has acquired.

I am also enclosing copies of correspondence between the Corporation and Treasury which has the effect of extending to May 15 the deadline imposed pursuant to 6.19(b) of the Agreement to Guarantee for execution of an agreement respecting disposition of the Bond Anticipation Notes.
April 4, 1979
Richard Smith, Esq.
Page Two

If you have any further questions concerning this transaction, please do not hesitate to call.

Sincerely,

[Marilyn]

Marilyn F. Friedman
Counsel

MFF:pas

Enclosures
Date: January 4, 1979
To: Distribution
From: Municipal Assistance Corporation for The City of New York
Re: Change of Address

Pursuant to Section 5.1. of the Bond Purchase Agreement dated November 15, 1978 among the Municipal Assistance Corporation for The City of New York and the financial institutions and pension funds listed on the Distribution schedule attached hereto, notice is hereby given of a change in the address of the Municipal Assistance Corporation.

Effective January 2, 1979 the address of the Corporation is:

One World Trade Center
Suite 8901
New York, New York 10048

The new telephone number is 775-0010 and the teletypewriter number is 775-0042.

All communications to the Corporation pursuant to the Bond Purchase Agreement should be sent to this address.
November 21, 1978

HAND DELIVERY

S. Michael Nadel, Esq.
First Deputy Counsel to the Governor
1350 Avenue of the Americas
New York, New York 10019

Dear Mike:

I promised Marilyn Friedman yesterday that I would send to you the enclosed xerox of Section 3.20 of the Bond Purchase Agreement between MAC and the purchasers of MAC bonds dated as of November 15, 1978. As you will see, this Section deals with the adoption of certain legislation relating to Chapter 890.

In addition, I enclose Schedule V to the Bond Purchase Agreement which schedule is referred to in Section 3.20.

After you have had an opportunity to look at these materials, please let me know if you have any questions or comments.

Best personal regards.

Sincerely,

Allen L. Thomas

ALT/njr
Enclosures
DESIRABILITY OF CAPPING FIRST RESOLUTION
BONDS OF THE MUNICIPAL ASSISTANCE CORPORATION

While the Municipal Assistance Corporation continues to aid New York City in its struggle for financial recovery, the Chairman of the Corporation, in his letter of transmittal in the 1978 Annual Report, states that in the last analysis the game will be won or lost by the City's ability to stand on its own feet, balance its own budget, sell its own bonds. The Annual Report also notes that in addition to providing funds for the City more recent efforts of MAC have been devoted to developing and putting into place "basic new building blocks" for the City's financial future. In light of the above, an appropriate step for MAC to seriously consider in carrying out its role over the next four years is to issue no more First Resolution Bonds. Two benefits of capping the First Resolution Bonds at the present outstanding $3.1 billion is to: (1) improve the investment grade rating on the First and Second Resolution Bonds, which would be another "building block" assisting the City in its efforts to gain an investment grade rating and reestablish the market for its own bonds; and (2) by increasing the claim of Second Resolution Bonds on the sales tax flow and thus improving the rating, lower MAC's borrowing costs and thereby provide additional budget relief for the City.

Special protections for designated revenues, such as a first flow for payment of debt service and safeguards against dilution, resulted in a special tax revenue bond,
backed by the State's moral obligation, on which MAC has been able to get an investment grade rating while the City has been unable to get an investment grade rating on its own bonds. The fact that the better secured MAC bonds have only the minimum investment grade rating (Moody's Baa), however, leaves no room for the assigning of an investment grade rating on the City's bonds (Moody's Ba). A necessary step for reestablishing the market for City obligations is to improve the rating on MAC bonds. The capping of MAC First Resolution Bonds would be a significant step in that direction.

Revised provisions, incorporated in the MAC Bond Resolutions at the time of the 1977 Restructuring Agreement, tightening the additional bonds tests, resulted in an upgrading of some MAC Bonds. Standard and Poor's, which already rated the First Resolution Bonds A+, upgraded the Second Resolution Bonds from BBB+ to A citing among other reasons the strengthening of bond covenants providing greater protection for bondholders.

Closing out the ability to issue additional bonds under the First Resolution would improve the coverage on the outstanding First Resolution Bonds. Capping First Resolution Bonds at the present outstanding amount would result in coverage on maximum annual debt service of 2.5 times based on sales tax receipts in fiscal year 1978 increasing to 3.0 times based on projected sales tax receipts in fiscal year 1982. The coverage ratio resulting from the capping of First Resolution Bonds would be increased even further with the refunding and extending of maturities of First Resolution Bonds with Second Resolution
Bonds. Under the existing additional bonds test the coverage would be 2.2 times and 2.7 times, respectively.

Capping the First Resolution Bonds at the present outstanding amount would evidence MAC's commitment to strengthen the security of Second Resolution Bonds by limiting the impact of the First Resolution debt service on the flow of sales tax revenue available for Second Resolution Bonds. Sales tax revenues in excess of amounts necessary for First Resolution Bonds would alone provide for all of the debt service on Second Resolution Bonds. The spill-over from sales tax alone would range from approximately $600 million in fiscal year 1979 to approximately $800 million in fiscal year 1982, which would provide coverage of 2.3 times and 3.1 times, respectively, on maximum annual debt service on presently outstanding Second Resolution Bonds. The improvement of the sales tax revenue stream and coverage on Second Resolution Bonds would be a safeguard against potential volatility in the stock transfer tax, State aid, and any prior claims on State aid.

If MAC were to issue an additional $4.1 billion Second Resolution Bonds over the next four fiscal years, which would bring MAC's debt outstanding to the $8.8 billion cap, the coverage on the maximum annual debt service on all MAC Bonds from sales tax revenue alone would be approximately 1.1 times based on projected 1982 sales tax receipts.

The coverage ratios on the MAC Bonds should be compared to the coverage on similar New York State revenue bonds which are presently A rated by Moody's: the Housing
Finance Agency State University Construction Bonds provide 2.0 times coverage on annual debt service from pledged revenues; the Port Authority Consolidated Bonds have a 1.6 times coverage of maximum annual debt service based on current revenues; and the Power Authority, Series A General Purpose Bonds have a 1.16 times coverage projected out to a high of 1.22 times in 1984.

The second benefit of capping the First Resolution Bonds is lowering the interest cost of future borrowings by MAC. Second Resolution Bonds remain among the most attractive yielding credits in the municipal market. While the coverage is adequate for both First and Second Resolution Bonds, the market price and present credit evaluations reflect the fact that the revenue stream for First Resolution Bonds is somewhat superior to that for Second Resolution Bonds. Capping the First Resolution Bonds as suggested above will increase the claim of the Second Resolution Bonds on the sales tax revenue. Through this improvement in the Second Resolution revenue stream and by not having the potential of First Resolution Bonds to compete with Second Resolution Bonds in the future, the borrowing cost on Second Resolution Bond issues should be reduced over the next four years.

It should be noted that to observed degrees the market value of MAC Bonds reflect the progress or lack of progress which the City makes in bringing its financial operations into balance. The strength of the legal pledge of taxes supporting MAC Bonds insulating MAC from potential
adverse City financial problems ameliorates this only in part. MAC's assistance in improving the City's debt burden and structure, as well as affirmative developments in providing external controls for the life of MAC Bonds, including a State covenant, budgeting according to GAAP and independent audits, are helping to stabilize the City's financial condition and should eventually improve it. Fortunately, the status of MAC has been reaffirmed by a series of court decisions. At the time of its downgrading of the First Resolution Bonds from A to B in May 1976, Moody's cited among its reasons that financial realities appear overriding and they could not prudently advise investor reliance on legal protections claimed by MAC in a State where the legislature postpones the maturity of debt by fiat (i.e., the note moratorium). The New York State Court of Appeals has since declared the note moratorium unconstitutional. In two other cases, the U.S. Supreme Court upheld the inability to modify a Port Authority bond covenant and dismissed a case questioning the legality of the allocation of certain taxes to MAC by the State legislature.

Although all of the above has occurred over the past few years, the market perception remains that relates MAC to the conditions of the City.
November 15, 1978

Executive Director
Municipal Assistance Corporation
for the City of New York
Two World Trade Center
Room 4590
New York, New York 10047

Gentlemen:

Pursuant to Section 5.1 of the Bond Purchase Agreement dated as of November 16, 1978, by and among the Municipal Assistance Corporation for the City of New York, certain Financial Institutions, and certain New York City pension funds, the New York City Employees' Retirement System ("NYCERS") hereby advises the Municipal Assistance Corporation for the City of New York that with respect to all communications under the above-described agreement sent to NYCERS, a copy thereof should be forwarded to Fried, Frank, Harris, Shriver & Jacobson, Attention: William Josephson, Esq., 120 Broadway, New York, New York 10005.

Very truly yours,

Harold Herkommer
Executive Director

cc:  Davis, Polk & Wardwell
1 Chase Manhattan Plaza
New York, New York 10005
The Financial Institutions named on Schedule I to the Bond Purchase Agreement dated as of November 15, 1978 with the Municipal Assistance Corporation For the City of New York

Dear Sirs:

We have acted as special counsel for the commercial banks, savings banks and insurance companies named on Schedule I (the "Financial Institutions") to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") between the Municipal Assistance Corporation For the City of New York (the "Corporation") and such Financial Institutions and certain New York City pension funds which are also named on Schedule I thereto. With your concurrence, we have also acted as special counsel for the Bank Lenders named on Schedule I to the Loan Agreement dated as of November 15, 1978 between the City of New York and such Bank Lenders and the Pension Fund Lenders named on Schedule II thereto.

As provided in the Bond Purchase Agreement the Financial Institutions have agreed, severally, to purchase from the Corporation an aggregate of up to $1,174,700,000 principal amount of the Corporation's bonds issued during its 1979, 1980, 1981 and 1982 fiscal years pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1975, as supplemented and amended (the "Second Resolution"). On November 14, 1978 the Corporation adopted the Series 11 Resolution and the Series 13 Resolution under the
Second Resolution pursuant to which Series 11 Bonds and Series 13 Bonds, respectively, are being issued to the Financial Institutions pursuant to the Bond Purchase Agreement. On the date hereof, certain of the Financial Institutions are purchasing an aggregate of $139,525,000 principal amount of the Corporation's Series 11 Bonds, having a term maturity as set forth in the Series 11 Resolution, and other of the Financial Institutions (those listed on Schedule II to the Bond Purchase Agreement) are purchasing an aggregate of $201,100,000 principal amount of the Corporation's Series 13 Bonds, having serial maturities as set forth in the Series 13 Resolution. In connection with the execution and delivery of the Bond Purchase Agreement, the Series 11 Bonds and the Series 13 Bonds, the Corporation has delivered to the Financial Institutions its Official Statement dated November 1, 1978, with cover page supplements of the same date relating, respectively, to the Series 11 and Series 13 Bonds (as so supplemented, the "Official Statement").

We are of the opinion that the statements with respect to statutes, resolutions and financing agreements set forth in the Official Statement on the Series 11 and Series 13 cover page supplements and under the headings "Part 5 - Provisions for Payment of the Bonds", "Part 7 - Bonds Being Offered", "Part 10 - Legislation and Agreements Relating to the Debt Issuance Plan", "Part 11 - Various Control Programs", "Part 12 - Agreement of the State of New York" and "Part 15 - Summary of Certain Provisions of the Second General Bond Resolution" are accurate statements or summaries of the provisions of statutes, resolutions and financing agreements therein described. The statements in "Part 7 - Bonds Being Offered" relating to the Series 10 Bonds, to the extent not altered by the respective cover page supplements relating to the Series 11 Bonds and Series 13 Bonds, are equally applicable to the Series 11 Bonds and Series 13 Bonds.

We have not ourselves checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to other matters in the Official Statement. It is our understanding in this regard that the Financial Institutions are relying upon the preparation of the Official Statement by the Corporation and certifications by various officers and officials of the Corporation, the State of New York and The City of New York as to the accuracy, completeness and fairness of the statements contained therein. However, in the course of the preparation by the Corporation of the
Official Statement, we participated in various conferences and conversations with general counsel and bond counsel for the Corporation and conferences and conversations among representatives of the Corporation and certain officials of the State, the City and the New York State Financial Control Board who participated with the Corporation in the preparation of the Official Statement. In the course of such conferences and conversations, nothing came to our attention which caused us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained in the Official Statement as to which we express no view) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is being furnished by us as special counsel to the Financial Institutions solely for their benefit in connection with their execution and delivery of the Bond Purchase Agreement and their purchase of the Series 11 Bonds and Series 13 Bonds. This letter may not be furnished to, relied upon or used by any other person, including any other party to the Bond Purchase Agreement or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institutions.

Very truly yours,
November 1, 1978

The Financial Institutions named on Schedule I to the Bond Purchase Agreement dated as of November 15, 1978 with the Municipal Assistance Corporation For The City of New York

Dear Sirs:

We have acted as special counsel for the commercial banks, savings banks and insurance companies named on Schedule I (the "Financial Institutions") to the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") between the Municipal Assistance Corporation For The City of New York (the "Corporation") and such Financial Institutions and certain New York City pension funds which are also named on Schedule I thereto. With your concurrence, we have also acted as special counsel for the Bank Lenders named on Schedule I to the Loan Agreement dated as of November 15, 1978 between the City of New York and such Bank Lenders and the Pension Fund Lenders named on Schedule II thereto.

As provided in the Bond Purchase Agreement the Financial Institutions have agreed, severally, to purchase from the Corporation an aggregate of up to $1,174,700,000 principal amount of the Corporation's bonds issued during its 1979, 1980, 1981 and 1982 fiscal years pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1975, as supplemented and amended (the "Second Resolution"). On November 14, 1978 the Corporation adopted the Series 11 Resolution and the Series 13 Resolution under the
Second Resolution pursuant to which Series 11 Bonds and Series 13 Bonds, respectively, are being issued to the Financial Institutions pursuant to the Bond Purchase Agreement (the Second Resolution, the Series 11 Resolution and the Series 13 Resolution are sometimes hereinafter referred to as the "Resolutions"). On the date hereof, certain of the Financial Institutions are purchasing an aggregate of $139,525,000 principal amount of the Corporation's Series 11 Bonds, having a term maturity as set forth in the Series 11 Resolution, and other of the Financial Institutions (those named on Schedule II to the Bond Purchase Agreement) are purchasing an aggregate of $201,100,000 principal amount of the Corporation's Series 13 Bonds, having serial maturities as set forth in the Series 13 Resolution.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents and other instruments as we have deemed necessary to render the following opinions.

On the basis of the foregoing, we are of the opinion that:

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

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

3. The Series 11 Bonds and Series 13 Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State and the Resolutions.

4. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and legally binding agreement of the Corporation.

5. The offering and sale of the Series 11 Bonds and Series 13 Bonds by the Corporation to the Financial Institutions do not require registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as amended. The Bonds constitute "exempted securities" within the meaning of the Securities Act of 1933, as amended, and
constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

While we have not independently passed upon the validity or tax exempt status of the Series 11 Bonds and the Series 13 Bonds, we hereby confirm that all proceedings of the Corporation and (i) the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, delivered pursuant to Section 3.12(a) of the Bond Purchase Agreement, (ii) the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, delivered pursuant to Section 3.12(b) of the Bond Purchase Agreement, and (iii) the opinion of Rogers & Wells, bond counsel for The City of New York, delivered pursuant to Section 3.12(e) of the Bond Purchase Agreement, each of even date herewith, are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

We are also of the opinion that the certificates delivered on the date hereof pursuant to the requirements of the Bond Purchase Agreement are appropriately responsive to such requirements.

This opinion is being furnished by us as special counsel to the Financial Institutions solely for their benefit in connection with their several purchases of the Bonds on the date hereof pursuant to the Bond Purchase Agreement. This opinion may not be furnished to, relied upon or used by, any other person, including any other party to the Bond Purchase Agreement or any person purchasing or otherwise acquiring any Bonds from or through any of the Financial Institutions.

Very truly yours,
November 9, 1978

Hon. Arthur Levitt
Comptroller
STATE OF NEW YORK
A.E. Smith Office Building
Albany, New York 12226

Attention: Robert J. Steves

Dear Mr. Levitt:

As we have discussed during the past several weeks, a proposed Bond Purchase Agreement which would constitute one of the major steps in implementing the financings for the City pursuant to the City's Four Year Financial Plan has been prepared and furnished to you for review in its several drafts. A copy of the most current draft, the proof of November 9, 1978, is enclosed with this letter. Current plans are to execute the Agreement on November 15, 1978.

The proposed Agreement provides for bonds to be issued by the Municipal Assistance Corporation during the four fiscal years from 1979 through 1982 in the total aggregate principal amount of up to $1.8 billion to be purchased by various commercial banks, savings banks and insurance companies (the "Financial Institutions"), and various New York City Pension Funds (the "Pension Funds") according to Schedule I of the Agreement.

The aggregate principal amount of the bonds to be purchased during the 1979 fiscal year is $401,000,000, of which $199,000,000 will be term bonds due in 1988 and
November 9, 1978
Hon. Arthur Levitt
Page Two

$201,100,000 will be serial bonds maturing 1985 through 1998. All of the 1979 purchases are to take place at a single closing, which is presently scheduled for November 15, 1978.

The proposed Agreement provides for interest on the bonds to be purchased during the 1979 fiscal year at a rate to be specified for the term bonds, set at 8.25% at present but subject to possible change, and at the rates set forth in Schedule II for the serial bonds. The interest rates for the bonds to be purchased during the years 1980 through 1982 are to be determined in accordance with the procedure set forth in Schedule III to the proposed Agreement.

State law requires that the Corporation obtain the approval from the State Comptroller of any private sale of its obligations, as well as approval of the terms of such sale. Accordingly, Section 3.14 of the proposed Agreement provides the following closing condition for any of the sales thereunder:

3.14. State Comptroller Approval. (a) With respect to the first Closing Date only, the State Comptroller shall have approved in writing the sale of the Bonds during Fiscal Years 1979 through 1982 pursuant to the provisions of this Agreement and the terms of the Bonds (including without limitation, the formula for determining interest rates described in Schedule III hereto) as provided in this Agreement and in the Resolutions.

(b) With respect to each Closing Date, the State Comptroller shall have approved in writing (pursuant to the approval described in (a) above or otherwise) the sale of the Bonds on such Closing Date and the terms of such Bonds as provided in this Agreement and in the Resolutions.

The interest rate formula contained in Schedule III has been negotiated among all of the parties to the proposed Agreement over a period of many months. Basically, the
interest rate will be set by the prices of comparable MAC bonds trading in the secondary market over a thirteen week period prior to the Closing. Certain adjustments will be made to reflect any differences between the average life or final maturity of the new bonds and those in the secondary market. In addition, the formula also employs The Bond Buyer 20-Bond Index as a reliable indicator of market conditions at the time of each Closing.

It is possible that the thirteen week survey of trading prices might produce a result that is significantly different than the market actually prevailing at the time of the closing, and we have agreed with the lenders that they would not be required to purchase bonds at a rate below the market rate at the time of purchase. Accordingly, we have developed a mechanism, administered by a three-member committee of market experts, to determine the market rate. This determination will be based on reports the committee will receive of the current trading market for existing MAC bonds and the estimate of MAC's underwriter of the market rate for the new issue.

In each case, the determination of rate under the procedures described above is subject to the adoption by MAC of a series resolution incorporating this rate. One effect of this provision is to reserve our right to substitute a public offering for any of the scheduled sales under the Proposed Agreement. In addition to the private placements of MAC bonds pursuant to the proposed Agreement, the City's Four-Year Financial Plan calls for the Corporation to sell publicly $500 million of its bonds in each of the fiscal years 1979 and 1980, as well as additional sales during the years 1981 and 1982 on a stand-by basis to the extent that the public sales scheduled by the City during those years are not made.

The extent of the public sales already incorporated in the plan and the complexity of administering the Bond Purchase Agreement will mean that a decision about whether to proceed with a private placement or public sale will
November 9, 1978
Hon. Arthur Levitt
Page Four

be a complicated and often last-minute matter. In
general, the Corporation may be expected to sell its
bonds through underwritten public sales whenever such
sales offer definite rate advantages without adversely
impacting implementation of the overall financing plan.

The Corporation will provide you with a letter, in
connection with each private placement pursuant to
the Bond Purchase Agreement, setting forth the rationale
for its determination to proceed with such private
placement rather than a public sale.

We hope this information will be helpful to you in
making your statutory determination. Please let us
know if you require anything further from us in this
matter.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]

Eugene J. Keilin
Executive Director

EJK:pas
Enclosure
November 8, 1978

Hon. Arthur Levitt
Comptroller
STATE OF NEW YORK
A.E. Smith Office Building
Albany, New York 12226

Attention: Robert J. Steves

Dear Mr. Levitt:

As we have discussed during the past several weeks, a proposed Bond Purchase Agreement which would constitute one of the major steps in implementing the financings for the City pursuant to the City's Four Year Financial Plan has been prepared and furnished to you for review in its several drafts. A copy of the most current draft, the proof of November 4, 1978, is enclosed with this letter. Current plans are to execute the Agreement on November 15, 1978.

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November 8, 1978
Hon. Arthur Levitt
Page Two

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State law requires that the Corporation obtain the approval from the State Comptroller of any private sale of its obligations, as well as approval of the terms of such sale. Accordingly, Section 3.14 of the proposed Agreement provides the following closing condition for any of the sales thereunder:

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(b) With respect to each Closing Date, the State Comptroller shall have approved in writing (pursuant to the approval described in (a) above or otherwise) the sale of the Bonds on such Closing Date and the terms of such Bonds as provided in this Agreement and in the Resolutions.

The interest rate formula contained in Schedule III has been negotiated among all of the parties to the proposed Agreement over a period of many months. Basically, the
interest rate will be set by the prices of comparable MAC bonds trading in the secondary market over a thirteen week period prior to the closing. Certain adjustments will be made to reflect any differences between the average life or final maturity of the new bonds and those in the secondary market. In addition, the formula also employs The Bond Buyer 20-Bond Index as a reliable indicator of market conditions at the time of each closing.

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In each case, the determination of rate under the procedures described above is subject to the adoption by MAC of a series resolution incorporating this rate. One effect of this provision is to reserve our right to substitute a public offering for any of the scheduled sales under the Proposed Agreement. In addition to the private placements of MAC bonds pursuant to the proposed Agreement, the City's Four-Year Financial Plan calls for the Corporation to sell publicly $500 million of its bonds in each of the fiscal years 1979 and 1980, as well as additional sales during the years 1981 and 1982 on a stand-by basis to the extent that the public sales scheduled by the City during those years are not made.

The extent of the public sales already incorporated in the plan and the complexity of administering the Bond Purchase Agreement will mean that a decision about whether to proceed with a private placement or public sale will
November 8, 1978
Hon. Arthur Levitt
Page Four

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general, the Corporation may be expected to sell its
bonds through underwritten public sales whenever such
sales offer definite rate advantages without adversely
impacting implementation of the overall financing plan.

We hope this information will be helpful to you in
making your statutory determination. Please let us
know if you require anything further from us in this
matter.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[EJKE]
Eugene J. Keilin
Executive Director

EJK:pas
Enclosure
November 3, 1978

Alen L. Thomas, Esq.
Paul, Weiss, Goldberg,
Rifkind, Wharton & Garrison
345 Park Avenue
New York, New York 10022

Dear Mr. Thomas:

At the request of an associate of your firm (whose name I can't recall) I enclose proposed language providing for the additional condition agreed upon to be included in the Bond Purchase Agreement.

Very truly yours,

Samuel Bergman

SB/hl

Enclosure

cc: Ms. Marilyn Friedman /
George Lander, Esq.
3.20 **State Pension Legislation.** As to each Closing Date on and after January 1, 1979, there shall have been enacted and be in full force and effect an amendment to Chapter 890 substantially identical to and substantially in the form of Exhibit F hereto.

3.21 **Additional Certificates, etc.**
MEMORANDUM

To: Richard B. Smith
From: Stephen E. Fox
Subject: MAC

cc: Alexandra Altman
    Janice Griffith
    Allen Brawer
    George Lander
    Irving Jacobson
    John Bender
    R. Demarest Duckworth, III

Enclosed herewith for your review and comment are drafts of MAC's proposed revisions to sections 3.5(b) (No Adverse Decision), 4.4 (Provisions with respect to the State Covenant) and Schedule III (Interest Rate Formula) of the Bond Purchase Agreement, blacklined to show changes from the last drafts. Although we are still discussing these drafts among our own group, we are sending them to you to expedite the review process.

If you have any questions or comments concerning the drafts, please feel free to contact Marilyn Friedman or me at your convenience.

S.E.F.

bcc: Messrs. Thomas Dubin
     Pearlman
     Ms. Friedman
     Keilin
     MAC (5)
     Robinson
     Keohane
     Lurie
From...  

STEPHEN E. FOX

11/2/78

Marilyn

The starred items
are the ones which
should probably be
discussed up the
Board

Steve

P.S. City Bond exchange
is not listed - it
may be better to hold
off any detailed discussion
of this until it is
further along

c/c Gene Kestin
Allen Thomas
BOND PURCHASE AGREEMENT

I. Agreements & Covenants of MAC

A. Issue bonds on closing date with same maturities, proportionate mandatory sinking fund schedules and same average life; weighted average of average lifetimes restricted to 13.2 years ($1.2).

B. Provide for mandatory redemption by operation of a sinking fund not to begin later than tenth fiscal year commencing after the date of original issuance ($1.4).

C. Deliver on or before July 1 of each fiscal year borrowing schedule for that fiscal year ($1.6(b)).

D. Give 30 days' calendar notice of date of purchase and 5 business days' notice of maturity, redemption and interest accrued ($1.6(c)).

E. Deliver bonds in form and denominations requested.

F. Deliver within 120 days after the close of MACs fiscal year Annual Report ($4.1(a)); deliver within 60 days after close of each of the first three quarters of MACs fiscal year a Quarterly Report ($4.1(b)).

G. Make each O/S publicly available with appropriate legend; provide purchasers with financial or other information upon reasonable request ($4.2).

H. Limit bonds and notes outstanding under First and Second Bond Resolutions to $8.8 billion; do not issue bonds other than under the First or Second Bond Resolution or short term notes unless specified conditions are satisfied ($4.3).

I. Provide for enforcement of the State Covenant by:

1. Not making payments to City for items permitted by law to be included in City's capital budget unless amount paid by City is evidenced by City bonds;
2. On or before March 31, 1979 exchange for specified City bonds at least $20 million of City BANs held by MAC on date of Agreement;

3. Bonds taken pursuant to (1) and (2) must include State Covenant if City authorized to include State Covenant;

4. At time of taking such bonds obtain from City agreement containing provisions comparable to those in adherence agreement;

5. Hold until maturity sufficient amounts of City bonds which include the State Covenant to have standing to sue;

6. If receive notice from purchasers to take certain action and to give required notice, do so if required by §4.4;

7. Not issue any more indebtedness if certain events occur (§4.4);

J. Make home office payments if requested by purchasers (§4.5);

K. Pay expenses of issuance including purchaser’s expenses.

II Representations & Warranties of MAC

A. MAC validly established and existing; MAC Act validly enacted and in full force and effect (§2.1);

B. MAC delivered preliminary O/S at least 5 business days prior to first closing date and delivered final O/S marked to show all changes from the preliminary O/S. MAC will deliver final O/S at least 5 business days prior to all subsequent closing dates. Such O/S will include audited financial statements for 2 most recent fiscal years and unaudited quarterly financial statements for any subsequent
quarters then completed (§2.2).

C. Financial statements not misleading and fairly represent financial positions of the corporation (§2.3).

D. The Agreement, the Bonds, the Second Bond Resolution, and the Series Resolution are valid and enforceable (§2.4).

E. MAC authorized and required to include the State Covenant in the bonds; bonds will contain State covenant; [FCB Act validly enacted and in full force and effect (§2.5).]

F. MAC promises to pay punctually all principal, premium, if any, and interest when due. MAC will do all things necessary to assure such timely payments.

G. Execution, delivery and performance of the Agreement, the Bonds, the Resolutions and the O/S do not conflict with, or constitute a breach of or a default under any existing law, regulation, decree, order, etc. (§2.7).

H. All required government approvals and consents have been obtained (§2.8).

I. No litigation other than specified litigations (§2.9).

J. No liens, etc. other than specified liens (§2.10).

K. Proceeds will be used as specified in O/S; not in a manner which would cause bonds to be arbitrage bonds, not in a manner which would constitute certain actions under Regulations G and U (§2.11).

L. MAC has no sovereign immunity in courts of competent jurisdiction; MAC waives sovereign immunity and consents to initiation of suit in such courts (§2.12).

M. Any certificate signed by an officer of MAC and delivered to a purchaser constitutes a representation and warranty by MAC (§2.13).
III Closing Conditions Requiring MAC Action

A. Deliver promptly amendments and supplement to O/S (§3.9).
B. Deliver certificate required by §3.10 (Exhibit C of EPA).
C. Deliver certificates, opinions and other instruments delivered to trustee pursuant to Section 202 of Second Bond Resolution.
D. Deliver arbitrage certificate.
E. Deliver additional certificates upon request.
GUARANTY AGREEMENT

I. Covenants and Agreements of MAC

(1) To comply with and, to extent permitted by law, to use best efforts (i) to enforce Financing Agreements and Guarantee Reserve Fund, and (ii) to require City to comply with all Agreements (§ 6.4(C)).

(2) To allow General Accounting Office, the Secretary or any representative of either to make such audits and review such financial and other information as deemed appropriate (§ 6.6).

(3) To furnish additional information as requested by Secretary (§ 6.9).

(4) To maintain Guarantee Reserve Fund at least equal to 5% of principal of and one year's interest on Guaranteed City Indebtedness and to use such funds to pay principal of and interest on Guaranteed City Indebtedness or to reimburse the United States in the event of a default by the City; to surrender for cancellation without payment of principal or exchange for Long Term City Indebtedness all BANS held by MAC on date of Agreement unless City and MAC enter into an agreement satisfactory to Secretary as to payment of such BANS; not to otherwise present BANS for payment of principal (§ 6.18).

(5) Not to prepay any bonds or notes or sinking fund obligations or otherwise make a preferential payment to any holder of its securities other than with the proceeds of a refunding issue of MAC securities, with funds deposited in its sinking funds, in connection with an exchange of MAC
Indebtedness for Long Term City Indebtedness of the same or a longer maturity pursuant to the BPA or as required by any resolution; not to satisfy mandatory sinking fund requirements by purchases of bonds in the open market more than one year in advance (§ 6.21).

(6) Waive sovereign immunity and consent to suit on Agreement (Article 8).

II. Representations and Warranties

(1) MAC validly existing with right and power to execute Agreement and create Guarantee Reserve Fund (§ 5.3.1).

(2) PFC Act validly enacted and in full force and effect (§ 5.3.2).

(3) The Agreement and Guarantee Reserve Fund are valid and enforceable.

(4) Execution, delivery and performance of the Agreement and creation of the Guarantee Reserve Fund does not conflict with or constitute a breach of, or default under, any law, regulation, order, etc. (§ 5.3.4).

(5) No litigation other than specified litigation (§ 5.3.5).

(6) All required consents and governmental approvals have been obtained (§ 5.3.6).

(7) Representations and warranties of MAC contained in Financing Agreements are true and accurate on and as of the date of the Guarantee Agreement.
III. Closing Conditions Requiring MAC Action

(1) Deliver certificate required pursuant to § 3.1.4 (Exhibit E).

(2) Establish MAC Guaranty Reserve Fund (§ 3.1.8).

(3) Surrender for cancellation all City notes held by MAC on date of Agreement, except for BANs referred to in § 6.18(b) (§ 3.2.11).
October 30, 1978

HAND DELIVERY

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

Dear Marilyn:

As we discussed on the telephone this afternoon, I enclose a number of copies of a revised form of the letter describing the circumstances under which the Corporation might elect to redeem its bonds held by certain Purchasers under the Bond Purchase Agreement currently being negotiated with the banks and pension funds.

I am also sending a copy to Max Gitter for his comments. I will be happy to discuss this letter with you and with Max at your convenience.

Best personal regards.

Sincerely,

Allen A. Thomas

ALT/njr
Enclosures
[To be typed on MAC Letterhead]

To Each of the Purchasers
Named in Schedule A Hereto

Dear Sirs:

Pursuant to a bond purchase agreement dated as of __________, 1978, among the Municipal Assistance Corporation For The City of New York (the "Corporation") and the financial institutions and pension funds listed on Schedule I thereto (the "Agreement"), each of the purchasers named on Schedule A to this letter (the "Purchasers") have purchased, and may in the future purchase, bonds of the Corporation issued under its Second General Bond Resolution that are upon issuance callable for redemption by the Corporation at its election (the "MAC Bonds").

The Purchasers have asked the Corporation and the undersigned The City of New York (the "City") to describe the circumstances under which the Corporation might elect to call all or a portion of the MAC Bonds for redemption, and the City might elect to sell to Purchasers and Purchasers might elect to purchase from the City, bonds of the City ("City Bonds") in a principal amount equal to the principal amount of MAC Bonds so redeemed by the Corporation.
1. In any City fiscal year after June 30, 1982, any of the Purchasers may give notice to the Corporation and the City (the "Notice") that it is prepared to purchase City Bonds in a specified amount, if an equal amount of MAC Bonds are thereupon redeemed by the Corporation.

2. The City shall consider the Notice in good faith and shall determine whether the sale of City Bonds referred to in the Notice would be in accordance with the law and whether, in its judgment, such sale or a sale in a lesser amount would be desirable for the City at the time requested or at any time subsequent thereto that may be agreed upon by such Purchaser, the City and the Corporation. In determining the desirability of such sale the City shall consider the following factors, and any other factors it may deem appropriate:

   a. Whether such sale would result in an additional or increased expense necessitating an offsetting revenue in the City's budget for the fiscal year in which made;

   b. Whether such sale would substantially affect the timing or amount of short term borrowing required by the City in the fiscal year during which such
sale would be made and whether the City could reasonably determine that such sale would not have such effect in subsequent fiscal years (except for any borrowing for a negligible period which may be required to carry out any sale hereunder);

c. Whether such sale would have a significant negative effect on the City's access to sources for its long term or short term borrowing needs;

d. Whether such sale would significantly curtail the City's ability to fund its capital expenditures; and

e. Whether such sale would be desirable in view of the entire structure of the City's existing debt and access to credit markets.
3. The Corporation shall consider the Notice in good faith and shall determine and certify by resolution of its Board whether the redemption of MAC Bonds referred to in the Notice is authorized by law and a desirable exercise of the Corporation's powers in accordance with its corporate purposes.

4. If the City shall determine to make the sale of City Bonds, and the Corporation shall determine to redeem the MAC Bonds, each as referred to in this letter and in the Notice, the Purchasers giving such Notice, the City and the Corporation shall use their best efforts to facilitate the transactions described in the Notice.

5. If legislation is necessary to enable or facilitate the transactions described in this letter or in a Notice, each of the Purchasers, the City and the Corporation shall use their best efforts to cause such legislation to be adopted.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By____________________[Signature]

THE CITY OF NEW YORK

By____________________[Signature]

ACKNOWLEDGED:

[Signature for each Purchaser]
August 24, 1978

J. Loughlin Callahan, Esq.
Davis Polk & Wardwell
One Chase Manhattan Plaza
New York, N.Y.

Re: August 15th Draft Term Sheet

Dear Loughlin:

I am enclosing our revision of terms proposed by the banks in connection with Control Board approval of financial plans for the City and the covered organizations. I would appreciate it if you would please distribute it to other interested lenders and advise me if you have comments.

Sincerely,

[Signature]

Robert A. Kandel
Deputy Counsel

encl.

cc: Alexandra Altman, Esq.
Marilyn Friedman, Esq.
Janice Griffith, Esq.
Page 7*— Conditions to Execution of Bond Purchase Agreement:

8. The EFCB shall have approved a financial plan which (a) with respect to the City and the Board of Education, covers FY1979 through FY1982 and is consistent with applicable provisions of Section 8 of the EFCB Act and (b) with respect to the covered organizations other than the Board of Education, covers FY1979 and, to that extent, is consistent with applicable provisions of Section 8 of the EFCB Act.

Page 12 — Conditions to Each Purchase — (No Material Adverse Change):

5. The City shall be in substantial compliance with the provisions of the EFCB Act. In connection with the first purchase, the EFCB shall certify that (a) it has approved a financial plan which (i) with respect to the City and the Board of Education, covers FY1979 through FY1982 and is consistent with applicable provisions of Section 8 of the EFCB Act and (ii) with respect to the covered organizations other than the Board of Education, covers FY1979 and, to that extent, is consistent with applicable provisions of Section 8 of the EFCB Act; (b) in the judgment of the EFCB, the City is in substantial compliance with outstanding orders of the EFCB; and (c) the EFCB is not aware of any violation of the EFCB Act by the City which would substantially impair the ability of the City to adopt or maintain a budget balanced in accordance with the provisions of the EFCB Act. In connection with each subsequent purchase, the EFCB shall certify (a) that the EFCB has approved a financial plan that is consistent with applicable provisions of Section 8 of the Act; (b) to the extent that the City's independent certified public accountants have issued audit reports with respect to FY1979, FY1980 or FY1981, that the EFCB has examined such reports and, on the basis of such examination, in the judgment of the EFCB the City has made substantial progress each such fiscal year towards achieving a budget balanced in accordance with generally accepted accounting principles, subject to the provisions of subdivision two-a of Section eight; (c) in the judgment of the EFCB, the City is in substantial compliance with outstanding orders of the EFCB; and (d) the EFCB is not aware of any violation of the EFCB Act by the City which would substantially impair the ability of the City to adopt or maintain a budget balanced in accordance with the provisions of the EFCB Act.

* Page references are to the August 15th draft of the Bank's term sheet.
TO: Participants at the Big Mac Meeting
FROM: Peter J. Flanagan

RE: See Enclosures
DATE: May 17, 1978

Enclosed is a roster of those who attended the meeting with representatives of the Municipal Assistance Corporation on Monday, May 15, 1978 at the Equitable Life. Also enclosed is an updated formula for life insurance company participation in the Big Mac package.

Please let us know if you have any questions.

Peter J. Flanagan /NL

PJF:n1
# Municipal Assistance Corporation

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>12/31/76 Assets</th>
<th>% of Total</th>
<th>Suggested</th>
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<tr>
<td>1</td>
<td>Metropolitan Life</td>
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<td>5</td>
<td>TIAA</td>
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<td>6</td>
<td>Guardian Life</td>
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<td>Home Life</td>
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<td>Manhattan Life</td>
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<td>9</td>
<td>United States Life</td>
<td>369 MM</td>
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<td>10</td>
<td>Security Mutual Life</td>
<td>219 MM</td>
<td>.3</td>
<td>1.0 MM</td>
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**Total:** 89,141 MM  99.7%  $200 MM
## BIG MAC MEETING AT THE EQUITABLE

**Monday, May 15, 1978**

**Roster**

<table>
<thead>
<tr>
<th>AFFILIATION</th>
<th>NAME</th>
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<tbody>
<tr>
<td>CANADA LIFE</td>
<td>Alfred Kelly</td>
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<tr>
<td>CITY OF NEW YORK</td>
<td>William Cobbs</td>
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<td></td>
<td>James Bingham</td>
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<tr>
<td>EMERGENCY FINANACIAL CONTROL BOARD</td>
<td>Donald C. Kimmerfeld</td>
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<tr>
<td></td>
<td>Michael Smith</td>
</tr>
<tr>
<td>EQUITABLE LIFE</td>
<td>John T. Fey</td>
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<td></td>
<td>Raymond McCron</td>
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<td></td>
<td>Richard Dicker</td>
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<tr>
<td>GUARDIAN LIFE</td>
<td>Ashley Bladen</td>
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<tr>
<td>HOME LIFE</td>
<td>John A. Fabian</td>
</tr>
<tr>
<td>LICONY</td>
<td>Peter J. Flanagan</td>
</tr>
<tr>
<td>METROPOLITAN LIFE</td>
<td>George M. Crandler</td>
</tr>
<tr>
<td></td>
<td>Anthony Williamson</td>
</tr>
<tr>
<td>MUNICIPAL ASSISTANCE CORP.</td>
<td>Felix Rohatyn</td>
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<td>Eugene Keilin</td>
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<tr>
<td>MUTUAL OF NEW YORK</td>
<td>David Bullwinkle</td>
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<td></td>
<td>Herbert Strong</td>
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<td>NEW YORK LIFE</td>
<td>Donald K. Ross</td>
</tr>
<tr>
<td></td>
<td>Harold K. Herzog</td>
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<tr>
<td></td>
<td>Spencer H. Schroeder</td>
</tr>
<tr>
<td>SAVINGS BANK ASSOC. OF N.Y.</td>
<td>Leopold Rassnick</td>
</tr>
<tr>
<td>SAVINGS BANKS (representative)</td>
<td>Robert Rivel</td>
</tr>
<tr>
<td>TEACHERS INSURANCE</td>
<td>Frank J. Pados</td>
</tr>
</tbody>
</table>
SUMMARY OF TERMS
FOR
PURCHASE OF MAC SECOND RESOLUTION BONDS
BY CERTAIN FINANCIAL INSTITUTIONS

Issuer:
Municipal Assistance Corporation for the City of New York ("MAC")

Obligations:
MAC bonds (the "Bonds") issued under the Second General Bond Resolution and new series resolutions (the "Resolutions")

Security:
The Bonds will be secured by (a) the Resolutions and the Revenues pledged thereunder and (b) a covenant of the State (the "State Covenant") authorized by § 10-a of the Financial Emergency Act for the City of New York, as amended May 26, 1978 and as further amended (the "EFCB Act")

Commitment Period:
September 15, 1978 - December 31, 1981, subject to closing conditions; same commitment period for pension funds committed to purchase MAC bonds (see condition 4 on page 5)

Purchase Price:
At par

Coupon Rates:
8.25% for term Bonds to be purchased in September, 1978 (subject to final approval by the Purchasers); to be determined by formula for later closings; serial bonds to be at a range of rates averaging the rate for term Bonds

Certificate Form and Denomination:
Bearer or registered, as Purchaser elects. Coupon Bonds in denominations of $5,000, $100,000, and unlimited registered Bonds in multiples of $5,000 (with right to break down)
Purchasers:

Aggregate of $625 million principal amount of Bonds will be subject to commitments to purchase by New York Clearing House banks, $300 million by certain New York savings banks and $250 million by certain New York insurance companies |

City pension funds will simultaneously be making commitments, by separate agreement, to purchase $625 million of same MAC bonds |

Amounts, Maturities and Closing Dates:

1. The various Purchasers will severally (and not jointly) agree to purchase Bonds having maturities of approximately 19.5 years from date of issuance (Bonds will mature on July 1 of 1998 through 2001 with an average life of no more than 14.5 years).

2. Bonds will be term bonds with mandatory sinking fund; there will also be serial bonds. There will be a separate series for each closing and additional series for serial bonds

3. The amounts of the commitments of each Purchaser and each pension fund committed to purchase MAC bonds shall be stated on an annual and non-cumulative basis

4. MAC shall give 30 days' notice of each closing date; on five days' notice MAC may adjourn the closing for up to 30 days from original closing date; in the case of a default by one or more Purchasers or pension funds committed to purchase MAC bonds, MAC may adjourn the closing for up to 60 days from the original closing date. The Purchasers and the pension funds committed to purchase MAC bonds shall participate in each closing in proportion to their commitments for the fiscal year in
Debt Restrictions:

Mandatory Call Provisions:

- If (a) the State shall take any action in violation of the Bond and such action shall not be reflected within 3 months, (b) there shall be an unappealable determination by any court having jurisdiction of the EFC Act, (c) any governmental or unenforceable or (d) the Federal Government shall accelerate any call, then the bonds shall be redeemed at principal plus accrued interest.

Optional Call Provisions:

- (a) For year call protection (must be made on the closing date) at 110% of par or any reason.

- (b) Call premium of 2.5% in eleventh year reducing by statute be callable after seven years.

- (c) Call premium of 2.5% in eleventh year reducing by statute be callable after seven years.

- (d) Notice shall be irrevocable, with each purchaser's commitment to purchase, the Bonds specified on the date specified in the Financial Plan, and any schedule of anticipated closing dates during the financial plan approved by the Board of Bonds.

- (e) Bond callable in whole or in part for any reason.

- (f) Notice shall be irrevocable, with each purchaser's commitment to purchase, the Bonds specified on the date specified in the Financial Plan, and any schedule of anticipated closing dates during the financial plan approved by the Board of Bonds.

- (g) Bond callable in whole or in part for any reason.
b. MAC shall not issue any bonds if, after giving effect thereto, its total outstanding bonded indebtedness will exceed $3.8 billion, and shall not issue any bonds except under its existing First and Second Resolutions; issuance of additional First Resolution bonds permitted only up to $3.750 billion, minus First Resolution bonds heretofore issued other than refunding bonds heretofore issued, and no First Resolution bonds can be renewed, refunded, or extended beyond their original maturity date; issuance of Second Resolution bonds permitted only up to $5.050 billion minus Second Resolution bonds heretofore issued other than refunding bonds

c. MAC shall not issue any notes unless (i) they are payable only from revenues that would go to the City after full service of First and Second Resolution bonds that are outstanding or are contemplated to be outstanding at the maturity of such notes, (ii) there is an appropriate additional coverage margin for such subordinated notes (based upon the Second Resolution coverage test), (iii) there can be no rollover of MAC notes, and (iv) the proceeds from sale of such notes can be used only for bona fide seasonal financing needs of the City.

Conditions to Execution of Bond Purchase Agreement:

Prior to execution of a Bond Purchase Agreement among the Purchasers and MAC (the "Bond Purchase Agreement"):

1. MAC shall deliver to each Purchaser, on the second business day before the execution of the Bond
Purchase Agreement, an Official Statement, which shall include material information concerning the City and the State relevant to MAC or the Bonds, (as from time to time amended or supplemented, the "Official Statement"), and the Purchasers shall receive on the date of execution of the Bond Purchase Agreement, opinions of MAC Corporate Counsel, Bond Counsel, and special counsel for the Purchasers to the effect that, based on the participation of such counsel in the preparation of the Official Statement, but without independent verification, nothing has come to their attention which would cause them to believe that such Official Statement contains any material misstatements or omissions.

2. Enactment of legislation appropriating the full amount of Federal guarantees of City or MAC securities on a one-time basis.

3. The pension funds shall have purchased the remaining $118 million of City bonds (unguaranteed) pursuant to the 1975 Amended and Restated Agreement.

4. Satisfactory commitments of the pension funds to purchase bonds in amounts and maturities consistent with the City's Four-Year Financial Plan for FY1979-1982 shall have been obtained:

a. State pension funds to commit to purchase $375 million of guaranteed City bonds, and City pension funds to commit to purchase $375 million of guaranteed City bonds and $625 million of MAC Second Resolution bonds.

b. MAC bonds purchased by the City pension funds shall not be guaran-
ted and shall be issued under the Second Resolution with rates, maturities and other features no more favorable to the funds than those of the Bonds are to the Purchasers.

5. Satisfactory commitments sufficient to meet the City's seasonal requirements for FY1979 shall have been obtained.

6. The EFCB Act shall have been reenacted in amended form after a "home rule message" has been delivered and shall have become effective. The amendments to the existing EFCB Act shall (a) define "emergency period" to provide that such period cannot terminate until (in addition to the present provisions) the City has market access for its seasonal and long-term financing requirements for the immediately preceding, the current and the coming fiscal year, (b) respond to requirements of the Federal guarantee legislation, and (c) make certain technical amendments.

7. (a) The Coalition Economic Agreement between the City and the several labor unions which are signatories thereto shall have been approved by the EFCB as consistent with the current Four-Year Financial Plan and, except as set forth in a schedule to be delivered to the Purchasers, all major City labor contracts which will be applicable to FY1979 and FY1980 are either subject to the Coalition Economic Agreement or have been approved by the EFCB as consistent with the Financial Plan.

-6-
(b) The schedule referred to in 
(a) above shall be satisfactory 
to the Purchasers 

(c) Union ratification of all City 
labor agreements to be effective 
for FY1979 and FY1980 shall 
have become effective or shall 
be reasonably assured 

8. The EFCB shall have approved a fi-
nancial plan which (a) with respect 
to the City and the Board of Educa-
tion, covers FY1979 through FY1982 
and is consistent with applicable 
provisions of Section 8 of the 
EFCB Act and (b) with respect to 
all other covered organizations, 
covers FY1979 and is consistent 
with applicable provisions of 
Section 8 of the EFCB Act 

9. The Purchasers shall have received 
a copy of satisfactory Federal 
Guarantee Agreement in execution 
form (the "Federal Guarantee Agree-
ment") implementing Federal guaran-
tee legislation 

Special Conditions to Initial Purchase: 

1. The Federal Guarantee Agreement shall 
have been executed and the first 
takedown of guaranteed bonds shall 
have occurred prior to or simultane-
ously with the initial purchase 
of the Bonds 

2. Execution of an Adherence Agree-
ment by the City to and for the 
benefit of the Purchasers (the 
"Adherence Agreement") in the 
form attached as an exhibit to 
the Bond Purchase Agreement in 
which the City shall agree that 
it will: 

a. Comply with the provisions of 
the EFCB Act as it may from 
time to time be amended 

-7-
b. Not issue any short-term debt in violation of the limitations set forth in Section 9-b of the EPCB Act as in effect on the date of the Bond Purchase Agreement

[see Representations and Warranties of the City in the Adherence Agreement set forth below.]

Conditions to Each Purchase:

A. Financing Requirements Satisfied

1. At least 90% in aggregate principal amount of the Bonds scheduled to be purchased by the Purchasers at each closing, and at least 90% in aggregate principal amount of MAC bonds scheduled to be purchased by the pension funds at such closing, shall be purchased simultaneously; in addition, at least 90% in aggregate principal amount of the Bonds and MAC bonds scheduled to have been purchased by the Purchasers and the pension funds, respectively, prior to such closing shall have been purchased.

2. Pension funds shall have purchased all guaranteed securities scheduled on or prior to the purchase of the Bonds, and commitments for the balance shall be in full force and effect; the schedule for FY1979 and FY1980 shall call for the purchase of all guaranteed securities to be purchased during such year simultaneously or before the first closing in such year under the Bond Purchase Agreement.
3. a. Financial plans shall provide details of each expected borrowing in upcoming fiscal year specifying issuer (City or MAC), principal amount, type of securities, month of issuance, type of transaction (public offering or private placement) and type of purchasers (public, financial institutions or pension funds).

b. EFCB shall certify on each closing date that MAC and City securities were sold in the prior fiscal year as contemplated in the related financial plan and that amounts and types of sales satisfied the City's seasonal and long-term borrowing requirements in the prior fiscal year and are consistent with an expectation that (i) the City's total borrowing requirements through FY1982 will be satisfied and (ii) the City's total borrowing requirements after FY1982 will be satisfied in the public securities market.

4. EFCB shall certify as of the closing date that there is a reasonable assurance that the City's seasonal financing needs for the then current fiscal year will be met in full; provided, however, that if the New York Clearing House bank Purchasers have not entered into a seasonal financing agreement for such fiscal year, the EFCB may deduct from such needs, solely for the purposes of this certification, the lesser of the amount, if any, of City notes purchased by such Purchasers (other than in a public offering) in the prior fiscal year or the proportion of the City's seasonal financing needs met through any such purchases in the prior fiscal year.
B. No Material Adverse Changes in Circumstances

1. The Bond Purchase Agreement, Adherence Agreement, financing commitments of pension funds with respect to MAC bonds and guaranteed securities, Federal guarantee legislation, Federal Guarantee Agreement, EFCB Act, State Covenant and the Municipal Assistance Corporation for the City of New York Act as amended May 26, 1978 (the "MAC Act"), shall be in full force and effect.

   a. No material modification of such agreements and legislation shall have been made since the date of the Bond Purchase Agreement.

   b. No adverse decision shall have been rendered by any court with respect to the powers of EFCB or the provisions of the EFCB or the MAC Act, the validity or enforceability of the Bonds, the Resolutions, the Bond Purchase Agreement, the financing commitments of pension funds, the Adherence Agreement or the State Covenant.

2. There shall not be any pending or (to the knowledge of MAC) overtly threatened litigation (i) wherein an adverse decision might (a) materially impair the powers or duties of the EFCB or (b) adversely affect the payment provisions for the Bonds or (ii) which questions the validity or enforceability of the Bonds, the Resolutions, the Adherence Agreement, the MAC Act, the EFCB Act or the State Covenant (except for pending or overtly threatened litigation (A) as described on a schedule attached to the Bond Purchase Agreement or (B) which, in the opinion of Bond Counsel, Corporate Counsel to MAC or other counsel satisfactory to the Purchasers, is without merit.)
3. There shall not have been any adverse change in MAC's financial condition or affairs which materially adversely affects the prospects for payment of the principal or interest on the Bonds when due [assuming the interest rate formula has a current market price floor]. There shall not have been specified adverse changes in the case of the City as follows:

a. A projected budget deficit of 2% or more of gross revenues for current fiscal year.

b. Audited budget deficit in any fiscal year beginning with FY1978 of 2% or more of gross revenues (unaudited results to be used in this regard until 120 days after the end of the last preceding fiscal year).

c. The City's total seasonal borrowing needs, actual and projected, for the current fiscal year shall not exceed 8% of estimated gross revenues.

d. The year-end deficits referred to in a. and b. above shall be as computed in accordance with generally accepted accounting principles, as modified under Section 8.2-a of the EFCB Act, and shall not include expense items permitted to be included in the City's capital budget or pension costs permitted to be expensed on a cash rather than accrual basis.

e. EFCB shall certify as to a. based upon procedures comparable to those required for a financial plan modification (including certifications by the Mayor and the EFCB) carried out within 10 business days of closing.
f. Gross revenues for purposes of a., b. and c. shall not include proceeds from the sale of securities

g. Other

4. No default by MAC on any debt obligation or under First or Second General Bond Resolutions or Series Resolutions; no default by the City on any debt obligation or under the Adherence Agreement; no default by the State on any debt obligation; no default in payment of any debt obligations of a City or State moral obligation agency at maturity or otherwise; no default under any agreement with other parties making investment in MAC or the City as part of the City's Four-Year Financial Plan; no bankruptcy or insolvency proceedings or moratorium or similar event with regard to MAC or the City

5. The City shall be in substantial compliance with the provisions of the EFCB Act, and the EFCB shall certify that (a) it has approved a financial plan covering the four years beginning with the fiscal year of the closing which is consistent with the applicable requirements of the EFCB Act, (b) in the judgment of the EFCB, the City is in substantial compliance with all outstanding EFCB orders, (c) the EFCB is not aware of any substantial non-compliance with the EFCB Act by the City, (d) the areas of non-compliance referred to in (b) and (c), if any (which shall be described in such certificate), do not in the aggregate reflect a material impairment in the City's ability to carry out the financial plan and (e) the City has made substantial progress in achieving
a balanced expense budget or has achieved a balanced expense budget, as the case may be, consistent with the requirements of the EFCB Act as presently in effect.

6. The Bonds to be purchased shall be rated no less than Baa and BBB by Moody's and by Standard & Poor's, respectively, and shall be legal investments (excluding baskets and leeways) for commercial banks, insurance companies and savings banks.

C. Other Conditions

1. MAC shall have delivered to each Purchaser at least two business days prior to each closing an amendment or supplement to the Official Statement and appropriate certifications to the effect that such Official Statement, as so amended or supplemented, does not contain any material misstatements or omissions.

2. Representations and warranties in Bond Purchase Agreement and Adherence Agreement are correct on closing date as if made on and as of such date.

3. Closing documentation substantially comparable to that delivered in connection with previous MAC closings (modified to reflect new legislation), including appropriate certifications as to satisfaction of conditions, the EFCB Act, the State Covenant, the provisions of the Bond Purchase Agreement and the Adherence Agreement and other opinions, certificates and documentation reasonably requested by the Purchasers.

4. Opinions of counsel

   a. Bond Counsel (as to matters covered in previous MAC financings, tax exemption, the validity of the EFCB Act and the powers of the EFCB
thereunder and the validity and enforceability of the Bonds, the Bond Purchase Agreement, the Adherence Agreement and the State Covenant and related matters).

b. MAC Corporate Counsel (as to matters covered in previous MAC financings as well as the validity and enforceability of the Bonds and the Bond Purchase Agreement and related matters)

c. State Attorney General (as to matters covered in previous MAC financings, validity of the EFCB Act and the powers of the EFCB thereunder, the validity and enforceability of the Bonds, the Bond Purchase Agreement and the State Covenant and related matters)

d. City Corporation Counsel (as to validity and enforceability of Adherence Agreement)

e. Special Counsel for the Purchasers

5. Executed Bonds, incorporating the State Covenant

6. No closing condition with respect to waiver of federal priority. It is understood that any agreement for the purchase of City notes in FY 1979 and any annual agreement for purchases thereafter will have as a condition that federal priority be waived with respect to City notes
Covenants and Agreements in Bond Purchase Agreement:

1. MAC shall include in its annual and quarterly reports all information material to prospective investors.

2. MAC shall promptly deliver to each Purchaser and make publicly available (a) audited annual and unaudited quarterly financial statements, including quarterly reports of sales and stock transfer tax receipts, annual reports of per capita State aid receipts and annual reports showing projections of sales and stock transfer tax and per capita State aid receipts for the coming year, and (b) such financial or other information as any Purchaser shall reasonably request.

3. If at any time the total long-term financing requirements for the City for the four fiscal years 1979-1982, as set forth in the financial plan then in effect, are reduced to less than $4.5 billion, or public sales of MAC or City securities are made in excess of the amounts anticipated in such financial plan, the total commitments of the Purchasers and the pension funds (including guaranteed bonds) shall be proportionately reduced and the resulting amount of reduction applied pro rata to any remaining commitments of the Purchasers and the pension funds.

4. MAC shall not issue any bonds during the Commitment Period having a maturity or average life less than that of the Bonds.
5. Other

Existing events of default in Second
Resolution

As provided in the Second Resolution

Waivers and Consents by Bondholders:

1. As provided in the Second Resolution, except that specified covenants and agreements (but not closing conditions) in the Bond Purchase Agreement and the covenants in the Adherence Agreement may be waived or modified by Purchasers owning or committed to purchase at the date of determination 75% in aggregate principal amount of the Bonds owned by the Purchasers or subject to purchase commitments.

2. Specified covenants in the Bond Purchase Agreement and covenants in the Adherence Agreement will terminate if and when the Purchasers own or are committed to purchase less than 10% in aggregate principal amount of the Bonds purchased or subject to purchase commitments.

Representations and Warranties:

1. Representations and warranties comparable to those in MAC underwriting agreements.

2. Authority for, and validity and enforceability of, the Bonds and the Bond Purchase Agreement.

3. Validity and enforceability of State covenant.

4. Official Statement, including financial statements of MAC.

5. Use of proceeds
   a. No arbitrage violation
   b. No violation of Regulations G and U

6. No sovereign immunity
   a. of MAC with respect to Bonds and Bond Purchase Agreement
7. Representations and warranties of the City in the Adherence Agreement

a. Authorization, execution, delivery, validity and enforceability of the Adherence Agreement

b. Adherence Agreement does not conflict with laws, regulations, orders, agreements or instruments binding on the City

c. No governmental approvals, etc., required for the Adherence Agreement

d. No litigation pending or threatened which might adversely affect the payment provisions of the Bonds or which questions the validity or enforceability of the Adherence Agreement

e. No sovereign immunity with respect to the Adherence Agreement

Resale:

No Bonds purchased at the time of a public offering of MAC II bonds may be sold for a period of 30 days after such public offering commences, or such shorter period agreed to in connection with such public offering.

Expenses of Transaction:

Whether or not the Bond Purchase Agreement is executed or any closing thereunder takes place, MAC shall pay (a) all of its costs and expenses in connection with the preparation, authorization, execution, delivery and performance of the Bond Purchase Agreement, the Bonds, the Resolutions, the Adherence Agreement, the Official Statement (including any amendments or supplements thereto) and related documents (including printing costs and the fees and disbursements of
its Bond Counsel and Corporation Counsel), (b) the fees and disbursements of special counsel for the Purchasers, (c) rating agency fees and (d) MSRB fees. The City shall pay the fees and expenses of its Bond Counsel with regard to the Adherence Agreement. Expense arrangements should be covered in preliminary letter from MAC.

Federal Enforcement: All parties to the Bond Purchase Agreement and the agreements providing for the purchase of MAC bonds and guaranteed securities by the pension funds shall acknowledge that they are subject to the enforcement provisions of Section 105(f) of the Federal guarantee legislation.