To: The Financial Control Board  
Re: The Disposition of Bond Anticipation Notes Held by the Municipal Assistance Corporation  
Date: May 15, 1979

STAFF MEMORANDUM

BACKGROUND

Pursuant to Section 6.19(b) of the Agreement to Guarantee, executed last November as part of the City's four year financing program, the Municipal Assistance Corporation for the City of New York (MAC) and the City were required to provide for the disposition of approximately $1 billion of bond anticipation notes (BANs) then held by MAC. That requirement has been satisfied through a series of agreements that have been submitted for Control Board review and approval.

The first such agreement, dated as of March 30, 1979, provided for the issuance by the City of $20 million principal amount of general obligation serial bonds in exchange for a like principal amount of BANs. In addition to satisfying, in part, the requirements of the Agreement to Guarantee, this transaction also fulfilled certain requirements of the Bond Purchase Agreement that had been signed by MAC in connection with the financing program. The bonds issued under this agreement bear interest at a rate of 8% per annum and will be paid in installments over a period ending October 1, 2002. The agreement was formally submitted to the Control Board on March 29, 1979 together with modification No. 79-6 to the Financial Plan, reflecting the issuance of the $20 million of bonds. On March 30, the Control Board approved the Financial Plan modification, the agreement and the issuance of the bonds.
A related agreement, dealing with the remaining BANs held by MAC, was also formally submitted to the Control Board on March 29. Under the related agreement, an additional $621.2 million of BANs were to be exchanged for a like principal amount of City bonds, $27.3 million of the BANs were to be redeemed during the current fiscal year and the remaining $345.3 million of BANs held by MAC were to be redeemed over a ten year period pursuant to a schedule contained in the agreement. The agreement noted that new legislation was required in order to implement the ten year redemption schedule and provided that the agreement was to become null and void unless the necessary legislation was enacted by May 1, 1979. The submission to the Control Board included proposed Financial Plan Modification No. 79-7, which was intended to reflect the transactions contemplated by the agreement.

This submission was not formally considered by the Control Board, pending a decision by the City as to whether it would attempt to obtain the necessary State legislation. New legislation was not sought and, by May 1, it again became necessary for the City and MAC to consider how they would dispose of the remaining $993.81 million of BANs held by MAC. On May 14, 1979 the City formally presented to the Control Board a new submission dealing with this issue.

THE MAY 14 SUBMISSION

The May 14 submission formally withdraws from Control Board consideration the agreement and Financial Plan modification that had been pending since March 30. In place of those documents, the submission presents a new agreement between MAC and the City (the "Exchange Agreement"), and a revised Modification No. 79-7, reflecting the transactions contemplated by the Exchange Agreement. The submission requests Control Board approval of the Modification, the Exchange Agreement and the issuance of bonds in accordance with the terms of the Exchange Agreement.

The Exchange Agreement provides for the disposition of the remaining $993.81 of BANs held by MAC as follows:

- $654.65 million of BANs are to be exchanged by MAC for a like principal amount of general obligation serial bonds issued by the City (the "Exchange Bonds"). The Exchange Bonds will bear interest at 8% per annum and will be paid over a twenty-eight year term ending September 15, 2007. However, during their entire term the Exchange Bonds are subject to call by the City on 30 days notice.

- $189.16 million of BANs are to be redeemed by the City in three installments. The first payment, consisting of $52.575 million in principal together
with accrued interest at 6% per annum is to be made on June 11, 1979. The second and third payments will be made on December 1, 1979 and December 1, 1980. Those payments will consist of $60.0 million and $76.585 million of principal, respectively, together with accrued interest. The BANs redeemed on those dates will bear interest at a rate of 6% until May 15, 1979, the date of the Exchange Agreement, and 8% thereafter (this is estimated to be the approximate average cost of MAC's outstanding debt).

- $150.0 million of BANs will initially be held by MAC and either exchanged at a later date for bonds comparable to the Exchange Bonds or presented for cancellation without payment on June 30, 1981. These BANs were originally issued in connection with several Mitchell-Lama projects where the City is considering refinancing existing mortgages. If the City proceeds with a mortgage refinancing, the corresponding BANs will be cancelled; however, current arrangements give the City the option to bond out any BANs where refinancings are not effected.

The Financial Plan Modification presented as part of the May 14 submission reflects only the effects of the transactions contemplated by the Exchange Agreement and does not otherwise modify the Financial Plan as approved by the Control Board on February 14, 1979. There is currently pending before the Control Board a Financial Plan modification covering FY1979, reflecting the results of operation for the first three quarters of the current fiscal year. However, analysis of that modification is not yet complete and it is not anticipated that the Control Board will act on that submission until early June. The scope of Modification No. 79-7 was therefore limited in order to permit prompt action on the submission.

As indicated above, during the time they are outstanding the Exchange Bonds are subject to call, in whole or in part, by the City. Exercise of this right could materially change the redemption schedule for the Exchange Bonds, thereby changing the effect of debt service payments as set forth in Modification No. 79-7. The Exchange Agreement itself requires that the exercise of a call be consistent with the Financial Plan. However, in order to avoid any uncertainty as to whether the exercise of a call in any given instance will require the submission and approval of a Financial Plan modification, in its May 14 submission the City provided certain specific assurances relating to the Financial Plan review process.

The May 14 submission states that at least thirty days prior to the giving of notice in connection with the exercise of any call
of the Exchange Bonds, the City will advise the Control Board of its intention to exercise the call and will either submit a Financial Plan modification reflecting the effect of the call or certify that the exercise of the call is consistent with the Financial Plan then in effect. These arrangements provide appropriate assurances that any changes in the Exchange Bond redemption schedule that have a material effect on the Financial Plan will be subject to prior review and approval by the Control Board in the context of a Financial Plan modification.

THE FINANCIAL PLAN EFFECT OF THE TRANSACTIONS

Introduction

During fiscal 1978 and 1979, the City levied real estate taxes at a constant rate of $8.75 per hundred dollars of total assessed value of City real estate. The Financial Plan recently submitted to the Control Board by the City projects that this constant real estate tax rate will be maintained during the four fiscal years, ending with fiscal 1983, covered by the Plan. One of the principal objectives of the transactions contemplated by the May 14 submission is the creation of a flexible means by which the City can maintain this constant real estate tax rate during at least the period covered by the proposed Financial Plan.

Under the State Constitution, the maximum amount of real estate tax revenues which the City may levy during any year for operating purposes is limited to 2.5% of the average full value of taxable real estate during the most recent five years, less payments of principal and interest on certain short-term indebtedness. In addition, the City may levy real estate taxes without limit as to amount in order to pay principal and interest on its indebtedness.

The maximum permissible tax collections in any year, as well as the resulting tax rate, are thus dependent on the average full value of taxable real estate and on debt service to be paid by the City during the year. To the extent that the City intends, as a matter of policy, to maintain a constant real estate tax rate during any year, it must insure that the maximum permissible tax levy for that year equals or exceeds the total levy to be collected at the constant rate. As a practical matter, the only variable that the City can control in order to implement this policy is the aggregate debt service payable during the year in question.

It should be noted that both the debt service on the Exchange Bonds and the principal and interest payments on the BANs to be
redeemed will constitute debt service costs of the City which may be paid from real estate taxes levied "outside" the 2 1/2% constitutional limit. This has become an important consideration because the City's debt service has been steadily declining since the 1977 fiscal year. As a result, absent some measure of debt-service payments on City debt held by MAC, the City would not be able to support its real estate tax at the current $8.75 rate beyond the current fiscal year.

This condition has arisen largely because the City has not been able to do all of its own borrowing for the past four years, relying to a substantial degree on the borrowing capacity of MAC. However, the debt service on MAC bonds must be paid from sales taxes and other revenues that would otherwise be available for general City operations rather than from real estate taxes levied "outside" the 2 1/2% limit. To the extent that the City makes debt service payments to MAC, as contemplated in the Exchange Agreement, these amounts (which can be paid from taxes levied "outside" the 2 1/2% limit) become available for MAC debt service funding and thus reduce the amount of the MAC "take-out" that would otherwise be required. The effect of such a transaction is to permit some portion of MAC's debt service costs to be provided for through real estate taxes levied "outside" the 2 1/2% limit, and to permit the City some degree of flexibility in maintaining its real estate tax rate.

Analysis of the Transactions

According to the City's most recent projection of real estate tax trends and debt service trends for 1980-1983, the minimum amount of debt service the City needs to pay on BANs held by MAC and the Exchange Bonds ("BAN-Related Debt Service") in order to maintain the $8.75 real estate tax rate is as follows:

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<th>Year</th>
<th>Amount</th>
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<tr>
<td>1980</td>
<td>$121.0 million</td>
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<tr>
<td>1981</td>
<td>$140.5 million</td>
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<td>1982</td>
<td>$143.7 million</td>
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<tr>
<td>1983</td>
<td>90.8 million</td>
</tr>
</tbody>
</table>

These projections assume modest annual growth in taxable assessed value (approximately 1% per year, until 1983, when the projected growth rate rises to 1.7%), and roughly comparable modest increases in full value and the amount available for operations within the 2 1/2% limit. They also assume issuance of all the debt projected in the City's May 11 Four Year Financial Plan submission. The drop-off of payments projected to be needed in 1983 is largely attributable to an expected increase in other types of City long-term debt service in that year.
In the event that the City experiences no growth in the assessed or full value of its real property during these years, the amount of BAN Related Debt Service needed to maintain the tax rate would be reduced by approximately $20-25 million in each of 1981, 1982 and 1983. On the other hand, if the City issues less debt than now projected during the four-year period, thus reducing non-BAN Related Debt Service, the need for such payments to MAC to maintain the tax rate would increase.

The actual schedules of payments to MAC provided for in the Exchange Agreement and related agreements (both principal and interest on the BANs to be redeemed, as well as debt service on the Exchange Bonds, and debt service on the $20 million of City bonds previously exchanged for BANs on March 30, 1979) substantially exceeds the amounts required to maintain the tax rate in 1980 and 1981 ($213.1 million and $221.8 million to be paid, compared to $121 million and $140.5 million projected to be needed, respectively), and provides a more modest cushion in 1982 and 1983 ($158.2 million and $94 million to be paid, compared to the estimated $143.7 million and $90.8 million needed, respectively).

This heavy "front-loading" of payments in the early years is primarily the result of two factors: (i) the requirement that approximately $135 million of BANs still outstanding as of June 30, 1979, be redeemed by June 30, 1981, rather than be converted into Exchange Bonds, and (ii) the structure of the Exchange Bonds themselves, which provide for high levels of maturing principal through fiscal 1983, followed by a considerably lower, flatter debt service schedule from 1984 through the final maturities in 2008. The payment schedule during these latter years ranges from $35.5 million in 1984, gradually decreasing to $25.5 million in 2008. (This assumes that the final $150 million of BANs retained by MAC are ultimately cancelled without payment pursuant to the Agreement, rather than converted into additional bonds. If the full $150 million were bonded, the annual debt service payments would be increased by approximately $13.5 million for each year through fiscal 2008).

This level of payments after 1983 represents a substantial drop-off from the $94.8 million to be paid (and the $90.8 million projected to be needed to maintain the tax rate) in 1983. As a result, the City may well seek to utilize the call feature of the Exchange Bonds by fiscal 1984 (or conceivably sooner, in the event that the amounts needed to maintain the tax rate exceed projections for 1982 or 1983).

Utilization of the call provision in the Exchange Bonds in order to increase the City's payments to MAC in a given year would, of course, have to be reflected in a modification of the City's four-year Financial Plan submitted to and approved by the Control Board prior to the City's exercise of the call. Consequently, the Control
Board will be assured of an opportunity to assess the full impact of the exercise of such a call on the City's property tax revenue base, debt service expenditure projections and the City's long-range fiscal outlook as a result of its use.

It should be noted that as long as the City maintains its commitment to keep the real estate tax rate at the $8.75 level, as reflected both in the four-year Financial Plan now in effect and in the Financial Plan submission for 1980-83 submitted to the Control Board on May 11 the amount of budget relief available through City debt service payments to MAC is limited to the amount needed to maintain the tax rate. Additional payments above this level (such as the excess payments scheduled in 1980 and 1981 above the level required to maintain the rate) are simply a "wash." That is, these excess payments (projected to amount to $92.1 million and $81.3 million in 1980 and 1981, respectively) will indeed flow to MAC and thus further reduce the MAC "take-out" by that amount (a budget saving); but, with a constant tax rate, they will not result in any increase in aggregate real estate tax revenues.

Thus, the City would not be able to convert such "excess" debt service payments to MAC into additional budget relief unless it sought to use them as the basis for actually increasing the property tax rate above the $8.75 level -- contrary to the Mayor's present commitment and the assumptions underlying the Financial Plan. Such a change in City policy would also have to be embodied in a Financial Plan modification requiring Control Board approval.

Given the City's most current assumptions for the 1980-83 period (and assuming no use of the call provision during that time), the following will be the outlook as of the end of the 1983 fiscal year:

- MAC will still hold Exchange Bonds in the aggregate principal amount of at least $312.8 million (or as much as $456.7 million, depending on how much, if any, of the last $150 million of MAC-held BANs are ultimately converted into bonds);

- The City's 1983 expense budget will have benefitted from approximately $90 million of real estate tax revenues which would otherwise have been lost to a falling real estate tax rate absent the City's BAN-related debt service payments to MAC in at least that amount;

- The City's scheduled debt-service payments to MAC on the Exchange Bonds will drop to a level of approximately $35.5 million (or as much as $49 million, depending on disposition of the last $150 million of BANs) in 1984, decreasing very gradually each year throughout until 2008;
As a result, as the 1984 fiscal year approaches, the City will need to devote increasing attention to the question of the extent to which it may seek to accelerate its payments to MAC through use of the call provision. Given the unpredictable nature of many of the relevant variables (e.g., amount and terms of future City debt to be issued, trends in assessed and full value of real estate, changes in the "equalization rate," etc.), it is almost impossible to project accurately the extent to which debt service payments to MAC will be needed in order to maintain the tax rate more than three or four years into the future. Indeed, given these variables, the estimates even for 1980-83 may be subject to material change during the four year period.

Nevertheless, given the current assumptions as to the 1980-1983 period, it does appear that MAC will continue to hold a sufficient principal amount of outstanding Exchange Bonds ($300 to $450 million) to permit the City, through the use of the call provision, to maintain the real estate tax rate (and the accompanying budget relief) for a number of years.

Assuming reasonably stable assessed value and full value trends for the period following 1983, and taking into account probable debt service levels during the period, it would appear that the need for debt service payments to MAC on the Exchange Bonds will be relatively stable through 1984-85 (i.e., on the order of the $90 million needed in 1983).

In 1986, however, it may be necessary to increase the use of the call provision in order to maintain the tax rate, to compensate for an anticipated reduction in City debt service in that year (after relatively level projected debt service costs the preceding three years). Thereafter, the City's debt service costs are expected to begin increasing to reflect the expansion of its capital borrowing during the preceding years. Accordingly, the need for the use of the call provision to maintain the tax rate could be expected to decline after 1986.

In any case, it appears likely that the City will have sufficient capacity to maintain the tax rate at $8.75 at least through fiscal 1985 or 1986, barring drastic changes in the current outlook for the assessed and full value of taxable real estate.

Alternatively, if the City ultimately chooses to limit the extent to which it utilizes the call provision, it could maintain some degree of flexibility with respect to the real estate tax rate (and some degree of budget relief) well beyond 1986. For example, if the City chooses to exercise the call provision in such a way as to provide annual payments to MAC on the Exchange Bonds in the
range of $90 million (the approximate "going-out" rate for 1983) --
which would provide constant annual budget relief in that amount --
the Exchange Bonds would not be fully redeemed until at least
1988 (assuming no additional bonds exchanged for the last $150
million of BANS) or 1990 (assuming full bonding of the additional
$150 million). This would not necessarily prevent modest declines
in the tax rate from the $8.75 level (perhaps in 1986), but it would
provide for a more gradual decline than would otherwise ultimately
occur.

This flexibility, and the four-year planning process embodied
in the Financial Emergency Act, provides a reasonable basis for
concluding that the execution and implementation of the Exchange
Agreement can contribute materially to the City's long-range fiscal
stability and health.

CONCLUSION

As indicated above, the May 14 submission requests Control
Board approval of Financial Plan Modification No. 79-7 (as revised),
of the Exchange Agreement and of the issuance of the Exchange Bonds.
The City has provided appropriate certifications in the submission
and there appears to be no reason for the Control Board not to
approve the matters submitted.

Under Section 8 of the Act, the Control Board must approve a
Financial Plan modification which it determines is complete and
consistent with the standards set forth in Section 8.1. Modification
No. 79-7 reflects the effect of the implementation of the Exchange
Agreement, including the issuance of the Exchange Bonds, on the
Financial Plan currently in effect. Those changes appear to be
complete and consistent with applicable statutory standards and it
is therefore recommended that, pursuant to Section 8.3(b) of the
Act, the Board approve Modification No. 79-7. Approval of Mod-
ification No. 79-7 means that performance of the Exchange Agreement
will be in accordance with the Financial Plan, as modified, and the
Agreement may therefore be approved by the Board pursuant to Section
7.1(e) of the Act.

Similarly, approval of Modification No. 79-7 means that the
issuance of the Exchange Bonds and the redemption of the Exchange
Bonds in accordance with the redemption schedule set forth in the
Exchange Agreement will be consistent with the Financial Plan, as
modified. However, Section 7.1(f) of the Act also authorizes the
Board to disapprove a proposed borrowing if it determines that the
borrowing is inconsistent with the objectives or purposes of the
Act. As part of its submission, the City has affirmatively certified
that the proposed terms of the Exchange Bonds are consistent with
the objectives and purposes of the Act and there appears to be no
reason for the Board to take issue with that view. It is possible that the interrelationship of real estate tax revenues, debt service on the Exchange Bonds and the exercise of the call provisions of the Exchange Bonds may, in the future, raise issues that concern the City's ability to maintain a balanced budget during the period covered by the Financial Plan or thereafter, or that are otherwise relevant to the objectives or purposes of the Act. However, the Board will review the effect of any exercise of the call provisions and can deal effectively with such issues in the context of its Financial Plan review powers at that time. It is therefore recommended that the Control Board approve the issuance of the Exchange Bonds pursuant to Section 7.1(f) of the Act.
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5184744044 TDMT ALBANY NY 67 03-30 1225P EST
PMS MR JAMES KEEGAN DEPUTY EXECUTIVE DIRECTOR, DLR
MUNICIPAL ASSISTANCE CORP FOR THE CITY OF NEW YORK 2 WORLD TRADE CENTER
NEW YORK NY 10047
THIS WILL CONFIRM THAT THE COMPTROLLER HAS SOLD YOU 90 MILLION STATE OF NEW YORK BOND ANTICIPATION NOTES DATED MARCH 31 1976 DUE SEPTEMBER 14 1976 BEARING INTEREST AT THE RATE OF 7 1/4 PER ANNUM PAYABLE AT MATURITY. THESE NOTES WILL BE DELIVERED ON MARCH 31 1976 AT THE 23RD FLOOR THE CHASE MANHATTAN BANK 1 CHASE MANHATTAN PLAZA PAYMENT SHOULD BE BY FEDERAL FUNDS
ROBERT J STEVES JR CASH MANAGEMENT ANALYST

SF-1201 (RS-69)
March 16, 1976

Mr. James Keegan  
Assistant Treasurer  
Municipal Assistance Corporation  
2 World Trade Center  
New York, New York 10047

Dear Jim:

In accordance with our phone call, we are requesting that the Municipal Assistance Corporation purchase New York State Bond Anticipation Notes in the aggregate amount of $90 million. This purchase would be made in two parts.

The first would be a purchase of $60 million of New York State Pure Waters Bond Anticipation Notes. The Notes would be dated Wednesday, March 24, 1976 and mature September 15, 1976. In addition, we are requesting that you purchase an additional $30 million of Various Purpose Bond Anticipation Notes on or before March 31, 1976. You will be advised in the near future of the exact date of the latter transaction. I will discuss with you the interest rate for the March 24th purchase four or five days prior to that date.

If you have any questions regarding this request, please feel free to contact me.

Very truly yours,

ARTHUR LEVITT  
State Comptroller

By T. M. Whalen, Director  
Division of Investments and Cash Management

Thesis
MEMORANDUM

To: Finance Committee
From: Herbert Elish
Re: $90 Million Loan to State

Attached is a copy of the State request that MAC purchase (i) $60 million in BANs on March 24th and (ii) an additional $30 million in BANs on or before March 31st.

As directed, the staff will coordinate the loan documentation with Allen Thomas.

We would appreciate your suggestions and advice as to the terms, including an appropriate interest rate.

cc: Thomas
    Tamagni
    Heineman
    Klein
March 16, 1976

Mr. James Keegan
Assistant Treasurer
Municipal Assistance Corporation
2 World Trade Center
New York, New York 10047

Dear Jim:

In accordance with our phone call, we are requesting that the Municipal Assistance Corporation purchase New York State Bond Anticipation Notes in the aggregate amount of $90 million. This purchase would be made in two parts.

The first would be a purchase of $60 million of New York State Pure Waters Bond Anticipation Notes. The Notes would be dated Wednesday, March 24, 1976 and mature September 15, 1976. In addition, we are requesting that you purchase an additional $30 million of Various Purpose Bond Anticipation Notes on or before March 31, 1976. You will be advised in the near future of the exact date of the latter transaction. I will discuss with you the interest rate for the March 24th purchase four or five days prior to that date.

If you have any questions regarding this request, please feel free to contact me.

Very truly yours,

ARTHUR LEVITT
State Comptroller

By

T. M. Whalen, Director
Division of Investments and
Cash Management

TNW18
March 31, 1976

Municipal Assistance Corporation  
For The City of New York  
2 World Trade Center  
New York, New York 10047

Gentlemen:

In connection with your purchase this date of $90,000,000 principal amount of notes of the State of New York due September 14, 1976 bearing interest at the rate of 7-1/4% per annum, this will confirm that you will have a right to offset the amounts due to you upon the maturity of such notes against your obligation to the State of New York in connection with $250,000,000 of your notes held by the State of New York due September 14, 1976 bearing interest at the rate of 8.7%.

Peter Goldmark

3/31/76

The above was physically signed by
Theodore A. Holmes,
at the request of Peter Goldmark
after a telephone call by Mr. Holmes
for Mr. Goldmark in my presence.

David B. Rockefeller
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Purchased (Official)

Due: September 14, 1976

Purchased March 31, 1976

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<td>Municipal Assistance Corp. for the City of New York</td>
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March 31, 1976

Hon. Arthur Levitt
State Comptroller
Department of Audit and Control
State Office Building
Albany, New York

Dear Sir:

You have requested my opinion regarding the validity of the sale of New York State Bond Anticipation Notes in the total principal amount of $262,150,000.00, which you propose to issue on March 31, 1976.

This issue will consist of six Pure Waters Bond Anticipation Notes totaling $118,000,000 and are numbered R-1 through R-6; two Higher Education Bond Anticipation Notes totaling $23,050,000 and numbered R-1 and R-2; two Outdoor Recreation Notes totaling $30,550,000 and numbered R-1 and R-2; two Transportation Capital Facilities Bond Anticipation Notes totaling $52,000,000 and numbered R-1 and R-2; four Environmental Quality Bond Anticipation Notes totaling $33,150,000 and numbered R-1 through R-4, and one Rail Preservation Development Bond Anticipation Note in the amount of $6,400,000 and numbered R-1. All of these Notes will be dated March 31, 1976, will bear interest at the rate of seven and one-quarter per centum (7.25%) per annum and will become due September 14, 1976.

The Pure Waters Bond Anticipation Notes will be in the following denominations and numbers: Note No. R-1 is in the amount of $8,000,000 and is payable and registered in the name of The New York State Thruway Authority Guaranteed Bond Reserve Fund; Note No. R-2 is in the amount of $21,000,000 and is payable and registered in the name of the New York State Thruway Authority Operating Fund Special Account; Note No. R-3 is in the amount of $2,000,000 and is payable and registered in the name of the New York State Thruway
Authority Retirement Pension Accrual Account; Note No. R-4 is in the amount of $19,850,000 and is payable and registered in the name of the Municipal Assistance Corporation for the City of New York; Note No. R-5 is in the amount of $9,150,000 and is payable and registered in the name of the State of New York Short Term Investment Pool and Note No. R-6 is in the amount of $58,000,000 and is payable and registered in the name of the Commissioner of Taxation and Finance as Fiscal Agent for The State University Construction Fund - Rental Reserve Account. Note No. R-6 is being issued in order to redeem a Pure Waters Bond Anticipation Note in the same total principal amount which becomes due March 31, 1976, and such Note will be redeemed on that date from the proceeds of the sale of this Note.

The Pure Waters Bond Anticipation Notes are being issued pursuant to the provisions of Section 9 of Article VII of the State Constitution, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the construction, reconstruction, and improvement of facilities for the purpose of treating, neutralizing, or stabilizing sewage, including treatment or disposal plants, the necessary intercepting, outfall and outlet sewers, pumping stations integral to such plants or sewers, equipment and furnishing thereof and their appurtenances, and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Pure Waters Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 176 of the Laws of 1965, Chapter 68, Section 10 of the Laws of 1968, Chapter 54, Section 7 of the Laws of 1976, and Section 57 of the State Finance Law. These Notes will be payable from the proceeds of the sale of such bonds.

The Higher Education Bond Anticipation Notes will be in the following denominations and numbers: Note No. R-1 is in the amount of $7,050,000 and is payable and registered in the name of the Municipal Assistance Corporation for the City of New York and Note No. R-2 is in the amount of $16,000,000 and is payable and registered in the name of the New York State Common Retirement Fund - Employees' Retirement System.

The State of New York Higher Education Bond Anticipation Notes are being issued pursuant to the provisions of Section 9 of Article VII of the State Constitution, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the construction, reconstruction, rehabilitation, improvement and equipment of facilities for the expansion and development...
of the program of Higher Education provided and to be provided at institutions now or hereafter comprised within the State University for acquisition of real property therefor, and for the payment of the State's share of the capital costs of locally sponsored institutions of higher education approved and regulated by the State University trustees and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Higher Education Bonds to be issued pursuant to Section 19 of Article VII of the Constitution of the State of New York, Chapter 982, Section 5 of the Laws of 1964, Chapter 54, Section 7 of the Laws of 1976, and Section 58 of the State Finance Law. These Notes will be payable from the proceeds of the sale of such bonds.

The Outdoor Recreation Development Bond Anticipation Notes will be in the following denominations and numbers: Note No. R-1 is in the amount of $12,550,000 and is payable and registered in the name of the Municipal Assistance Corporation for the City of New York and Note No. R-2 is in the amount of $18,000,000 and is payable and registered in the name of the New York State Common Retirement Fund - Employees' Retirement System.

The State of New York Outdoor Recreation Development Bond Anticipation Notes are being issued pursuant to the provisions of Section 9 of Article VII of the State Constitution, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the development and acquisition of the lands for outdoor recreation, including parks, forest recreation areas, marine facilities and historic sites and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Outdoor Recreation Development Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 558, Sections 19 and 20 of the Laws of 1965, Chapter 559, Section 1 of the Laws of 1965, Chapter 54, Section 7 of the Laws of 1976 and Sections 57 and 82 of the State Finance Law. These Notes will be payable from the proceeds of the sale of such bonds.

The Transportation Capital Facilities Bond Anticipation Notes will be in the following denominations and numbers: Note No. R-1 is in the amount of $12,000,000 and is payable and registered in the name of the Municipal Assistance Corporation for the City of New York and Note No. R-2 is in the amount of $40,000,000 and is payable and registered in the name of the New York State Common Retirement Fund - Employees' Retirement System.
The State of New York Transportation Capital Facilities Bond Anticipation Notes are being issued pursuant to the provisions of Section 9 of Article VII of the State Constitution, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975 for the purpose of temporarily financing the acquisition, construction, reconstruction and improvement of any mass transportation capital facility, including any rapid transit, railroad, omnibus or marine transportation facility, and of any capital equipment used in connection therewith, by the State or any county, city, town, village, special transportation district, public benefit corporation, or other public corporation, or two or more of the foregoing acting jointly, and are made a charge upon the revenues of the State to be derived from the sale of Transportation Capital Facilities Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 715 of the Laws of 1967, Chapter 717 of the Laws of 1967, Chapter 79, Section 12 of the Laws of 1970, as amended by Chapter 54, Section 11 and Chapter 320, Section 20 of the Laws of 1971, Chapter 54, Section 7 of the Laws of 1976 and Section 57 of the State Finance Law. These Notes will be payable from the proceeds of the sale of such bonds.

The Environmental Quality Bond Anticipation Notes will be in the following denominations and numbers: Note No. R-1 is in the amount of $18,400,000; Note No. R-2 is in the amount of $4,500,000; Note No. R-3 is in the amount of $7,900,000 and Note No. R-4 is in the amount of $1,350,000. All of the Environmental Quality Bond Anticipation Notes will be payable and registered in the name of the Municipal Assistance Corporation for the City of New York.

The State of New York Environmental Quality Bond Anticipation Notes are being issued pursuant to the provisions of Section 9 of Article VII of the State Constitution, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the preservation, enhancement, restoration and improvement of the quality of water and the preservation, enhancement, restoration, and improvement of the quality of land, by the State for the State programs or State grants to any city, county, town or village, or to any city, county, town, or village on behalf of an improvement district or corporation, public benefit corporation or other public corporation or any two or more of the foregoing acting jointly from the sale of Environmental Quality Bonds and are made a charge upon the revenues of the State to be derived from the proceeds of the sale of Environmental Quality
Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 658 of the Laws of 1972, Chapter 659 of the Laws of 1972, Chapter 50, Sections 1 and 3 of the Laws of 1976 and Section 57 of the State Finance Law. These Notes will be payable from the proceeds of the sale of such bonds.

The Rail Preservation Development Bond Anticipation Note will be in the amount of $6,400,000 and is payable and registered in the name of the Municipal Assistance Corporation for the City of New York, and will be numbered R-1.

The Rail Preservation Development Bond Anticipation Note is being issued pursuant to the provisions of Article VII, Section 9 of the State Constitution, Section 55 of the State Finance Law, and Chapter 294 of the Laws of 1975 for the purpose of temporarily financing the acquisition, construction, reconstruction, establishment, improvement and rehabilitation of commuter and intercity rail passenger and rail freight capital facilities, for the acquisition of real property and interests in real property required or expected to be required therefor, and for any capital equipment used in connection therewith, by the state or any county, city, town, village, special transportation district, public benefit corporation or other public corporation, or two or more of the foregoing acting jointly, and is made a charge upon the revenues of the State to be derived from the sale of Rail Preservation Development Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 118 of the Laws of 1974, Chapter 257, Section 7 of the Laws of 1975, Chapter 54, Section 7 of the Laws of 1976, and Sections 57 and 72 of the State Finance Law. This Note will be payable from the proceeds of the sale of such bonds.

The provisions of the State Constitution and statutes applicable to the issuance of these Notes as well as the transcript of the proceedings culminating in the sale thereof and the form of the Notes have been examined.

You are advised that, in my opinion, all of the above described Notes are being issued in accordance with the Constitution.
and the Laws of this State, and that when issued, they will constitute valid and binding general obligations of the State of New York, and the full faith and credit of the State will be pledged to the payment of the principal and interest thereon.

Very truly yours,

LOUIS J. LEFKOWITZ
Attorney General

BY: RUTH KESSLER TOCH
Solicitor General

State of New York
OFFICE OF THE STATE COMPTROLLER

ss.: Albany, March 31, 1976

I do hereby certify that I have compared the annexed with the original thereof filed in the office of the State Comptroller at Albany, New York, on the 31st day of March 1976, and that the same is a true and correct copy of said original and of the whole thereof.

In Testimony Whereof, I have hereunto set my hand and affixed the official seal of the State Comptroller on this 31st day of March 1976.

For the Comptroller:

[Signature]
June:
Here is receipt & copies
of each Bond & tax Nota
Received.

Pat Santini
RECEIPT

UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE,

hereby acknowledges receipt from The Municipal Assistance Corporation
for The City of New York, of 9 Bond Anticipation Notes of The State of
New York (Various Purposes) in registered form in the Corporations
name, dated March 31, 1976, due September 14, 1976 and bearing
interest at the rate of 7 1/4%.

UNITED STATES TRUST COMPANY
OF NEW YORK, TRUSTEE

BY [Signature]
Corporate Indenture Administrator

DATED: March 31, 1976
STATE OF NEW YORK
PURE WATERS BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF PURE WATERS BONDS
OF THE STATE OF NEW YORK

No. R-4
$19,850,000

The STATE OF NEW YORK hereby acknowledges itself indebted
and for value received promises to pay to the MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK the sum of

NINETEEN MILLION EIGHT HUNDRED AND FIFTY THOUSAND DOLLARS
($19,850,000)

on September 14, 1976, with interest thereon from the date hereof
at the rate of seven and one-quarter per centum (7.25%) per annum
payable at maturity of this Note. Both principal and interest of
this Note are payable in lawful money of the United States of
America, at the office of The Chase Manhattan Bank (National Asso-
ciation), in the City of New York.

This Note is being issued pursuant to the provisions of
Section 9 of Article VII of the Constitution of the State of
New York, Section 55 of the State Finance Law and Chapter 294
of the Laws of 1975 for the purpose of temporarily financing
the construction, reconstruction and improvement of facilities
for the purpose of treating, neutralizing or stabilizing sewage,
including treatment or disposal plants, the necessary inter-
cepting, outfall and outlet sewers, pumping stations integral
to such plants or sewers, equipment and furnishings thereof and
their appurtenances, and is made a charge upon the revenues of
the State to be derived from the proceeds of the sale of Pure
Waters Bonds to be issued pursuant to Sections 11 and 12 of
Article VII of the Constitution of the State of New York, Chapter
176 of the Laws of 1965, Chapter 68, Section 10 of the Laws of
1968, Chapter 54, Section 7 of the Laws of 1976 and Section 57
of the State Finance Law.

This Note is a general obligation of the State of New York
and the full faith and credit of the State of New York is pledged
to the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts
and things required by the Constitution or Statutes of the State
of New York to exist, be performed or happen precedent to or in
the issuance of this Note exist, have been performed and have
happened, and that the issuance of this Note, together with all
other indebtedness of the State of New York, is within every debt
and other limit prescribed by the Constitution of the State of
New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By

John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK

RAIL PRESERVATION BOND ANTICIPATION NOTE

IN ANTICIPATION OF THE SALE OF RAIL PRESERVATION BONDS

OF THE STATE OF NEW YORK

R-1

$6,400,000

The STATE OF NEW YORK hereby acknowledges itself indebted and
for value received promises to pay to the MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK the sum of

SIX MILLION, FOUR HUNDRED THOUSAND DOLLARS ($6,400,000)

on September 14, 1976, with interest thereon from the date hereof
at the rate of seven and one-quarter per centum (7-1/4%) per
annum payable at maturity of this Note. Both principal and
interest of this Note are payable in lawful money of the United
States of America, at the office of the Chase Manhattan Bank,
National Association, in the City of New York.

This Note is being issued pursuant to the provisions of
Section 9 of Article VII of the Constitution of the State of
New York, Section 55 of the State Finance Law and Chapter 294
of the Laws of 1975, for the purpose of temporarily financing
the acquisition, construction, reconstruction, establishment,
improvement and rehabilitation of commuter and intercity rail
passenger and rail freight capital facilities, for the
acquisition of real property and interest in real property
required or expected to be required therefor and for any capital
equipment used in connection therewith by the state or any
county, city, town, village, special transportation district,
public benefit corporation or other public corporation, or two
or more of the foregoing acting jointly, and is made a charge
upon the revenues of the State to be derived from the proceeds
of the sale of Rail Preservation Bonds to be issued pursuant
to Sections 11 and 12 of Article VII of the Constitution of
the State of New York, Chapter 118 of the Laws of 1974, as
amended by Chapter 257, Section 7 of the Laws of 1975, Chapter 54,
Section 7 of the Laws of 1976 and Section 57 of the State Finance
Law and Section 72 of the State Finance Law.

This Note is a general obligation of the State of New York
and the full faith and credit of the State of New York is pledged
to the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions,
acts and things required by the Constitution or Statutes of the
State of New York to exist, be performed or happen precedent
to or in the issuance of this Note exist, have been performed
and have happened, and that the issuance of this Note, together
with all other indebtedness of the State of New York, is within
every debt and other limit prescribed by the Constitution of
the State of New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By
John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
ENVIRONMENTAL QUALITY BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF ENVIRONMENTAL QUALITY BONDS
OF THE STATE OF NEW YORK

No. R-1 $18,400,000

The STATE OF NEW YORK hereby acknowledges itself indebted
and for value received promises to pay to the MUNICIPAL ASSIST-
ANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

EIGHTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS ($18,400,000)

on September 14, 1976, with interest thereon from the date here-
of at the rate of seven and one-quarter per centum (7.25%) per
annum payable at maturity of this Note. Both principal and in-
terest of this Note are payable in lawful money of the United
States of America, at the office of The Chase Manhattan Bank
(National Association), in the City of New York.

This Note is being issued pursuant to the provisions of Section
9 of Article VII of the Constitution of the State of New York,
Section 55 of the State Finance Law and Chapter 294 of the Laws of
1972, for the purpose of temporarily financing the preservation,
enhancement, restoration and improvement of the quality of water;
the preservation, enhancement, restoration and improvement of the
quality of air, and the preservation, enhancement, restoration and
improvement of the quality of land, by the State for State
programs or State grants to any city, county, town or village, or
to any city, county, town or village on behalf of an improvement
district or corporation, public benefit corporation or other
public corporation or any two or more of the foregoing acting
jointly from the sale of Environmental Quality Bonds and is made
a charge upon the revenues of the State to be derived from the
proceeds of the sale of Environmental Quality Bonds to be issued
pursuant to Sections 11 and 12 of Article VII of the Constitution
of the State of New York, Chapter 658 of the Laws of 1972, Chapter
659 of the Laws of 1972, Chapter 50, Section 1 of the Laws of
1975, Chapter 50, Sections 1 and 3 of the Laws of 1976 and Section
57 of the State Finance Law.

This Note is a general obligation of the State of New York and
the full faith and credit of the State of New York are pledged to
the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts
and things required by the Constitution or Statutes of the State
of New York to exist, be performed or happen precedent to or in
the issuance of this Note exist, have been performed and have
happened, and that the issuance of this Note, together with all
other indebtedness of the State of New York, is within every debt
and other limit prescribed by the Constitution of the State of
New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARThUR LEVITT
STATE COMPTROLLER

By

John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
ENVIRONMENTAL QUALITY BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF ENVIRONMENTAL QUALITY BONDS
OF THE STATE OF NEW YORK

No. R-2 $4,500,000

The STATE OF NEW YORK hereby acknowledges itself indebted and for value received promises to pay to the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS ($4,500,000)
on September 14, 1976, with interest thereon from the date hereof at the rate of seven and one-quarter per centum (7.25%) per annum payable at maturity of this Note. Both principal and interest of this Note are payable in lawful money of the United States of America, at the office of The Chase Manhattan Bank (National Association), in the City of New York.

This Note is being issued pursuant to the provisions of Section 9 of Article VII of the Constitution of the State of New York, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the preservation, enhancement, restoration and improvement of the quality of water; the preservation, enhancement, restoration and improvement of the quality of air, and the preservation, enhancement, restoration and improvement of the quality of land, by the State for State programs or State grants to any city, county, town or village, or to any city, county, town or village on behalf of an improvement district or corporation, public benefit corporation or other public corporation or any two or more of the foregoing acting jointly from the sale of Environmental Quality Bonds and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Environmental Quality Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 658 of the Laws of 1972, Chapter 659 of the Laws of 1972, Chapter 50, Section 1 of the Laws of 1975, Chapter 50, Sections 1 and 3 of the Laws of 1976 and Section 57 of the State Finance Law.

This Note is a general obligation of the State of New York and the full faith and credit of the State of New York are pledged to the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of New York to exist, be performed or happen precedent to or in the issuance of this Note exist, have been performed and have happened, and that the issuance of this Note, together with all other indebtedness of the State of New York, is within every debt and other limit prescribed by the Constitution of the State of New York.

IN TESTIMONY WHEREOF, the Comptroller of the State of New York has hereunto subscribed his name and affixed the Seal of his office at the City of Albany, this thirty-first day of March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By

John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
ENVIRONMENTAL QUALITY BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF ENVIRONMENTAL QUALITY BONDS
OF THE STATE OF NEW YORK

No. R-3 $7,900,000

The STATE OF NEW YORK hereby acknowledges itself indebted
and for value received promises to pay to the MUNICIPAL ASSIST-
ANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

SEVEN MILLION NINE HUNDRED THOUSAND DOLLARS ($7,900,000)
on September 14, 1976, with interest thereon from the date here-
of at the rate of seven and one-quarter per centum (7.25%) per
annum payable at maturity of this Note. Both principal and in-
terest of this Note are payable in lawful money of the United
States of America, at the office of The Chase Manhattan Bank
(National Association), in the City of New York.

This Note is being issued pursuant to the provisions of Section
9 of Article VII of the Constitution of the State of New York,
Section 55 of the State Finance Law and Chapter 294 of the Laws of
1975, for the purpose of temporarily financing the preservation,
enhancement, restoration and improvement of the quality of water;
the preservation, enhancement, restoration and improvement of the
quality of air, and the preservation, enhancement, restoration
and improvement of the quality of land, by the State for State
programs or State grants to any city, county, town or village, or
to any city, county, town or village on behalf of an improvement
district or corporation, public benefit corporation or other
public corporation or any two or more of the foregoing acting
jointly from the sale of Environmental Quality Bonds and is made
a charge upon the revenues of the State to be derived from the
proceeds of the sale of Environmental Quality Bonds to be issued
pursuant to Sections 11 and 12 of Article VII of the Constitution
of the State of New York, Chapter 658 of the Laws of 1972, Chapter
659 of the Laws of 1972, Chapter 50, Section 1 of the Laws of
1975, Chapter 50, Sections 1 and 3 of the Laws of 1976 and Section
57 of the State Finance Law.

This Note is a general obligation of the State of New York and
the full faith and credit of the State of New York are pledged to
the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts
and things required by the Constitution or Statutes of the State
of New York to exist, be performed or happen precedent to or in
the issuance of this Note exist, have been performed and have
happened, and that the issuance of this Note, together with all
other indebtedness of the State of New York, is within every debt
and other limit prescribed by the Constitution of the State of
New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARThUR LEVITT
STATE COMPTROLLER

By
John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
ENVIRONMENTAL QUALITY BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF ENVIRONMENTAL QUALITY BONDS
OF THE STATE OF NEW YORK

No. R-4

$1,350,000

The STATE OF NEW YORK hereby acknowledges itself indebted
and for value received promises to pay to the MUNICIPAL ASSIST-
ANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS ($1,350,000)
on September 14, 1976, with interest thereon from the date here-
of at the rate of seven and one-quarter per centum (7.25%) per
annum payable at maturity of this Note. Both principal and in-
terest of this Note are payable in lawful money of the United
States of America, at the office of The Chase Manhattan Bank
(National Association), in the City of New York.

This Note is being issued pursuant to the provisions of Section
9 of Article VII of the Constitution of the State of New York,
Section 55 of the State Finance Law and Chapter 294 of the Laws of
1975, for the purpose of temporarily financing the preservation,
enhancement, restoration and improvement of the quality of water;
the preservation, enhancement, restoration and improvement of the
quality of air, and the preservation, enhancement, restoration
and improvement of the quality of land, by the State for State
programs or State grants to any city, county, town or village, or
to any city, county, town or village on behalf of an improvement
district or corporation, public benefit corporation or other
public corporation or any two or more of the foregoing acting
jointly from the sale of Environmental Quality Bonds and is made
a charge upon the revenues of the State to be derived from the
proceeds of the sale of Environmental Quality Bonds to be issued
pursuant to Sections 11 and 12 of Article VII of the Constitution
of the State of New York, Chapter 658 of the Laws of 1972, Chapter
659 of the Laws of 1972, Chapter 50, Section 1 of the Laws of
1975, Chapter 50, Sections 1 and 3 of the Laws of 1976 and Section
57 of the State Finance Law.

This Note is a general obligation of the State of New York and
the full faith and credit of the State of New York are pledged to
the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts
and things required by the Constitution or Statutes of the State
of New York to exist, be performed or happen precedent to or in
the issuance of this Note exist, have been performed and have
happened, and that the issuance of this Note, together with all
other indebtedness of the State of New York, is within every debt
and other limit prescribed by the Constitution of the State of
New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By

John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
TRANSPORTATION CAPITAL FACILITIES BOND ANTICIPATION NOTE
IN ANTICIPATION OF SALE OF TRANSPORTATION CAPITAL FACILITIES BONDS
OF THE STATE OF NEW YORK

No. R-1 $12,000,000

The STATE OF NEW YORK hereby acknowledges itself indebted and
for value received promises to pay to the MUNICIPAL ASSISTANCE
CORPORATION FOR THE CITY OF NEW YORK the sum of

TWELVE MILLION DOLLARS ($12,000,000)

on September 14, 1976, with interest thereon from the date hereof at the
rate of seven and one-quarter per centum (7.25%) per annum payable at
maturity of this Note. Both principal and interest of this Note are
payable in lawful money of the United States of America, at the office
of The Chase Manhattan Bank (National Association), in the City of
New York.

This Note is being issued pursuant to the provisions of Section 9
of Article VII of the Constitution of the State of New York, Section 55
of the State Finance Law and Chapter 294 of the Laws of 1975, for the
purpose of temporarily financing the acquisition, construction, re-
construction and improvement of any mass transportation capital facility,
including any rapid transit, railroad, omnibus or marine transportation
facility, and of any capital equipment used in connection therewith, by
the State or any county, city, town, village, special transportation
district, public benefit corporation or other public corporation, or
two or more of the foregoing acting jointly; and the acquisition,
construction, reconstruction and improvement of any airport or aviation
capital facility and of any capital equipment used in connection therewith,
by the State, any county, city, town, village, special transportation
district, public benefit corporation or other public corporation, or two
or more of the foregoing acting jointly and is made a charge upon the
revenues of the State to be derived from the proceeds of the sale of
Transportation Capital Facilities Bonds to be issued pursuant to
Sections 11 and 12 of Article VII of the Constitution of the State of
New York, Chapter 715 of the Laws of 1967, Chapter 717 of the Laws of
1967, Chapter 79, Section 12 of the Laws of 1970, as amended by Chapter
54, Section 11 of the Laws of 1971, Chapter 54, Section 7 of the Laws
of 1976 and Section 57 of the State Finance Law.

This Note is a general obligation of the State of New York and the
full faith and credit of the State of New York is pledged to the
payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and
things required by the Constitution or Statutes of the State of New York
to exist, be performed or happen precedent to or in the issuance of
this Note exist, have been performed and have happened, and that the
issuance of this Note, together with all other indebtedness of the
State of New York, is within every debt and other limit prescribed by
the Constitution of the State of New York.

IN TESTIMONY WHEREOF, the Comptroller
of the State of New York has hereunto
subscribed his name and affixed the
Seal of his office at the City of
Albany, this thirty-first day of
March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By
John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
OUTDOOR RECREATION DEVELOPMENT BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF OUTDOOR RECREATION DEVELOPMENT BONDS
OF THE STATE OF NEW YORK

No. R-1 $12,550,000

The STATE OF NEW YORK hereby acknowledges itself indebted and for value received promises to pay to the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

TWELVE MILLION, FIVE HUNDRED FIFTY THOUSAND DOLLARS ($12,550,000)
on September 14, 1976, with interest thereon from the date hereof at the rate of seven and one-quarter per centum (7-1/4%) per annum payable at maturity of this Note. Both principal and interest of this Note are payable in lawful money of the United States of America, at the office of the Chase Manhattan Bank, National Association, in the City of New York.

This Note is being issued pursuant to the provisions of Section 9 of Article VII of the Constitution of the State of New York, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the development and acquisition of lands for outdoor recreation, including parks, forest recreation areas, marine facilities and historic sites and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Outdoor Recreation Development Bonds to be issued pursuant to Sections 11 and 12 of Article VII of the Constitution of the State of New York, Chapter 559, Sections 19 and 20 of the Laws of 1965, Chapter 559, Section 1 of the Laws of 1965, Chapter 54, Section 7 of the Laws of 1976 and Sections 57 and 82 of the State Finance Law.

This Note is a general obligation of the State of New York and the full faith and credit of the State of New York is pledged to the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of New York to exist, be performed or happen precedent to or in the issuance of this Note exist, have been performed and have happened, and that the issuance of this Note, together with all other indebtedness of the State of New York, is within every debt and other limit prescribed by the Constitution of the State of New York.

IN TESTIMONY WHEREOF, the Comptroller of the State of New York has hereunto subscribed his name and affixed the Seal of his office at the City of Albany, this thirty-first day of March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

BY

John R. Thompson
First Deputy Comptroller
STATE OF NEW YORK
HIGHER EDUCATION BOND ANTICIPATION NOTE
IN ANTICIPATION OF THE SALE OF HIGHER EDUCATION BONDS
OF THE STATE OF NEW YORK

No. R-1

$7,050,000

The STATE OF NEW YORK hereby acknowledges itself indebted and for value received promises to pay to the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK the sum of

SEVEN MILLION FIFTY THOUSAND DOLLARS ($7,050,000)
on September 14, 1976, with interest thereon from the date hereof at the rate of seven and one-quarter per centum (7.25%) per annum payable at maturity of this Note. Both principal and interest of this Note are payable in lawful money of the United States of America, at the office of The Chase Manhattan Bank (National Association), in the City of New York.

This Note is being issued pursuant to the provisions of Section 9 of Article VII of the Constitution of the State of New York, Section 55 of the State Finance Law and Chapter 294 of the Laws of 1975, for the purpose of temporarily financing the construction, reconstruction, rehabilitation, improvement and equipment of facilities for the expansion and development of the program of higher education provided and to be provided at institutions now or hereafter comprised within the state university, for acquisition of real property therefor, and for payment of the state's share of the capital costs of locally sponsored institutions of higher education approved and regulated by the state university trustees and is made a charge upon the revenues of the State to be derived from the proceeds of the sale of Higher Education Bonds to be issued pursuant to Section 19 of Article VII of the Constitution of the State of New York, Chapter 982, Section 5 of the Laws of 1964, Chapter 54, Section 7 of the Laws of 1976 and Section 58 of the State Finance Law.

This Note is a general obligation of the State of New York and the full faith and credit of the State of New York is pledged to the payment of the principal of and interest on this Note.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by the Constitution or Statutes of the State of New York to exist, be performed or happen precedent to or in the issuance of this Note exist, have been performed and have happened, and that the issuance of this Note, together with all other indebtedness of the State of New York, is within every debt and other limit prescribed by the Constitution of the State of New York.

IN TESTIMONY WHEREOF, the Comptroller of the State of New York has hereunto subscribed his name and affixed the Seal of his office at the City of Albany, this thirty-first day of March, 1976.

ARTHUR LEVITT
STATE COMPTROLLER

By

John R. Thompson
First Deputy Comptroller
March 29, 1976

Mr. Herbert Elish
Executive Director
Municipal Assistance Corporation
for The City of New York
Two World Trade Center
Room 4540
New York, New York

Dear Mr. Elish:

In accordance with Malcolm J. Hood's telephone conversation on Friday, March 26, with Dan Goldberg, please confirm the following:

As your agent we are to sell sufficient investments in your Subordinated Notes Fund to raise $90,000,000 on March 31, 1976. These funds are to be transferred to National Commercial Bank and Trust Company of Albany, New York for Credit to New York State Account No. 710000027 upon receipt of a full faith and credit New York State Note due 9/14/76 to be held as an investment in said account with right of offset. You will provide us with the appropriate interest rates.

Please confirm the above transaction by signing the enclosed copy of this letter.

Sincerely,

[Signature]
Assistant Vice President

The above is confirmed by an officer of the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]
March 16, 1976

Mr. James Keegan  
Assistant Treasurer  
Municipal Assistance Corporation  
2 World Trade Center  
New York, New York  10047

Dear Jim:

In accordance with our phone call, we are requesting that the Municipal Assistance Corporation purchase New York State Bond Anticipation Notes in the aggregate amount of $90 million. This purchase would be made in two parts.

The first would be a purchase of $60 million of New York State Pure Waters Bond Anticipation Notes. The Notes would be dated Wednesday, March 24, 1976 and mature September 15, 1976. In addition, we are requesting that you purchase an additional $30 million of Various Purpose Bond Anticipation Notes on or before March 31, 1976. You will be advised in the near future of the exact date of the latter transaction. I will discuss with you the interest rate for the March 24th purchase four or five days prior to that date.

If you have any questions regarding this request, please feel free to contact me.

Very truly yours,

ARTHUR LEVITT  
State Comptroller

by  
T. N. Whalen, Director  
Division of Investments and Cash Management