MEMORANDUM

Date: January 21, 1997

To: File

From: Bernard J. Kabak

Re: Continuing Disclosure Implications of Disposition of Mirror Bonds

Question: Is the Corporation's payment to New York City of $605 million, the net proceeds of the redemption of $626.2 million of mirror bonds held by the Corporation, a "Listed Event" requiring the Corporation to provide notification under its Continuing Disclosure Agreements?

Answer: No. The Corporation's payment of the redemption proceeds to the City does not constitute a Listed Event, because neither the mirror bonds nor the proceeds of their redemption constitute security for the Corporation's obligations within the meaning of the Continuing Disclosure Agreements. Moreover, even if the redemption proceeds did constitute security, notification would still not be required, because the transaction does not reach the level of materiality that would necessitate notification.

Discussion: Section 5, subdivision (a) of the Continuing Disclosure Agreements respecting the Corporation's Series D, E, and F Bonds each lists 11 events the occurrence of which, if material, would require the Corporation to provide notification, as is more fully described in the Agreements. A Listed Event in each Agreement is the "release, substitution or sale of property securing repayment of the Bonds." At my request, Dick Sigal, of Hawkins, investigated whether the Corporation's payment to the City of the mirror bond redemption proceeds was the occurrence of such an event. Dick's advice was that notification was not required because, the mirror bonds not having been pledged to the payment of debt service on the Corporation's obligations, neither the mirror bonds when held by the Corporation nor the proceeds of their redemption were within the scope of "securing" the Series D, E, or F Bonds as the term "securing" is used in the Continuing Disclosure Agreements. Furthermore, even if the mirror bonds were within the scope of securing the Corporation's obligations, notification would be required under the Agreements only if the payment to the City of the redemption proceeds were "material." The Corporation's payment to the City of the redemption proceeds does not, however, reach the requisite level of materiality, as the Corporation averred in the final Official Statement for its Series G Bonds, where the Corporation states its belief that the reduction of its holdings of mirror bonds by some $626 million in 1997 "will have no adverse impact upon the [Corporation's] Bondholders," p.11.

1 The Corporation's issuances prior to Series D were not subject to the requirement of continuing disclosure. The question of notification addressed in this memorandum does not arise with respect to the Corporation's Series G Bonds, because the expectation that the Corporation's holdings of mirror bonds would be reduced by some $626 million was already disclosed in the Series G final Official Statement, p. 11.

2 None of the other ten Listed Events raises the question addressed in this memorandum.
Date: January 16, 1997

To: Chairman Regan

From: Bernard J. Kabak

Re: Board Approval of Bond Issuances

Last Friday, I advised you preliminarily that it would be legally sufficient for the MAC Board to give overall approval to the issuance of bonds in accordance with a plan of finance without having to give specific approval to each series of bonds under the plan at separate meetings. This memorandum confirms that advice.

The Corporation plans to issue some $1.2 billion in bonds before July in furtherance of a program of refunding inaugurated by the recently issued Series G Bonds. Both to meet tax law requirements and to facilitate the marketing of so large an amount of refunding bonds, the Corporation plans to issue the bonds in stages over some five months in perhaps three series. The Board may validly authorize the issuance of the bonds by giving approval to the overall plan of finance, in this case the refunding program, while delegating the responsibility for determining the particulars of the financings to a Corporation officer.

It would remain the duty of the Board, however, to set limits on the discretion granted to such officer. At a minimum, the Board will need to establish the purposes for which bonds may be issued and to set caps both for the aggregate principal amount of the bonds and for the interest thereon. At its discretion, the Board may wish to set other limits as well. Indeed, Quentin and Dick Sigal recommend, for reasons of sound business practice, that an officer’s exercise of any delegated issuance authority be conditioned upon the approval of the terms of the issuance by the Chairman.

Our outside counsel, who have reviewed this memorandum in draft form, agree with the views I have expressed.

cc: Quentin Spector
    James Dubin
    Saul Finkelstein
    Richard Sigal

Counsel's Review: Board approval of bond issuance
May 31, 1996

To: Quintin B. Spector
From: Bernard Kabak
Re: Repeal of MAC Act Limit on City Short-Term Borrowing (S. 6417)

INTRODUCTION AND CONCLUSION. The City of New York is proposing an amendment to the MAC Act that would give the City more leeway in issuing "cross-year" notes, i.e., notes maturing in the fiscal year succeeding the year of their issuance. The proposed legislation, Senate Intro. 6417, would repeal a limit on City short-term borrowing in the MAC Act. A second limit in the MAC Act and other controls on City short-term borrowing—in the Financial Emergency Act—would remain in effect. There is no reason for MAC to oppose the enactment of this legislation.

THE PROBLEM. Toward the beginning of every fiscal year, the City issues notes to provide for its seasonal financing needs. For its current year, the City has issued $2.4 billion of such notes, of which $1.5 billion were paid at maturity in February and April 1996. The balance of $900 million are revenue anticipation notes scheduled to mature on June 28.

These June 28 RANs were issued primarily against various forms of State aid, all of which require an appropriation before being paid to the City. With the late adoption of the State budget now an established practice, the City addressed the uncertainty whether State-appropriated revenues would be available come June 28 by obtaining standby letters of credit to be drawn upon if needed to pay the notes when due. The cost to the City of obtaining the letters of credit was approximately $2 million. (The City maintains that in previous years, when it has not secured its June RANs with letters of credit, it has had to pay higher interest rates to compensate for the appropriation risk.)

Paying the June 28 RANs with the proceeds of renewal notes would be the obvious alternative to the letters of credit, except that such renewal notes would mature in the City's new fiscal year beginning July 1. A provision of the MAC Act would preclude raising sufficient funds through such cross-year notes. The purpose of the proposed legislation is to remove this obstacle.

THE MAC ACT PROVISION. Subdivision 9(b) of section 3038 of the MAC Act sets a $5 billion dollar limit which, if exceeded by a certain combination of MAC and City debt, makes it impermissible for the City to issue short-term obligations. While combined MAC-City debt hovers around this 9(b) limit, the City has still been able to carry out its annual short-term borrowing because City notes issued and redeemed in the same fiscal year are excluded from the computation. Not so regarding City notes issued in one fiscal year and redeemed in the next. Such notes count against the 9(b) limit.
Following MAC's recent Series 57 refunding, the maximum amount of cross-year notes that the City may issue under the 9(b) limit is $238 million (see Attachment I), far short of what would be needed to redeem the $900 million of RANs maturing on June 28. The City's proposed legislation would repeal the 9(b) limit.

(A second limit on City short-term borrowing in the MAC Act, under section 3038, subdivision 9(a), is based on a different combination of MAC and City debt than under the 9(b) formula. The 9(a) limit, which stands at $5.79 billion following the Series 57 refunding (see Attachment II), leaves the City with ample margin even for cross-year borrowing, and would be left in place by the City's legislative proposal.)

EVALUATION. I believe the repeal of the 9(b) limit is appropriate for three reasons:

a. changes in the MAC Act since the setting of this limit have made the limit outmoded.

b. the City has contained the short-term borrowing excesses of the 1970s that made the limit necessary.

c. other controls over the City's short-term borrowing, which did not exist at the time the limit was established, are now in effect.

a. The Limit Has Become Outmoded. The 9(b) limit was set in the original MAC Act of June 1975 at $4.5 billion plus, at the discretion of the MAC Board, an additional amount not to exceed $500 million, for a total not to exceed $5 billion. The same legislation set the ceiling for MAC's debt issuances (which go into the 9(b) computation) at $3 billion.

Over time, MAC's debt-issuance ceiling was raised to $10 billion. And while certain adjustments were made in the 9(b) computation formula to reflect new purposes for which MAC was given authority to issue debt, no dollar increase was ever made in the 9(b) limit to allow for MAC's increased borrowing authority. The 9(b) limit remains at $5 billion to this day.

One relaxation of the original 9(b) formula was introduced in the early years. By a 1978 amendment to section 3038, MAC bonds issued to meet reserve-fund requirements were excluded from the computation. But the additional breathing room thereby created for the City to issue cross-year notes was eventually used up by MAC debt issuances. By 1987, no margin was left under 9(b) for the City to issue any cross-year notes, a condition that prevailed until 1992.

This is an absurdity. It was not intended, when the 9(b) limit was enacted, that the City's authority to issue short-term debt would be reduced to zero. That is, even assuming the MAC Board had not used its discretion to increase the 9(b) limit above the statutory $4.5 billion, and making the further conservative assumption that MAC
would borrow to its full original $3 billion authorization entirely for purposes that were includable in the 9(b) computation, the City would still have had the authority to issue, at a minimum, $1.5 billion in cross-year notes under the original MAC Act. Yet, over time, what had been intended in June 1975 as a fairly generous limitation became transformed into an absolute bar.

MAC refundings since 1992 have worked to open up some room once more under the 9(b) limit for the City to issue cross-year notes. But the margin now available is insufficient to accommodate the amount of cross-year notes the City would need to issue in order to renew the typical amount of RANs maturing in June.

b. **The City Has Contained Its Excesses in Short-Term Borrowing.** Among the most notorious of the abuses that led to the fiscal crisis in 1975 was the City’s practice of rolling over its short-term debt year after year in increasing amounts. As the table below shows, the City ended its 1970 fiscal year with $1.229 billion in short-term debt outstanding. By the end of fiscal year 1975, the figure had grown to $4.54 billion, in just five years a nearly fourfold increase.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Short-Term Debt Outstanding ($ Billions)</th>
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<tbody>
<tr>
<td>1970</td>
<td>1.229</td>
</tr>
<tr>
<td>1971</td>
<td>2.291</td>
</tr>
<tr>
<td>1972</td>
<td>2.647</td>
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<tr>
<td>1973</td>
<td>2.511</td>
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<tr>
<td>1974</td>
<td>3.416</td>
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<td>1975</td>
<td>4.540</td>
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(Source: MAC 1976 Annual Report, p. 8)

With the advent of the fiscal crisis, the City went cold turkey. In the twenty-year period beginning with fiscal year 1976, the City has issued an aggregate of $27.7 billion of short-term debt (other than for refundings), with a single-year peak of $3.65 billion in fiscal year 1991, and has succeeded in repaying every dollar of that debt in the year in which it was borrowed (see Attachment III). Throughout that time, save for the period from 1987 to 1992, the City had some margin to issue cross-year notes under the 9(b) limit—in excess of $500 million as late as the close of fiscal year 1984—but has never done so.
c. Other Controls Are Now in Effect. When the 9(b) limit was enacted, the regime of controls governing the City’s short-term borrowings under the Financial Emergency Act did not yet exist. Among these controls:

- a General Debt Service Fund has been established in the custody of the State Comptroller out of which debt service on City RANs and TANs is paid

- the principal amount of City RANs may not exceed 90 percent of available revenues and the principal amount of City TANs may not exceed 90 percent of the available tax levy

- for the City to issue renewal RANs across fiscal years (i) the Control Board must first certify that the revenue against which the renewal notes are issued has been properly accrued and estimated in the Financial Plan, (ii) the renewal RANs must mature not more than ten days after the anticipated date of receipt of such revenue, and (iii) in all events the renewal RANs must mature by the close of the fiscal year following the fiscal year in which the original RANs were issued

- cross-year TANs, even renewal TANs, are not permitted at all.

All of these controls apply whether or not a control period is in effect.

In addition, the Federal Tax Reform Act of 1986 placed further constraints on municipal borrowers, governing such matters as how long before the advent of a cash shortfall notes may be issued and how long such notes may remain outstanding.

For all these reasons, I believe the 9(b) limit has outlived its usefulness and may be repealed without risk while providing benefit to the City in carrying out its routine seasonal borrowings. Indeed, the Corporation, by a May 12, 1987 letter from Chairman Rohatyn (Attachment IV), is already on record as supporting the repeal of the 9(b) limit (and the 9(a) limit as well).

SUMMARY. In my view, the repeal of the subdivision 9(b) limit of section 3038 of the MAC Act is acceptable. The repeal of 9(b) would not violate MAC’s State covenant with its bondholders. I have provided a draft of this memorandum to MAC’s outside General Counsel and Bond Counsel and to Trustee’s Counsel, and they are in accord with its conclusion.
City of New York  
Short-Term Debt Issuance Limits--  
MAC Act Section 3038(9)(b)  
As of May 8, 1996

Section 3038(9)(b)

1. Aggregate outstanding short-term City debt, excluding BANs. $ 900,000,000

2. Plus aggregate principal amount of all notes and bonds issued by MAC 22,214,691,000

TOTAL ADDITIONS (items 1 and 2) 23,114,691,000

3. Less any MAC notes or bonds that have been refunded or renewed; not reduced by principal payments 12,203,706,000

4. Less MAC notes or bonds in an amount equal to the principal amount of City BANs acquired by MAC (other than BANs acquired in exchange for other BANs) 1,013,810,000

5. Less any MAC notes or bonds issued for the following purposes:
   (i) Section 3037(b) (items permitted to be included in the City’s capital budget) 2,709,513,300
   (ii) Section 3037(c) (reduction of State advance) 407,851,134
   (iii) Section 3037(d) (City seasonal borrowing needs) - 0 -
   (iv) Section 3033(2-a) (the Subordinated Notes) 335,490,000
   (v) Section 3010(18) (Federal Guarantee Reserve) 69,909,709
   (vi) Deposits into MAC capital reserve funds 712,442,846

6. Less any City short-term debt held by MAC other than BANs - 0 -

7. Less any short-term City debt issued and payable in the same fiscal year 900,000,000

TOTAL SUBTRACTIONS (items 3 through 7) 18,352,722,989

NET TOTAL (Additions minus Subtractions) 4,761,968,011

Section 3038(9)(b) Limit 5,000,000,000

Margin at May 8, 1996 (Limit minus Net Total) $ 238,031,999
City of New York  
Short-Term Debt Issuance Limits  
MAC Act Section 3038(9)(a)  
As of May 8, 1996

Section 3038(9)(a)

1. Aggregate outstanding City short-term debt $900,000,000

2. Aggregate principal amount of all notes and bonds issued by MAC 22,214,691,000

**TOTAL ADDITIONS** (items 1 and 2) 23,114,691,000

3. Less
   (a) any notes or bonds of MAC which have been redeemed, refunded, paid or canceled 18,153,914,825
   (b) any notes (other than bond anticipation notes) or bonds of MAC issued for a purpose
      (i) set forth in Section 3037(b) to pay for items permitted to be in the City’s capital budget 2,709,513,300
      (ii) Section 3010(18) (Federal Guarantee Reserve Fund) 69,909,709
      (iii) of making deposits into any MAC capital reserve fund 712,442,846

4. Less any short-term obligations of the City then held by MAC

**TOTAL SUBTRACTIONS** (items 3 and 4) 21,645,780,680

**NET TOTAL** (Additions minus Subtractions) 1,468,910,320

Section 3038(9)(a) Limit 7,260,000,000

**Margin at May 8, 1996**
(Limit minus Net Total) $5,791,089,680
### Trends in Short-term Debt

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<th>Fiscal Year</th>
<th>Federal Seasonal Loans (in thousands)</th>
<th>Private Sales (in thousands)</th>
<th>Public Sales (in thousands)</th>
<th>Total (in thousands)</th>
<th>Repaid (in thousands)</th>
<th>Outstanding At Fiscal Year End</th>
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<td>$</td>
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12 May 1987

Senator Warren M. Anderson
Majority Leader
NEW YORK STATE SENATE
The Capitol
Albany, New York 12247

Assemblyman Melvin H. Miller
Speaker
NEW YORK STATE ASSEMBLY
The Capitol
Albany, New York 12248

Dear Senator Anderson and Assemblyman Miller:

I am writing to express my strong support for a bill proposed by the City of New York (’87 Law #37) that would repeal Subdivision 9 of Section 3038 of the Public Authorities Law.

That provision was enacted into law at the time of the City fiscal crisis in June 1975 in the act establishing the Municipal Assistance Corporation as a financing agent and fiscal monitor for the City. The subdivision in question sets dollar limitations upon two separate computations of combined Corporation debt and City short-term debt. Unless both tests are satisfied, the City may not issue any short-term obligations.

The limitation contained in Subparagraph (b) of Section 3038(9), as calculated today, would be exceeded. While this has posed no problem to date because the limitation applies only to issuance, prospectively it would prohibit the City from issuing new short-term obligations. Such a result is at odds with fiscal propriety.

Some twelve years after its enactment to address the City’s unprecedented financial problems in an era of dire circumstances, it could now produce such an unintended result. In the interim, much has changed. Furthermore, other statutory restrictions on the City’s issuance of short-term obligations are currently imposed in the Local Finance Law and in the Financial Emergency Act and ensure that seasonal borrowing by the City is adequately controlled. Therefore, it would be contrary to today’s public policy considerations to perpetuate such an anachronistic test.
Since 1975, the Corporation's authority to issue new debt to aid the City, in terms of both dollar limitation and purpose, was expanded and extended several times, rising from an initial $3 billion to an ultimate $10 billion, of which $9.5 billion was actually issued. Since January 1, 1985, the Corporation's financing activities have been limited to the issuance of refunding obligations to reduce its own debt service costs and, even its year-to-year debt service requirements. However, the absolute dollar amounts contained in Section 3038(9) were never materially altered to reflect those substantial changes.

The City today stands in sharp contrast to 1975. Its current fiscal year is the seventh in which it has operated with a GAAP-balanced budget, and it has reported results, independently audited, on a GAAP-basis for the past six years. Moreover, the City has successfully re-established itself in both the short-term and long-term credit markets to meet its cash flow and capital financing needs. Seasonal borrowing has been at about $1 billion, or 5% of the total budget, in recent years, all duly paid at maturity. This is markedly different from the $6 billion of outstanding short-term notes which the City could not pay when this statutory provision was enacted.

Ongoing seasonal financing capability at a reasonable level is essential for a major governmental entity like the City, just as it is for the State. It is ironic that provisions enacted to prevent recurring fiscal problems for an extremely troubled City in 1975 could precipitate a predicament for a fiscally prudent City in 1987.

I therefore urge the earliest possible favorable consideration of this proposal by the Legislature.

Sincerely,

Felix G. Rohatyn
Chairman
TO: Edward V. Reagan
FROM: Bernard J. Kabak
DATE: January 5, 1996
RE: Linkage between MAC Bonds and Existence of Financial Control Board.

This memorandum describes and comments on the statutory linkage between MAC bonds and the existence of the Financial Control Board, a matter that was touched upon at Wednesday’s meeting with S&P.

Linkage under the Current Statutes
By law, MAC is required to include in all its bonds New York State’s pledge and agreement, made for the benefit of MAC’s bondholders, that the State will not terminate the existence of the Financial Control Board (or restrict its powers or change its composition so that it is no longer State controlled) as long as bonds containing this pledge and agreement remain outstanding. Also by law, no MAC bond may mature later than July 1, 2008. Together, these two provisions determine the life of the Control Board: the Financial Emergency Act (which creates the Board) terminates when all bonds containing the State’s pledge and agreement have been retired, in all events no later than July 1, 2008.

Comment
Should the Legislature wish to extend MAC’s issuance authority beyond 2008, and should it also wish to condition this extension of financing benefits to New York City on the continuation of outside monitoring and control, it could do so without having to invent a new monitoring arrangement. It could simply amend the termination provision of the Financial Emergency Act and extend the life of the Control Board. The possibility, perhaps the likelihood, that the Legislature would do something along these lines is a disincentive for extending MAC’s issuance authority from two perspectives: New York City, viewing the Control Board as an impairment of its right to govern itself and as an irritating vestige of the fiscal crisis, will not want to see the Board’s life extended; and no Governor will want to be further entangled in the financial affairs of the City as ex officio Chairman of the Control Board, a bothersome diversion from his or her Albany responsibilities.

cc: Richard Larkin
    David Hitchcock
June 19, 1995

Quentin B. Spector

Bernard J. Babcock

Repeal of MAC Act Limit on City Short-Term Borrowing

Introduction and Conclusion. The City of New York is proposing an amendment to the MAC Act that would give the City more leeway in issuing "cross-year" notes, i.e., notes maturing in the fiscal year succeeding the year of their issuance. The proposed legislation would repeal a limit on City short-term borrowing in the MAC Act. A second limit in the MAC Act and other controls on City short-term borrowing -- in the Financial Emergency Act -- would remain in effect. There is no reason for MAC to oppose the enactment of this legislation.

The Problem. Toward the beginning of every fiscal year, the City issues notes to provide for its seasonal financing needs. In August 1994, the City issued $2.2 billion of such notes for its current year, of which $1.4 billion were paid at maturity in February and April 1995. The balance of $800 million are revenue anticipation notes scheduled to mature on June 30.

These June 30 RANs were issued against various forms of State aid and other revenues, all of which require an appropriation before being paid to the City. By virtue of the delay in the adoption of the State budget, the City had to look for alternative means of paying its soon-to-mature notes in the absence of the anticipated State revenues.

Paying the maturing RANs with the proceeds of renewal notes would be the obvious alternative means, except that such renewal notes would have to mature in the City's new fiscal year beginning July 1. A provision of the MAC Act would preclude raising the needed funds through such cross-year notes. The purpose of the proposed legislation is to remove this obstacle.

While the adoption of a State budget has solved the City's immediate problem, the City still hopes for the enactment of the legislation because, it argues, the problem is perennial. That is, with the late adoption of the State budget now an established practice, uncertainty about the availability of State-appropriated revenues due in June surrounds the City's RAN sale every year. And because the RAN purchasers cannot assume that in the worst case their notes would be repaid with the proceeds of renewal notes, the City says it is required to pay higher interest to compensate for this risk year after year.

The MAC Act Provision. Subdivision 9(b) of section 3038 of the MAC Act sets a dollar limit which, if exceeded by a certain combination of MAC and City debt, makes it impermissible for the City to issue short-term obligations.
While combined MAC-City debt hovers around the 9(b) limit, the City has still been able to carry out its annual short-term borrowing because City notes issued and redeemed in the same fiscal year are excluded from the computation. Not so regarding City notes issued in one fiscal year and redeemed in the next. Such notes count against the 9(b) limit. And it is this aspect of 9(b) that blocks the City's redemption of June RANs with renewal notes maturing after June 30, i.e., the issuance of cross-year renewal notes would violate the 9(b) limit. The City's proposed legislation would repeal the 9(b) limit.

(A second limit on City short-term borrowing in the MAC Act, under subdivision 9(a), is based on a different combination of MAC and City debt than under the 9(b) formula. The 9(a) limit leaves the City with ample margin even for cross-year borrowing, and would be left in place by the City's legislative proposal.)

Evaluation. I believe the repeal of the 9(b) limit is appropriate for three reasons:

- changes in the MAC Act since the setting of this limit have made the limit outmoded
- the City has contained the short-term borrowing excesses of the 1970s that made the limit necessary
- other controls over the City's short-term borrowing, which did not exist at the time the limit was established, are now in effect.

To elaborate: First, the 9(b) limit was set in the original MAC Act of June 1975 at $4.5 billion plus, at the discretion of the MAC Board, an additional amount not to exceed $500 million, for a total not to exceed $5 billion. The same legislation set the ceiling for MAC's debt issuances (which go into the 9(b) computation) at $3 billion. Over time, MAC's debt-issuance ceiling was raised to $10 billion. And while certain adjustments were made in the 9(b) computation formula to reflect new purposes for which MAC was given authority to issue debt, no increase was ever made in the 9(b) limit as a consequence of MAC's higher borrowing limit. The 9(b) limit remains at $5 billion to this day. That figure is too low to accommodate the amount of cross-year notes the City would need to issue in order to renew outstanding June RANs. Indeed, on account of the increase in MAC's borrowing capacity, there have been periods when the full 9(b) limit has been absorbed by MAC debt alone, without regard to City short-term borrowings.
Second, the City has moved far away from the egregious reliance on short-term borrowings that, when the City could no longer roll over its maturing notes, brought about its financial collapse in the spring of 1975. A comparison of the City's short-term borrowings in the periods 1971 -- 1975, the five years leading up to the fiscal crisis, and 1992 -- 1996, its most recent five years, is instructive:

<table>
<thead>
<tr>
<th>FY</th>
<th>Short-Term Debt Issued ($ billions)</th>
<th>Short-Term Debt as % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>2.291</td>
<td>29.3</td>
</tr>
<tr>
<td>1972</td>
<td>2.647</td>
<td>30.6</td>
</tr>
<tr>
<td>1973</td>
<td>2.511</td>
<td>26.6</td>
</tr>
<tr>
<td>1974</td>
<td>3.416</td>
<td>33.7</td>
</tr>
<tr>
<td>1975</td>
<td>4.540</td>
<td>37.9</td>
</tr>
<tr>
<td>1992</td>
<td>2.250</td>
<td>7.4</td>
</tr>
<tr>
<td>1993</td>
<td>1.400</td>
<td>4.6</td>
</tr>
<tr>
<td>1994</td>
<td>1.750</td>
<td>5.5</td>
</tr>
<tr>
<td>1995</td>
<td>2.200</td>
<td>6.8</td>
</tr>
<tr>
<td>1996*</td>
<td>2.200</td>
<td>7.1</td>
</tr>
</tbody>
</table>

* 1996 debt issuance figure from the Mayor's Executive Budget; percentage computation based on 6/13/95 budget agreement.

Finally, when the 9(b) limit was enacted, the regime of controls governing the City's short-term borrowings under the Financial Emergency Act did not yet exist. Among these controls:

- the principal amount of City RANs may not exceed 90 percent of available revenues and the principal amount of City TANs may not exceed 90 percent of the available tax levy.

- a General Debt Service Fund has been established in the custody of the State Comptroller out of which debt service on City RANs and TANs is paid.

- for the City to issue renewal RANs across fiscal years the Control Board must first certify that the revenue against which the renewal notes are issued has been properly accrued and estimated in the Financial Plan.

- cross-year TANs, even renewal TANs, are not permitted at all.
Quentin B. Spector  
MAC Act Limit on City Short-Term Borrowing  
June 19, 1995  
Page 4

All of these controls apply whether or not a control period is in effect. In addition to these Financial Emergency Act controls, the Federal Tax Reform Act of 1986 placed further constraints on municipal borrowers, governing such matters as how long before the advent of a cash shortfall notes may be issued and how long such notes may remain outstanding.

For all these reasons, I believe the 9(b) limit has outlived its usefulness and may be repealed without risk while providing benefit to the City in carrying out its routine seasonal borrowings. Indeed, the Corporation, by a May 12, 1987 letter from Chairman Rohatyn (copy attached), is already on record as supporting the repeal of the 9(b) limit (and the 9(a) limit as well).

**Summary.** In my view, the repeal of the subdivision 9(b) limit of section 3038 of the MAC Act is acceptable. The repeal of 9(b) would not violate MAC's State covenant with its bondholders. I have discussed the conclusions of this memorandum with MAC's outside General Counsel and Bond Counsel, and they are in accord.
12 May 1987

Senator Warren M. Anderson
Majority Leader
NEW YORK STATE SENATE
The Capitol
Albany, New York 12247

Assemblyman Melvin H. Miller
Speaker
NEW YORK STATE ASSEMBLY
The Capitol
Albany, New York 12248

Dear Senator Anderson and Assemblyman Miller:

I am writing to express my strong support for a bill proposed by the City of New York ('87 Law #37) that would repeal Subdivision 9 of Section 3038 of the Public Authorities Law.

That provision was enacted into law at the time of the City fiscal crisis in June 1975 in the act establishing the Municipal Assistance Corporation as a financing agent and fiscal monitor for the City. The subdivision in question sets dollar limitations upon two separate computations of combined Corporation debt and City short-term debt. Unless both tests are satisfied, the City may not issue any short-term obligations.

The limitation contained in Subparagraph (b) of Section 3038(9), as calculated today, would be exceeded. While this has posed no problem to date because the limitation applies only to issuance, prospectively it would prohibit the City from issuing new short-term obligations. Such a result is at odds with fiscal propriety.

Some twelve years after its enactment to address the City's unprecedented financial problems in an era of dire circumstances, it could now produce such an unintended result. In the interim, much has changed. Furthermore, other statutory restrictions on the City's issuance of short-term obligations are currently imposed in the Local Finance Law and in the Financial Emergency Act and ensure that seasonal borrowing by the City is adequately controlled. Therefore, it would be contrary to today's public policy considerations to perpetuate such an anachronistic test.
Since 1975, the Corporation's authority to issue new debt to aid the City, in terms of both dollar limitation and purpose, was expanded and extended several times, rising from an initial $3 billion to an ultimate $10 billion, of which $9.5 billion was actually issued. Since January 1, 1985, the Corporation's financing activities have been limited to the issuance of refunding obligations to reduce its own debt service costs and even its year-to-year debt service requirements. However, the absolute dollar amounts contained in Section 3038(9) were never materially altered to reflect those substantial changes.

The City today stands in sharp contrast to 1975. Its current fiscal year is the seventh in which it has operated with a GAAP-balanced budget, and it has reported results, independently audited, on a GAAP-basis for the past six years. Moreover, the City has successfully re-established itself in both the short-term and long-term credit markets to meet its cash flow and capital financing needs. Seasonal borrowing has been at about $1 billion, or 5% of the total budget, in recent years, all duly paid at maturity. This is markedly different from the $6 billion of outstanding short-term notes which the City could not pay when this statutory provision was enacted.

Ongoing seasonal financing capability at a reasonable level is essential for a major governmental entity like the City, just as it is for the State. It is ironic that provisions enacted to prevent recurring fiscal problems for an extremely troubled City in 1975 could precipitate a predicament for a fiscally prudent City in 1987.

I therefore urge the earliest possible favorable consideration of this proposal by the Legislature.

Sincerely,

Felix G. Rohatyn
Chairman

ba:111
Date: May 18, 1995
To: File
From: Bernard J. Kabak
Re: State Covenant on City Bonds

Why are there City bonds that do not have the State covenant? I put this question to Homer Schaaf of Brown & Wood, the City's bond counsel, in a phone conversation today. He said there were two reasons.

First, the Financial Emergency Act requires that all bonds having the State covenant be callable after 10 years. If the City wants the bonds to have call protection for a longer period, they cannot include the State covenant.

Second, as a rule, State law permits a refunding only if a present-value saving results. As an exception, a refunding is permitted without p.v. savings if the refunding relieves the City of a covenant. So the City might issue refunding bonds that do not have the State covenant in order to do a no-p.v.-savings refunding of bonds that do carry the State covenant.

Mr. Schaaf added that the market and the rating agencies were indifferent as to whether a new bond issue had the covenant, because there were $20 billion of other bonds out there that do have the State covenant, which is protection enough.

[Query: does the continued existence of bonds having the covenant undercut Mr. Schaaf's second reason? That is, does the justification for doing a no-p.v.-saving refunding hold up where, after retiring some amount of covenanted bonds, there still remains a large amount of covenanted bonds outstanding?]
May 24, 1994

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

United States Trust Company  
of New York  
114 West 47th Street  
New York, New York 10036-1532

Re: Notice of Redemption for Outstanding Series 46, 48 and 50 Bonds

Ladies and Gentlemen:

It is our understanding that all of the Series 46, Series 48 or Series 50 Bonds (the "Bonds") of the Municipal Assistance Corporation for The City of New York (the "Corporation") were issued in fully-registered form and that no such Bonds were issued in coupon form. Section 213 of the Series 46 Resolution, the Series 48 Resolution and the Series 50 Resolution, respectively, reads as follows:

In redeeming any of the Series [46, 48, 50] Bonds, it shall not be necessary, unless any Series [46, 48, 50] Bonds have been issued in coupon form, to publish notice of such redemption in any Authorized Newspaper as provided in Section 405 of the Resolution but mailing of such notice as provided in the last sentence of said Section 405 shall be sufficient notice of any redemption.
Therefore, because it is our understanding that there are no Bonds that were issued in coupon form, under Section 213 of the Series 46, Series 48 and Series 50 Resolutions, it is not necessary to publish a Notice of Redemption for the Outstanding Bonds.

Very truly yours,

Orrick, Herrington & Sutcliffe
NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

All outstanding Series 46, 48 and 50 Bonds will be redeemed on July 1, 1994.

Each Redemption Notice should be read in its entirety in order to ascertain the terms of redemption of any particular Bond of one of the affected Series.

REDEMPTION AT PAR — Notice is hereby given that pursuant to the provisions of Section 210 of the relevant Series Resolution, the undersigned, as Trustee, pursuant to the Sinking Fund Requirement, has selected by lot for redemption on July 1, 1994 portions of outstanding Series 46 Bonds, at the redemption price of 100% and interest at the stated interest rate for such Series accrued to said date.

REDEMPTION AT PREMIUM — Notice is hereby given that pursuant to the provisions of Section 209 of the relevant Series Resolution, the Municipal Assistance Corporation For The City of New York has duly called for optional redemption on July 1, 1994 all of its outstanding Series 48 and 50 Bonds and all of its Series 46 Bonds not called pursuant to the Sinking Fund Requirement.

The Paying Agent for Bonds for all Series is United States Trust Company of New York. For additional information, including information as to mailing and delivery of such Bonds, refer to the instructions which appear after Series 50.

ALL OUTSTANDING 9.875% SERIES 46 BONDS DUE JULY 1, 2003 AND JULY 1, 2008—CUSIP 626190KK7 AND 626190KQ4

REDEMPTION AT PAR OR PREMIUM
MESSAGE: Here is the Notice provision from the Series 46 Series Resolution. I have not found anything in the Series 46 Official Statement pertaining to the Notice requirement for redemptions.
SECTION 212. Sale of the Series 46 Bonds. The Series 46 Bonds authorized to be issued herein shall be sold to the Purchasers at the purchase price set forth in the Bond Purchase Agreement but in no event less than $97,774,200, plus accrued interest on the Series 46 Bonds from September 1, 1983, to the date of delivery thereof and payment therefor, and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

Any Authorized Officer is hereby authorized to permit the distribution of the final Official Statement in substantially the form presented at this meeting, with such changes, omissions, insertions, and revisions as such officer shall deem advisable, and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the Series 46 Bonds by the Purchasers of the Preliminary Official Statements dated August 30, 1983.

The Series 46 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Corporation, subject to the conditions of the Bond Purchase Agreement and the Resolution.

SECTION 213. Notice of Redemption. In redeeming any of the Series 46 Bonds, it shall not be necessary, unless any Series 46 Bonds have been issued in coupon form, to publish notice of such redemption in any Authorized Newspaper as provided in Section 405 of the Resolution but mailing of such notice as provided in the last sentence of said Section 405 shall be sufficient notice of any redemption.

ARTICLE III

FORM AND EXECUTION OF SERIES 46 BONDS

SECTION 301. Form of Series 46 Bonds. Subject to the provisions of the Resolution, the Series 46 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:
May 20, 1994

Mr. John Daniels
Doremus & Company
200 Varick Street
New York, NY 10014

Re: Municipal Assistance Corporation For The City of New York, Series 46, 48 and 50 July 1, 1994 Sinking Fund and Optional Redemption

Dear Mr. Daniels:

This is to authorize you to publish the attached Notice of Redemption for the above-referenced bond issue in the Investor's Daily on:

Thursday, May 26, 1994
Thursday, June 2, 1994

In addition, this is to authorize you to publish the attached Notice of Redemption for the above-referenced bond series in the New York Times (N. East & Nationwide), the Wall Street Journal (Midwest, Western, Southwest and Eastern Editions), and the New York Daily News (City and Suburban Editions) on the following date:

Thursday, May 26, 1994

Please send a written estimate of your fees to:

Municipal Assistance Corporation For The City of New York
One World Trade Center
Suite 8901
New York, NY 10048
Attn: Bernard J. Kabak
Mr. John Daniels  
Doremus & Company  
May 20, 1994

Should you have any questions, please contact H. William Weber at (212) 852-1629.

Sincerely,

[Signature]

HWW/pg  
(rv:PS)  
Attachment

Approved for payment purposes:

Municipal Assistance Corporation  
For The City of New York

cc: Bernard J. Kabak  
Municipal Assistant Corporation For  
The City of New York
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

9% Series 46 Bonds Due July 1, 2003  CUSIP 626190KK7
9% Series 46 Bonds Due July 1, 2008  CUSIP 626190KQ4
9.5% Series 48 Bonds Due July 1, 1999  CUSIP 626190KZ4
9.7% Series 48 Bonds Due July 1, 2008  CUSIP 626190LA8
9.00% Series 50 Bonds Due July 1, 1995  CUSIP 626190LD2
9% Series 50 Bonds Due July 1, 1996  CUSIP 626190LE0
9.50% Series 50 Bonds Due July 1, 1997  CUSIP 626190LF7
9.60% Series 50 Bonds Due July 1, 1998  CUSIP 626190LG5
9.75% Series 50 Bonds Due July 1, 1999  CUSIP 626190LH3
10.00% Series 50 Bonds Due July 1, 2008  CUSIP 626190LJ9

All of the above listed series of bonds of the Municipal Assistance Corporation were issued in registered form only and have been called for redemption on July 1, 1994.


Holders of the above listed Series of Bonds have been sent a notice to their address of record, by first class mail, of the bond numbers held by them which have been called in full.

Each Redemption Notice should be read in its entirety in order to ascertain the terms of redemption of any particular Bond of one of the affected Series to be redeemed on July 1, 1994.
Bernard Kabak, Esq.
Counsel
Municipal Assistance Corporation
For The City of New York
One World Trade Center
Suite 8901
New York, New York 10048

Dear Bernie:

This will confirm my advice to you that the resolution regarding the redemption of the Corporation's Series 45 Bonds that was presented to the Corporation's Board of Directors at the meeting held in our offices on Monday, February 7, 1994, a copy of which was shown to me after the meeting, is in satisfactory form.

Sincerely yours,

James M. Dubin
unanimously adopted, whereupon Mr. Keilin requested that Mr. Spector arrange for a copy of the Resolution, signed by the Chairman and bearing the seal of the Corporation, to be presented to Lazard Freres & Co. and Mr. Tamagni.

Redemption of Series 45 Bonds

Mr. Spector informed the Board that the Corporation's Series 45 had posed problems in the past when refundings were carried out using bond proceeds, but that the Corporation could now redeem that Series with cash from already available resources. Mr. Spector reported that he had assured the City that financing the redemption of the Series 45 Bonds out of surplus would not reduce the surplus available to the City. Finally, Mr. Spector stated that the annualized yield on the redemption was 6.6%, which could not be bettered by any alternative investment.

Mr. Keilin asked whether the Resolution proposed for the Board's consideration had been reviewed by the Corporation's bond counsel and general counsel. Mr. Spector said that bond counsel had reviewed it but not general counsel. Mr. Keilin then said any action of the Board approving the Resolution should be made subject to the review of the Resolution by general counsel.

Upon motion duly made, seconded and, subject to the review of the Resolution by the Corporation's General Counsel, unanimously adopted, it was

RESOLVED, that all outstanding Series 45 Bonds be redeemed at the election of the Corporation on or about March 15, 1994, the precise date to be determined by the Executive Director in consultation with the Chair-
man, at the redemption price of 102 percent plus accrued interest in accordance with the provisions of section 402 of the Second General Bond Resolution adopted November 25, 1975 and section 209 of the Series 45 Resolution adopted April 12, 1983, the monies to pay such redemption price plus interest to be paid out of funds of the Corporation not committed under any of the Corporation's General Bond Resolutions.

[Immediately subsequent to the meeting, Messrs. Spector and Kabak conferred with James M. Dubin, Esq. of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, who informed them that he had reviewed the Resolution concerning the redemption of the Corporation's Series 45 Bonds and found the Resolution in satisfactory form. A copy of a letter confirming this account is appended to these minutes.]

New York City Financial Plan

Mr. Keilin introduced and welcomed Mr. Abraham Lackman, the New York City Budget Director. The new Mayor, Mr. Keilin observed, has recognized the reality of the City's problems and has proposed solutions. Noting that the new Mayor's Financial Plan included several proposals touching on the Corporation, Mr. Keilin invited Mr. Lackman to address the Board.

Mr. Lackman said the Financial Plan does indeed acknowledge that New York City has problems, notably in competing with other cities. A basic aim of the Plan is to reduce the reliance on non-recurring actions in balancing the budget in fiscal year 1995, an objective made difficult on account of three problems: the recession, declining revenues from the real property tax, and the extensive reliance on non-recurring actions to balance the
February 10, 1994

Bernard Kabak, Esq.
Counsel
Municipal Assistance Corporation
For The City of New York
One World Trade Center
Suite 8901
New York, New York 10048

Dear Bernie:

This will confirm my advice to you that the resolution regarding the redemption of the Corporation’s Series 45 Bonds that was presented to the Corporation’s Board of Directors at the meeting held in our offices on Monday, February 7, 1994, a copy of which was shown to me after the meeting, is in satisfactory form.

Sincerely yours,

James M. Dubin
Date: 4 February 1994
To: Board of Directors
From: Quentin B. Spector
Re: Series 45 Call Analysis

This memorandum is to recommend that the Corporation exercise its right to call all outstanding Series 45 bonds. The costs of the call, including principal, call premium and accrued interest to the call date, will require approximately $14 million. It is further recommended that this amount be financed from the Corporation's surplus.

The attached analysis indicates a return of 6.6% assuming the bonds are called on March 15, 1994. This date would allow for the required 30-day notice to bondholders. An alternative investment of the amount necessary to call Series 45 in a portfolio of Treasury obligations with Series 45's average life of 1.2 years would yield about 3.7%. The value of the extra 2.9% yield is approximately $487,000.

The use of MAC's surplus as recommended will not impair the Corporation's ability to meet its agreements with the City because our investment and associated gains will be returned to the Corporation within such a short time.

Attached is a resolution, proposed for adoption by the Board on February 7, which authorizes early redemption of the Series 45 Bonds as described above.
Series 45 Call Analysis

Call Date 03/15/94  
Call Price 102.00%  
Avg Life Sr 45 (yrs) 1.2  

Call Proceeds  
Principal 13,475,000.00  
Call Premium 269,500.00  
Accrued Interest 238,619.79  
Due on Call Date 13,983,119.79  

Series 45 Debt Service Saved by Call

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Total Debt Svc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/94</td>
<td>6,275,000</td>
<td>8.50%</td>
<td>572,687.50</td>
<td>6,847,887.50</td>
</tr>
<tr>
<td>01/01/95</td>
<td>306,000.00</td>
<td>8.50%</td>
<td>306,000.00</td>
<td>3,871,000.00</td>
</tr>
<tr>
<td>07/01/95</td>
<td>3,565,000</td>
<td>8.50%</td>
<td>154,487.50</td>
<td>154,487.50</td>
</tr>
<tr>
<td>01/01/96</td>
<td>154,487.50</td>
<td>8.50%</td>
<td>154,487.50</td>
<td>2,514,487.50</td>
</tr>
<tr>
<td>07/01/96</td>
<td>2,360,000</td>
<td>8.50%</td>
<td>54,187.50</td>
<td>54,187.50</td>
</tr>
<tr>
<td>01/01/97</td>
<td>54,187.50</td>
<td>8.50%</td>
<td>1,319,187.50</td>
<td>1,319,187.50</td>
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<tr>
<td>07/01/97</td>
<td>1,265,000</td>
<td>8.50%</td>
<td>425.00</td>
<td>425.00</td>
</tr>
<tr>
<td>01/01/98</td>
<td>425.00</td>
<td>8.50%</td>
<td>425.00</td>
<td>425.00</td>
</tr>
<tr>
<td>07/01/98</td>
<td>10,000</td>
<td>8.50%</td>
<td>425.00</td>
<td>10,425.00</td>
</tr>
<tr>
<td></td>
<td>13,475,000</td>
<td></td>
<td></td>
<td>15,077,887.50</td>
</tr>
</tbody>
</table>

Less Call Payment (13,983,119.79)  
Gross Savings 1,094,767.71  

Return on Investment 6.63%
RESOLVED, that all outstanding Series 45 Bonds be redeemed at the election of the Corporation on or about March 15, 1994, the precise date to be determined by the Executive Director in consultation with the Chairman, at the redemption price of 102 percent plus accrued interest in accordance with the provisions of section 402 of the Second General Bond Resolution adopted November 25, 1975 and section 209 of the Series 45 Resolution adopted April 12, 1983, the monies to pay such redemption price plus interest to be paid out of funds of the Corporation not committed under any of the Corporation's General Bond Resolutions.
NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be
redeemed on March 11, 1994

8½% Series 45 Due July 1, 1994CUSIP 626190 JW3
8½% Series 45 Due July 1, 1995CUSIP 626190 JX1
8½% Series 45 Due July 1, 1996CUSIP 626190 JY9
8½% Series 45 Due July 1, 1997CUSIP 626190 JZ6
8½% Series 45 Due July 1, 1998CUSIP 626190 KA9

REDEMPTION AT PREMIUM

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 209 of the
Series 45 Resolution, the Municipal Assistance Corporation For The City of New York has
called for optional redemption on March 11, 1994 all of its outstanding Series 45
Bonds.

The Bonds called pursuant to such optional redemption will become due and will be
redeemed and paid on March 11, 1994, at the Redemption Price of 102% of the principal
amount thereof, together with interest accrued to said date, upon presentation thereof.

INSTRUCTIONS

Coupon Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11,
1994, at the Redemption Price stated above, together with interest accrued to March 11,
1994, upon presentation thereof. Series 45 Coupon Bonds should be presented with all
coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest
will cease to accrue and be payable.

Bonds in coupon form should be presented to State Street Bank and Trust Company,
N.A. as agent for Citibank, N.A.

BY HAND
State Street Bank and Trust Company N.A. State Street Bank and Trust Company N.A.
Corporate Trust Department Corporate Trust Department
20 Exchange Place, 16th Floor PO. Box 966
New York, NY 10005 New York, NY 10268

Registered Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11,
1994, at the Redemption Price stated above, together with interest accrued to March 11,
1994, upon presentation thereof in registered form to the office of United States
Trust Company of New York (Corporate Trust Department). Series 45 Bonds in Registered
form should be presented as described below. From and after March 11, 1994, interest
will cease to accrue and be payable.

BY HAND
United States Trust Company of New York United States Trust Company of New York
65 Beaver Street Ground Floor PO. Box 841
New York, New York Peter Cooper Station
New York, NY 10270-0841
New York, NY 10003

For Information Call toll free 1-800-235-9098

UNITED STATES TRUST COMPANY OF NEW YORK, Trustee

Dated: February 9, 1994

Under Federal law, the Paying Agent is required to withhold 21% of any gross payments to
holders who fail to provide it with a certified taxpayer identifying number (employer
identification number or social security number, as appropriate) on or before the date
Bonds are presented to them directly to the Paying Agent for redemption. Under Federal
law, holders will also be subject to a penalty of $50 if they do not provide the Paying Agent
with their certified taxpayer identifying number. Accordingly, please provide your
taxpayer identification number on Internal Revenue Service Form W-9 when presenting
your Bonds for redemption. Such forms are available at the office of the Paying Agent.

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA - MIAMI DIVISION

IN RE: SOUND ADVICE INC. SECURITIES LITIGATION

Case No. 92-6457-Civ.
Ungaro-Bernages

IMPORTANT NOTICE TO ALL PERSONS WHO PURCHASED SHARES OF COMMON

STOCK OF SOUND ADVICE INC., BETWEEN MAY 9, 1992 AND MAY 8, 1993, INCLUSIVE

PLEASE TAKE NOTICE that a hearing is to be held on March 25, 1994 at 11:00 a.m. before the Honorable Ursula Ungaro,
Ungaro-Bernages, United States Courthouse, Eleventh Floor, Federal Courthouse Square, 501 N. Miami Avenue, Miami, Florida
33136-7785, to determine whether: (1) proposed settlement of the above-captioned class action, wherein defendants have
agreed to make available the consideration of up to two million seven hundred fifty thousand dollars ($2,750,000) in cash
and Warrants, should be approved by the Court as fair, reasonable and adequate and in the best interests of the Class; (2) the

NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be redeemed on March 11, 1994

8 1/2% Series 45 Due July 1, 1994 CUSIP 626190 JX3
8 1/2% Series 45 Due July 1, 1995 CUSIP 626190 JXK
8 1/2% Series 45 Due July 1, 1996 CUSIP 626190 JY9
8 1/2% Series 45 Due July 1, 1997 CUSIP 626190 JZ6
8 1/2% Series 45 Due July 1, 1998 CUSIP 626190 KA9

REDEMPTION AT PREMIUM

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 205 of the Series 45 Resolution, the Municipal Assistance Corporation For The City of New York has duly called for optional redemption on March 11, 1994 all of its outstanding Series 45 Bonds.

The Bonds called pursuant to such optional redemption will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price of 105% of the principal amount thereof, together with interest at the rate of 8.5% accrued to said date, upon presentation thereof.

INSTRUCTIONS

Coupon Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof. Series 45 Coupon Bonds should be presented with all coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest will cease to accrue and be payable.

Bonds in coupon form should be presented to State Street Bank and Trust Company, N.A. as agent for Citibank, N.A.

BY HAND

State Street Bank and Trust Company, N.A.
Corporate Trust Department
20 Exchange Place, 16th Floor
New York, NY 10005

BY MAIL

State Street Bank and Trust Company, N.A.
Corporate Trust Department
P.O. Box 900
New York, NY 10298

Registered Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof in registered form to the office of United States Trust Company of New York (Corporate Trust Department). Series 45 Bonds in Registered form should be presented as described below. From and after March 11, 1994, interest will cease to accrue and be payable.

BY HAND

United States Trust Company of New York
65 Beaver Street - Ground Floor
New York, New York

BY MAIL

United States Trust Company of New York
P.O. Box 541
Peter Cooper Station
New York, New York 10276-0541

For Information — Call toll free 1-800-225-5936

UNITED STATES TRUST COMPANY OF NEW YORK, Trustee

Dated: February 9, 1994

Under Federal law, the Paying Agent is required to withhold 30% of any gross payments to holders who fail to provide it with a certified taxpayer identifying number (employer identification number or social security number as appropriate) on or before the date Bonds are presented by the Paying Agent. Accordingly, please provide your certified taxpayer identification number on Internal Revenue Service Form W-9 when presenting your Bonds for redemption. Such forms are available at the office of the Paying Agent.

NOTICE OF PUBLIC HEARING ON

PROPOSED PROJECT AND ISSUANCE OF REVENUE BONDS

BY THE DOMINION AUTHORITY OF THE STATE OF NEW YORK

FOR FORDHAM UNIVERSITY

Public notice is hereby given that, at the time and place designated below, the Dominory Authority of the State of New York (the "Dominion Authority") will conduct a public hearing for the purpose of giving interested persons an opportunity to be heard on the proposed issuance by the Dominory Authority of an 8% new issue of First Lien Revenue Bonds. The public hearing will be held at 10:00 a.m. on February 9, 1994, at the offices of the Dominory Authority, 388 Madison Avenue, New York, New York 10017. Individuals who wish to speak at the public hearing should contact the Dominory Authority at least ten days prior to the date of the public hearing.

NOTICE OF PUBLIC HEARING ON

PROPOSED PROJECT AND ISSUANCE OF REVENUE BONDS

BY THE DOMINION AUTHORITY OF THE STATE OF NEW YORK

FOR FORDHAM UNIVERSITY

Public notice is hereby given that, at the time and place designated below, the Dominory Authority of the State of New York (the "Dominion Authority") will conduct a public hearing for the purpose of giving interested persons an opportunity to be heard on the proposed issuance by the Dominory Authority of an 8% new issue of First Lien Revenue Bonds. The public hearing will be held at 10:00 a.m. on February 9, 1994, at the offices of the Dominory Authority, 388 Madison Avenue, New York, New York 10017. Individuals who wish to speak at the public hearing should contact the Dominory Authority at least ten days prior to the date of the public hearing.

New York Area

<table>
<thead>
<tr>
<th>Money</th>
<th>3-mo.</th>
<th>6-mo.</th>
<th>C.O.</th>
<th>C.D.</th>
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<tr>
<td>3-mo.</td>
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<td>2.53</td>
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<tr>
<td>6-mo.</td>
<td>2.22</td>
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<td>2.83</td>
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<td>3-mo.</td>
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<td>6-mo.</td>
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<td>3-mo.</td>
<td>1.92</td>
<td>2.53</td>
<td>2.59</td>
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COMMERCIAL BANKS

<table>
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<tr>
<th>Bank</th>
<th>3-mo.</th>
<th>6-mo.</th>
<th>C.O.</th>
<th>C.D.</th>
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<tr>
<td>Bank of America</td>
<td>2.25</td>
<td>2.53</td>
<td>2.73</td>
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<tr>
<td>Bank of New York</td>
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<td>Bank of Tokyo Trust</td>
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<td>Chase Manhattan</td>
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<tr>
<td>Chemical</td>
<td>1.92</td>
<td>2.53</td>
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Job Losses
At a High

By The Associated Press

Despite statistics saying that the United States economy is recovering, job cutbacks announced last month reached their highest level in at least five years, a survey released yesterday showed.

Companies announced 169,946 job reductions in January, more than four times the number announced in December, by the survey by Challenger, Gray & Christmas, an outplacement consulting firm, said James E. Challenger, president of the Chicago-based company, said the figure was the highest since monthly records of layoff announcements were first compiled in 1993.

The biggest job reductions came from the telecommunications industry, with four companies saying they planned to eliminate 4,231 jobs. The GTE Corporation announced the most cuts: 17,000 jobs spread over three years.

Companies based in Connecticut, New York and Pennsylvania accounted for more than 56 percent of the jobs that were lost, the firm said. But the positions eliminated were not all in those states.

"Although consumer confidence is reportedly at record levels," Mr. Challenger said, "America's work force continues to be subjected to a steady stream of cutback announcements by employers everyday."

He added that the true number of workers laid off was probably larger than the numbers his firm compiled, since some companies do not announce job reductions.

Bank Money
Accounts

Annual percentage yields, in percent, on money market accounts, three-month certificates of deposit and six-month C.D.'s are expected at selected institutions on Wednesday, February 9, 1994. Yields are based on the method of compounding the interest rate stated for the lowest minimum to earn an account, but minimums may vary. Higher yields may be offered for larger deposits. C.D. figures are for fixed rates only.

New York Area

<table>
<thead>
<tr>
<th>Money</th>
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<td>Mkt.</td>
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</tbody>
</table>

**COMMERCIAL BANKS**

- **Banco Popular**: 2.25 2.53 2.79
- **Bank of N.Y.**: 2.22 2.63 2.63
- **Bank of Tokyo Trust**: 2.02 2.50 2.66
- **Chase Manhattan**: 1.82 2.27 2.43
- **Chemical**: 1.92 2.53 2.53

NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be redeemed on March 11, 1994

- **8.6% Series 45 Due July 1, 1994 CUSIP 626190 JW3**
- **8.6% Series 45 Due July 1, 1995 CUSIP 626190 JX1**
- **8.6% Series 45 Due July 1, 1996 CUSIP 626190 JY9**
- **8.6% Series 45 Due July 1, 1997 CUSIP 626190 JZ6**
- **8.6% Series 45 Due July 1, 1998 CUSIP 626190 KA9**

REDEMPTION AT PREMIUM

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 209 of the Series 45 Resolution, the Municipal Assistance Corporation For The City of New York has duly called for optional redemption on March 11, 1994 all of its outstanding Series 45 Bonds.

The Bonds called pursuant to such optional redemption will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price of 102% of the principal amount thereof, together with interest at the rate of 5.66% accrued to said date, upon presentation thereof.

**INSTRUCTIONS**

Coupon Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof. Series 45 Coupon Bonds should be presented with all coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest will cease to accrue and be payable.

Registered Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof in registered form to the office of United States Trust Company of New York (Corporate Trust Department), Series 45 Bonds in Registered form should be presented as described below. From and after March 11, 1994, interest will cease to accrue and be payable.

**BY HAND**

State Street Bank and Trust Company, N.A. State Street Bank and Trust Company, N.A.
Corporate Trust Department 20 Exchange Place, 8th Floor
New York, NY 10005

**BY MAIL**

PO. Box 689
New York, NY 10298

Registered Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof in registered form to the office of United States Trust Company of New York (Corporate Trust Department). Series 45 Bonds in Registered form should be presented as described below. From and after March 11, 1994, interest will cease to accrue and be payable.

**BY HAND**

United States Trust Company of New York United States Trust Company of New York
PO. Box 341
Peter Cooper Station
New York, New York 10276-0341

**BY MAIL**

For Information - Call toll free 1-800-225-2986
UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE

Dated: February 9, 1994

Under Federal law, the Paying Agent is required to withhold 21% of any gross payment to holders who fail to provide it with a certified taxpayer identification number (employer identification number or social security number, appropriate) on or before the date Bonds are presented by them directly to the Paying Agent for redemption. Under Federal law, holders will also be subject to a penalty of §50 if they do not provide the Paying Agent with their certified taxpayer identification number. Accordingly, please provide your certified taxpayer identification number on Internet Revenue Service Form W-9 when presenting your Bonds for redemption. Such forms are available at the offices of the Paying Agent.

NOTICE OF PUBLIC HEARING ON
PROPOSED PROJECT AND ISSUANCE OF REVENUE BONDS
BY THE DOMINION AUTHORITY OF THE STATE OF NEW YORK
FOR FORDHAM UNIVERSITY

Public notice is hereby given that, at the time and place designated below, the Dominion Authority of the State of New York (the "Authority") will conduct a public hearing for the purpose of giving interested persons an opportunity to be heard on the project described below and the proposed issuance by the Authority of the bonds (the "Bonds") in a principal amount not to exceed $100,000,000. The Authority is inviting comments, in writing, with respect to, and questions regarding the project and the issuance of the Bonds. Proceedings of the Authority are expected to be conducted in the usual fashion. This Project is to be located at the campus of the Bonds, and the new construction is of the Bonds. This Project is to be located at the campus of the Bonds, New York as described below.
NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be redeemed on March 11, 1994

8½% Series 45 Due July 1, 1994 CUSIP 626190 JW3
8½% Series 45 Due July 1, 1995 CUSIP 626190 JX1
8½% Series 45 Due July 1, 1996 CUSIP 626190 JY9
8½% Series 45 Due July 1, 1997 CUSIP 626190 JZ6
8½% Series 45 Due July 1, 1998 CUSIP 626190 K9A

REDEMPTION AT PREMIUM

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 209 of the Series 45 Resolution, the Municipal Assistance Corporation For The City of New York has duly called for optional redemption on March 11, 1994, all of its outstanding Series 45 Bonds.

The Bonds called pursuant to such optional redemption will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price of 100% of the principal amount thereof, together with interest at the rate of 3.50% accrued to said date, upon presentation thereof.

INSTRUCTIONS

Coupon Bonds:

All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof. Series 45 Coupon Bonds should be presented with all coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest will cease to accrue and be payable.

Bonds in coupon form should be presented to State Street Bank and Trust Company, N.A. as agent for Citibank, N.A.

BY HAND

State Street Bank and Trust Company, N.A.
Corporate Trust Department
20 Exchange Place, 16th Floor
New York, NY 10005

BY MAIL

State Street Bank and Trust Company, N.A.
Corporate Trust Department
PO Box 950
New York, NY 10298

Registered Bonds:

All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof in registered form to the office of United States Trust Company of New York (Corporate Trust Department). Series 45 Bonds in Registered form should be presented as described below. From and after March 11, 1994, interest will cease to accrue and be payable.

BY HAND

United States Trust Company of New York
65 Beaver Street – Ground Floor
New York, New York
Peter Cooper Station
New York, NY 10270-0841

For Information – Call toll free 1-800-225-2286

UNITED STATES TRUST COMPANY OF NEW YORK, Trustees

Dated: February 9, 1994

Under Federal law, the Paying Agent is required to withhold 31% of any gross payments to holders who fail to provide it with a certified taxpayer identifying number (employer identification number or social security number, as appropriate) on or before the date the Bonds are presented to them by the Paying Agent for redemption. Under Federal law, holders will also be subject to a penalty of $50 if they do not provide the Paying Agent with their certified taxpayer identifying number. Accordingly, please provide your certified taxpayer identifying number on Internal Revenue Service Form W-9 when presenting your Bonds for redemption. Such forms are available at the office of the Paying Agent.
NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be redeemed on March 11, 1994

8 1/4% Series 45 Due July 1, 1994 CUSIP 626190 JW3
8 1/4% Series 45 Due July 1, 1995 CUSIP 626190 JX1
8 1/4% Series 45 Due July 1, 1996 CUSIP 626190 JY9
8 1/4% Series 45 Due July 1, 1997 CUSIP 626190 JZ6
8 1/4% Series 45 Due July 1, 1998 CUSIP 626190 KAG

REDEMPTION AT PREMIUM
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 269 of the Series 45 Resolution, the Municipal Assistance Corporation For The City of New York has duly called for optional redemption on March 11, 1994 of all of its outstanding Series 45 Bonds.

The Bonds called pursuant to such optional redemption will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price of 101% of the principal amount thereof, together with interest at the rate of 8.50% accrued to said date, upon presentation thereof.

INSTRUCTIONS

Coupon Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof. Series 45 Coupon Bonds should be presented with all coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest will cease to accrue and be payable.

Bonds in coupon form should be presented to State Street Bank and Trust Company, N.A. as Agent for Citibank, N.A.

BY HAND
State Street Bank and Trust Company, N.A. Corporate Trust Department
900 Washington Place, 16th Floor

BY MAIL
State Street Bank and Trust Company, N.A. Corporate Trust Department
PO. Box 960
NOTICE OF REDEMPTION

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

All outstanding Series 45 Bonds will be redeemed on March 11, 1994

8 1/8% Series 45 Due July 1, 1994 CUSIP 626190 JW3
8 1/8% Series 45 Due July 1, 1995 CUSIP 626190 JX1
8 1/8% Series 45 Due July 1, 1996 CUSIP 626190 JY9
8 1/8% Series 45 Due July 1, 1997 CUSIP 626190 JZ6
8 1/8% Series 45 Due July 1, 1998 CUSIP 626190 KA9

REDEMPTION AT PREMIUM
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 209 of the Series 45 Resolution, the Municipal Assistance Corporation for The City of New York has duly called for optional redemption on March 11, 1994, of all of its outstanding Series 45 Bonds.

The Bonds called pursuant to such optional redemption will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price of 102% of the principal amount thereof, together with interest at the rate of 8.50% accrued to said date, upon presentation thereof.

INSTRUCTIONS

Coupon Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof. The above bonds should be presented with all coupons due July 1, 1994 to maturity attached. From and after March 11, 1994, interest will cease to accrue and be payable.

Bonds in coupon form should be presented to Citibank, N.A.

BY HAND
State Street Bank and Trust Company, N.A.
Corporate Trust Department
20 Exchange Place, 16th Floor
New York, NY 10005

BY MAIL
State Street Bank and Trust Company, N.A.
Corporate Trust Department
P.O. Box 900
New York, NY 10298

Registered Bonds:
All of the Series 45 Bonds will become due and will be redeemed and paid on March 11, 1994, at the Redemption Price stated above, together with interest accrued to March 11, 1994, upon presentation thereof in registered form to the office of United States Trust Company of New York (Corporate Trust Department). The above bonds should be presented as described below. From and after March 11, 1994, interest will cease to accrue and be payable.

BY HAND
United States Trust Company of New York
60 Beaver Street - Ground Floor
New York, New York

BY MAIL
United States Trust Company of New York
P.O. Box 841
Peter Cooper Station
New York, New York 10276-0841

For Information - Call toll free 1-800-325-2298

UNITED STATES TRUST COMPANY OF NEW YORK, Trustee

Dated: February 9, 1994

Under Federal law the Paying Agent is required to withhold 30% of any gross payments to holders who fail to provide it with a certified taxpayer identifying number (employer identification number or social security number, as appropriately) on or before the due date. Bonds are presented by them directly to the Paying Agent for redemption. Under Federal law, holders will also be subject to a penalty of $50 if they do not provide the Paying Agent with their certified taxpayer identifying number. Accordingly, please provide your certified taxpayer identifying number on Internal Revenue Service Form W-9 when presenting your Bonds for redemption. Such forms are available at the office of the Paying Agent.
temporary Bonds for notation thereon of the payment of such interest. The Corporation at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee of such temporary Bonds, with all unmatured coupons, if any, and all matured coupons, if any, for which no payment or only partial payment has been provided, attached, for exchange and the cancellation of such surrendered temporary Bonds and coupons, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive coupon Bonds, with appropriate coupons attached, or, at the option of the Holder, definitive registered Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

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

ARTICLE IV
REDEMPTION OF BONDS

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.

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

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

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

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

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

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

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

ARTICLE VI
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

601. The Pledge Effected by the Resolution. The proceeds of sale of the Bonds, the Revenues, and all funds established by the Resolution, and other monies and securities referred to herein (other than monies and securities in the Operating Fund) are hereby pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The pledge created by this Resolution, insofar as it relates to revenues, monies and securities and funds pledged either under the First General Bond Resolution or the Outstanding Note Resolutions is, and is hereby expressly declared to be, subordinate in all respects to the pledge of such revenues, monies and securities and funds created by the First General Bond Resolution or the Outstanding Note Resolutions. This pledge shall be valid and binding from and after the time of adoption of this Resolution, and the proceeds of sale of the Bonds, the Revenues as received by the Corporation, all funds and other monies and securities herein pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof.
31 January 1994

To: Eugene J. Keilin

From: Quentin B. Spector

Re: Series 45 Call Analysis

As discussed this morning I propose that the Corporation exercise its right to an immediate call of all outstanding Series 45 bonds. The costs of the call, including principal, call premium and accrued interest to the call date, will require approximately $14 million. It is recommended that this amount be financed from the Corporation’s surplus.

The attached analysis indicates a return of 6.6% assuming the bonds are called on March 15, 1994. This date would allow for the required 30-day notice to bondholders. An alternative investment of the same funds in a portfolio of Treasury obligations with the same average life of 1.2 years would yield about 3.7%. The value of the extra 2.9% yield is approximately $487,000.

Use of MAC’s surplus as recommended will not impair the Corporation’s ability to meet its agreements with the City because our investment and associated gains will be returned to the Corporation within such a short time.
### Series 45 Call Analysis

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Call Date</strong></td>
<td>03/15/94</td>
</tr>
<tr>
<td><strong>Call Price</strong></td>
<td>102.00%</td>
</tr>
<tr>
<td><strong>Avg Life Sr 45 (yrs)</strong></td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Call Proceeds</strong></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>13,475,000.00</td>
</tr>
<tr>
<td>Call Premium</td>
<td>269,500.00</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>235,619.79</td>
</tr>
<tr>
<td>Due on Call Date</td>
<td>13,983,119.79</td>
</tr>
</tbody>
</table>

**Return of Call 6.63%**

### Series 45 Debt Service

<table>
<thead>
<tr>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/94</td>
<td>6,275,000</td>
<td>8.50%</td>
<td>572,987.50</td>
</tr>
<tr>
<td>01/01/95</td>
<td>0</td>
<td>0.00%</td>
<td>306,000.00</td>
</tr>
<tr>
<td>07/01/95</td>
<td>3,565,000</td>
<td>8.50%</td>
<td>306,000.00</td>
</tr>
<tr>
<td>01/01/96</td>
<td>0</td>
<td>0.00%</td>
<td>154,487.50</td>
</tr>
<tr>
<td>07/01/96</td>
<td>2,360,000</td>
<td>8.50%</td>
<td>154,487.50</td>
</tr>
<tr>
<td>01/01/97</td>
<td>0</td>
<td>0.00%</td>
<td>54,187.50</td>
</tr>
<tr>
<td>07/01/97</td>
<td>1,265,000</td>
<td>8.50%</td>
<td>54,187.50</td>
</tr>
<tr>
<td>01/01/98</td>
<td>0</td>
<td>0.00%</td>
<td>425.00</td>
</tr>
<tr>
<td>07/01/98</td>
<td>10,000</td>
<td>8.50%</td>
<td>425.00</td>
</tr>
</tbody>
</table>

**Total** 13,475,000
again become transferable by delivery; and this Series 45 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 45 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 45 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 45 Bonds. Coupon Series 45 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 45 Bonds, of any of the authorized denominations and bearing the same rate of interest in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 45 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 45 Bonds with appropriate coupons attached, and/or Series 45 Bonds without coupons, of any other authorized denominations, of the same maturity and bearing the same rate of interest.

*The Series 45 Bonds maturing on or prior to July 1, ____ are not subject to redemption prior to maturity. The Series 45 Bonds maturing July 1, ____ are not subject to redemption prior to maturity at the election of the Corporation.

The Series 45 Bonds maturing after July 1, ____ are subject to redemption at the election of the Corporation at any time on and after July 1, 1993, as a whole on any date, or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

*Each sentence of this paragraph to be included only if required by Certificate of Determination.
Redemption Period
(Dates Inclusive)  Redemption
Price

July 1, 1993 to June 30, 1994  102%
July 1, 1994 to June 30, 1995  101 1/2
July 1, 1995 to June 30, 1996  101
July 1, 1996 to June 30, 1997  100 1/2
July 1, 1997 and thereafter  100

*The Series 45 Bonds maturing on July 1, ____ are also subject to redemption, in part, by lot, on July 1, in each year on and after July 1, ____ , as provided in the Resolutions, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 45 Bonds specified therefor:

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

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

In the event that any or all of the Series 45 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 of 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 paid.

*This paragraph will appear only if the Certificate of Determination provides for the issuance of all or any part of the Series 45 Bonds as Term Bonds.

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prepaid, not less than thirty (30) days before the redemption date to the registered owners of any Series 45 Bonds or portions of the Series 45 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 45 Bonds. Notice of redemption having been given, as aforesaid, the Series 45 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 45 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 45 Bonds maturing subsequent to the redemption date shall be void.

The Series 45 Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 45 Bonds be payable out of any funds other than those of the Corporation.

This Series 45 Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this Series 45 Bond, or of any coupon appurtenant hereto, by accepting this Series 45 Bond or coupon shall be conclusively deemed to have agreed that this Series 45 Bond or coupon is fully negotiable for those purposes.

Neither this Series 45 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 Trustees.

Neither the Directors of the Corporation nor any other person executing the Series 45 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 45 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 45 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.