Date: 31 January 1980
To: FILES
From: Terri Posner
Re: Effect of New York State Fiscal Year 1981 Budget Proposals on New York City's Financial Plan

I. STATE AID TO EDUCATION

A. Proposed State Budget for State Fiscal Year 1981 assumes a 2% reduction of education net support. (The City's Plan currently assumes $948 million of net support.)

Effect on NYC Financial Plan

New York City will lose approximately $19 million in Board of Education net support (a "budget balancing" revenue) during City Fiscal Year 1980.

B. Proposed State Budget for SFY 1981 considers an additional $103 million in State aid to education (a categorical grant).
   Note: Several figures have been mentioned for this additional aid, ranging from $62 million to $103 million.

Effect on NYC Financial Plan

New York City will gain additional State aid of as much as $103 million for education, primarily for special education expenditures, during SFY 1981.

II. STATE PER CAPITA AID

A. Proposed State Budget assumes a "cap" on Per Capita Aid beginning with SFY 1981 of $481 million. (An additional $37.5 million may be forthcoming from the State if Federal revenue sharing is continued at anticipated levels.)

Effect on NYC Financial Plan

New York City could lose $92 million in unrestricted State aid during CPY 1980. If Federal revenue sharing is continued after the current expiration date of September 30, 1980, the additional $37.5 million could come in either CPY 1980 or 1981. The State Per Capita Aid "cap" effectively eliminates any potential growth in this unrestricted revenue. The "cap" will cause shortfalls in New York State unrestricted aid as contained in the Plan of $152 million, $134 million, and $168 million, respectively for FYs 1981-8.
III. STATE CATEGORICAL AID: WELFARE

The City may have overestimated the FY 1980-1983 projections of increased State welfare grants for Medicaid.

Effect on NYC Financial Plan

State categorical grants for welfare in FYs 1980-1983 may decline by $3 million, $12 million, $10 million and $10 million, respectively, with no corresponding reductions in expenditures.

IV. OTHER STATE ACTIONS

A. Medicaid Appeals and Rate Adjustments:

HHC's Plan assumes receipt of $110 million during FYs 1980-1981 from appeals, and significant new revenues resulting from increased rates for certain reimbursable programs. (Preliminary indications from the NYS Budget office are that both the increased rates and the revenue from the appeals are reasonably firm.)

B. Budget-balancing Aid, Cost Assumptions:

Further unrestricted, or budget-balancing aid, and assumption of costs by the State may be negotiated prior to adoption of the State budget in order to compensate the City for losses in State aid elsewhere, but again, no specifics are available.

OVERALL IMPACT OF PROPOSED STATE BUDGET (preliminary)

The reduction in education net support of two percent affecting the City's Plan in FY 1980 (and probably recurring thereafter) will be offset by the increase in categorical education aid by the State of $103 million in CPY 1981. However, the net support piece of State aid has historically contributed greatly to budget balancing revenues, while the categorical aid (the $103 million) is earmarked to offset increasing special education costs. Coupled with the cap on NYS Per Capita Aid, the City is losing the kinds of intergovernmental aid it needs most - namely, the kind with "no strings attached". Although further negotiations with the State will occur in order to cover the "holes" produced by the State budget proposals, these developments must be viewed in terms of the attainability of the additional Federal and State aid assumed by the City's PEG ($170 million in 1981, and $410 million in 1982 and 1983). These assumptions are not backed up by City "standby" programs.
31 January 1980

Pat Curran, Esq.
Assistant Counsel to Senate Minority
NEW YORK STATE SENATE
316 Capitol Building
Albany, New York 12247

Dear Mr. Curran:

In response to your telephone inquiry with regard to possible proposals for exemptions from the New York State Sales Tax imposed by Section 1107 of Article 28 of the Tax Law, I am enclosing for your information a copy of a letter submitted by the Municipal Assistance Corporation to the appropriate committees of the State Senate and Assembly concerning certain legislation proposed and enacted in 1978.

The enclosed letter sets forth reasons that careful consideration must be accorded any proposed exemptions to the aforementioned tax, inasmuch as such exemptions could separately or cumulatively constitute an event of default with respect to outstanding bonds issued by the Municipal Assistance Corporation.

I am furnishing this letter in order to provide you with background information only, and am not addressing any particular proposal for additional exemption legislation. Moreover, I emphasize that it is essential to submit to the Corporation any such proposal at the earliest possible stage of its development, in order that we may review it with respect to the default provisions of each of our general bond resolutions.

Thank you for requesting this information, so that you can incorporate it into your analysis, and for your appropriate concern over the effects of sales tax exemptions upon the outstanding debt of the Corporation.

If you would like any additional information, or if you have any questions, please feel free to contact John Bove or myself.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosure

cc: John G. Bove, Esq.
20 June 1978

Mr. John L. Hardy
Secretary
Assembly Ways and Means Committee
NEW YORK STATE ASSEMBLY
State Capitol
Albany, New York 12214

Mr. James Biggane
Secretary
Senate Finance Committee
NEW YORK STATE SENATE
State Capitol
Albany, New York 12214

Gentlemen:

You have asked us whether Assembly Bill Number 13109 and Senate Bill Number 10424, which would amend Sections 1105 and 1115 of the Tax Law to exempt certain airline and aircraft-related parts and services from the sales and compensating-use tax, would constitute an event of default with respect to bonds issued by the Corporation and whether we can provide you with guidance for evaluating similar future proposals.

Provisions governing a determination as to whether there exists an event of default with respect to bonds of the Corporation are set forth in the General Bond Resolution and the Second General Bond Resolution of the Corporation adopted July 2, 1975 and November 25, 1975, respectively (hereinafter collectively referred to as the "Resolutions"). Each of the Resolutions provides in Section 1202 thereof that "Each of the following events is hereby declared an 'event of default':

* * *

"(f) the State shall for any reason fail or refuse to continue the imposition of * * * the Sales Tax imposed by Section 1107 of Article 28 of the Tax Law as the same may be from time to time amended * * * or if the rates of such taxes shall be reduced to rates less than those in effect [on July 2, 1975]."
Thus, Section 1202(f) imposes two tests to determine whether an exemption from the sales tax would precipitate an event of default:

First, whether if enacted into law it would be a failure or refusal by the State to continue the imposition of the Sales Tax (as defined) as the same may from time to time be amended; and

Second, whether if enacted into law it would constitute a reduction in the rates of the Sales Tax to less than the rates in effect on July 2, 1975.

If the exemptions and exceptions from the tax proposed by the amendment were held to be either a failure by the State to continue the imposition of the Sales Tax or a reduction in rate, then this legislation would precipitate an event of default as defined in Section 1202(f) of the General Bond Resolutions.

In the opinion of Bond Counsel and General Counsel to the Corporation, the proposed legislation would not constitute an event of default under the Resolutions. The Corporation concurs in this judgment.

The Resolutions also provide that "upon the happening and continuance of any event of default specified in paragraph *** f *** of Section 1202 [referred to above], the trustee may proceed and upon the written request of the holders of not less than twenty-five percentum" of bonds outstanding under either of the Resolutions must proceed, "to protect and enforce its rights and the rights of the bondholders" by resort to a number of specified remedies.

Thus, under the Resolutions the Corporation does not determine when an event of default has occurred; that determination is made by the Trustee. The Corporation has been informed by the Trustee under the Resolutions, United States Trust Company of New York, that, relying on the opinion of the Corporation's Bond Counsel that enactment of the legislation would not cause an event of default, it does not believe that it is required to take any action with regard to the exemption in the proposed legislation.

The conclusion that the proposed legislation does not constitute an event of default cannot be construed as acquiescence to future legislation exempting or excepting additional items from the Sales Tax. Furthermore, no assurance can be given that bondholders will not assert that either this or a subsequent amendment of the Tax Law is an event of default and request that the Trustee take action to enforce their rights.
Exemptions from the Sales Tax, when viewed in and of themselves or when cumulated with all previous exemptions may constitute a failure to impose the tax, as amended. As stated above, we do not believe that this exemption, viewed alone or in conjunction with exemptions to date, constitutes such a failure. However, because the provisions of the Resolution involve an element of judgment on which legal views may differ, we cannot articulate a bright line by which to test such exemptions.

Further, certain amendments to the Sales Tax that change its character, method of assessment or other legal attributes might also constitute a failure to continue to impose the Sales Tax.

We identify our concern that at some future time, as yet unascertainable, newly created exemptions from sales taxation, or other changes in the Tax Law, will create an event of default under the Resolutions.

Accordingly, although we are of the opinion expressed above that the particular exemption embodied in the proposed legislation does not create an event of default, we believe that great caution and restraint should be exercised by the Legislature in considering any future exemptions from the Sales Tax.

The purpose of this letter is to furnish you with advice as to whether enactment of the proposed legislation would constitute an event of default with respect to the Corporation's bonds. The Corporation expresses no view as to the wisdom of enacting the proposed legislation, and this letter should not be construed as an opinion on the merits of the proposal.

Very truly yours,

Marilyn F. Friedman
Counsel

MFF: bba
MAJOR FEATURES OF NEW YORK CITY FINANCIAL PLAN FOR FYs 1980-1983

(Description, not Evaluation)

Budget Gaps to be closed for FYs 1981-1983 are $677 million, $1,139 million and $1,429 million, respectively.

Baseline Revenues and Expenditures

(1) Tax revenues (property, sales, and stock transfer) increase moderately based on a better than originally projected, though still uncertain, economic picture. Overall from FY 1980 to FY 1983, property taxes are projected to increase by $124 million while other taxes are projected to increase by $463 million.

(2) Federal and State categorical welfare aid is increasing primarily due to increasing expenditures for reimbursable programs (or mandatory programs). From FY 1980 to FY 1983, Federal aid for welfare is projected to increase by $195 million, and State welfare aid by $114 million. Although categorical aid for education from both the State and Federal government increased over the last Plan amounts (by $5 million and $45 million annually) projected education aid declines over the Plan period by $13 million (State) and by $24 million (Federal).

(3) Federal and State unrestricted aid actually declines from FY 1980-1982, with a modest increase projected in FY 1983. (Total unrestricted aid drops by $26 million in FY 1982, but increases by $7 million in FY 1983 over the projected FY 1980 level of $988 million.)

(4) Personal Service costs substantially increase by $919 million over the period, reflecting normal growth in salaries and wages, fringe benefits, and pensions (with the $128 million accrual in FY 1981) and including a provision for a 4% labor settlement. In addition, Personal Service expenditures projected in the Plan include the additional needs identified by the City as a result of attaining projected savings in the PEG.
Subsidies to beleaguered covered organizations such as Health and Hospitals Corporation (HHC) and Transit Authority (TA) are increasing.

Other Than Personal Services (OTPS) costs are escalating rapidly due to increased costs of medical care, coupled with greater usage, and increased costs of fuel, gas, light and power, as well as a high level of inflation for supplies and service needs.

The requirement to eliminate Capitalized Operating Expenses (COE) and recognize the pension accrual significantly added to the FY 1981 deficit.

Financial Plan of Health and Hospitals Corporation

Improvements, although slight, in revenue collections have aided HHC’s baseline revenue picture, while expenditures have increased, creating larger deficits for FY 1981-1983. The City projects HHC budget gaps of $50 million, $78 million, $123 million, and $127 million for FY 1980-1983 before any gap-closing measures are applied.

For FY 1980, the City has indicated that greater than anticipated rate increases for Medicaid (inpatient care now at 8.85%, and skilled nursing facilities at 22.77%, as compared to the expected rates of 3.45% and 5.0%) effective January 1, 1980 will improve baseline revenue projections for HHC. Also, baseline revenues improve due to the expectation of $110 million in Medicaid rate appeals from the State between FYs 1980 and 1981. Even so, the remaining HHC budget gap for FY 1980 is proposed to be closed by an allocation of the City's general fund.

In FYs 1981-1983 gap-closing measures include various savings expected to accrue from hospital closings (Greenpoint and Cumberland Hospitals close and Woodhull opens), and a consolidation plan which includes reorganization and reduction of services for Gouverneur, Metropolitan and Sydenham Hospitals and management contracts for Queens and North Central Bronx in order to reduce costs, and a series of revenue enhancement measures. However, net gaps of $8 million, $59 million, and $69 million for FYs 1981-1983 remain even after all measures are taken.
Financial Plan of the Board of Education

(1) In 1980 the Board of Education (BE) received authorization to increase funding substantially in order to meet increasing costs of special education, pupil transport, and other unattained savings ($99 million).

(2) BE currently anticipates a program through which it will receive in Federal and State aid increases and $14 million in City funds, and institute a cost reduction program of $24 million to balance their budget.

(3) For FYs 1981-1983, the Plan assumes increases in total BE expenditures largely for recurring costs of special education and pupil transport.

(4) The City's PEG for the Board of Education outlines an assortment of expenditure reduction programs, including 3988 layoffs, 40 school closings, administrative and transportation cutbacks, etc. from which the Board may choose to implement at least $111 million of expenditure reductions for FY 1981. (Savings would amount to $55 million net of new needs produced by the PEG actions.) These reductions of "controllable" spending levels are necessary to offset increases in uncontrollable spending.

Program to Eliminate the Gap (PEG)

(1) Substantial expenditure reductions in Personal Service costs largely through attrition, non-replacement, civilianization and consolidation of personnel are anticipated. The added costs of personnel reductions (such as overtime) which offset these reductions were included in the baseline Plan estimates.

(2) OTPS expenditure reductions are anticipated to be made through management improvements, consolidation or elimination of various programs, and reductions in contractual services.

(3) Other reductions include: transit and housing subsidies, HHC subsidies, energy conservation programs, and OTPS cost containment.
(4) Improvements in revenue collections— including semiannual property tax collections, rental collections, increased rates for fees, licenses and permits, etc.

(5) Tax revenue increases such as water and sewer charges, real estate tax rates, excise taxes on beer and liquor, financial corporation tax revision, extension of gasoline taxes, hotel taxes, etc., most requiring new legislation.


Plan Uncertainties, Weaknesses

Revenues

(1) Revenue base is largely dependent on tax revenues not directly responsive to inflation (property tax and stock transfer tax). Economic predictions remain uncertain.

(2) Federal and State revenues are not keeping pace with recurring and increasing costs largely associated with Federal mandates, State matching requirements. Federal and State aid is, in fact, likely to decrease in the Plan period due to long-term budget reduction measures being contemplated by the State and Federal governments. (Cite State Fiscal Year 1981 Budget and Federal indications as uncertain.)

Expenditures

(1) The City suffers from inflation, fuel costs, increasing Personal Service costs, OTPS, and an unwieldy program of mandated programs (such as Medicaid, public and medical assistance, special education) for which they must pay a substantial share (lack of control).

(2) Potential deficits in the Board of Education still threaten the City, especially in light of past failures to effectively control Board of Education spending. Covered organizations like the TA and HHC have remained a problem. (Some due to mandated costs.)
(3) The City has not addressed the additional costs of the wage settlements to occur in FYs 1982 and 1983, and has allowed only for a 4% increase, comparable to that negotiated in 1978.

PEG

(1) Revenue enhancement and expenditure programs not yet evaluated--but are ambitious.

(2) Many of the tax increases contemplated require local and/or State legislation, and while they only result in the same amount of additional revenues in each year of the Plan, they may have a negative effect on the economic base.

(3) State and Federal actions are questionable in that retrenchment is evident in the New York State budgeting, (cite latest cases) and many actions require legislation.

GAPS

(1) In FYs 1982 and 1983 budget gaps expand again ($1,139 million and $1,429 million, respectively), because the City's revenue stream and expenditures are basically imbalanced.

(2) Federal and State actions to close the gaps may not be forthcoming in FY 1980 and 1981, and no standby program exists to cover these potentials. Also, a substantial gap of $249 million remains to be closed in FY 1983 even assuming receipt of Federal and State aid.
PEG Program Summary
($ In Millions)

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<td><strong>Total</strong></td>
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<td>$729</td>
<td>$770</td>
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Revised 1/17/80
NEW YORK CITY
FOUR YEAR FINANCIAL PLAN REVENUES AND EXPENDITURES
($ In Millions)

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<td>Gap To Be Closed</td>
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<td>City Program to Close Gap</td>
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<td>(677)</td>
<td>(1,139)</td>
<td>(1,429)</td>
<td>(1,491)</td>
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<td>Gap To Be Closed By Federal &amp; State Actions</td>
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<td>507</td>
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<td>Remaining Gap To Be Closed By Either City, State</td>
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<td>170</td>
<td>410</td>
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<td>or Federal Actions</td>
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<td>$-</td>
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**NOTE:** The Financial Plan provides for a labor settlement comparable to that negotiated in 1978 for 1981 and 1982. If this assumption were continued in 1983 and 1984 then the budget gaps could be expected to increase by $142 million and $321 million in 1983 and 1984 respectively.
31 January 1980

Mr. Allen Wasmund
ALLEN W. WASMUND & SON, INC.
21 Harrison Avenue
Waldwick, New Jersey 07463

Re: Series 23 Bonds/Closing Volumes

Dear Mr. Wasmund:

Please bind the enclosed documents for us as follows:

-- 18 letter-sized volumes with individual names on them as per the attached list;

-- Collate and provide reinforced -- "Index" plus numbers 1 through 37. Each set of documents has a sheet of paper indicating its appropriate tab number attached; where more than one document follows a particular number, the collating within that tab has already been done. You will need to remove staples and/or paper clips from most documents;

-- Document number 14 has attached to it two specimen bonds as an exhibit, which need to be folded or re-folded;

-- The color of the volumes shall be No. 968 grey and the lettering should be gold;

-- The lettering on the spine of the volumes should be the same format and size as the Series 19 Bonds. The name of the Corporation and "Four Year Debt Issuance Plan" remain unchanged; the title of the bond series and the date should be as indicated on the left margin of the attached xerox copy of the earlier volume. As indicated above, a list of the individuals' names for the volume is attached.

Sincerely,

John G. Bove
Counsel

JGB:jar
Enclosures
INDIVIDUAL NAMES FOR BOUND VOLUMES

MUNICIPAL ASSISTANCE CORPORATION

Series 23 Bonds

Municipal Assistance Corporation For The City of New York (2)
Robert F. Vagt
Stephen J. Weinstein
Harris A. Decker
Maxine H. Gillman
John G. Bove

Paul, Weiss, Rifkind, Wharton & Garrison
Simon H. Rifkind
Allen L. Thomas
Stephen E. Fox
Paul S. Pearlman

Hawkins, Delafield & Wood
Donald J. Robinson
John J. Keohane
Jack M. Schrager
Gerard Fernandez, Jr.

Comptroller of The City of New York
30 January 1980

Mr. Gerard J. Lian
2011 Ferry Avenue
Apartment H 11
Camden, New Jersey 08104

Dear Mr. Lian:

Thank you for your letters and copies of your resume.

The Corporation does not intend to engage any students for summer employment in either legal or administrative positions at this time. However, we will retain your resume in our files for future reference.

We appreciate your interest in the Municipal Assistance Corporation.

Sincerely yours,

Stephen J. Weinstein
Deputy Executive Director

SJW: bba
Law Department  
Municipal Assistance Corporation  
1 World Trade Center  
New York, N.Y. 10048  

2011 Ferry Avenue  
Apartment H 11  
Camden, N.J. 08104  
January 23, 1980

Dear Sir:

I am a second year law student attending Rutger's Law School in Camden New Jersey and I am most interested in working in your Legal Department as a law clerk for the summer of 1980.

My legal education is well grounded in a variety of commercial and real estate courses which, presumably, are directly relevant to your agency's areas of legal specialization. In addition to having completed courses in legal research and writing as well as Moot Court competition, by this spring the courses I will have completed will include:

- Contracts
- Corporations
- Secured Transactions
- Bankruptcy
- Administrative Law
- Land Use Regulation
- Property
- Housing and Urban Development

As my resume indicates in greater detail, my work experience in both legal and non-legal areas has been purposeful, conscientious, and rather notably effective. I welcome the opportunity to address new work challenges with the same spirit and professional enthusiasm.

I plan to return to New York for spring recess from Friday, February 29th to Saturday March 6th. At your request, I will be available for interview either at that time or at a perhaps more convenient date.

Thank you for your consideration.

Sincerely,

[Signature]
Gerard J. Liang

Encl.
Executive Personnel Director
Municipal Assistance Corporation
1 World Trade Center
New York, N.Y. 10048

2011 Ferry Avenue
Apartment H 11
Camden, N.J. 08104
January 23, 1980

Dear Personnel Officer:

I am a second year law student attending Rutger's Law School in Camden New Jersey and I am most interested in working in your government agency as an administrative assistant for the summer of 1980. Given my legal training, I have also applied for separate consideration for legal work within the Law Department of your organization. Here I am applying for summer employment as an administrative research assistant.

The ultimate goal of my legal training is to compliment my joint degree candidacy at the New York University Graduate School of Public Administration, where I plan to complete a Masters degree in municipal finance and urban development by May of 1982.

My legal training to date has concentrated in Urban Law and Local Government policies. By this spring, the course I will have completed will include:

State and Local Tax and Finance
Federal Income Taxation
Secured Transactions
Bankruptcy

Land Use Regulation
Administrative Law
Constitutional Law
Housing and Urban Development

As my resume indicates in greater detail, my work experience in both legal and non-legal areas has been purposeful, conscientious, and rather notably effective. I welcome the opportunity to address new work challenges with the same spirit and professional enthusiasm.

I plan to return to New York for spring recess from Friday, February 29th to Saturday, March 8th. At your request, I will be available for interview either at that time or at a perhaps more convenient date.

Thank you for your consideration.

Sincerely,

Gerard J. Lian

Encl.
GERARD J. LIAN

School Address: 
2011 Ferry Avenue
Apartment H-11
Camden, N. J. 08104
(609) 962-7141

Permanent Residence: 
104 80th Street
Brooklyn, N. Y. 11209
(212) 238-8307

EDUCATION

LEGAL: 
RUTGERS UNIVERSITY SCHOOL OF LAW, Camden, N. J.
Candidate for the degree of Juris Doctor, 1981
Cumulative Index: 3.0 (4.0 = A)

UNDERGRADUATE: 
DREW UNIVERSITY, Madison, N. J.
Bachelor of Arts, cum laude, 1977, in History and American Studies. Emphasis in American political culture, as examined through an interdisciplinary program of study.


PROFESSIONAL SOCIETIES 
Student member of the American Bar Association, 1979-1980.

EXPERIENCE

August 1979 
Law Clerk, Ferris, Adams, & Creidy, New York, N.Y.
to Sept. 1979
Assignments included drafting pleadings and motions, processing insurance applications for Estates, preparing immigration forms and adoption papers, and researching provisions in the Federal Income Tax Code and Regulations.

June 1979 
Administrative Assistant. Tri-State Regional Planning Commission, New York, N.Y.

June 1979 
Administrative Assistant. Tri-State Regional Planning Commission, New York, N.Y.

to August 1979
Under the direct supervision of the Director of the Housing and Community Development Division, prepared an Interim Technical Report, published as a conference manual for regionwide dissemination, on Anti-Redlining statutes governing New York, New Jersey, and Connecticut.

December 1977 

to August 1978
Basic responsibilities included compiling statistical measurements and political data for use as error functions for formulas designed to project election results in the 1978 U.S. Gubernatorial Election. In addition, with the express encouragement of CBS management, I prepared a pilot study which offered the recommendation that Electoral analysis should include an examination of socio-political trends and extend beyond simple forecasting techniques, and second, which specified how to integrate a new system of demographic analysis with existing analytical methods.

PERSONAL INTERESTS
Participating in various sports, presently golf and tennis, reading, wood crafts, and painting.

REFERENCES
References and writing samples will be furnished upon request.
29 January 1980

Mr. Steven M. Nachman
2717 East 28th Street
Brooklyn, New York 11235

Dear Mr. Nachman:

Thank you for sending us a copy of your resume. The Corporation does not intend to engage any law students for summer employment at this time. However, we will retain your resume in our files for future reference.

We appreciate your interest in the Municipal Assistance Corporation.

Sincerely yours,

Stephen J. Weinstein
Deputy Executive Director

SJW:bba
2717 East 28 Street
Brooklyn, N.Y. 11235
January 24, 1980

Municipal Assistance Corporation
1 World Trade Center
New York, N.Y. 10048

Dear Sirs,

I am a first year student at Columbia University School of Law and am seeking employment for the summer of 1980. I am interested in obtaining a law related position with your office and am therefore enclosing my resume.

I look forward to hearing from you in the near future to schedule an interview at a mutually convenient time.

Sincerely yours,

Steven M. Nachman
STEVEN M. NACHMAN
2717 EAST 28 STREET
BROOKLYN, N.Y. 11235
(212) 891-2596

EDUCATION: Columbia University School of Law, New York, N.Y.
J.D. expected May, 1982

New York University
College of Business and Public Administration
B.S. Magna Cum Laude, June, 1979

Majors: Accounting, Management
Honors: Financial Executives Institute Academic Honor Award;
        University Honor Key for Academic Excellence;
        University Founders Day Award
Member: Beta Gamma Sigma

WORK EXPERIENCE: Part time and summer employment

1978-79 John Addison & Co., Certified Public Accountants
New York, N.Y. Assistant Accountant
Responsibilities included the preparation of trust fund accountings, accountings for short-term investments as well as assisting in the preparation of federal, state and local tax returns.

1977 Natural Food Shoppes, Inc.
New York, N.Y. Bookkeeper
Responsibilities included the overseeing of cash receipts and disbursements; maintenance of bookkeeping records and journals.

PERSONAL: Born: December 27, 1958
Marital Status: Single
Health: Excellent

References and writing samples are available on request.
29 January 1980

UNIVERSITY TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10039

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on January 30, 1980, $377,000 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

Harris A. Decker
Treasurer

HAD: blg

cc: William J. Lithgow
Pat Santivasci
29 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding the investment of moneys available in the Capital Reserve and Capital Reserve Aid Funds established under the First and Second General Bond Resolutions, respectively.

You were instructed to purchase on January 25, 1980 from Morgan Stanley & Co. for settlement on January 28, 1980, $1,000,000 par value of Federal Home Loan Bank Notes, due November 25, 1986, with a coupon of 11.30% at a price of par plus accrued interest with moneys available in the Capital Reserve Fund.

You were further instructed to purchase on January 25, 1980 from Morgan Stanley & Co. for settlement on January 28, 1980, $1,000,000 par value of Federal Home Loan Bank Notes, due November 25, 1986, with a coupon of 11.30% at a price of 99.9375% of par plus accrued interest with moneys available in the Capital Reserve Aid Fund.

You were also instructed to purchase on January 25, 1980 from Morgan Stanley & Co. for settlement on January 28, 1980, $2,000,000 par value of Federal Home Loan Bank Notes, due November 25, 1986 with a coupon of 11.30% at a price of par plus accrued interest with moneys available in the Capital Reserve Aid Fund.
The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when moneys in the Capital Reserve and Capital Reserve Aid Funds will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical but in no event later than such times at which moneys in the Capital Reserve and Capital Reserve Aid Funds will be required for First and Second General Bond Resolution purposes, respectively. In addition, the Corporation has taken into consideration the maximization of return and the minimization of risks.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

cc: John J. Keohane, Esq.
William J. Lithgow
Pat Santavasci
Allen L. Thomas, Esq.
Amy Vance, Esq.
29 January 1980

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
30 West Broadway
New York, New York 10015

Attention: Mr. Edwin F. McMichael
Vice President

Dear Sir:

This is to confirm oral instructions issued to you regarding the investment of moneys available in the Municipal Assistance Corporation For The City of New York Guaranty Fund (Account Number M95 78).

You were instructed to sell to Morgan Stanley & Co. on January 28, 1980, for settlement on January 29, 1980, $10,000,000 par value United States Treasury Notes, due May 15, 1984, with a coupon of 9.25% at a price of 95.21875% of par plus accrued interest from securities held in the Guaranty Fund.

You were further instructed to purchase from Morgan Stanley & Co. on January 28, 1980, for settlement January 29, 1980, $9,900,000 par value United States Treasury Notes, due May 15, 1985, with a coupon of 10.375% at a price of 98.171875% of par plus accrued interest from moneys available in the Guaranty Fund.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

cc: G. William Miller, Secretary of the Treasury
    William J. Lithgow
    Robert Mundheim, Esq.
    Allen L. Thomas, Esq.

HAD:bba
Date: 29 January 1980
To: David H. Blair, Esq.
From: John G. Bove
Re: Series 23 Bonds

Enclosed are eight copies of each of the documents delivered in connection with the sale of the Corporation's Series 23 Bonds.

Also enclosed are (i) two copies of the executed receipt of the City for a portion of the proceeds (Doc. No. 35) with a copy of the check annexed, and (ii) two copies of the check for the Purchase Price which should be attached to the Trustee's receipt for the proceeds (Doc. No. 31). They have been included in the enclosed eight copies of the closing documents and should be added to the set of documents distributed to you at the closing.
Enclosed are the following documents which should be added to the documents distributed to you at the Series 23 Closing:

- Two (2) copies of the Receipt of the City for a portion of the proceeds (Doc. No. 35), with a copy of the check annexed; and

- Two (2) copies of the check in payment of the Purchase Price, which should be annexed to Document No. 31.

Distribution: John J. Keohane
Paul S. Pearlman
Amy Vance
SUMMARY

Statements Before Senate Committee
on Banking, Housing and Urban Development
January 28, 1980

Bigel

* contrasting state of affairs in 1975 vs. current: issuance of less than $600 M in short-term debt, surpluses in 1978 & 1979 with GAAP-balanced budget in 1981, City has one of leading municipal accounting and budgeting systems in the U.S.

* bankruptcy threat is gone; no more need to fund daily operations with long-term proceeds; should the City fail access to fund capital in 1983, daily functions will not suffer.

* NYC's current problems are in transit, health care and education, which are not unique but size of City magnifies them; Fed has failed to provide funds or comprehensive solutions.

* GAAP-deficit reduction progress since 1975; expenses kept behind inflation rate (better than other larger cities); from 7/1/75 6/30/80 City workforce will have declined by 23% while other cities show increases.

* substantial progress made by NYC in terms of financing: obtained seasonal financing from credit markets, reduced seasonal needs, eliminated $800 M State advance, ended 1978 and 1979 with high working capital, reduced interest expenses, improved beginning cash balances with decreased dependences on pre-paid revenues, elimination of outstanding short-term debt at 7/1/75.

* Federal aid from '76-'80 has not kept pace with inflation; Federal policies are negative-excessive public and medical assistance burden on the City and special ed costs for City increase at higher rate (almost twice) than Federal aid, all are mandated programs; federal discrimination in transit also against urban areas, but especially NYC; NYCTA only gets small percentage of aid in proportion to ridership.
SUMMARY
January 28, 1980
Page Two

* bankruptcy threat triggered investments by retirement
  systems; participation of pension funds significantly
  strengthened those systems; fire department pension fund
  dispute should be solved; retirement systems do not intend
  to purchase any further City-related paper past 1982.

* market access is hampered by the rating agencies, overs-
  sight agencies and the size of the financing.

  rating agencies: inaccurate reports; fail to consider
  progress of NYC; irresponsible to public needs; City has
  acted on major recommendations based on issues identified
  by rating agencies but it was ignored; their standards
  are inconsistent and constantly raised.

  oversight agencies: given the weight of their prognos-
  ticsations, their accuracy must be judged; their judgment
  has not been better than the City's but it is given more
  weight.

  size of financing: massive capital needs, as much as
  $4 billion per year per Comptroller's report, but that's
  overestimated and so is City's $2.3 billion; City should
  revise capital plan based on spending.

* City workforce has had gross increase in spendable wages
  but real decline annually; fiscal crisis period was time of
  sacrifice for workforce (a detailed listing of wage and fringe
  benefit deferrals and cuts is shown); though settlements
  elsewhere were higher, NYC had fewer "labor actions".

NOTE: MAC's response to program Planners report in December
  refuted a number of the points which have been repeated
  here . . . . Program Planners fails to recognize
  contribution of State aid, as well as the actual
  methodology by which NYC reduced its budget gaps
  largely by way of Federal/State revenues, debt service
  reductions primarily reached through MAC restructuring,
  and tax rate increases with significantly less involve-
  ment of City expenditure reductions.
Grossman, STANDARD & POOR'S

* what Harries said two years ago holds true (City will be unable to borrow meaningfully unless it can demonstrate fiscal stability through balanced budgets with an outside monitoring system), but one year isn't enough.

* free access is still elusive; note sale is no test of credit because of State revenue basis; a small ($50-70 M) 15-year bond sale could have reached the market at a reasonable cost last August-September but this isn't possible now at a reasonable rate (15-year yield for NYC would have to be well in excess of the current scale, but not far off from Chicago-10% range).

* NYC is slowly and painfully meeting expenditures with more reliable revenues, but huge governmental sector makes retrenchment difficult.

* real progress is evidenced by 1/15/80 plan to move to GAAP in 1981 especially in light of gap reductions since 1976; short-term needs were reduced, but monitoring is needed and should be continued.

* January plan reflects deficit elimination largely by City actions (like Board of Ed, which is difficult); difficult situations loom (labor); inflation compounds the gap; Federal/State aid is still a major part of plan; Federal/State and City should move to synchronized cash flow calendars so all could reduce anticipatory borrowings; water and sewers should be moved to a self-supporting systems on an enterprise basis in light of large needs in that area; with MAC providing back-up financing and City's economy showing some signs of life, City could make a serious attempt to test the market by late 1982.
Ackerman, MOODY'S

* for credit analysts, evaluation of trend data is key to formulating credit assessments; NYC's financial and economic distress has parallels in other cities; NYC, however, has not been able to demonstrate an ability to manage its broad scope of operations within its limited resources.

* the end of FY 1982 will be the first real benchmark when City must GAAP balance its budget by law, when safeguards of the past will no longer be available, when MAC's debt limit is approached and loan guarantees expire along with pension fund and banks commitments, and oversight will not be over the wage settlements.

* the continued use of stop-gap measures and one-shot revenues is not acceptable; control has not been demonstrated over Board of Ed, Transit Authority and Health and Hospitals Corporation; outstanding litigation threatens, costly solutions may result effecting the very composition of the income base; capital needs are enormous with no plan to address them.

* relationship of MAC to the City needs clarification, MAC's scope and longevity raises questions; indefinite perpetuation of MAC's powers and debt-incurring ability could have a deleterious effect on NYC; the segregation of capital financing from the major governmental unit is not sound and could have serious ramifications.

* proposed amendments to Federal Bankruptcy Law hampers City's efforts to regain market access; NYS's willingness to give blanket consent to all its municipalities to file petitions under Chapter IX is disturbing.

* NYC has disregarded the sound precepts of public administrations and violated elementary principals of maintaining solvency; both the magnitude of problems yet to be addressed and the past history of poor performance must be considered in any calculation of future credibility; the City permitted a default in 1975 and the psychological impact of a default defies quantification but will be a long time in overcoming; regardless, a favorable opinion by a rating agency does not necessarily guarantee investor confidence.

* the City has made progress toward fiscal goals as recognized by improvement in bond ratings from Caa to B and the assignment of ratings to note issues; a definable positive trend has yet to be established, but in general, 3 years of sound balanced budgets would be called a trend.
Municipal Assistance Corporation
For The City of New York

SUMMARY
January 28, 1980
Page Five

* Moody's expects the end of FY 1981 or 1982 to mark the beginning of such a trend which, due to NYC's past shortcomings as an issuer, would require much longer than the general rules would indicate reflecting the fact that near term plans don't reflect structural defects and long-term remedial measures.
Rousseau

* successful sale of BANs due to perception of NYS backing - transfer of State aid to NYC from the State Comptroller directly to paying agent.

* the City has established itself in the lower range of acceptable credits in the market place and is subject to all the perils of lesser regarded credits.

* presently it is more a function of the severe stress in the bond market than of NYC's relative standing in that market that makes further NYC note sales uncertain.

* market acceptance is as much a matter of psychology as it is of budgets and balance sheets.

* the investing public will require four things:

(1) a debt service fund mechanism (investors should be exposed to the Debt Service Fund created by the State Legislature in late 1978).

(2) a record of achievement in budget balancing (confidence is elusive even in light of NYC's accomplishments; very high standards are set; early move to GAAP should contribute a great deal; creation of 4-year plan a positive innovation but calls attention to the large budget gaps in the out-years, although most other State/municipal budget projections would have them, too; we must more clearly define gap as opposed to deficit for success).

(3) a capital facilities plan (realistic and believable capital plans to maintain and upgrade the capital stock are a must; slim prospects of City raising $1 billion in a single year ('82) in the tax-exempt market, it would be a feat - NYC should have a detailed contingency plan; some projects should be funded on pay-as-you-go basis).

* a water and sewer entity charged with the operation of those services is recommended, similar to ECP and HDC - and why not hospital, equipment leasing - and retain MAC as an issuer for certain defined capital purposes. Disadvantages to this might be loss of operating flexibility if new revenue streams were restricted by bond covenants; legal structure involved may diffuse political power of Mayor and City Council; potential negative reaction of investors if too many revenues are diverted from General Fund or if it's too confusing.
(4) improved bond ratings (City needs at least minimum grade rating to market several hundred million per year under normal conditions; needs an A/A rating to do so in uncertain markets. City shouldn't rush to market; to insure lasting success, care and caution is required; fewer bonds than market could absorb, generous pricing of early issues).
Beason

* NYC has shown substantial achievements: more stringent accounting and budgeting procedures, reducing annual deficits, achieving a degree of public market acceptance.

* Move to GAAP-balance early is crucial since pension funds and financial institutions are nearing saturation point for MAC and unguaranteed City bonds (practical limitations and legal roadblocks).

* MAC cannot be depended on for long-term financing since it has a debt-ceiling, restrictive covenants, and additional issuances would increase contingent NYS debt; investors have viewed MAC as interim measure for NYC, otherwise perceptions of any lack of effort on City's part would negatively effect market acceptance of MAC debt.

* Investment grade rating is key; continuing efforts by City are high priority, strong commitments must be made in the face of labor, budget review, audits and elections; recommend showing raters first-hand how City copes with critical matters to prove its ability to produce predictable financial results.

* NYC is stronger now than in 1975, and meaningful actions have been taken; further improvement is still required, but market re-entry is in sight.
* workers suffer greatly in time of fiscal austerity; sacrifices imposed on them from all levels of government; small wage increases well below inflation and CPI; there is no optimism regarding future CPI and inflationary trends.

* family income of City workers does not compare favorably to Bureau of Labor Statistics low and intermediate family budget; women with dependent children are especially hard hit.

* workers have suffered from take-backs and lay-offs since FY 1975: changes in work rules, reduction of overtime and summer hours, deferral of wage increases, reduction of ITHP benefits, deferral or reduction of fringe benefits and COLA payments, 30,000 lay-offs, strict attrition policy and non-replacement have caused ever-increasing workloads.

* ever-increasing workloads must be accomplished with old, poorly-repaired equipment, in facilities that are dangerous and deteriorated, creating counter-productive conditions with little City effort to improve them; NYC workers' accident rate is almost 4 times greater than that of all U.S. private business; it's bad workplaces not bad workers that impair productivity.

* union has cooperated with City on broadbanning civil service titles; they have supported flexibility in internal transfer of personnel; pressed Mayor to institute City-wide productivity council; in general, City and labor have long-standing tradition of cooperation.

* Federal government has not taken lead on productivity; National Productivity Council has made no suggestions; many U.S. cities are going down the tubes, NYC is not unique — it just got there first; stressed need for American Urban Policy; NYC's burden of Medicaid and welfare translates into high unemployment, abandoned property, burdened school systems, postponed capital improvements and repairs.

* while we appreciate loan guarantees, they cost the Feds nothing but they cost NYC a great deal; treatment of NYC as unique has only served to put off dealing with the fundamental inequalities of today's cities.
Altman

* since 1975, NYC has achieved each of its major fiscal goals; financial accomplishments such as reduction of GAAP-deficit, elimination of deficit entirely during FY 1981, independent audits, reduced borrowing needs and successful sale of notes in 1979 and 1980 deserve recognition.

* the remaining guarantee authority of $900 M will only be used if the City and MAC can't finance long-term needs over the next two years; U.S. has received prompt quarterly payments on the guarantee fee for bonds issued thus far.

* regarding compliance with the guarantee act, the City's continued fiscal reform enhances the security of guaranteed debt thereby meeting the "reasonable prospect of payment"; the financing commitments of financial institutions, pension funds and MAC have been honored; the independent fiscal monitor (FCB) continues; and two years of independent audits were accomplished.

* NYC's budget has shown improvement; 1979 results represent a year of true progress; 1980 budget balanced according to State Law; City has been able to cover problems in Board and Ed and Health and Hospitals Corporation which developed during this year through stronger than expected economy and further expenditure reductions.

* currently proposed City plan of 1/15/80 has not been evaluated although certain monitors place "worse-case" gaps at far greater than plan; NYC has historically ended with smaller than projected budget gaps so this trend may continue.

* even though the FY 1981 budget gap has expanded over projections of such gap last June, several factors can be cited: earlier achievement of GAAP-balanced budget, Federal and State laws already required City to adjust pension costs by $50 M and capitalized operating expense phase-out of $132 M for FY 1981, the inclusion of a provision for wage settlement, increased medicaid, special ed and energy costs, all offset somewhat by increased revenue projections for 1980 and 1981.

* NYC's deficit reduction program (PEG) is ambitious; some actions will be difficult as they require legislation and will be unpopular; overall job reductions appear possible (except maybe Board of Ed) and OTSP cuts appear attainable.
SUMMARY
January 28, 1980
Page Eleven

* PEG uncertainties include ability of Board of Ed to sustain reductions in light of need to maintain services and evaluation of success of new control procedures; present projections of HHC revenues are uncertain and City may be pressed for greater funding; expenditures for energy have rapidly escalated so conservation may not offset costs; and it is too early to judge if increased Federal/State aid is realistic.

* FY 1982 will be a more difficult year for NYC; the FY 1982 deficit may not be realistic since it depends on eliminating gap in 1981, negotiation of restrained labor contracts, the City's ability to make necessary cuts and the uncertainty of prospects for increased Federal/State aid; because of carry-over value of FY 1981 PEG actions, it is disconcerting that alternative programs do not exist.

* recent State budget proposals threaten increased State aid although State commitment is not diminished; preliminary indications of Federal aid to NYC are that it will continue to increase although some increases require legislation; Federal aid is at least less limited than prospects for increased State aid.

* other areas of concern in City's road to fiscal self-sufficiency include uncertainty in the national and local economy, wage settlements, capital spending (past 2 years' slippage in light of recent signs of progress in coordinating and accounting throughout the capital budget system, and restoring access to the bond market through better bond ratings (the City has prepared a strategy for market re-entry with the cornerstone being the achievement of budget stability, management objectives and achieving an investment grade rating). Current limited market for City bonds is insufficient, and it probably couldn't be tapped until FY 1981 anyway.

* if City can't meet its financing needs in FYs 1981 and 1982, MAC has sufficient bonding authority so as to preclude the need for stand-by guarantees.

* the next 12 months will be pivotal for the City's self-financing quest: conclusion and outcome of labor negotiations, whether the City can actually produce a GAAP-balanced budget for 1981, whether a successful sale of a limited amount of City bonds can be accomplished to demonstrate investor confidence; these factors should all facilitate the attainability of an investment grade rating.
Date: 31 January 1980

To: FILES

From: Terri Posner

Re: Effect of New York State Fiscal Year 1981 Budget Proposals on New York City's Financial Plan

I. STATE AID TO EDUCATION

A. Proposed State Budget for State Fiscal Year 1981 assumes a 2% reduction of education net support. (The City's Plan currently assumes $948 million of net support.)

Effect on NYC Financial Plan

New York City will lose approximately $19 million in Board of Education net support (a "budget balancing" revenue) during City Fiscal Year 1980.

B. Proposed State Budget for SFY 1981 considers an additional $103 million in State aid to education (a categorical grant).

Note: Several figures have been mentioned for this additional aid, ranging from $62 million to $103 million.

Effect on NYC Financial Plan

New York City will gain additional State aid of as much as $103 million for education, primarily for special education expenditures, during CFY 1981.

II. STATE PER CAPITA AID

A. Proposed State Budget assumes a "cap" on Per Capita Aid beginning with SFY 1981 of $481 million. (An additional $37.5 million may be forthcoming from the State if Federal revenue sharing is continued at anticipated levels.)

Effect on NYC Financial Plan

New York City could lose $92 million in unrestricted State aid during CFY 1980. If Federal revenue sharing is continued after the current expiration date of September 30, 1980, the additional $37.5 million could come in either CFY 1980 or 1981. The State Per Capita Aid "cap" effectively eliminates any potential growth in this unrestricted revenue. The "cap" will cause shortfalls in New York State unrestricted aid as contained in the Plan of $152 million, $134 million, and $168 million, respectively for FYs 1981-83.
III. STATE CATEGORICAL AID: WELFARE

The City may have overestimated the FY 1980-1983 projections of increased State welfare grants for Medicaid.

Effect on NYC Financial Plan

State categorical grants for welfare in FYs 1980-1983 may decline by $3 million, $12 million, $10 million and $10 million, respectively, with no corresponding reductions in expenditures.

IV. OTHER STATE ACTIONS

A. Medicaid Appeals and Rate Adjustments:

HHC's Plan assumes receipt of $110 million during FYs 1980-1981 from appeals, and significant new revenues resulting from increased rates for certain reimbursable programs. (Preliminary indications from the NYS Budget office are that both the increased rates and the revenue from the appeals are reasonably firm.)

B. Budget-balancing Aid, Cost Assumptions:

Further unrestricted, or budget-balancing aid, and assumption of costs by the State may be negotiated prior to adoption of the State budget in order to compensate the City for losses in State aid elsewhere, but again, no specifics are available.

OVERALL IMPACT OF PROPOSED STATE BUDGET (preliminary)

The reduction in education net support of two percent affecting the City's Plan in FY 1980 (and probably recurring thereafter) will be offset by the increase in categorical education aid by the State of $103 million in CFY 1981. However, the net support piece of State aid has historically contributed greatly to budget balancing revenues, while the categorical aid (the $103 million) is earmarked to offset increasing special education costs. Coupled with the cap on NYS Per Capita Aid, the City is losing the kinds of intergovernmental aid it needs most - namely, the kind with "no strings attached". Although further negotiations with the State will occur in order to cover the "holes" produced by the State budget proposals, these developments must be viewed in terms of the attainability of the additional Federal and State aid assumed by the City's PEG ($170 million in 1981, and $410 million in 1982 and 1983). These assumptions are not backed up by City "standby" programs.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SUMMARY POINTS

Statements submitted to the Senate Committee on Banking, Housing and Urban Affairs

Ed Koch, Mayor
Harrison Goldin, Comptroller
Carol Bellamy, President,
City Council
Comer Coppie, PCB
Sidney Schwartz, OSDC
Stephen Berger, Consultant,
City Budget

MAYOR KOCH

1. Balancing the Budget

The accelerated plan for a GAAP balanced budget will do three things: early action will help close the enormous gap in 1982; the City's market reentry will be accelerated; with a balanced budget and market access the City will be financially self-sufficient and service delivery will be stabilized.

Persistent budget imbalance is caused, on the expenditure side, by mandated programs and inflation. The revenue side is hampered by sluggish growth locally as well as from the Federal and State governments.

The new Financial Plan includes substantial expenditure reductions as well as recognition of the need to increase local revenues. Expenditure reductions have been aimed at not reducing service delivery while revenue increases include those least likely to hurt the local economy.

Additional Federal and State aid called for in the Program to Eliminate the Gap (PEG) is less than called for in the 1978 Plan. The Governor is publicly committed to additional State aid for the City.

2. Financing

The bulk of the City's financing is being provided through local efforts. The City plans to use less than half of the $1.65 billion of Federal guarantees.
The financing plan is on schedule.

During FY 1979 the City sold $275 million of Notes publicly, one year ahead of schedule in Guarantee Act.

Seasonal borrowing needs have decreased by almost 70% since 1977 to $650 million in 1979.

We have expanded the credit facility negotiated with private lenders as a back up to public Note sales. Forty banks are now included and the need for Pension Fund participation has been eliminated.

3. Capital Spending

While I have not been pleased with past performance, planning and reporting systems are being overhauled and I am encouraged. A recent analysis has shown that while interim spending forecasts have required significant corrections, the $2.3 billion four year target remains our best estimate.

4. Market Access

Accelerating a GAAP balanced budget by one year should help significantly.

If we stick to the current Plan, our bonds will deserve an investment-grade rating.

I am committed to a public bond sale at the earliest possible date, however, the first sale must be a success.

I believe a successful bond sale will be possible in FY 1981.

If the City does not have full market access by the end of the Financial Plan then I will consider:

- creation of special purpose authorities, such as for water and sewer;
- authorization of additional MAC sales; and
- reduction of City's capital program

This program will not require additional Federal presence in City financing.
5. **The Economy**

A recession now should not have the disastrous impact of the one five years ago.

Since my election, 63,000 jobs have been added in the City.

Retail sales have shown surprising growth, 12% since 1978.

Construction sector has been strong--offices, apartments, the Convention Center.

Tourism is up.

Local inflation rate has been below national rate.

City is in a better position for recession, but its effects cannot be ignored.

---

**HARRISON GOLDIN**

"it does not follow as the night the day that once the City achieves GAAP balance everybody's uncle will be willing to lend the City whatever it asks for and needs."

The City has made enormous progress: operating deficit has been reduced from $1.87 billion to $422 million by June 30, 1979; there have been no rollovers of temporary debt; market reentry for short-term debt has been achieved; and the credit rating on City Notes has been upgraded by Moody's from MIG-4 to MIG-3. The State advance was eliminated, cash flow has improved dramatically, we had a cash surplus in 1979, the real estate tax collection rate in 1979 was 94% and a four year decline in assessed valuation of property has been reversed.

Goals the City has reached for FY 1980. The seasonal loan agreement has been negotiated with more banks than last year, the City has not needed this standby credit facility and the City is in the process of doing a fixed asset inventory."
Goals the City has not reached: The City has not secured a rating upgrade on their Notes; all the Notes sold to date have been RAN's not TAN's; and the City has yet to sell Notes through competitive bidding by underwriters.

No doubt GAAP balance in FY 1981 will help City's fiscal position, but may not assure investment-grade rating for bonds.

The City has no choice but to be optimistic. The Financial Plan requires we try to sell $300 million of bonds in FY 1981 whether GAAP balance is achieved or not; whether the bonds win a good rating or not. Current plan is to offer $75 million each quarter starting July 1, 1980.

Other contingencies we must prepare for in selling City bonds--1) general market conditions, 2) general municipal market including impact of other troubled cities, 3) development of New York City market in light of Wharton forecast that the impact of a recession will be worse in New York City than in either the region or the nation, 4) the spread between MAC bonds and City bonds.

Steps Congress can take to help NYC sell its securities publicly: 1) amend the Bankruptcy Reform Act of 1978 to protect the rights of holders of municipal general obligation's, 2) in establishing the Energy Security Corporation, allow eligible projects from public entities, 3) develop Urban Bank bill that provides loan guarantees/direct loans to businesses in economically depressed areas.

We are also exploring steps we can take on our own to improve City's fiscal position: 1) create a truly funded Contingency Reserve Fund, 2) City to issue water and sewer revenue bonds, 3) possibly expanding the City's existing General Debt Service Fund to include an entire year's debt service requirement.
CAROL BELLAMY

On balance I think our prospects for full market reentry by 1982 are good.

We have taken many steps, some of you on the Committee said we wouldn't so I'm confused why Senator Proxmire is taking us to task once again for seeking to balance our budget "on the back of the Federal Government".

Although we see some promising signs of growth in the City's revenue base, we see gains eroded by increasing costs for social services, housing, health and energy.

We have wittled our budget down to the core (32% reduction in personnel).

We can't say record for our partners has been good as our own. (i.e. State and Federal governments) It is time the Federal government recognized its obligations to us in the City's Four Year Plan--In areas of unrestricted aid, reimbursements for Welfare, Health, Transportation, energy, and in funding Federal mandates we must have full assistance from intergovernmental sources.

Other cities are facing the same problems.

COMER COPPIE

Pleased to endorse Mayor's strategy in moving to GAAP balance one year early.

Past PEG programs have relied heavily on OTPS reductions and unspecified actions. New PEG outlines specific expenditure reductions for 1981 and 1982 and presents a sense of priorities.

Nevertheless, the City still faces major problems. Can PEG be implemented? FCB will extensively analyze the Plan.

Critical outstanding issues include: 1) State and national economy--while the City appears to be regaining health, the recession may be deeper than projected in City budget; 2) Cost of upcoming labor settlements--uncertain--vital that labor settlement can be funded within City's Plan; 3) City's methods for monitoring HIC and BE have not proved effective--accordingly the FCB has taken a series of actions including a requirement that
HHC establish a special reserve fund. We will require the City to plan for HHC deficits ahead of time. HHC has also implemented our recommendations to improve revenue collections. Both HHC and BE have experienced significant cost overruns during the first quarter of 1980. The FCB has insisted the City develop plans for monitoring and controlling these agencies; 4) the new Financial Plan anticipates substantial recurring increases in Federal and State aid which may prove unattainable. We will require the City take further action should such shortfalls occur.

The City's ability to make expenditure reductions is increasingly limited by mandated services.

City's success will also depend on making management improvements and increasing productivity. The restructured productivity council should help.

A number of observers have recently questioned whether market reentry in FY 1981 is realistic. Certainly GAAP balance in 1981 will help.

We are continuing to monitor the capital program. We are insisting the City detail the steps necessary to attain its goals for the capital program.

SIDNEY SCHWARTZ

I would like to praise the Mayor for submitting a Financial Plan that goes to GAAP balance by 1981. It deserves recognition for three reasons: 1) It provides a more orderly process of retrenchment than if major expenditure reductions were left until 1982. I believe however, the City should estimate the impact of expenditure reductions on services as well as the economic effect of the program to increase revenues. 2) it demonstrates the City's commitment to meeting its budgetary obligations. If accomplished, it allows the City to test market reentry when financing alternatives are available, rather than later on (after 1982). 3) by eliminating the need to borrow in fiscal 1981 for capitalized operating expenses, the City has reduced the need for new debt issuances.
Two financing situations that may result in 1982: 1) If the City gains full market reentry then I recommend that in 1982 the City attempt to finance some of its 1983 capital requirements, and 2) the second less desirable situation results if the City does not regain full market access. There would still be time, in this instance, to develop financing alternatives.

In spite of these positive developments, serious fiscal problems remain.

- the Plan relies on significant tax increases which require legislative action
- the Plan depends on the following uncertainties:
  a) the realization of increased amounts of Federal and State aid
  b) the impact of inflation and recession
  c) the size of the projected deficits in the covered organizations
  d) the City's continued failure to resolve managerial shortcomings
  e) the size of future labor settlements

No City standby program if it fails to get increased Federal and State aid.

Substantial deficits loom in covered organizations, particularly in the HHC where revenue collection performance remains poor.

City has not reformed management problems in capital program nor have they established procedures for review and implementation of outside recommendations.

Upcoming labor settlements constitute the largest uncertainty.

Long-term problem exists in that the City projects gaps of $250 million in 1983 and $300 million in 1984. Also increases in labor costs after 1982 are not included in the Plan.
While expenditures are responding to inflation, the real estate tax and State and Federal aid are not showing comparable growth.

Federal and State aid for budget balancing purposes has declined over the last two years.

Mandated programs adding to burden--must be fully funded.

STEPHEN BERGER

Having urged continually that the City balance its budgets through the use of recurring revenues and savings, balance its budget according to GAAP, institute management reform and improve its control of the capital program, I endorse the Mayor's new strategy in the new Financial Plan.

Major uncertainties remain, however:

1) the cost of labor settlements

2) HHC projects rising deficits in the City's Plan and performance hasn't improved. The Mayor's hospital closing plan must be implemented.

3) The Board of Education, under increasing Federal mandates projects larger expenditure increases not offset by intergovernmental aid. It will also be difficult for the BE to effectuate the large cuts called for in the Mayor's Plan.

4) Increased Federal and State aid to balance the budget will be difficult to get. Even where increases are apparent, additional aid tends to be on the categorical side not of the budget balancing type.

5) Legislative action on proposed tax increases is uncertain.

6) The City's Plan may be negatively affected by national economy.

7) The City has failed to develop a capacity to plan and execute a viable capital program.
BY MESSENGER

28 January 1980

Mr. John A. Falvey,
Vice President
BANK OF AMERICA, N.T. & S.A.
100 Wall Street/10th Floor
New York, New York 10005

RE: Series 23 Bonds
Paying Agent

Dear Mr. Falvey:

In connection with the duties of the Bank of America as Paying Agent on the Series 23 Bonds of the Municipal Assistance Corporation, I am enclosing one specimen Series 23 Bond, dated January 1, 1980, in coupon form, for your records.

I am also enclosing for your records a copy of the Approving Opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation, dated January 28, 1980, relating to the authorization and issuance of the Corporation's Series 23 Bonds.

Sincerely,

[Signature]
Stephen J. Weinstein
Deputy Executive Director

Enclosures (2)

SJJW/lsd
BY MESSENGER

28 January 1980

Mr. Paul L. Martin,
Vice President
CHASE MANHATTAN BANK, N.A.
One New York Plaza/14th Floor
New York, New York 10015

RE: Series 23 Bonds
Paying Agent

Dear Mr. Martin:

In connection with the duties of the Chase Manhattan Bank as Paying Agent on the Series 23 Bonds of the Municipal Assistance Corporation, I am enclosing one specimen Series 23 Bond, dated January 1, 1980, in coupon form, for your records.

I am also enclosing for your records a copy of the Approving Opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation, dated January 28, 1980, relating to the authorization and issuance of the Corporation's Series 23 Bonds.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

Enclosures (2)

SJW/lzd
BY MESSENGER

28 January 1980

Mr. Daniel Heimowitz
MOODY'S INVESTORS SERVICE, INC.
99 Church Street
New York, New York 10007

Re: Refunding of 1975 Series A Bonds

Dear Mr. Heimowitz:

This morning, the Municipal Assistance Corporation delivered its Series 23 Bonds and, with a portion of the proceeds of that sale, completed the refunding and defeasance of its 1975 Series A Bonds.

This letter is to furnish you with final documentation of that transaction, in connection with your providing a new rating on the 1975 Series A Bonds, based upon their refunding and defeasance.

Enclosed are copies of:

1. The Corporation's 1975 Series A Resolution, adopted July 2, 1975;
3. The Corporation's Irrevocable Instructions to the Trustee as to the Establishment of the 1975 Series A Bonds Trust Fund, dated January 28, 1980;
4. The Trustee's Certificate Respecting Defeasance of the 1975 Series A Bonds, dated January 28, 1980; and

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosures (5)
28 January 1980

Mr. Malcolm J. Hood
Senior Vice President
United States Trust Company
of New York
130 John Street
New York, New York 10038

Dear Mal:

This is in response to your letter of December 21, 1979, in which you requested authority to destroy bonds and coupons of the Municipal Assistance Corporation in accordance with a schedule which you set forth therein.

This letter is to authorize you to destroy bonds and coupons after retaining them for the periods indicated below:

1. Unissued bonds -- immediately after redemption or payment according to their terms of all bonds of a particular series or all bonds of a particular maturity within a series.

2. Bonds which have been paid and cancelled -- 13 months.

3. Coupons which have been paid and cancelled -- 13 months.

4. Registered bonds which have been turned in for a change in registration or exchange for coupon bonds -- six months.

5. Coupon bonds which have been received in exchange for other coupon bonds or registered bonds, and which are subject to the "Philadelphia Plan" -- same as Item 1 above.

6. Coupon bonds which have been received in exchange for other coupon bonds or other registered bonds and which are not subject to the "Philadelphia Plan" -- immediately after receipt.
Reports of the destruction of bonds and coupons should be furnished to the Corporation once every six months, on May 1 and November 1 of each year, along with appropriate destruction certificates.

It should be understood that any departure from the procedure set forth above or any changes in this schedule will require the advance written authorization of the Corporation.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Harris Andrew Decker
    Amy S. Vance, Esq.
Mr. Stephen J. Weinstein
Deputy Director
Municipal Assistance Corporation
For the City of New York
One World Trade Center
Suite 8901
New York, New York 10048

Authority for Destruction of Municipal Assistance Corporation for the City of New York - Coupons and Bonds

Dear Steve:

In connection with the recently-completed audit of all of your Bond issues, it has come to my attention that we, as Trustee, do not have authority to destroy matured and cancelled bonds and coupons or unissued Bonds for series no longer outstanding.

Due to the large volume of these bonds and coupons, we would like to propose the following schedule for retention and destruction.

1. Paid and Cancelled, Coupons - Six Months
2. Paid and Cancelled, Bonds - One Year
3. Exchanged or Transferred Bonds - One Year
4. Unissued Bonds - Immediately After Issue is No Longer Outstanding

I trust this schedule will meet with your approval. If so, please sign and return the enclosed copy of this letter.

Sincerely,

Malcolm J. Hood
Senior Vice President

MJH/mja
Enc.
BY MESSENGER

28 January 1980

Mr. Thomas Knolan
Municipal Bond Department
STANDARD & POOR'S CORPORATION
25 Broadway
New York, New York 10004

Re: Refunding of 1975 Series A Bonds

Dear Mr. Knolan:

This morning, the Municipal Assistance Corporation delivered its Series 23 Bonds and, with a portion of the proceeds of that sale, completed the refunding and defeasance of its 1975 Series A Bonds.

This letter is to furnish you with final documentation of that transaction, in connection with your providing a new rating on the 1975 Series A Bonds, based upon their refunding and defeasance.

Enclosed are copies of:

1. The Corporation's 1975 Series A Resolution, adopted July 2, 1975;
3. The Corporation's Irrevocable Instructions to the Trustee as to the Establishment of the 1975 Series A Bonds Trust Fund, dated January 28, 1980;
4. The Trustee's Certificate Respecting Defeasance of the 1975 Series A Bonds, dated January 28, 1980; and

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosures (5)
28 January 1980

Mr. Matthew P. Malony  
FITCH INVESTORS SERVICE, INC.  
12 Barclay Street  
New York, New York 10007

RE: Rating of 1975 Series A Bonds

Dear Mr. Malony:

This letter is to request that you review your rating of the Municipal Assistance Corporation's 1975 Series A Bonds, based upon their refunding and defeasance.

This morning, the Corporation delivered its Series 23 Bonds and, with a portion of the proceeds of that sale, completed the refunding and defeasance of its 1975 Series A Bonds.

I am enclosing copies of the following documents in connection with that transaction, in connection with your providing a new rating on the 1975 Series A Bonds, based upon their refunding and defeasance.

1. The Corporation's 1975 Series A Resolution, adopted July 2, 1975;
2. The Corporation's Irrevocable Instructions to the Trustee as to the Establishment of the 1975 Series A Bonds Trust Fund, dated January 28, 1980;
4. The Trustee's Certificate Respecting Defeasance of the 1975 Series A Bonds, dated January 28, 1980; and

Sincerely,

[Signature]
On January 18, 1980 Bobby Vaqt and I met with George Collins, Vice President; Peter Gordon, Trader; Jeff Alsdopoulos, Analyst; and two other analysts from T. Rowe Price at their offices in Baltimore at approximately 11:30 A.M.

The T. Rowe Price tax free income fund has in the past been a purchaser of the Corporation's bonds. At September 30, 1979, they owned approximately $11.55 million of the Corporation's bonds. Of that amount $7.55 million were 10% of February 1, 1980 bonds which had been refunded and the balance were 9-3/4% of 1992 and 8-1/8% of 2008. Their audited financials for the year ending September 31, 1978 indicates that at that time they owned no MAC bonds.

We made an abbreviated presentation using Series 23 offering materials with a quick update on the status of the City. Their questions related to: (1) the City's ability to reenter the long-term market, (2) MAC's refunding strategy, (3) exceptions to GAAP in the City's budget, (4) geographic distribution of MAC bond sales and liquidity in the MAC market, (5) what was happening in the City's economy outside of Manhattan, (6) what were other institutions interested in, particularly those institutions which are not buying the bonds.
28 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

Attached is a letter of confirmation from the Federal Reserve Bank of New York regarding an adjustment of a United States Treasury Note - State and Local Government Series. This adjustment is of a State and Local Government Series Note purchased on January 11, 1980 pursuant to previously issued instructions. Please adjust your records accordingly.

Sincerely yours,

Harris A. Decker
Treasurer

HAD:jar
Attachment

cc: John J. Keohane, Esq.
William J. Lithgow
Pat Santavasci
Allen L. Thomas, Esq.
Amy Vance, Esq.
JAN. 15, 1980

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
ATTN: MAXINE GILLMAN
SUITE 8901
1 WORLD TRADE CENTER
NEW YORK, NY 10048

REFERENCE:
$15,806,400.00**
8.7468% SLG NOTE ISSUED 1-11-80
DUE 8-1-85
ACCOUNT NUMBER 021-1596

Dear Ms. Gillman:

In accordance with your recent request, Ms. Lowchvjj of our staff, has notified Ms. Hughes of the Department of the Treasury to amend their records to reflect the correct maturity date of August 1, 1985 rather than February 1, 1985 for the note described above.

We hope we have been of assistance to you in this matter.

Sincerely,

[Signature]

TREASURY AND AGENCY ISSUES DIVISION

cc DEPARTMENT OF THE TREASURY
cc FILES
25 January 1980

MORGAN GUARANTY TRUST COMPANY
15 Broad Street/9th Floor
New York, New York 10015

Attn: Mr. N. Ross Matthews
Vice President

Gentlemen:

A resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York on June 23, 1979 provides for the discontinuance of a Payroll Cash Account and a Petty Cash Account presently held by Morgan Guaranty Trust Company on behalf of the Corporation. You are hereby requested to close the two accounts listed below and to pay by check payable to "Municipal Assistance Corporation For The City of New York", $23,308.15, the balance on deposit in such accounts.

The accounts which should be closed are:

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<th>ACCOUNT NUMBER</th>
<th>ACCOUNT NAME</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>058-85-532</td>
<td>Municipal Assistance Corporation For The City of New York</td>
<td>$ 435.59</td>
</tr>
<tr>
<td>044-35-292</td>
<td>Municipal Assistance Corporation For The City of New York</td>
<td>22,872.56</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>$23,308.15</td>
</tr>
</tbody>
</table>

Please contact William J. Lithgow, the Corporation's Administrative Officer, if you have any questions.

Sincerely,

Harris A. Decker
Treasurer

HAD/pfs
25 January 1980

Mr. Dan Heimowitz
Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

Dear Dan:

As you requested in connection with your ratings of the Corporation's refunded Series G, M, U and Y Bonds, I am enclosing a copy of the Corporation's Series 16 Resolution adopted July 31, 1979, and the Hawkins, Delafield & Wood opinions as to defeasance, in executed form, dated August 16, 1979, and November 15, 1979, respectively. It is my understanding that these submissions complete the necessary documentation for your providing a rating on the above-referenced series based upon their respective refunding.

I am also enclosing copies of the documents in final but unexecuted form which will be delivered on January 28, 1980, in connection with the delivery of the Corporation's Series 23 Bonds and the completion of the refunding of the Corporation's 1975 Series A Bonds, as follows: the Corporation's Irrevocable Instructions to the Trustee; the Trustee's certificate respecting defeasance; and Bond Counsel's opinion as to defeasance. We will forward to you copies of each of these documents in executed form after the closing on January 28, 1980. It is my understanding that submission of these documents, along with the Series 23 Resolution previously forwarded you, will complete the necessary documentation for you to provide a conditional rating of the 1975 Series A Bonds based upon their refunding.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

Enclosures (6)
BY MESSENGER

24 January 1980

Ms. Freda S. Ackerman
Senior Vice President
Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

Re: Application for Ratings on Refunded Issues

Dear Ms. Ackerman:

This letter is to request that you review your ratings of the Municipal Assistance Corporation's 1975 Series U and 1975 Series Y Bonds, based upon the refunding and defeasance of each of those series on November 15, 1979, with a portion of the proceeds of the issuance of the Corporation's Series 19 Bonds.

For your review, I am enclosing copies of the following documents:

1. The Series 19 Resolution, adopted October 31, 1979;

2. The Corporation's order as to Deposit and Investment of Series 19 Bond Proceeds and Irrevocable Instruction to the Trustee as to the Establishment of 1975 Series U and Y Bonds Trust Fund and the Application of Amounts Deposited therein, dated November 15, 1979;

3. The Trustee's Certificate Respecting Defeasance, dated November 15, 1979; and

4. The Opinion of Hawkins, Delafield and Wood, Bond Counsel to the Corporation, as to the provision for payment of the 1975 Series U and Y Bonds.
24 January 1980
Ms. Freda S. Ackerman
Page Two

This letter is also to request that you provide a rating on the Corporation's 1975 Series A Bonds, based upon their refunding and defeasance. Enclosed is a copy of the Corporation's Series 23 Resolution, adopted January 15, 1980, which in Sections 301 through 304 provides for establishment of the 1975 Series A Bonds Trust Fund and instructs the Trustee as to the deposit and disposition of moneys for the refunding of the Series A Bonds.

Upon delivery of the Series 23 Bonds, which is scheduled for January 28, 1980, we will forward to you copies of the Corporation's instructions to the Trustee, the Trustee's certificate and Bond Counsel's opinion as to the refunding of the 1975 Series A Bonds.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosures (5)
24 January 1980

Mr. Tom Knolan
Municipal Bond Department
Standard & Poor's Corporation
25 Broadway
New York, New York 10004

Re: Application for Ratings on Refunded Issues

Dear Mr. Knolan:

This letter is to request that you review your ratings of the Municipal Assistance Corporation's 1975 Series U and 1975 Series Y Bonds, based upon the refunding and defeasance of each of those series on November 15, 1979, with a portion of the proceeds of the issuance of the Corporation's Series 19 Bonds.

For your review, I am enclosing copies of the following documents:

1. The Series 19 Resolution, adopted October 31, 1979;

2. The Corporation's order as to Deposit and Investment of Series 19 Bond Proceeds and Irrevocable Instruction to the Trustee as to the Establishment of 1975 Series U and Y Bonds Trust Fund and the Application of Amounts Deposited therein, dated November 15, 1979;

3. The Trustee's Certificate Respecting Defeasance, dated November 15, 1979; and

4. The Opinion of Hawkins, Delafield and Wood, Bond Counsel to the Corporation, as to the provision for payment of the 1975 Series U and Y Bonds.
This letter is also to request that you provide a rating on the Corporation's 1975 Series A Bonds, based upon their refunding and defeasance. Enclosed is a copy of the Corporation's Series 23 Resolution, adopted January 15, 1980, which in Sections 301 through 304 provides for establishment of the 1975 Series A Bonds Trust Fund and instructs the Trustee as to the deposit and disposition of moneys for the refunding of the Series A Bonds.

Upon delivery of the Series 23 Bonds, which is scheduled for January 28, 1980, we will forward to you copies of the Corporation's instructions to the Trustee, the Trustee's certificate and Bond Counsel's opinion as to the refunding of the 1975 Series A Bonds.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosures (5)
24 January 1980

Mr. John Peter Capuano  
1068 63rd Street  
Brooklyn, New York 11219

Dear Mr. Capuano:

Thank you for sending us a copy of your resume. The Corporation has no openings for additional staff members at this time. However, we will retain your resume in our files for reference, in the event that a position becomes available in the future for someone with your background, experience and qualifications.

We appreciate your interest in the Municipal Assistance Corporation.

Sincerely yours,

[Signature]

Stephen J. Weinstein  
Deputy Executive Director

S JW: bba
January 17, 1980

Director of Administration
Municipal Assos. Corp
1 World Trade Center
New York, N.Y.

Dear Sir:

I am a Back Office Administrator/Government Bond Operation Specialist with more than 10 years of diversified experience in the financial and securities areas, as well as in varied trading and sales functions. I have been steadily promoted throughout my career as a result of consistent contributions and hard work. I am confident I could make equally important contributions to your company and would like to explore the possibility of joining your organization.

I have been a contributing factor in the development of a computerized operation at a major bank, in which instantaneous information for the entire department is provided at any given moment. I helped update a backlog of trading errors that existed prior to my being employed, as well as initiated ways to prevent a recurrence.

I helped increase our department's profitability by repositioning our securities through repurchase agreements, reverse repurchase agreements and the covering of short positions in order to make deliveries. I have traded and sold these securities as well as municipal bonds and maintained ongoing customer contacts. I've also introduced new equipment to increase efficiency.

I have a proven track record. From a clerk I've worked my way up to assistant manager in a very short time. I've constantly established myself as a person who can handle decision making, as a creative problem solver, who is aggressive, a doer, a leader and above all one who relishes challenges.

An opportunity to meet with you, to discuss the ways in which I might serve your company, would be appreciated.

Sincerely yours,

John Peter Capuano
23 January 1980

Mr. David L. George, Jr.
AMERICAN BANK NOTE COMPANY
70 Broad Street
New York, New York 10004

Re: Series CC Bond Reprinting

Dear Mr. George:

Thank you for your letter of January 22, 1980, quoting a price for reprinting of 5,000 of the Municipal Assistance Corporation's Series CC Bonds in coupon form.

On the basis of your quotation, you are hereby authorized by the Corporation to proceed with this work, in accordance with our continuing instructions to be provided by myself or Gerard F. Fernandez, Jr. of Hawkins, Delafield & Wood, Bond Counsel to the Corporation.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

cc: Gerard F. Fernandez, Jr., Esq.
23 January 1980

Robert R. Grew, Esq.
CARTER, LEDYARD & MILBURN
Two Wall Street
New York, New York 10005

Re: Bills dated January 22, 1980

Dear Bob:

We are writing to you in accordance with the procedures which have been established for negotiating settlement of outstanding bills which your firm has pending for payment by the Corporation. These bills cover services which your firm has provided the United States Trust Company of New York, acting as Trustee for the Bondholders of the Corporation.

Six bills dated January 22, 1980 were submitted to us on that date. These bills total $13,679.28, which includes charges of $12,462.75 for personal services, and $1,216.53 for reimbursable expenses, for certain services rendered during the months September through December 1979.

We are proposing settlement of these bills by reducing the charge for personal services by $1,121.65, or 9 percent, to $11,341.10. This would reduce the total due your firm to $12,557.63.

If you are in agreement with this proposal, please so indicate by signing and returning the enclosed copy of this letter.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

ACCEPTED
CARTER, LEDYARD & MILBURN

By: ____________________________

Date: ___________________________
23 January 1980

Ms. M. Guastella
The Chase Manhattan Bank, N.A.
One New York Plaza
14th Floor
New York, New York 10015

Dear Ms. Guastella:

In response to your recent telephone request, I am enclosing one specimen each of the Municipal Assistance Corporation's Series 22 Bonds dated December 1, 1979, in coupon form in the principal amounts of $5,000 and $100,000, respectively, for your records with regard to the office of The Chase Manhattan Bank as Paying Agent on those bonds.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosures (2)
22 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10039

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on January 23, 1980, $29,000 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

HAD: blg

cc: William J. Lithgow
Pat Santivasci
21 January 1980

TO: Felix G. Rohatyn

FROM: Robert F. Vagt

The move by the City to a GAAP balanced budget (should it actually be enacted) appears, at first blush, to amend materially the post-1982 financing picture. It does this for at least two reasons: by eliminating the O&C items, it provides MAC with additional capacity ($150 million in 1981 in addition to the $100 million this year); budgets balanced according to GAAP beginning in FY 1981 could mean an investment grade rating for the City by the Fall of 1981 (consistent with recent conversations with the rating agencies) and a market re-entry process shortly thereafter. Consequently, the City's action of three days ago would seem to affect the need for additional Standby Guarantees.

MAC Capacity

MAC's ability to issue debt has several constraints, among which are the economic (i.e. coverage tests), statutory (i.e. $8.8 billion issuance limitation), the Bond Purchase Agreement (i.e. $8.8 billion outstanding), and the market (i.e. supply).

A. Economic capacity - Using the revenue growth reflected in the current financial plan MAC could support the following amounts of additional debt under the "City-constrained" debt structure (these numbers are gross and do not take into account any debt issued beyond June 1980):

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<tbody>
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<td>First</td>
<td>$478</td>
<td>$478</td>
<td>$478</td>
<td>$478</td>
</tr>
<tr>
<td>Second</td>
<td>$2300</td>
<td>$2743</td>
<td>$3157</td>
<td>$3592</td>
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</table>
(2) Just Second Resolution (in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$2543</td>
<td>$2979</td>
<td>$3393</td>
<td>$3835</td>
</tr>
</tbody>
</table>

(3) With a 1.10 Tax Coverage Test (the Moody's Memorial Coverage Test) (in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1700</td>
<td>$2264</td>
<td>$2752</td>
<td>$3278</td>
</tr>
</tbody>
</table>

The following year-to-year financing plan reflects no issuance by the City of its own bonds:

**1981**
- MAC Capacity: $1700m to $2778m (range reflects above options)
- Needs: $580m City capital
- MAC scheduled to issue: $537m, of which $353m currently set for capital purposes
- Unmet need: $227m

**1982**
- MAC Capacity (assume MAC issued the $227m): $1500m to $2457m
- Needs: $730m City capital
- MAC scheduled to issue: $40m Debt Service Reserve
- Unmet need: $324m

**1983**
- MAC Capacity (assume MAC issued the $446m): $1223m to $2101m
- Needs: $850m City capital
- MAC scheduled to issue: $60m Debt Service Reserve
- Unmet need: $910m
21 January 1980
Felix G. Rohatyn
Page Three

1984

MAC Capacity
(assume MAC issued the $910m) - $834m to $1626m

Needs
- $900m City capital

MAC scheduled
to issue
- $0

Unmet need
- $900 m

This hypothetical issuance schedule, which reflects our
estimate of the City's capital needs (N.B. without
giving effect to inflation's effect on construction
costs), would indicate that economic capacity does not
constrain us until 1984.

B. Statutory capacity - Current State law restricts MAC
from issuing debt for other than refunding purposes
beyond FY 1982. It further limits MAC with an issuance
ceiling of $8.8 billion. As we have already attained a
level of $6.8 billion, this restriction (assuming MAC's
authority to issue beyond FY 1982 were extended) would
apply during the latter part of 1983 under the schedule
above. We would require the authority to issue an
additional $1.5 billion.

The most difficult part of convincing the State legislature
to extend and raise MAC's issuing authority is the
question of the Moral Obligation provision. It should be
noted, therefore, that Moody's has historically stated
that it makes no allowance for the Moral Obligation and
Standard and Poor's stated clearly (in exempting MAC from
the recent downgrading of the State and its Moral Obligation
authorities) that the MAC credit was rated on the basis
of its revenue stream. Thus, the M.O. might not be
essential.

C. Bond Purchase Agreement capacity - The BPA (Section 4.3.)
includes an $8.8 billion limitation on outstanding debt
under the First and Second General Bond Resolutions. It
allows for issuance of other than First or Second Reso-
lution Bonds only in the event that the City bonds have
received a rating of BBB from S&P or Baa from Moody's.
This $8.8 billion limit would be reached under the
schedule above during FY 1984. There is a reasonable
expectation however, that the City would have been given
the required ratings by that time and that MAC could avoid
the $8.8 billion cap by issuing debt pursuant to an
additional resolution or structure (see internal memo
on financing alternatives).
D. Market supply capacity - It is the opinion of our managers that under the market conditions which we can reasonably expect in the next couple of years, MAC would pay a small penalty for going beyond its $500m per year, but that the absorption capacity of the market is in the range of $600 - $750m per year. Under the schedule above, the upper limit of that range would not be reached until 1983. It could be reasonably argued that by such time, assuming consecutive budgets balanced according to GAAP, the City will be issuing sufficient debt of its own to keep us from exceeding the "market limit".

Standby Guarantees

The use of Standby Guarantees during FY 1981 and FY 1982 seems to be permissible under both the Guarantee Act and the Agreement. It is the opinion of counsel that this could be done without any additional Congressional action (also assuming the absence of a One House Veto).

The Guarantee Act itself makes only a minimal distinction between the guarantees available in fiscal years 1979 and 1980 and those available thereafter. The one condition seems to be that the City attempts to publicly market its own long-term debt in fiscal years 1981 and 1982.

The Agreement to Guarantee, however, has several pertinent provisions:

A. Credit elsewhere - The Secretary must find, prior to the issuance of any guarantees, that the City "is effectively unable to obtain credit in the public credit markets or elsewhere in amounts or on terms" sufficient to meet its needs (Section 3.1.2.). The Treasury's definition of this is not clear, as MAC could have issued some amount of additional debt this year, thus providing the City with "credit elsewhere" if the narrow interpretation were intended.

B. Section 3.3.3. - This Section specifically states that Standby Guarantees can be issued only if the Secretary determines that there exists "the inability of MAC to sell MAC Indebtedness in the public or private credit markets on reasonable terms and conditions". Past discussions with Treasury employees have indicated that current (not future) market capacity is about the only rationale which would move them to find that MAC could not issue.
C. Financing Plan - Exhibit A to the Agreement to Guarantee is the Financing Plan. It reflects no specific use of proceeds, simply a gross amount of debt to be issued. It, too, indicates that MAC must be unable to market its Bonds for the standby guarantees to be available. Amendment of this plan requires the approval of Treasury. However, were the FCB approved Financial Plan to include the budgetary effects of additional MAC refunding, the argument could be made that MAC's capacity is being used for a recognized purpose and is not fully available as a back-up to the City in FY 1981 and 1982.

Thus, a review of the documents would indicate that the issuance of Guarantees is allowable, but it requires that the Secretary exercise some judgement. The case is not a strong one.

SUMMARY

The arguments in favor of the use of Standby Guarantees seem to focus on the following:

A. Assistance to the City has always been done with the participation of "all parties". Extension of some amount of guarantees in FY 1981 and 1982 would be matched by the State's extending and raising MAC's ceiling and by the waiving of the $8.8 billion cap by the parties to the BPA. It is done at no cost to the Federal Government, and draws in once again the State, the financial institutions, the unions.

B. The supply of MAC debt going forward through 1984 (assuming no Standby Guarantees) will be inordinately large.

C. MAC will have little refunding capacity, in the absence of Standby Guarantees.

In spite of the above, the acceleration of a GAAP balanced budget in 1981 significantly weakens the case for the use of Standby Guarantees. As has been already stated, the City's needs are reduced, the City should move to an investment-grade rating and true market access sooner and such Guarantees would be available in years when MAC has no public issuances scheduled and the City's capital needs will be much less than anticipated. MAC seems to have ample capacity to support the debt. The arguments in favor of Guarantees are not compelling.
21 January 1980
Felix G. Rohatyn
Page Six

There is, as always, a caveat. Should the City Council and Board of Estimate fail to follow the Mayor's lead and adopt a budget balanced according to State law and not GAAP, the financing requirements (ignoring the market's perception of the City's resolve) would swing the balance of the arguments strongly toward Standby Guarantees in 1982.

cc: Edward M. Kresky
     Eugene J. Keilin
21 January 1980

Mr. Charles Hammerberg,
Chief State Accounts Auditor
STATE OF NEW YORK/DEPARTMENT OF AUDIT AND CONTROL
270 Broadway
New York, New York 10007

RE: Davis, Polk & Wardwell

Dear Mr. Hammerberg:

This is in response to your letter of November 28, 1979, in which you requested that we review your analysis of certain basic categories of charges and hours billed in connection with your pre-auditing of a bill dated December 19, 1978, submitted by the law firm of Davis, Polk & Wardwell to the Municipal Assistance Corporation. You have requested that we approve: (1) the propriety of charging the Corporation for the listed categories of legal services; and (2) the hours billed to each category.

As you know, the bill in question covers legal services rendered by Davis, Polk & Wardwell as special counsel to certain financial institutions from May through November 1978, in connection with the Bond Purchase Agreement made as of November 15, 1978, which provides for the purchase of $1.8 billion of bonds of the Corporation by the financial institutions in the period November 15, 1978 through June 30, 1982, a key component of the financing for the City of New York under the Four-Year Financial Plan.

We believe that all of the services covered by the bill as submitted are appropriately charged to the Corporation and not to the purchasers, and we again recommend payment of the bill in full as submitted. Our position in this regard was fully stated in a letter dated May 15, 1979, to Mr. Gerald R. Shragar, Director of State Contracts and Expenditures, when we submitted the bill to the Department of Audit and Control for pre-audit and payment. A copy of that letter is enclosed for your reference.
The review of the firm's records in support of the hours billed is an essential part of the pre-audit process which the Department of Audit and Control provided for the Corporation during the period covered by the subject bill. Therefore, it would be inappropriate for the Corporation to analyze or approve the hours billed or their allocation to specific categories of work.

Accordingly, if the records of Davis, Polk & Wardwell which you have reviewed during the past six months substantiate the hours billed to the Corporation, we urge prompt payment of the bill as submitted.

Sincerely,

Robert F. Vagt
Executive Director

Enclosure
November 28, 1979

Mr. Eugene J. Keilin  
Executive Director  
Municipal Assistance Corporation  
Two World Trade Center  
Room 4540  
New York, New York  10047  

Dear Mr. Keilin:

We are auditing Davis, Polk and Wardwell's bill for legal services rendered pursuant to Section 5.2 of the November 15, 1978, Bond Purchase Agreement.

We have determined 16 basic categories to which the attorney's time was allocable and are attaching a copy of this analysis. In addition, we obtained definitions of the various categories from Davis, Polk and Wardwell and are also attaching a copy of them.

We would appreciate your reviewing the attached data and approving the following:

1. That the categories indicated represent proper legal charges to MAC for the Bond Purchase Agreement, also they should not have been charged to the financial institutions underwriting the bonds.

2. That the hours billed to each category are appropriate.

Your immediate attention to this matter would be greatly appreciated since Davis, Polk and Wardwell are quite anxious to resolve this bill.

Very truly yours,

Charles Hammarberg  
Chief State Accounts Auditor

CH:js
### Key to Headings on "Allocation of Attorneys' Time Sheet"

<table>
<thead>
<tr>
<th>Description</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% MAC</td>
<td>Explanation of time charged sufficient to be considered totally MAC no legislative time.</td>
</tr>
<tr>
<td>100% Legislative (Legis)</td>
<td>All time used in work on MAC legislation at the City &amp; State level.</td>
</tr>
<tr>
<td>Working group</td>
<td>Liaison group for the negotiating (lending) banks and insurance companies with Davis Polk &amp; Wardwell.</td>
</tr>
<tr>
<td>Review EFCB Legislation</td>
<td>Reading &amp; review of EFCB Act.</td>
</tr>
<tr>
<td>Riders</td>
<td>Proposed changes in Bond Purchase Agreement.</td>
</tr>
<tr>
<td>Federal Legislation</td>
<td>Time related to work on Federal guarantee of NYC loans.</td>
</tr>
<tr>
<td>Cases &amp; Precedents</td>
<td>Research of various law suits and judgements related to Municipal lending.</td>
</tr>
<tr>
<td>Undecided</td>
<td>Explanation portion of time sheet blank or not specific enough to allow for categorization</td>
</tr>
<tr>
<td>Sunset Provision</td>
<td>Provision of EFCB act providing that powers of Board would lapse if city met certain criteria.</td>
</tr>
<tr>
<td>Term Sheets</td>
<td>Sheets submitted to MAC and NYC stating lenders requirements for legislation and the bond purchase agreement.</td>
</tr>
<tr>
<td>Home Rule</td>
<td>Constitutional relationship between NYC and NYS related to constitutionality of EFCB Act.</td>
</tr>
</tbody>
</table>
Technical Amendments

- Revision of EFCB Act due to technical imperfections of original Act.
  Example - MAC Bond counsel (Hawkins Delafield required certain EFCB Act changes to give opinion)
  Davis Polk reviewed and initiated changes. (Bulk of time on review & relation to opinions & agreements per R. Pyle.

* State Covenents

- Continuation of life of control Board for duration of bond issue (time on covenant after May 25, 1978 pertained to enforceability research or how to put covenant into the agreement)

Government Impairment

- Ability of State or City to void covenants to maintain the control Board.

State Action Doctrine

- Research on validity of EFCB Act and basis for opinion of Davis Polk & other counsels opinion.

Local Officers Doctrine

- Research into ability of NYS to usurp local officials functions (research in connection with opinion)

* City Covenents

- Research into authorization for City's capability to adhere to EFCB Act.
### Allocation of Attorney's Time

#### Summary Sheet - Partners - Associates

<table>
<thead>
<tr>
<th>Category</th>
<th>Partners</th>
<th>Associates</th>
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<tbody>
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<td>100% Mac</td>
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<tr>
<td>100% Legislative</td>
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<td>Working Group</td>
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<td>Review NYS Legislation</td>
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<td>Riders</td>
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<td>Federal Legislation</td>
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<td>Research Cases &amp; Precedents</td>
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<td>Term Sheets</td>
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<td>Home Rule</td>
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<td>60.4</td>
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<td>Technical Amendments</td>
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<td>Government Impairment</td>
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<td>City &amp; State Covenents</td>
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<tr>
<td></td>
<td>1043.7</td>
<td>3175.3</td>
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</tbody>
</table>

| Para Professionals                       | 574.5    | 4793.5    |

| Total Hours Per D.P.W. Bill             |          |           |
Date: 18 January 1980
To: Robert Vagt
From: Chris Richmond

Re: Comparison of Capital Commitment and Cash Flow Plans

The following is a comparison of capital commitment and cash flow forecasts as contained in the currently approved four year capital plan, the January 16, 1980 Four Year Plan Modification and those resulting from my analyses.

**CAPITAL PLAN - CASH** (City $ only) (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Approved Plan</th>
<th>1/16/80 Modification</th>
<th>C.H.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$ 262*</td>
<td>$ 262</td>
<td>$ 262</td>
</tr>
<tr>
<td>1980</td>
<td>440</td>
<td>393</td>
<td>380</td>
</tr>
<tr>
<td>1981</td>
<td>723</td>
<td>653</td>
<td>580</td>
</tr>
<tr>
<td>1982</td>
<td>856</td>
<td>970</td>
<td>730</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2281</td>
<td>$2278</td>
<td>$1952</td>
</tr>
<tr>
<td>1983</td>
<td>$ 909</td>
<td>$ 996</td>
<td>$ 850</td>
</tr>
<tr>
<td>1984/5</td>
<td>-0-</td>
<td>0</td>
<td>$ 900</td>
</tr>
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</table>

**COMMITMENTS** (City $ only) (millions)

<table>
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<th>Year</th>
<th>Approved Plan</th>
<th>1/16/80 Modification</th>
<th>C.H.R.</th>
</tr>
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<tbody>
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<td>$ 390</td>
<td>$ 390</td>
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<tr>
<td>1980</td>
<td>769</td>
<td>814</td>
<td>630</td>
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<tr>
<td>1981</td>
<td>712</td>
<td>883</td>
<td>750</td>
</tr>
<tr>
<td>1982</td>
<td>912</td>
<td>978</td>
<td>830</td>
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<tr>
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<td>$1069</td>
<td>$1028</td>
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<tr>
<td>1984/5</td>
<td>-0-</td>
<td>0</td>
<td>$ 900</td>
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</tbody>
</table>

*(Actual)*

As you know, the January 16 capital commitment and cash flow plan is unreliable in that the City backed into the forecasts and cannot produce the underlying logic used in the methodology.
My forecasts are, I think, reasonable given current information on the status of the capital program. Clearly the near term forecasts are better than those in later years. There are two major uncertainties not considered in any of the forecasts:

- Although the 1980 commitment forecast includes a $90 million award for a lining contract for the third water tunnel, no further work on the tunnel is included in the commitment forecasts for 1981 - 1985. (The Cash flowing from the $90 million contract in 1980, however, is included in the cash flow forecasts for 1981 - 1983.) It is impossible to include forecasts for the water tunnel at this time because no decision has been made as to how to proceed on the tunnel and how this work should be financed (City, State, Federal).

- Although my forecasts are the best estimates I have, given current information, inflation may well increase the values of these projects due to delayed construction starts. I am not prepared, however, to revise my projections at this time.

CHR/pfs
Date: 17 January 1980

To: See Distribution

From: Andrew Deckers

Re: Calculation of Bond Issued Pursuant to Section 3033(2)

Attached are four schedules which detail the calculation of bonds and notes issued pursuant to Section 3033(2) of the Public Authorities Law. These schedules detail both First Resolution and Second Resolution issuances. Also included is a schedule explaining the distribution of issuance discounts in the case of multiple purpose issuances which include bonds issued for the purpose of refunding. I would appreciate your reviewing these draft schedules.

Distribution: John G. Bove
Stephen E. Fox
Maxine H. Gillman
John J. Keohane
William Lithgow
Pat Santavasci
Allen L. Thomas
Amy Vance
Stephen J. Weinstein
Bonds Issued Pursuant to Section 3033(2)
of the Public Authorities Law

SUMMARY OF BONDS AND NOTES ISSUED

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<td>Second Resolution Bonds</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$6,816,285,020</strong></td>
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(1) Pursuant to Section 3037(d) excludes $335,490,000 of notes issued in June 1978.

January 17, 1980
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<tr>
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<th>Par Amount Issued</th>
<th>Less Refunding</th>
<th>Statutory Amount Issued</th>
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<tr>
<td>D</td>
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<td>GG</td>
<td>70,200,000</td>
<td></td>
<td>-0-</td>
</tr>
<tr>
<td>HH</td>
<td>1,414,738,000</td>
<td>1,414,738,000</td>
<td>-0-</td>
</tr>
<tr>
<td>II</td>
<td>11,170,000</td>
<td></td>
<td>-0-</td>
</tr>
<tr>
<td>JJ</td>
<td>250,155,000</td>
<td></td>
<td>-0-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$6,870,866,000</td>
<td>$3,535,306,000</td>
<td>$3,335,560,000</td>
</tr>
</tbody>
</table>

January 17, 1980
Bonds Issued Pursuant to Section 3033(2) of the Public Authorities Law

SECOND GENERAL RESOLUTION

<table>
<thead>
<tr>
<th>Series</th>
<th>Par Amount Issued</th>
<th>Less Refunding</th>
<th>Statutory Amount Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$89,945,000</td>
<td></td>
<td>$89,945,000</td>
</tr>
<tr>
<td>2</td>
<td>191,670,000</td>
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<td>191,670,000</td>
</tr>
<tr>
<td>3</td>
<td>78,700,000</td>
<td></td>
<td>78,700,000</td>
</tr>
<tr>
<td>4</td>
<td>97,960,000</td>
<td></td>
<td>97,960,000</td>
</tr>
<tr>
<td>5</td>
<td>139,860,000</td>
<td></td>
<td>139,860,000</td>
</tr>
<tr>
<td>6</td>
<td>18,215,000</td>
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</tr>
<tr>
<td>7</td>
<td>403,285,000</td>
<td></td>
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<tr>
<td>8</td>
<td>200,000,000</td>
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<td>200,000,000</td>
</tr>
<tr>
<td>9</td>
<td>819,230,000</td>
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<td>819,230,000</td>
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<td>10</td>
<td>250,000,000</td>
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<td>11</td>
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<tr>
<td>12</td>
<td>60,375,000</td>
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<td>13</td>
<td>201,100,000</td>
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<td>14</td>
<td>125,000,000</td>
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<td>15</td>
<td>125,000,000</td>
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</tr>
<tr>
<td>16</td>
<td>132,235,000</td>
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</tr>
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<td>17</td>
<td>103,095,000</td>
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<td>103,095,000</td>
</tr>
<tr>
<td>18</td>
<td>73,905,000</td>
<td></td>
<td>73,905,000</td>
</tr>
<tr>
<td>19</td>
<td>90,000,000</td>
<td>68,330,022</td>
<td>21,669,978</td>
</tr>
<tr>
<td>20</td>
<td>64,270,000</td>
<td>64,270,000</td>
<td>0</td>
</tr>
<tr>
<td>21</td>
<td>209,680,000</td>
<td>191,041,778(1)</td>
<td>18,638,222</td>
</tr>
<tr>
<td>22</td>
<td>150,320,000</td>
<td>136,958,222</td>
<td>13,361,778</td>
</tr>
<tr>
<td>23</td>
<td>125,000,000</td>
<td>113,309,958</td>
<td>11,690,042</td>
</tr>
</tbody>
</table>

TOTAL $3,888,370,000 $706,144,980 $3,182,225,020

(1) Series 21 and 22 were issued simultaneously at a private placement on December 14, 1979. From the aggregate proceeds of $360,000,000, a total of $328,000,000 was used for refunding. Such amount has been allocated pro rata to each series.

January 17, 1980
Bonds Issued Pursuant to Section 3033(2) of the Public Authorities Law

SECOND GENERAL BOND RESOLUTION

Allocation of Issuance Discount in Multipurpose Issues

<table>
<thead>
<tr>
<th>Series</th>
<th>Par Value Issued</th>
<th>Net Proceeds</th>
<th>New Proceeds Used in Refunding</th>
<th>Gross Discount Allocable to Refunding</th>
<th>Bonds Issued for Refunding</th>
<th>Bonds Issued Pursuant to Statutory Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>$ 90,000,000</td>
<td>$ 87,867,000</td>
<td>$ 66,710,600</td>
<td>$1,619,422</td>
<td>$ 68,330,022</td>
<td>$ 21,669,978</td>
</tr>
<tr>
<td>23</td>
<td>125,000,000</td>
<td>122,460,000</td>
<td>111,007,500</td>
<td>2,302,458</td>
<td>113,309,958</td>
<td>11,690,042</td>
</tr>
</tbody>
</table>

January 17, 1980
17 January 1980

Mr. Allen Wasmund
ALLEN W. WASMUND & SON, INC.
21 Harrison Avenue
Waldwick, New Jersey 07463

Re: Series 21 and 22 Bonds/Closing Volumes

Dear Mr. Wasmund:

Please bind the enclosed documents for us as follows:

-- 42 letter-sized volumes with individual names on them as per attached list;

-- Collate and provide reinforced tabs -- "Index" plus numbers 1 through 46. Each set of documents has a sheet of paper indicating its appropriate tab number attached; where more than one document follows a particular tab number, the collating within that tab has already been done. You will need to remove staples and/or paper clips from most documents;

-- Document number 6 has attached to it two specimen bonds as an exhibit, which need to be folded or re-folded;

-- The color of the volumes shall be No. 943 grey as per the samples you submitted to us.

-- The lettering on the spine of the volumes should be the same format and size as the 1979 Series 15 Bonds. The name of the Corporation and "Four Year Debt Issuance Plan" remain unchanged; the title of the bond series and the date should be as indicated on the left margin of the attached xerox copy of the earlier volume. As indicated above, a list of the individuals' names for the volumes is attached.

Sincerely,

John G. Bove
Counsel

JGB:jar
Enclosures
INDIVIDUAL NAMES FOR BOUND VOLUMES

MUNICIPAL ASSISTANCE CORPORATION/1980 Series 21 and
Series 22 Bonds

Simon Rifkind
Allen L. Thomas
Stephen E. Fox
Paul S. Pearlman
Paul, Weiss, Rifkind, Wharton & Garrison

Municipal Assistance Corporation For The City of New York (2)
Robert F. Vagt
Harris A. Decker
John G. Bove
Stephen J. Weinstein
Maxine H. Gillman

Donald J. Robinson
John J. Keohane
Gerard Fernandez, Jr.
Jack M. Schrager
Hawkins, Delafield & Wood

Richard B. Smith
Roger J. Pyle
Davis, Polk & Wardwell

George Lander
William Josephson
L. Garrett Bowman
Fried, Frank, Harris, Shriver & Jacobson

Edward Lowenthal
Robinson, Silverman, Pearce, Aronsohn & Berman

Law Department - The City of New York (2 copies)

Leopold S. Rassnick
Robert B. Rivel
Savings Bank Association of New York State
The Chase Manhattan Bank, N.A.
Melbourne Nunes
Jac Friedgut
Joseph A. Doyle
Frank C. Puleo
Amos T. Beason
New York City Employees' Retirement System
Teachers' Retirement System For The City of New York
New York City Police Pension Fund - Article 2
Board of Education Retirement System For The City of New York
United States Department of the Treasury
16 January 1980

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

Dear Sirs:

In various letters, the most recent dated December 14, 1979, you, as our counsel, provided our independent accountants, Price Waterhouse & Co. ("Price Waterhouse"), with certain information. We would appreciate your advising them on January 25, 1980, of any information which you may have obtained subsequent to your last letter to Price Waterhouse dated December 14, 1979, in your capacity as counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and which is not included in the various letters regarding (a) any material threatened or pending litigation involving the Corporation, (b) any material tax or other claims threatened or pending against the Corporation, (c) any pending government investigations that could give rise to contingent liabilities against the Corporation and (d) any other material contingent liabilities of the Corporation. Please provide the Corporation with a copy of your letter.

Please advise Price Waterhouse that whenever, in the course of performing legal services for the Corporation with respect to a matter recognized by you to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you as a matter of professional responsibility to the Corporation will so advise the Corporation and will consult with the Corporation concerning the question of such disclosure.

We have advised Price Waterhouse that there are no possible claims or assessments that you have advised are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards Number 5.
Please specifically identify the nature and reasons for any limitation on your response to any of the inquiries in this letter.

Please also state the amount, if any, of unbilled fees and disbursements as of December 31, 1979.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Steve Kolber
Price Waterhouse & Co.
16 January 1980

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

Dear Sirs:

In various letters, the most recent dated December 14, 1979, you, as our counsel, provided our independent accountants, Price Waterhouse & Co. ("Price Waterhouse"), with certain information. We would appreciate your advising them on January 25, 1980, of any information which you may have obtained subsequent to your last letter to Price Waterhouse dated December 14, 1979, in your capacity as counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and which is not included in the various letters regarding (a) any material threatened or pending litigation involving the Corporation, (b) any material tax or other claims threatened or pending against the Corporation, (c) any pending government investigations that could give rise to contingent liabilities against the Corporation and (d) any other material contingent liabilities of the Corporation. Please provide the Corporation with a copy of your letter.

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Please also state the amount, if any, of unbilled fees and disbursements as of December 31, 1979.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Steve Kolber
    Price Waterhouse & Co.
16 January 1980

CHASE MANHATTAN BANK, N.A.
One New York Plaza/14th Floor
New York, New York 10002

Attention: Mr. P. L. Martin
Vice President

Gentlemen:

I am enclosing for your signature two copies of the Acceptance of Duties as Paying Agent for the Series 23 Bonds of the Municipal Assistance Corporation. After you have executed the Acceptance, please retain one copy for your records and return one copy to me by messenger.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

S JW:bba

Enclosure (2)
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the Series 23 Resolution of the Corporation, adopted by the Board of Directors of the Corporation on January 15, 1980. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

CHASE MANHATTAN BANK, N.A.

By ____________________________

Title: __________________________

Attest:

_______________________________

Dated: ________________________
BY MESSENGER

16 January 1980

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
100 Wall Street/10th Floor
New York, New York 10005

Attention: Mr. J. A. Falvey
Vice President

Gentlemen:

I am enclosing for your signature two copies of the Acceptance of Duties as Paying Agent for the Series 23 Bonds of the Municipal Assistance Corporation. After you have executed the Acceptance, please retain one copy for your records and return one copy to me by messenger.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:bba

Enclosures (2)
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BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By

Title:

Attest:

Dated:
BY MESSENGER

11 January 1980

Mr. Dan Heimowitz
Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007

Dear Mr. Heimowitz:

This is in response to your telephone request for additional documentation of the refunding of the Municipal Assistance Corporation's 1975 Series G and Series M Bonds.

In this connection, I am enclosing copies of: (1) the Corporation's irrevocable instructions to the Trustee as to the establishment of the 1975 Series G and Series M Bonds Trust Fund out of the proceeds of the Corporation's Series 16 Bonds; (2) the Trustee's certificate as to the Trust Fund and the defeasance of the 1975 Series G and Series M Bonds; and (3) the Opinion of Hawkins, Delafied and Wood, Bond Counsel to the Corporation, as to the provision for payment of the 1975 Series G and Series M Bonds. Each of these documents is dated August 16, 1979, the date of the delivery of the Corporation's Series 16 Bonds, and each concerns the establishment and sufficiency of the escrow fund for the payment of the refunded bonds.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

S JW:jar
Enclosures (3)
16 January 1980

ATTORNEY'S PHOTO
11 Broadway
New York, New York 10004

ATT: Dave

RE: Series 21 Bonds/Series 22 Bonds
   Printing for Closing Binders

Dear Dave:

Enclosed are approximately 40 sets (some single sheets) of
originals of which I would like 50 copies each. The final
der should have each original with its copies

together, rather than in sets.

Please provide collating and fastening as indicated on
the original copies.

Your office will pick these up this morning and return
the completed job to us tomorrow morning, as early as
practical.

Thank you.

Cordially,

Linda S. Dinkin
Assistant to Executive Director

Enclosures (Closing 21/22)
15 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

In the letter dated November 13, 1979, you were instructed to purchase United States Treasury Notes - State and Local Government Series for deposit in the Capital Reserve Aid Fund - 9% Restriction to February 1, 1981 and the 9% Restriction to February 1, 1985 Accounts. In such instructions, you were instructed to purchase $5,082,750 to mature February 1, 1981, and $2,447,250 to mature February 1, 1985. These amounts should have been $5,082,700 maturing February 1, 1981, and $2,447,300 maturing February 1, 1985. The application to the United States Treasury has been amended to reflect this.

Sincerely yours,

Harris A. Decker
Treasurer

cc: John J. Keohane, Esq.
    William J. Lithgow
    Pat Santavasci
    Allen L. Thomas, Esq.
    Amy Vance, Esq.
15 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10039

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on January 16, 1980, $44,000 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 00297 at the United States Trust Company of New York.

Sincerely,

Harris A. Decker
Treasurer

HAD: blg

cc: William J. Lithgow
Pat Santivasci
15 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

Attached is a letter from Avstreith, Martino & Weiss, attorneys for the executor of an estate of a former bond holder. Please attend to the requests included in their letter.

Sincerely yours,

Harris A. Decker
Treasurer

HAD: jar
Attachment
January 10, 1980

Municipal Assistance Corporation
for the City of New York
2 World Trade Center
New York, New York 10048

Gentlemen:

Please be advised that our office represents Ruth Paisner, residing at 415 Gramatan Avenue, Mount Vernon, New York, appointed Executrix under the Last Will and Testament of Paul W. Sterne, also known as Paul William Sterne, who deceased a resident of 2875 Sedgwick Avenue, Bronx, New York, on December 23rd 1978, and his wife, Minnie E. Sterne, who deceased a resident of 2875 Sedgwick Avenue, Bronx, New York, on April 11th, 1979.

Among the assets of these estates we find Municipal Assistance Corporation for the City of New York 1975 Series 2 Bond No. 2R-9047, 8% due July 1st 1986, and I would appreciate your advice with regard to instructions necessary to transfer the bond to Ruth Paisner.

Very truly yours,

AVSTREIH, MARTINO & WEISS

BY: [Signature]
Date: 15 January 1980

To: Information Meeting/Institutional

From: Andrew Decker

Re: Meeting with Wells Fargo on January 10, 1980

On January 10, 1980, Bobby Vagt and I met with Tom Boughey and Tom Opdycke of Wells Fargo at their offices in San Francisco at approximately 11:00 A.M. We were accompanied by Jac Friedgut of Citibank.

We made the standard presentation using information related to the Series 23 public offering. They seemed knowledgeable about New York credits and about MAC in particular. They indicated that at this point in time they were probably not ready to buy MAC. They had no particular questions which we were unable to answer.

cc: Robert F. Vagt
Date: 15 January 1980
To: Information Meeting/Institutional
From: Andrew Decker
Re: Meeting with Crocker National

On January 10, 1980, Bobby Vagt and I met with Larry Clyde, E.V.P., Roy Nahas, V.P. Municipal Research, Steve Heaney, Municipal Research and Bill McDonough, Portfolio Manager of Crocker National Bank at their offices in San Francisco at approximately 9:45 A.M. We were accompanied by Jac Friedgut of Citibank.

We made the standard presentation using informed related to the Series 23 public offering. They had no particular questions regarding the credit although Roy Nahas was particularly interested in events affecting the City. Larry Clyde indicated that they were concerned about the possible ramifications of various initiatives which had been or probably would be passed by the voters of California. It was my clear impression that they were reducing their exposure in municipals to weather the storm.

It was quite clear they were not ready to buy MAC's yet, although Larry Clyde indicated that it was a credit they would keep an eye on.

cc: Robert F. Vagt
FOR IMMEDIATE RELEASE: Monday, January 14, 1980
CONTACT: Peggy Scott

PUBLIC NOTICE

THERE WILL BE A PUBLIC MEETING OF THE BOARD OF DIRECTORS
OF THE MUNICIPAL ASSISTANCE CORPORATION ON TUESDAY, JANUARY
15, 1980, at 9:30 A.M., AT THE OFFICES OF PAUL, WEISS, RIFKIND,
WHARTON & GARRISON, 345 PARK AVENUE, ROOM 2811, NEW YORK CITY.

# # #
14 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding disposition of monies on deposit in the Corporation's New York City Bond Account.

You were instructed to transfer on January 7, 1980, $10,000,000 from the Corporation's New York City Bond Account to the Corporation's Corporate Municipal Trust Administration Department Bond Purchase Account.

Sincerely yours,

[Signature]

Harris A. Decker
Treasurer

HAD:jar

cc: William J. Lithgow
Pat Santavasci
14 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding the transfer of certain monies on deposit in the Corporation's New York City BAN Interest Account to the Corporation's Series A Escrow Account.

You were instructed to transfer on January 11, 1980, $32,765.38 from the Corporation's New York City BAN Interest Account to the Corporation's Series A Escrow Account in conjunction with the purchase of certain United States Treasury Obligations - State and Local Government Series.

Sincerely yours,

Harris A. Decker
Treasurer

HAD:jar

cc: John J. Keohane, Esq.
William J. Lithgow
Pat Santavasci
Allen L. Thomas, Esq.
Amy Vance, Esq.
14 January 1980

DEPOSITORY TRUST COMPANY
55 Water Street
New York, New York 10041

Attention: Anthony Soldano

Dear Sir:

We hereby request that you furnish us with a listing of the holdings in each of the Municipal Assistance Corporation For The City of New York's series which are eligible for deposit at the Depository Trust Company.

Sincerely yours,

[Signature]

Harris A. Decker
Treasurer

HAD: jar
14 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding investments of moneys to be deposited in certain restricted sub-accounts to be established in the Capital Reserve Aid Fund established under the Second General Bond Resolution from the proceeds of the sale and issuance of the Series 21 and 22 Bonds (the "Bonds").

You were instructed to purchase on January 11, 1980 for immediate settlement four United States Treasury Notes - State and Local Government Series, with an aggregate par value of $16,193,600 to bear interest at a rate of 8.7468% by subscription to the Federal Reserve Bank of New York and to mature on February 1 in the amounts and in the years as follows: $1,901,500 in 1981, $1,776,600 in 1982, $6,437,300 in 1983, and $6,078,200 in 1984. Each security is to be held in a sub-account established to hold such restricted investments until the maturity date indicated in the account title. Each such security, and the investment income therefrom, is to be held in the appropriate sub-account established in the Capital Reserve Aid Fund as indicated in a letter dated January 11, 1980.

You were further instructed to purchase on January 11, 1980 for immediate settlement a $15,806,400 par value United States Treasury Note - State and Local Government Series, to bear interest at a rate of 8.7468% by subscription to the Federal Reserve Bank of New York, and to mature August 1, 1985. This security and the investment income therefrom are to be held in the Second General Bond Resolution Capital Reserve Aid Fund - 8.7468% Restriction to August 1, 1985 Account.
The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when moneys in the Capital Reserve Aid Fund established under the Second General Bond Resolution will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical with, but in no event later than, such times at which moneys in the Capital Reserve Aid Fund will be required for Second General Bond Resolution purposes.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

Enclosures

HAD:jar

cc: John J. Keohane, Esq.
   William J. Lithgow
   Pat Santivasci
   Allen L. Thomas, Esq.
   Amy Vance, Esq.
U.S. TREASURY SECURITIES
STATE AND LOCAL GOVERNMENT SERIES

1. Pursuant to the provisions of Department of the Treasury Circular, Public Debt Series No. 3-72, current revision, the undersigned hereby subscribes for the purchase of the following securities:

   a. ☑ United States Treasury Certificates of Indebtedness – State and Local Government Series (SCHEDULE 1)
   TOTAL AMOUNT $ 32,000,000

   b. ☑ United States Treasury Notes – State and Local Government Series (SCHEDULE 2)
   TOTAL AMOUNT $ 32,000,000

   c. ☐ United States Treasury Bonds – State and Local Government Series (SCHEDULE 3)
   TOTAL AMOUNT $

GRAND TOTAL $ 32,000,000

2. The undersigned certifies that the total investment (1) consists only of the proceeds of obligations described in Section 103(a) of the Internal Revenue Code, and (2) is not more nor less, within authorized multiples ($1,000 minimum and increments of $100 over such amount), directly subject to yield restrictions under Section 103(c) of the Code, and the regulations issued thereunder, except for any portion thereof required for a payment due less than 45 days from the date settlement is made for the securities subscribed for.

3. The undersigned requests that book-entry accounts be established for:

   Name of owner: MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

4. The undersigned:
   a. ☑ submits payment in full herewith for the above securities, as shown below.
   b. ☑ requests that issuance be deferred until ________________ (not to exceed by more than 60 days the date on which this subscription is received at a Federal Reserve Bank or Branch or, where mailed, by the stamp date appearing on the registered or certified mail envelope in which it is received), and agrees to make payment on that date.

5. The undersigned further certifies that the following official(s), by title(s), are authorized, subject to the provisions of the above circular, to request redemption prior to maturity of the securities (if no one has been so authorized, enter the word "none").

   Malcolm J. Hood, Senior Vice President
   United States Trust Company of New York

Dated this 11th day of January, 1980

212-775-0010

FOR USE BY BANK IN TRANSMITTING PAYMENT FOR ABOVIE SECURITY

(The issue date of the account will be the date specified in this subscription, provided payment therefore, in readily available funds is received herewith or within the time limitation specified above. Where payment is submitted separately, it should be accompanied by a copy of this subscription.)

☐ Check enclosed
☒ Charge our reserve a/c on 1-11-80 (date)
☐ Other

Authorized signature and title

FOR USE OF FEDERAL RESERVE BANK

ACCOUNT NUMBERS
C O F I'S: From: Through: Applicable Interest Rate Table No.
NOTES: From: Through: Issue Date
BONDS: From: Through:

FOR USE OF THE DIVISION OF SECURITIES OPERATIONS

Approved
By ____________________________ Date ____________________________
Name of State or Local Government Issuer:

Total $32,000,000

FOR TRUSSURY DEPARTMENT USE ONLY:

Account No. Assigned By:

For FRB or Branch Use Only:

Note: The interest rate on each note may not exceed the maximum interest rate for Treasury notes of comparable terms to maturity, as shown in the Treasury Rate Table.

Account Number:

Principal Amount:

Interest Rate:

Issue Date:

Maturity Date:

First In Print Date:

Use Only:

FOR TRUSSURY DEPARTMENT

[Redacted]

New York, New York 10005

United States Trust Company of New York

Mail check to:

New York, New York 10005

United States Trust Company of New York

[Redacted]

[Redacted]

[Redacted]

[Redacted]
11 January 1980

Mr. Dan Heimowitz
 Moody's Investors Service, Inc.
  99 Church Street
  New York, New York 10007

Dear Mr. Heimowitz:

This is in response to your telephone request for additional documentation of the refunding of the Municipal Assistance Corporation's 1975 Series G and Series M Bonds.

In this connection, I am enclosing copies of: (1) the Corporation's irrevocable instructions to the Trustee as to the establishment of the 1975 Series G and Series M Bonds Trust Fund out of the proceeds of the Corporation's Series 16 Bonds; (2) the Trustee's certificate as to the Trust Fund and the defeasance of the 1975 Series G and Series M Bonds; and (3) the Opinion of Hawkins, Delafield and Wood, Bond Counsel to the Corporation, as to the provision for payment of the 1975 Series G and Series M Bonds. Each of these documents is dated August 16, 1979, the date of the delivery of the Corporation's Series 16 Bonds, and each concerns the establishment and sufficiency of the escrow fund for the payment of the refunded bonds.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosures (3)
11 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

On December 14, 1979, the Municipal Assistance Corporation for The City of New York (the "Corporation") issued its Series 21 and 22 Bonds (the "Bonds") and allocated $32,000,000 of the proceeds thereof to the Capital Reserve Aid Fund established under the Second General Bond Resolution. Because the Bonds constitute a refunding issue, federal arbitrage regulations restrict the yield at which the original proceeds deposited in the Capital Reserve Aid Fund may be invested (following a thirty-day period of unlimited investment), to a yield not in excess of the yield on the Bonds until the various adjusted maturity dates of the portion of the Corporation's Series A Bonds refunded by the Bonds. The arbitrage certificate of the Corporation for the Bonds (the "Arbitrage Certificate") states that the yield on the Bonds is 8.7468%.

In order to facilitate the administration of the investment of the $32,000,000 of the proceeds of the Bonds deposited in the Capital Reserve Aid Fund at a yield not in excess of the 8.7468% mandated by the federal arbitrage regulations, you are hereby instructed as follows: to establish five sub-accounts in the Capital Reserve Aid Fund, to transfer a portion of such proceeds of the Bonds into each sub-account, and to invest such proceeds and income from the investment of such proceeds at a yield not in excess of 8.7468% until such date established for each such sub-account, all as detailed on the attached schedule. Investment earnings on each of the five sub-accounts should be retained for investment
in the indicated sub-account from which they are derived. On each of the respective dates listed on such schedule you are hereby instructed to transfer all monies and securities then on deposit in the indicated sub-account to the Capital Reserve Aid Fund and thereafter invest such monies and proceeds from such securities without restriction as to yield.

In addition, you are hereby instructed to establish a sixth sub-account entitled "Second General Bond Resolution - Capital Reserve Aid Fund - 8.7468% Temporary Account" and to transfer to such account the investment earnings on the $32,000,000 amount deposited in the Capital Reserve Aid Fund during the thirty-day temporary period ($284,200, rounded upward to the nearest $100). Such amount may be invested without restriction as to yield until January 9, 1981 when such amount is to be transferred to the five sub-accounts in the amounts indicated on the attached schedule. Upon transfer to each of the above indicated sub-accounts, these monies are to be invested in permitted obligations at a yield not in excess of 8.7468%. In the event that the purchase of a permitted security at a market price would result in a yield in excess of 8.7468%, you are hereby instructed to purchase United States Treasury Obligations - State and Local Government Series in the amounts indicated.

The balance of monies on deposit in the Capital Reserve Aid Fund - 8.7468% Temporary Account on January 9, 1981 may be invested without restriction as to yield until January 8, 1982 at which time the amount on deposit in the 8.7468% Temporary Account is to be allocated to the various sub-accounts indicated on the attached schedule according to the Allocation Factor set forth on the attached schedule. Upon transfer to each of the above indicated sub-accounts, these monies are to be invested in permitted obligations at a yield not in excess of 8.7468%. In the event that the purchase of a permitted security at a market price would result in a yield in excess of 8.7468%, you are hereby instructed to purchase United States Treasury Obligations - State and Local Government Series in the amounts indicated on the attached schedule. Amounts allocable to the February 1, 1981 Sub-Account may be transferred to the Capital Reserve Aid Fund and invested without restriction as to yield.
Monies or securities on deposit in these sub-accounts are available for Second General Bond Resolution purposes including the payment of debt service pursuant to the terms of the Second General Bond Resolution.

Sincerely yours,

Harris A. Decker
Treasurer

HAD:jar

cc: John J. Keohane, Esq.
    William J. Lithgow
    Pat Santavasci
    Allen L. Thomas, Esq.
    Amy Vance, Esq.
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**Note:** The proceeds may be returned to the Capital Reserve as needed.
Date: 8 January 1980
To: Files
From: Stephen J. Weinstein
Re: U.S. Trust Company of New York

This afternoon at 4:00 P.M. I telephoned Mr. Thomas A. Melfe, Executive Vice President and Chief Operating Officer of the United States Trust Company of New York, to inquire about the status of the vault count of the Corporation's unissued bond certificates undertaken in connection with the disappearance of certain Series HH coupon bond certificates which had been reported to us on January 3, 1980.

Mr. Melfe asked what I was calling about. I stated that at a meeting with Mr. Melfe and other officers of the Trust Company on January 4, 1980, they had informed us that their vault count had not yet been completed and that they would report the result of the count to us upon its completion which they expected in a couple of days.

Mr. Melfe responded that the Trust Company had completed and verified its count of unissued bond certificates in coupon form, and that all had been accounted for with the exception of the 20 Series HH certificates which had been reported missing the preceding week.

I then asked about the count and verification of the Corporation's unissued bond certificates in registered form. Mr. Melfe answered that no such procedure had been undertaken and that none was contemplated, inasmuch as all of the registered certificates had been accounted for in the vault count which had been conducted in August 1979. I said that the disappearance of the 20 coupon pieces subsequent to the August count clearly indicated a need to recount all of the vault inventory, including the registered certificates. Mr. Melfe said that he was unaware of any such request from the Corporation, and asked if this was a such a formal request. I answered that I was making a formal request for a count of the unissued registered certificates in the vault as soon as possible. Mr. Melfe said that they would consider that request and get back to us promptly.

I asked whether they had heard anything further from the FBI regarding the investigation of the disappearance. Mr. Melfe said that he understood that the FBI had reported to the Trust Company's counsel that it had possession of one additional $100,000 coupon piece, and that it was following up a lead on three more such certificates, in addition to the eight pieces recovered on January 4, 1980. He said that he would be meeting later that afternoon with the FBI, and agreed to report to me whatever information he would learn at that meeting.
7 January 1980

TO: Felix G. Rohatyn

FROM: Robert F. Vagt

This summary repeats portions of our conversation of yesterday afternoon and may prove useful in your conversation with Tom Kilifer today.

1. A meeting was held on Friday afternoon at the U. S. Trust Company after 7 of 8 MAC Directors (George Brooker could not be reached) agreed that the relationship with the Trustee should be severed. The Chairman of the Trust Company, two executive vice presidents and a partner from Carter Ledyard met with Ed Kresky, Allen Thomas, Don Robinson, Andrew Decker, Steve Weinstein and myself.

2. I reviewed those actions of the last several months by the Trust Company which marked its failure to effectively serve as Trustee. It was noted that there was considerable logic and sentiment for seeking the Trustees' resignation when at the point that the $397 million were lost; but, it was agreed at a meeting in your office with the Chairman and President of U. S. Trust that MAC would allow them the opportunity to fully assess the situation and take whatever steps were necessary to correct their operations. You emphasized that the time that we would give them this last opportunity to prove their mettle. At a series of meetings since that time (and in written communications to MAC from U. S. Trust Company and its accountants Cooper's & Lybrand) we have been repeatedly assured that additional internal control procedures had been instituted to insure against an occurrence such as this loss of $2 million in certificates.

3. Ed Kresky related to them that the Board Members were unanimous in their request for the Trustee's resignation as they no longer had confidence in its ability to carry out many of its responsibilities. He made it clear that it seemed to be in everyone's best interest that U. S. Trust voluntarily resign, but that the Board was prepared to follow the alternative course outlined in the Bond Resolution, should the Trustee refuse to step down.
4. Allen Thomas made the point that we, too, had a responsibility to the bondholders pursuant to the resolution; and in this case we were obliged to lay these facts about the Trust Company's actions before the bondholders in a formal way, unless the Trustee resigned.

5. It was the general opinion of the MAC group in attendance that the Trust Company's action to delay a decision was a trial balloon, designed to see if the problem would blow over and to determine whether or not MAC was serious about going to its bondholders. The Trust Company must understand clearly that we are prepared to solicit the decision of the bondholders, should it fail to resign. Indeed, given the history of nonfeasance by our Trustee, we have little choice to do otherwise.

I will call later on in the day from Houston where we arrive at 12:40 p.m.
7 January 1980

Mr. David L. George, Jr.
AMERICAN BANK NOTE COMPANY
70 Broad Street
New York, New York 10004

Re: Series 23 Bond Printing

Dear Mr. George:


On the basis of your quotation, you are hereby authorized by the Municipal Assistance Corporation to proceed with this work, in accordance with our continuing instructions to be provided by myself or Gerard F. Fernandez, Jr. of Hawkins, Delafield & Wood, Bond Counsel to the Corporation.

Sincerely,

[Signature]
Stephen J. Weinstein
Deputy Executive Director

SJW:jar

cc: Gerard J. Fernandez, Jr., Esq.
January 4, 1980

Mr. Stephen Weinstein,
Secretary
Municipal Assistance Corporation for
the City of New York
One World Trade Center - Room 8901
New York, N.Y. 10048

Dear Mr. Weinstein:

Re: Series 23 Bonds

Pursuant to your request, we will be pleased to furnish Coupon and Registered Bonds of the proposed subject issues as follows:

30,000 - $5,000 Coupon Bonds, dated January 1, 1980, which mature July 1, 2008; all bearing same interest rate, with appropriate Coupons attached (wing form), CUSIP Numbers, requisite facsimile seal and signatures,

AND

6,000 - $___ Registered Bonds (without Coupons),

at a total charge of $10,490.00 f.o.b. point of manufacture, exclusive of any applicable sales or use taxes. Estimated shipping charges are an additional $600.00. Seller shall have no liability for delays in transit caused by any party other than seller.

Author's corrections requiring submission of revised proofs, any unusual delay in approval of proofs or any acceleration in the delivery date necessitating the employment of overtime to meet the required delivery, will be charged for additionally at standard rates.

We shall always try to meet your delivery requirements, but cannot be responsible for this delivery unless final approved proofs for production printing are received at least five working days prior to the shipping date from our plant.
January 4, 1980

Mr. Stephen Weinstein,
Secretary
Municipal Assistance Corporation
for the City of New York

It is our understanding that the sale will take place on January 16th. We should have approval of all proofs, subject to inclusion of the interest rate, prior to the sale. We would then insert the interest rates and show final proofs on January 17th for approval that date. The coupon bonds will be sent to The Signature Company and the Registered Bonds to United States Trust Company of New York on January 22nd.

We appreciate this additional opportunity of placing our facilities at your service and assure you that we will accord this important work our prompt and careful attention.

Very truly yours,

David L. George, Jr.

cc: Gerard Fernandez, Jr., Esq.
Hawkins, Delafield & Wood
67 Wall Street
New York, N.Y. 10005

Mr. John B. Walker
7 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10039

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on January 8, 1980, $59,000 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

HAD: blg

cc: William J. Lithgow
    Pat Santivasci
FOR IMMEDIATE RELEASE: Friday, January 4, 1980

CONTACT: Robert F. Vagt, Executive Director

The Municipal Assistance Corporation For The City of New York announced today that it has been informed by United States Trust Company of New York, the Trustee serving under each of its two bond resolutions, that twenty (20) of the Corporation's unissued and unauthenticated bond certificates are missing from United States Trust Company's vault. The unissued certificates were held by the Trustee for use in future transfers of bonds and are not valid obligations of MAC and should not be negotiated.

The certificates identified as missing are each $100,000 principal amount 7-1/2% 1977 Series HH Bonds, due February 1, 1995, in bearer form with coupons attached (CUSIP #626 190 DG4) with the following serial numbers:

HH C 9680 through HH C 9689
HH C 9920 through HH C 9929

MAC has been informed by United States Trust that an audit of the inventory of unissued and unauthenticated certificates is in process.

The appropriate law enforcement and regulatory agencies have been notified. The Federal Bureau of Investigation has recovered $800,000 of the certificates bearing serial numbers HH C 9680 and 9681 and HH C 9684 through 9689, and the investigation is continuing.

Officers of the Corporation met this afternoon with officials of the United States Trust Company and asked for its resignation as Trustee under the Corporation's two bond resolutions. The Trustee has advised the Corporation that it is not prepared to resign at this time but it has the matter under consideration and will respond to the Corporation as promptly as possible.

##
4 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

On December 14, 1979 the Corporation delivered to you as Trustee under the Second General Bond Resolution $360 million of proceeds from the sale and issuance of the Corporation's Series 21 and 22 Bonds. You were at that time instructed to place $328 million of such proceeds in the Series A Escrow Fund pending further instructions from the Corporation.

You are hereby irrevocably instructed to transfer on January 11, 1980 $18,815,415 from the Series A Escrow Fund to the Debt Service Fund established under the First General Bond Resolution.

You are hereby further instructed to purchase from Merrill Lynch Government Securities, Inc. on January 3, 1980 for settlement January 11, 1980, $18,920,000 par value of United States Treasury Bills due January 31, 1980, at a discount of 9.95%, which equals a dollar price of $18,815,414.44 of par with such amount which has been transferred from the Series A Escrow Fund.

Upon redemption, the $18,920,000 par value of United States Treasury Bills together with approximately $1,300 of cash available in the Debt Service Fund, will be sufficient to provide for the payment of interest due on February 1, 1980 on all Series A Bonds which mature after February 1, 1980.

You are hereby further instructed to subscribe to the Federal Reserve Bank of New York for the purchase for settlement upon January 11, 1980, of the United States Treasury Obligations - State and Local Government Series (the "Government Obligations") indicated in the attached schedule with the remainder of the monies on deposit in the Series A Escrow Fund. Upon the completion of the refunding of the Series A Bonds with the issuance of the Corporation's Series 23 Bonds, you are hereby instructed to transfer the Government Obligations to a special trust fund (the "Special Fund") to be established pursuant to a series resolution of the Corporation and to
apply the monies received from such investment to the payment of principal and interest when due on the Series A Bonds maturing after February 1, 1980.

In the event that the Corporation does not provide the amount required for all principal and interest payments on the Series A Bonds, maturing after February 1, 1980, by the deposit of monies or Government Obligations, or a combination thereof, sufficient to provide for all such payments in the Special Fund, you are hereby instructed to retain the Government Obligations in the Series A Escrow Fund and to apply the monies received from such investment solely to the payment of principal, interest, and redemption premium when due on the Series A Bonds maturing on February 1, 1990, which will be called for redemption on August 1, 1985, at a redemption price of 102% of the principal amount thereof; and, to the payment of principal and interest when due on such portion of the Series A Bonds maturing February 1, 1985, as there are funds sufficient therefor.

Sincerely yours,

Harris A. Decker
Treasurer

HAD:jar

cc: John J. Keohane, Esq.
    William J. Lithgow
    Pat Santavasci
    Amy Vance, Esq.
    Allen L. Thomas, Esq.
1. Pursuant to the provisions of Department of the Treasury Circular, Public Debt Series No. 3-72, current revision, the undersigned hereby subscribes for the purchase of the following securities:

   a. ☑ United States Treasury Certificates of Indebtedness — State and Local Government Series (SCHEDULE 1)
      TOTAL AMOUNT $ 312,097,000

   b. ☑ United States Treasury Notes — State and Local Government Series (SCHEDULE 2)
      TOTAL AMOUNT $ 312,097,000

   c. ☑ United States Treasury Bonds — State and Local Government Series (SCHEDULE 3)
      TOTAL AMOUNT $ 312,097,000

GRAND TOTAL $ 312,097,000

as described on the attached schedules, which are incorporated by reference to this subscription, to be used as entries on the books of the Bureau of the Public Debt, Department of the Treasury.

2. The undersigned certifies that the total investment (1) consists only of the proceeds of obligations described in Section 103(c) of the Internal Revenue Code, and (2) is not more nor less, within authorized multiples ($1,000 minimum and increments of $100 over such amount), directly subject to yield restrictions under Section 103(c) of the Code, and the regulations issued thereunder, except for any portion thereof required for a payment due less than 45 days from the date settlement is made for the securities subscribed for.

3. The undersigned requests that book-entry accounts be established for:

   Name of owner Municipal Assistance Corporation For The City of New York

4. The undersigned:
   a. ☑ submits payment in full herewith for the above securities, as shown below.
   b. ☑ requests that issuance be deferred until January 11, 1980 (not to exceed by more than 60 days the date on which this subscription is received at a Federal Reserve Bank or Branch or, where mailed, by the stamp date appearing on the registered or certified mail envelope in which it is received), and agrees to make payment on that date.

5. The undersigned further certifies that the following official(s), by title(s), are authorized, subject to the provisions of the above circular, to request redemption prior to maturity of the securities (If no one has been so authorized, enter the word "none")

   None

Dated this 7th day of January 1980

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Name of Urban or Local Government (body) By /s/ [Signature]

Treasurer

FOR USE BY BANK IN TRANSMITTING PAYMENT FOR ABOVE SECURITY

(The issue date of the account will be the date specified in this subscription, provided payment therefor in readily available funds is received herewith or within the time limitation specified above. Where payment is submitted separately, it should be accompanied by a copy of this subscription.)

☐ Check enclosed ☐ Charge our reserve a/c on 1/11/80 (Date)

☐ Other

Name of institution United States Trust Company of New York

City New York State New York

Authorized signature and title [Signature]

FOR USE OF FEDERAL RESERVE BANK

ACCOUNT NUMBERS

C OF I'S: From: Through:

NOTES: From: Through:

BONDS: From: Through:

FOR USE OF THE DIVISION OF SECURITIES OPERATIONS

Approved

By Date
SCHEDULE OF UNITED STATES TREASURY NOTES—STATE AND LOCAL GOVERNMENT SERIES

The United States Treasury Notes—State and Local Government Series subscribed for on the FORM PD 4144 to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

NAME AND ADDRESS OF OWNER

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
in care of:
UNITED STATES TRUST COMPANY OF NEW YORK
45 Wall Street
New York, New York 10005
EMPLOYER IDENTIFICATION NO. 13.283.28.55

NAME AND ADDRESS OF SUBSCRIBER'S BANK

THE UNDERSIGNED REQUESTS THAT PAYMENT OF INTEREST, AND PRINCIPAL WHEN DUE, BE MADE FOR THE ACCOUNT OF THE OWNER AS BELOW:

[ ] CREDIT RESERVE ACCOUNT OF:
United States Trust Company of New York
45 Wall Street
New York, New York 10005

OR

NOTE: The interest rate on each note may not exceed the maximum interest rate for Treasury notes of comparable terms to maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be not less than one year and one day nor more than ten years from date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal. If the date for the first interest payment is less than 45 days from the date of issue, such payment may be delayed.

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NAME OF STATE OR LOCAL GOVERNMENT BODY:
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

SIGNATURE: [Signature]
TITLE: [Title]

FOR FRB OR BRANCH USE ONLY:
ACCOUNT NO. ASSIGNED BY: FRB

FOR TREASURY DEPARTMENT USE ONLY:
ACCOUNTS ESTABLISHED BY: ON
3 January 1980

UNITED STATES TRUST COMPANY OF
NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

This is to confirm oral instructions issued to you regarding the investment of monies available in various restricted sub-accounts.

You were instructed to purchase on December 28, 1979 for settlement upon December 31, 1979, $9,629,100 par value of United States Treasury Certificates of Indebtedness - State and Local Government Series (the "Treasury Obligations"), to mature February 29, 1980 and bear interest at the rate of 8.125% by subscription to the Federal Reserve Bank of New York with monies which are to be available on that day in the First Capital Reserve Fund - 8.125% restricted sub-account. This security and the investment income therefrom are to be held in such restricted sub-account.

You were further instructed to purchase on December 28, 1979 for settlement upon December 31, 1979, $27,610,700 par value of Treasury Obligations, to mature February 29, 1980 and bear interest at the rate of 7.875% by subscription to the Federal Reserve Bank of New York with monies which are to be available in the First Capital Reserve Fund - 7.875% restricted sub-account. This security and the investment income therefrom are to be held in such restricted sub-account.

You were further instructed to purchase on December 28, 1979 for settlement upon December 31, 1979, $9,472,100 par value of Treasury Obligations, to mature February 29, 1980 and bear interest at the rate of 8.125% by subscription to the Federal Reserve Bank of New York with monies which are to be available in the Second Capital Reserve Fund - 8.125% restricted sub-account. This security and investment income therefrom are to be held in such restricted sub-account.
3 January 1980
UNITED STATES TRUST COMPANY OF
NEW YORK
Page Two

You were further instructed to purchase on December 28, 1979 for settlement upon December 31, 1979, $1,775,900 par value of United States Treasury Obligations, to mature February 29, 1980 and bear interest at the rate of 7.695% by subscription to the Federal Reserve Bank of New York with monies which were to be available in the First Capital Reserve Fund - 7.695% restricted sub-account. This security and investment income therefrom are to be held in such restricted sub-account.

You were further instructed to purchase on December 28, 1979 for settlement upon December 31, 1979, $930,400 par value of United States Treasury Obligations, to mature February 29, 1980 and bear interest at the rate of 9.00% by subscription to the Federal Reserve Bank of New York with monies which are to be available in the Capital Reserve Aid Fund - 9.00% restricted sub-account. This security and the investment income therefrom are to be held in such restricted sub-account.

The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when monies in the Capital Reserve and Capital Aid Funds established under the First and Second General Bond Resolutions, respectively, will be required so that the maturities or redemption dates at the option of the holder of such investment shall coincide as nearly as practical with and in no event later than such times at which monies in the Capital Reserve or Capital Reserve Aid Funds will be required for First or Second General Bond Resolutions purposes, respectively.

Sincerely,

[Signature]

Harris A. Decker
Treasurer

Enclosures

cc:  John J. Keohane, Esq.
     William J. Lithgow
     Pat Santavasci
     Amy Vance, Esq.
     Allen L. Thomas, Esq.
2 January 1980

UNITED STATES TRUST COMPANY
OF NEW YORK
130 John Street
New York, New York 10038

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

You are hereby instructed to transfer from bearer form to registered form all of the Corporation's Series 8 and 9 Bonds purchased in its open market program and currently on deposit in the Corporation's Corporate Municipal Trust Administration Department Bond Purchase Account.

Sincerely yours,

Harris A. Decker
Treasurer

HAD:jar

cc: William J. Lithgow
   Pat Santavasci
2 January 1980

James R. Brigham, Jr., Director
Office of Management and Budget

Andrew Decker

Mirror Bonds

At our meeting on December 28, 1979 you asked us to provide you with further clarification of the "mirror" bond mechanism.

Section 3033(3)(c) of the Public Authorities Law provides that a bond issued by the Corporation for City capital purposes shall mature no later than one year after the underlying City bond which the Corporation is required to purchase. Further, the amortization of the MAC bond shall follow substantially the amortization of the City bond with no more than one year's lag. For example, if MAC were to issue a bond for a city capital purpose for which there was a five-year period of probable usefulness, the MAC bond would mature in no more than six years and the amortization schedule of the MAC bond would be substantially similar to the amortization schedule of the City bond.¹/ (Schedules 2.1 and 2.2 display the City and MAC bonds, respectively, which would be issued under the "50% City constrained" formula for a five-year period of probable usefulness.)

The precise payment dates for the City bond would, in part, depend upon the type of MAC bond issued. Assuming the bulk of the financing could be accomplished using Second Resolution Bonds, the optimal payment dates for the City bond would be no later than September 15, for principal and September 15, and March 15, for interest payments. This will reduce to a minimum adverse cash flow consequences and, depending upon market interest rates, produce additional benefits. (Schedule 2.3 displays the funding consequences of the MAC bond "mirrored" by the City bond.)

¹/ Slight variations result from the City's minimum denomination being $1,000 while the Corporation's minimum denomination is $5,000.
The following schedules display the MAC funding which results from the issuance of a 5-, 10- or 20-year MAC/City mirror bond.² Schedule 1 displays the base debt service on outstanding debt after the issuance of the Series 23 Bonds and the refunding of the Series A Bonds. Schedule sets 2, 3 and 4 detail the components of a 5-, 10- and 20-year $100 million MAC/City issuances, respectively. Included in each set is a schedule displaying the structure and debt service on the City bond, the MAC bond, the debt service and funding consequences of the MAC bond "mirrored" by the City bond, and the base debt service and funding plus the MAC/City mirror. In each case, it is assumed that $100 million is issued at an 8% interest rate, dated June 1, 1980, on which the first payment on City bonds is September 1, 1980, while the first payment on MAC bonds is January 1, 1981.

As is clear from these Schedules, there is effectively no change in MAC's funding requirements as a result of different terms of the issue.

² The term of the bond refers to the period of probable usefulness for the underlying City bond. The MAC bond would actually be one year longer.
## Municipal Assistance Corporation
### For The City of New York

**Debt Service Payment and Funding Requirements by Fiscal Year**

**BASE DEBT SERVICE AFTER REFUNDING SERIES A AND ISSUANCE OF SERIES 23**

(In Thousands of Dollars)

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### Municipal Assistance Corporation
*For The City of New York*

**Debt Service Payment Requirements by Fiscal Year**

**FIVE YEAR CITY CAPITAL BOND**

*(In Thousands of Dollars)*

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Municipal Assistance Corporation  
For The City of New York  

Debt Service Payment Requirements by Fiscal Year  

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Municipal Assistance Corporation
For The City of New York

Debt Service Payment and Funding Requirements by Fiscal Year

BASE PLUS FIVE YEAR CITY CAPITAL MIRRORED

(In Thousands of Dollars)

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Municipal Assistance Corporation  
For The City of New York

Debt Service Payment Requirements by Fiscal Year

TEN YEAR CITY CAPITAL BOND
(In Thousands of Dollars)

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### Municipal Assistance Corporation  
**For The City of New York**

**Debt Service Payment and Funding Requirements by Fiscal Year**

**TEN YEAR CITY CAPITAL WITH MAC MIRROR BOND**

(In Thousands of Dollars)

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### Municipal Assistance Corporation
#### For The City of New York

**Debt Service Payment and Funding Requirements by Fiscal Year**

**BASE PLUS TEN YEAR CITY CAPITAL WITH MAC MIRROR**

(In Thousands of Dollars)

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**Total** | 6,353,488 | 6,499,982 | 12,853,470 | 12,335,125
### Municipal Assistance Corporation
**For The City of New York**

**Debt Service Payment Requirements by Fiscal Year**

**TWENTY YEAR CITY BOND**

(In Thousands of Dollars)

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# Municipal Assistance Corporation

For The City of New York

## Debt Service Payment Requirements by Fiscal Year

### TWENTY YEAR MAC MIRROR

(In Thousands of Dollars)

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# Municipal Assistance Corporation
For The City of New York

## Debt Service Payment and Funding Requirements by Fiscal Year

**BASE PLUS TWENTY YEAR CITY BOND WITH MAC MIRROR**

*(In Thousands of Dollars)*

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**Total**

6,353,488 | 6,542,654 | 12,896,142 | 12,335,128