30 July 1980

To: Administration Committee

From: Heather L. Ruth

Re: Agenda for Meeting Scheduled Wednesday, August 6, at MAC

There are two reasons for calling a meeting of the Administration Committee at this time:

1. The Corporation's Proposed FY 1981 Budget:

Ideally, a FY 1981 budget should have been adopted by the full MAC Board before July 1. Due to the timing of my appointment and subsequent assumption of duties on July 7, it was not possible to do so on schedule. A July 2 memorandum from me covering a more detailed presentation and analysis of the proposed budget prepared by Andrew Decker has previously been sent to you. I request your review of the proposed budget and recommendations toward adoption of a FY 1981 budget at the next meeting of the full Board which will occur in conjunction with approval of our planned bond issue the week of August 18th. (That Board meeting is yet to be scheduled though we are canvassing members for their availability the week of the 18th.)

2. Consideration of Revised Rates for Attorney's Fees:

At the June 3, 1980 meeting of the Board, authority to approve increases in fees for the Corporation's retained outside counsels was delegated to the Administration Committee. At the last meeting of the Committee, consideration of an adjustment of fees proposed by the staff was deferred after discussion, pending disposition of the City's collective bargaining. At that time additional information on the rates paid by the State and the City for comparable services was requested. The attached memorandum from MAC's Counsel, John Bove, to me provides the requested information. Consideration of approval of the proposal is requested at this meeting.

This meeting also provides an opportunity for you to address any other issues you wish with respect to MAC administration or to my review. While I have benefitted from brief meetings with each of you individually in the last several weeks, I must surely remain very much an "unknown quantity" to you.

I look forward to seeing you.
Date: 28 July 1980
To: Heather L. Ruth
From: John G. Bove
Re: Legal Fees

The following table compares the proposed rates to be paid PWRWG and HDW to the internal time charges of each firm which is the basis upon which they bill other clients. As can be seen, the proposed rates are projected to result in a "discount" to the Corporation of at least $9/Hr. and $13.75/Hr. for PWRWG and HDW, respectively. Based upon the proposed rates and the actual professional services rendered between October 1, 1979 and March 31, 1980 by PWRWG, $11/Hr.

<table>
<thead>
<tr>
<th>Firm</th>
<th>MAC Weighted Average Rate/Hour (1)</th>
<th>Standard Weighted Average Rate/Hour (2)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>PWRWG</td>
<td>$108</td>
<td>$117</td>
<td>$9.00</td>
</tr>
<tr>
<td>HDW</td>
<td>$108.25</td>
<td>$122</td>
<td>$13.75</td>
</tr>
</tbody>
</table>

* * * * *

By way of additional comparison, the two firms retained by the City in relation to its financings, charge $75 and $125 per hour for associates' and partners' time, respectively. If those rates were applied to the Corporation they would result in an average hourly rate of approximately $91. Data supplied by the State Comptroller indicates that the weighted average hourly rate paid by the State to PWRWG during the State's 1980 fiscal year was approximately $8.80 less than PWRWG's internal time charges. For the four year period beginning 1976 the State rate was an average of only $6.50 less than PWRWG's internal time charges.

(1) Projected for the Corporation's 1981 Fiscal Year.

(2) Based upon internal time charges currently utilized by each firm, which can be expected to be increased during the Corporation's fiscal year.
The following table compares the proposed rates to be paid to the internal time charges of each firm which is the basis upon which they bill other clients. As can be seen, the proposed rates are projected to result in a "discount" to the Corporation of at least $9/Hr. and $13.75/Hr. for PWRWG and HDW, respectively. Based upon the proposed rates and the actual professional services rendered between October 1, 1979 and March 31, 1980 by PWRWG, $11/Hr.

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By way of additional comparison, the two firms retained by the City in relation to its financings, charge $75 and $125 per hour for associates' and partners' time, respectively. If those rates were applied to the Corporation they would result in an average hourly rate of approximately $91. Data supplied by the State Comptroller indicates that the weighted average hourly rate paid by the State to PWRWG during the State's 1980 fiscal year was approximately $8.80 less than PWRWG's internal time charges. For the four year period beginning 1976 the State rate was an average of only $6.50 less than PWRWG's internal time charges.

(1) Projected for the Corporation's 1981 Fiscal Year.

(2) Based upon internal time charges currently utilized by each firm, which can be expected to be increased during the Corporation's fiscal year.
Date: 28 July 1980

To: SEE DISTRIBUTION

From: Andrew Decker

Re: Agenda for July 30, 1980 Audit Committee Meeting

Enclosed are copies of year end financial statements, notes and exhibits for June 30, 1980. Price Waterhouse & Co. has completed its audit and is prepared to deliver a clean opinion dated July 28, 1980. We have arranged a meeting at 2:30 p.m. on July 30, 1980 at Price Waterhouse (153 East 53rd Street, 39th Floor) to discuss the following:


3. Internal Operations
   a. APR review
   b. portfolio
   c. computer operations


Distribution: Audit Committee
Andrew P. Steffan, Chrm.
Kenneth J. Bialkin, Esq.
Bradford J. Race, Jr., Esq.
George M. Brooker
Price Waterhouse
Kenneth G. Cadematori
Jay Hartig

Municipal Assistance Corporation
Heather L. Ruth
28 July 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 transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on July 29, 1980, $141,500.00 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
28 July 1980

Price Waterhouse & Co.
153 East 53rd Street
New York, New York 10022

Gentlemen:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") for the year ended June 30, 1980 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and transactions of the Corporation in conformity with generally accepted accounting principles.

1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position and transactions in conformity with generally accepted accounting principles.

2. All minutes of the meetings of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) and all financial and accounting records and related data have been made available to you. We are not aware of any accounts, transactions or material agreements not fairly described and properly recorded in the financial and accounting records underlying the financial statements.

3. We are not aware of (a) any irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements, or (b) any violations or possible violations of laws or regulations which have not been disclosed and whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements. The Corporation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
4. All cash and bank accounts and all other properties and assets of the Corporation of which we are aware are included in the financial statements at June 30, 1980, except as described in Paragraph 9 hereof. The Corporation has satisfactory title to all owned assets and all liens, encumbrances or security interests of any important consequence on any asset of the Corporation are disclosed in the statements or notes thereto.

5. Investments in marketable securities of the Debt Service Fund are carried at cost, which approximates market value. Securities in the Capital Reserve Fund are carried at amortized cost, which exceeded market value by approximately $37.5 million at June 30, 1980.

6. All liabilities of the Corporation of which we are aware are included in the financial statements at June 30, 1980.

As a result of a review by the New York State Department of Audit and Control of certain printing charges for services rendered to the Corporation during prior fiscal years, the Corporation has determined that $105,359 of the amount which it had accrued for the payment of such expenses is not required and has adjusted the accounts accordingly. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with that Statement.

7. The financial statements and appended notes include all disclosures necessary for a fair presentation of the financial position and transactions of the Corporation in accordance with generally accepted accounting principles, and disclosures otherwise required to be included therein by the laws and regulations to which the Corporation is subject. The following have been properly recorded or disclosed in the financial statements:

a. Related party transactions.

b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.

c. Agreements to repurchase assets previously sold.
d. Other agreements not in the ordinary course of business.

8. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year ended June 30, 1980 or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or transactions of the Corporation. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. The Corporation has acquired certain obligations of the City as a result of various exchanges and payments to the City. At June 30, 1980 the Corporation held an aggregate of approximately $589 million principal amount of City bonds and approximately $225 million principal amount of notes of the City of which $149 million are subject to cancellation without payment of principal.

During the year ended June 30, 1980, the Corporation received $213.0 million, comprising $145.9 million of principal and $67.1 million of interest on certain City bond anticipation notes and bonds held by the Corporation pursuant to agreements with the City. During the year ended June 30, 1979, the Corporation received $123.8 million, comprising $52.6 million of principal and $71.2 million of interest on such obligations.

Amounts received as payment on City obligations have the effect of reducing the amounts to be funded from the Corporation's other sources. The Corporation, in making its certification for funds, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received. Accordingly, the City obligations held have not been included in the accompanying Statement of Financial Position.

10. In connection with the issuance by the City of Federally guaranteed obligations, a Guaranty Fund has been established by the Corporation. The moneys on deposit in the Guaranty Fund, up to a specified amount, are available for the benefit of the United States of America in the event the City is unable to meet debt service requirements.
on certain City obligations for which the payment of principal and interest is guaranteed by the United States of America. Such specified amount is presented as a liability of the Corporation ($40,594,019 at June 30, 1980). To the extent moneys on deposit in the Guaranty Fund exceed the amount required, the Corporation is entitled to withdraw such excess from the Guaranty Fund and the United States of America has no further claim on such moneys. At June 30, 1980, no claim had been asserted. Moneys on deposit in the Guaranty Fund are invested in direct obligations of the United States of America.

11. The Corporation, together with the City, has developed a four-year debt issuance plan to provide for the City's long-term financing requirements through 1982. Under the plan, the Corporation is expected to have issued approximately $1.8 billion of its bonds pursuant to an agreement among the Corporation, various commercial banks, savings banks, insurance companies and New York City Pension Funds during fiscal years 1979 through 1982. Proceeds from these sales are expected to provide for a significant portion of the City's long-term financing requirements during the four year period. The Corporation has issued a total of $938 million of its Second General Resolution Bonds pursuant to the agreement.

To avoid duplication of efforts, the Corporation has contracted to reimburse the New York State Office of the Special Deputy Comptroller for the City of New York for the cost of providing certain oversight services of the City's financial affairs. The cost of certain other oversight services performed by the staff of the Financial Control Board are reimbursed by the Corporation.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Heather L. Ruth, Executive Director

Harris A. Decker, Deputy Executive Director and Treasurer
24 July 1980

Mr. John Murphy
NEW YORK CITY TRANSIT AUTHORITY
370 Jay Street
Brooklyn, New York 11201

Re: Series 24 Bonds

Dear Mr. Murphy:

Thank you for your assistance in the gathering of information for the Official Statement for the Corporation's Series 24 Bonds.

As per our telephone conversation of July 21, 1980, the dollar figure for outstanding NYCTA debt (RANs) which has a potential claim prior to the Corporation's on State Per Capita Aid will appear in the Official Statement as $5,508,000 ($5,100,000 principal plus annual interest calculated at 8%). As I understand from our conversation and a subsequent conversation on July 24, 1980, the previously outstanding $10,200,000 of RANs was paid at maturity on July 3, 1980, and a new RAN due in 1981, in the principal amount of $5,100,000 was issued at such time.

I would appreciate it if you would confirm to me in writing the accuracy of the facts presented in this letter or, if inaccurate in some manner, provide correct information.

Thank you.

Sincerely,

Maxine H. Gillman
Assistant Counsel

cc: Andrew T. O'Rourke, Comptroller, New York City Transit Authority
    John J. Keohane, Esq.
24 July 1980

Mr. Harry Levit
c/o Holiday Bungalows
P. O. Box 82
A.N. Route 42
Fallsburg, New York 12733

Dear Sir:

Thank you for your recent correspondence regarding the redemption provisions of the Municipal Assistance Corporation For The City of New York's Second General Resolution Series 2 and Series 4 Bonds.

Pursuant to the provisions of the Second General Bond Resolution and the Series 2 and Series 4 Resolutions pursuant to which the bonds were issued, the Corporation is required to redeem annually a portion of each of the Series 2 and Series 4 Bonds through sinking fund installments. Such redemptions are to be made by mandatory calls at par of randomly selected bonds on each July 1 until the maturity of the bonds on July 1, 1986.

Pursuant to the provisions of the Second General Bond Resolution, the Corporation may at certain times purchase bonds in the open market at a price not in excess of par (plus accrued interest) to satisfy its sinking fund requirements. On May 5, 1980, the Corporation announced that it had fully satisfied July 1, 1980 sinking fund requirements through a combination of open market purchases and a public solicitation of tenders. Consequently, no mandatory call for redemption on July 1, 1980 for sinking fund purposes was required.

Sincerely,

[Signature]

Harris A. Docker
Deputy Executive Director
and Treasurer

HAD:bba
24 July 1980

Mr. John Ruffo
President
CCS INC.
1133 Broadway
Suite 437
New York, New York 10010

Dear Sir:

Thank you for your letter of July 3, 1980 detailing CCS Inc.'s experience. We are in the process of evaluating our hardware and software requirements. Once we have completed the review and established a set of programming objectives we will certainly be in touch with you.

Sincerely yours,

/\nHarris A. Decker
Deputy Executive Director
and Treasurer

HAD:bba
24 July 1980

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

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

Pursuant to the provisions of Section 702 of the Corporation's First and Second General Bond Resolutions, the Corporation hereby confirms oral instructions issued to you that in the absence of other specific instructions from an authorized officer of the Corporation, you are to invest from time to time all moneys on deposit in the Corporation's accounts not subject to yield restriction in one day repurchase agreements at the interest rates prevailing in the market for repurchase agreements at the time of such investment.

In making any such investment, you are and have been instructed to take into consideration the dates and times when moneys in the Corporation's accounts will be required so that the maturity or redemption dates of such investments shall coincide as nearly as practicable with but in no event later than the times at which moneys in such accounts will be required for the respective purposes under the First or Second General Bond Resolutions.

Sincerely yours,

Harris A. Decker
Deputy Executive Director
and Treasurer

HAD:bba

cc: John J. Keohane, Esq.
William J. Lithgow
Pat Santivasci
Allen L. Thomas, Esq.
Amy S. Vance, Esq.
Stephen J. Weinstein, Esq.
23 July 1980

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

Gentlemen:

In connection with an examination of our financial statements as of June 30, 1980, and for the year then ended, we would appreciate your furnishing to our independent accountants, Price Waterhouse & Co., 153 East 53rd Street, New York, New York 10022, a description and evaluation of certain matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of the Corporation in the form of legal consultation or representation.

Pending or threatened litigation, claims or assessments and pending governmental investigation that could give rise to contingencies (excluding unasserted claims)

With respect to all pending or threatened litigation, claims or assessments, and investigations, including those matters where the Corporation is the plaintiff, as to which you have been engaged for legal consultation or representation, please provide a description of: (1) the nature of the matter; (2) the progress of the case to date; (3) how management is responding or intends to respond to the matter; and (4) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of possible loss or gain. Your response should include matters as of June 30, 1980, and as of the effective date of your reply to this letter.

Unasserted claims or assessments (considered by management to be probable of assertion and which, if asserted, would have at least a reasonable possibility of an unfavorable outcome)

We understand that whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you have formed a professional conclusion that we should disclose or consider
disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5. Please confirm to Price Waterhouse & Co. that our understanding is correct. We have advised Price Waterhouse & Co. that there are no unasserted possible claims or assessments that since July 1, 1979 you have advised are probable of assertion and must be disclosed or considered for disclosure in accordance with Statement of Financial Accounting Standards No. 5.

Other Matters

Please specifically identify the nature and reasons for any limitation on your response to any of the inquiries in this letter.

To facilitate the evaluation of your response by our independent accountants, please respond as of July 28, 1980, and please furnish a copy of your response to the Corporation. Also, please specify the effective date of your response if it is other than the date of your reply.

Please also state the amount and date of any unpaid fees billed by you and an estimate of any unbilled fees as of June 30, 1980.

Sincerely,

[Signature]

John G. Bove
Counsel

JGB:jar

cc: Steven E. Kober
    Price Waterhouse & Co.
23 July 1980

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

Gentlemen:

In connection with an examination of our financial statements as of June 30, 1980, and for the year then ended, we would appreciate your furnishing to our independent accountants, Price Waterhouse & Co., 153 East 53rd Street, New York, New York 10022, a description and evaluation of certain matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of the Corporation in the form of legal consultation or representation.

Pending or threatened litigation, claims or assessments and pending governmental investigation that could give rise to contingencies (excluding unasserted claims)

With respect to all pending or threatened litigation, claims or assessments, and investigations, including those matters where the Corporation is the plaintiff, as to which you have been engaged for legal consultation or representation, please provide a description of: (1) the nature of the matter; (2) the progress of the case to date; (3) how management is responding or intends to respond to the matter; and (4) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of possible loss or gain. Your response should include matters as of June 30, 1980, and as of the effective date of your reply to this letter.

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Please also state the amount and date of any unpaid fees billed by you and an estimate of any unbilled fees as of June 30, 1980.

Sincerely,

John J. Bove
Counsel

JGB:jar

cc: Steven E. Kober
    Price Waterhouse & Co.
Date: 23 July 1980

To: Heather L. Ruth, Executive Director

From: Chris Richmond

Re: Reducing the City's capital program

With regard to the current rumors concerning a potential proposal from OMB to constrict the City's capital program in FY's 1982-84 and increase the inside the limit property tax revenue, there are, I think, some real problems with this approach.

1. The vast majority of the City's proposed capital projects for the next four years are needed and involve infrastructure rehabilitation. The deterioration of the City's physical plant is extensive and is largely a result of City policy over the past 15-20 years to defer such projects in favor of construction work with higher visibility. Therefore, a decision to reduce annual capital spending from the currently proposed $1 billion level by $300-$400 million is, in essence, a decision to defer projects, not eliminate them. As a result, inflation will drive up the cost of these projects dramatically with two immediate consequences; (i) the City will spend more to do less, and, (ii) the unfunded capital need will continue to grow.

(2) At the same time that the City's capital funding needs are growing as a result of deferring projects to later years, there is increasing uncertainty regarding how the capital program will be financed in those years at the required level. There is little chance that the City will be able to gain access to the market at a $1.0-$1.5 billion level in the mid-1980's, and MAC's long-term future is uncertain. As a result, continued deferral of projects is likely. In effect, therefore, the City is giving up available financing for their capital program which is unlikely to be recaptured in the future.

(3) A proposal by the City to reduce planned annual capital spending will in all likelihood cost the City any chance of receiving most, if not all, of the Federal "Standby guarantees" (between $650 million-$900 million) because it will become obvious to Treasury that the City does not need them. Again, available capital financing for the City will have been lost, not to be recaptured in the future.
(4) The potential revenue benefits to the expense budget by limiting the capital program and tampering with the City's property tax equalization rate do not appear to outweigh the considerable costs regarding the capital budget. A very rough estimate indicates that from FY 1982-1984 the City could at best gain approximately $50 million in fiscal 1983 and $80 million in fiscal 1984 in expense budget revenue while giving up approximately $1 billion in capital financing between FY 1981-1984, not including the inflation driven costs of deferring capital construction to later years. This simply does not seem to be a wise trade-off.

I would be glad to work this up in greater detail if need be.

CHR/pfs
cc: Steve Berger
22 July 1980

HARVARD MANAGEMENT GROUP, INC. AGENCY
500 Fifth Avenue
New York, New York 10036

Attention: Arlene Plutner

Dear Ms. Plutner:

I have this day received your letter dated July 16, 1980 regarding a fee schedule for the recruitment and placement of professional personnel. This letter is to clarify the Corporation's position regarding your services and fees. The Corporation has not engaged the Harvard Management Group, Inc. to represent it in any matter, you have not performed any service at the request of the Corporation, and the Corporation has not undertaken any obligation to compensate the Harvard Management Group, Inc. for any services which may be rendered in the future.

With regard to services which might be rendered in the future, as I explained to you in our phone conversation this morning, I do not believe the fee schedule you have proposed is appropriate. The candidate for employment was brought to our attention via a reference by a personal friend. Your agency neither identified the Corporation as a possible employer for the candidate, nor found the candidate for the Corporation.

If you would be interested in proposing a more reasonable fee for services you could render which more accurately reflect the effort required, you can certainly get in touch with me.

Sincerely yours,

[Signature]
Harris A. Decker
Deputy Executive Director
and Treasurer

HAD:bba
22 July 1980

HARVARD MANAGEMENT GROUP, INC. AGENCY
500 Fifth Avenue
New York, New York 10036

Attention: Arlene Plutner

Dear Ms. Plutner:

I have this day received your letter dated July 16, 1980 regarding a fee schedule for the recruitment and placement of professional personnel. This letter is to clarify the Corporation's position regarding your services and fees. The Corporation has not engaged the Harvard Management Group, Inc. to represent it in any matter, you have not performed any service at the request of the Corporation, and the Corporation has not undertaken any obligation to compensate the Harvard Management Group, Inc. for any services which may be rendered in the future.

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If you would be interested in proposing a more reasonable fee for services you could render which more accurately reflect the effort required, you can certainly get in touch with me.

Sincerely yours,

Harris A. Decker
Deputy Executive Director and Treasurer

HAD: bba
22 July 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 transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on July 22, 1980, $18,700.00 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
FOR IMMEDIATE RELEASE: July 18, 1980
CONTACT: Harris A. Decker

The Municipal Assistance Corporation For The City of New York today announced the sale of $100 million of its Second General Resolution bonds during the week of August 18, 1980. The offering is expected to be comprised of approximately $42 million of serial maturities ranging from July 1, 1982 to 1987, $27 million of term bonds due July 1, 1996 and approximately $31 million of term bonds due July 1, 2008. Approximately $83 million of the net proceeds of the offering will be used to meet City capital requirements and the balance will be deposited into the Corporation's Capital Reserve Fund. The offering is the first of three $100 million installments anticipated during each of the first three quarters of the Corporation's 1981 fiscal year.

In addition, the Corporation today announced that it has tentatively scheduled private placements of $300 million of Second General Resolution term bonds due July 1, 2000 on October 2, 1980 and $237 million of such bonds on January 8, 1981, to certain New York City commercial banks, savings banks, insurance companies and City pension funds pursuant to the November 1978 agreement with the Corporation.

The August offering will be jointly managed by Salomon Brothers; Goldman, Sachs & Co.; Merrill Lynch White Weld Capital Markets Group; Citibank, N.A.; The Chase Manhattan Bank, N.A.; Morgan Guaranty Trust Company; Bache Halsey Stuart Shields; Bear, Stearns & Co.; and, L. F. Rothschild, Unterberg, Towbin.
17 July 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 transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on July 18, 1980, $15,500.00 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
15 July 1980

Mr. John Theberge
U.S. Department of the Treasury
INTERNAL REVENUE SERVICE
Room 5313
IRS Building
111 Constitution Avenue, N.W.
Washington, D. C. 20224

Dear Mr. Theberge:

This letter is to confirm the understanding of the Municipal Assistance Corporation For The City of New York (the "Corporation") concerning the status of the Service's considerations relating to the ruling, dated April 29, 1980, issued to the Corporation (the "Ruling"), and the Corporation's request for a clarification of the Ruling.

On June 25, 1980, in a telephone conversations between us (which was similar to a telephone conversation of the same date between you and Donald J. Robinson of Hawkins, Delafield & Wood, our Bond Counsel), the Corporation expressed its concern about information it had received that the Service was considering the publication of a revenue ruling which would be inconsistent with the Ruling and which might cause the Service to revoke or modify the Ruling. You advised the Corporation that the Service is considering publication of a revenue ruling which addresses substantially the same issues as the Ruling and that, while the facts upon which the proposed revenue ruling will be based will not be identical to those set forth in the Ruling, the conclusion of the proposed ruling probably will be consistent with the Ruling. Accordingly, you expressed the view that the Service does not now have under consideration either the modification or revocation of the Ruling; nor is it considering the publication of a ruling which is inconsistent with the Ruling.

In connection with the Corporation's pending request for a clarification of the Ruling, you advised the Corporation that you were aware of no substantive issue relating to the clarification which might delay or prevent its issuance and that, if requested by the Corporation, priority consideration would be given to the clarification. The Corporation, on June 27, 1980, requested priority consideration. As you are aware, the clarification would allow investment proceeds to be invested without restriction as to yield. Certain of these proceeds may be required to be placed under yield restriction as of August 30, 1980 if the clarification is not issued by that date.
If the Service at any time has under consideration the modification or revocation of the Ruling, or proposes the publication of a ruling which is inconsistent with the Ruling, the Corporation would appreciate notification of such action, and requests the privilege of a conference prior to any modification or revocation of the Ruling.

Thank you for your assistance to the Corporation in ascertaining the status of its ruling and its pending request for a clarification.

Sincerely,

John G. Bove
Counsel

JCB:bba
10 July 1980

Ms. Catherine E. Hutcheson
Vice President
Security Columbian Division
UNITED STATES BANKNOTE CORPORATION
345 Hudson Street
New York, New York 10014

Re: Series 24 Bond Printing

Dear Kay:

Thank you for your letter of July 9, 1980, quoting a price for the printing of the Corporation's Series 24 Bonds, in accordance with the specifications set forth in my letter of July 7, 1980.

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

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:jar

cc: Gerard F. Fernandez, Jr., Esq.
July 9, 1980

Mr. Stephen J. Weinstein
Deputy Executive Director
Municipal Assistance Corporation For
The City of New York
One World Trade Center - Suite 8901
New York, New York 10048

Re: Series 24 Bond Printing

Dear Steve:

In reply to your letter dated July 7, 1980, our charge to print the above bonds is as follows:

31,000-$5,000 Definitive Coupon Bonds and
6,500-Definitive Registered Bonds.............$28,800.00
Estimated shipping charges.............$1,100.00

Our price is based on receiving copy the week of July 14 so proofs may be submitted to all interested parties and corrections made before the sale on July 30, at which time it would only be necessary to receive the interest rates and paying agent.

We look forward to opportunity of serving you.

Very truly yours,

[Signature]

CEH/jm
9 July 1980

Mr. Terrence A. Upton
30 South Belair Avenue
Cedar Knolls, New Jersey 07927

Dear Mr. Upton:

This is in response to your recent letter requesting a list of the Municipal Assistance Corporation's registered bondholders.

Such records may not be obtained under the New York State Freedom of Information Law, because furnishing them would constitute an unwarranted invasion of personal privacy. Further, as a matter of policy, the Corporation does not make available the names and addresses of its registered bondholders, which are maintained by the United States Trust Company of New York, as Trustee for the Corporation's bondholders.

In addition, the informational value of such records to your study would be minimal, inasmuch as only approximately 35% of the Corporation's outstanding bonds are held in registered form, and most of those are held by institutional investors located in New York City. Approximately 65% of the Corporation's outstanding bonds are held in coupon (bearer) form, and neither the Corporation nor the Trustee maintains any records with regard to the identities or locations of those bondholders.

However, the Corporation has from time to time been advised by its managing underwriters with regard to the general geographic distribution of the initial sales of particular issuances of its bonds. In its 1979 Annual Report, the Corporation stated (on page 12) that "the geographic distribution of sales of the Series 15 Bonds (issued in June 1979), when compared to Series 14 (issued in March 1979), reflects an increase from approximately 40% to 60% of sales made outside New York City." I am enclosing a copy of that report, along with copies of the Corporation's three previous annual reports and its most recent Quarterly Report, for your reference.
I hope that this information is helpful to you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosures (5)
Mr. Terrence A. Upton  
30 South Belair Avenue  
Cedar Knolls, New Jersey 07927

May 28, 1980

Municipal Assistance Corporation of NYC  
2 World Trade Center  
New York, New York 10047

To Whom It May Concern:

I am conducting a demographic study of the relationship between municipal bond investors and their place of residence in order to determine whether individuals exhibit a natural tendency toward investing in local bonds.

Under the "Freedom of Information Act," please provide me with a list of registered bond holders for the Municipal Assistance Corporation of New York City.

Thank you very much for your kind cooperation in aiding my study.

Sincerely yours,

[Signature]

Terrence A. Upton

TAU/s1
BY MESSENGER

9 July 1980

Mr. Thomas B. Tyrrel
Vice President
BENJAMIN H. TYRREL
110 Greenwich Street
New York, New York 10006

Re: Financial Printing

Dear Mr. Tyrrel:

We are in receipt of your price quotation dated July 8, 1980, submitted in response to our request dated July 7, 1980, for financial printing services in connection with a proposed bond issuance by the Municipal Assistance Corporation.

As we have informed the other firms of whom we requested such proposals, we have today selected Benjamin H. Tyrrel for this work, based upon our evaluation of all the proposals submitted.

We propose to engage your firm to provide these financial printing services, subject to the specifications, terms and conditions contained in our letter of July 7, 1980, and in your bid proposal in response thereto dated July 8, 1980. A copy of each of those two documents is attached to this letter.

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

We look forward to working with your firm.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Attachments (2)
Enclosure (1)

ACCEPTED
BENJAMIN H. TYRREL

By:

Thomas B. Tyrrel
Vice President

Date:
Price Quotation for financial printing in accordance with specifications dated July 7, 1980

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>PRICE</th>
<th>ADDITIONS TO PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Preliminary Official Statement</td>
<td>$4,350</td>
<td>$215 per additional two pages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$6.25 per additional 1,000 copies</td>
</tr>
<tr>
<td>II. Final Official Statement</td>
<td>$7,900</td>
<td>$215 per additional two pages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$6.25 per additional 1,000 copies</td>
</tr>
<tr>
<td>III. Series Resolution</td>
<td>$2,660</td>
<td>$125 per additional two pages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$120 per additional 50 copies</td>
</tr>
<tr>
<td>IV. Bond Purchase Agreement</td>
<td>$3,314</td>
<td>$175 per additional two pages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$50 per additional 25 copies</td>
</tr>
<tr>
<td>V. Blue Sky Memorandum</td>
<td>$1,000</td>
<td>$175 per additional two pages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$40 per additional 100 copies</td>
</tr>
</tbody>
</table>

VI. Legal Opinions:
1. Bond Counsel [2 pages] $35
2. Bond Counsel [5 pages] $1,000
3. General Counsel $150
4. Underwriters' Counsel $35
5. Attorney General $150

OVERTIME (See Section IX)
Weekday Day (7 a.m. to 4:30 p.m.)
Weekday Night (4:30 p.m. to 7 a.m.) = + 0%
Saturday Day (7 a.m. to 4:30 p.m.) = + 35%
9 July 1980

PANDICK PRESS, INC.
345 Hudson Street
New York, New York 10014

Gentlemen:

In our letter addressed to five financial printing firms, including yours, dated July 7, 1980, we requested price quotations for financial printing services required by the Municipal Assistance Corporation in connection with a proposed bond issuance. As you know, your firm did not submit a proposal.

After evaluation of all of the information contained in the submissions, we have selected Benjamin H. Tyrrel for this work. We considered the base price quotations in combination with the various quotations for additions to the base price and overtime, as well as the other factors defined in our letter of July 7, 1980.

We look forward to providing you the opportunity to work with the Municipal Assistance Corporation in connection with future financings.

Sincerely,

[Signature]
Stephen J. Weinstein
Deputy Executive Director

SJW:bba
BY MESSENGER

9 July 1980

Mr. Frank Mochfica
Assistant Pricing Manager
BOWNE OF NEW YORK CITY, INC.
345 Hudson Street
New York, New York 10014

Re: Financial Printing

Dear Mr. Mochfica:

In our letter addressed to five financial printing firms, including yours, dated July 7, 1980, we requested price quotations for financial printing services required by the Municipal Assistance Corporation in connection with a proposed bond issuance.

After evaluation of all of the information contained in the submissions, we have selected Benjamin H. Tyrrel for this work. We considered the base price quotations in combination with the various quotations for additions to the base prices and overtime, as well as the other factors defined in our letter of July 7, 1980.

We look forward to providing you the opportunity to work with the Municipal Assistance Corporation in connection with future financings.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:bba
BY MESSENGER

9 July 1980

Mr. John H. Doherty
Vice President
CHAS. P. YOUNG COMPANY
75 Varick Street
New York, New York 10013

Re: Financial Printing

Dear Mr. Doherty:

In our letter addressed to five financial printing firms, including yours, dated July 7, 1980, we requested price quotations for financial printing services required by the Municipal Assistance Corporation in connection with a proposed bond issuance.

After evaluation of all of the information contained in the submissions, we have selected Benjamin H. Tyrrel for this work. We considered the base price quotations in combination with the various quotations for additions to the base prices and overtime, as well as the other factors defined in our letter of July 7, 1980.

We look forward to providing you the opportunity to work with the Municipal Assistance Corporation in connection with future financings.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:bba
BY MESSENGER

9 July 1980

Mr. George D. Shiffirn
President
THE CORPORATE PRINTING COMPANY, INC.
225 Varick Street
New York, New York 10014

Re: Financial Printing

Dear Mr. Shiffirn:

In our letter addressed to five financial printing firms, including yours, dated July 7, 1980, we requested price quotations for financial printing services required by the Municipal Assistance Corporation in connection with a proposed bond issuance.

After evaluation of all of the information contained in the submissions, we have selected Benjamin H. Tyrrel for this work. We considered the base price quotations in combination with the various quotations for additions to the base prices and overtime, as well as the other factors defined in our letter of July 7, 1980.

We look forward to providing you the opportunity to work with the Municipal Assistance Corporation in connection with future financings.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:bba
BY MESSENGER

9 July 1980

PANDICK PRESS, INC.
345 Hudson Street
New York, New York 10014

Gentlemen:

In our letter addressed to five financial printing firms, including yours, dated July 7, 1980, we requested price quotations for financial printing services required by the Municipal Assistance Corporation in connection with a proposed bond issuance. As you know, your firm did not submit a proposal.

After evaluation of all of the information contained in the submissions, we have selected Benjamin H. Tyrrel for this work. We considered the base price quotations in combination with the various quotations for additions to the base prices and overtime, as well as the other factors defined in our letter of July 7, 1980.

We look forward to providing you the opportunity to work with the Municipal Assistance Corporation in connection with future financings.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW: bba
8 July 1980

Mr. Joel R. Simons
234 South Figueroa Street
Apt. 1836
Los Angeles, California 90012

Dear Mr. Simons:

This is in response to your recent letter inquiring about the call provisions relating to the Municipal Assistance Corporation's Series 7 Bonds.

While the Corporation had the option to call any Series 7 bonds on July 1, 1980, the Corporation did not exercise such option on that date. Series 7 Bonds are now callable as a whole or in part, by lot, at the election of the Corporation, on the following dates and at the following prices:

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1980 and January 1, 1981</td>
<td>102-1/2%</td>
</tr>
<tr>
<td>July 1, 1981 and January 1, 1982</td>
<td>102 %</td>
</tr>
<tr>
<td>July 1, 1982 and January 1, 1983</td>
<td>101-1/2%</td>
</tr>
<tr>
<td>July 1, 1983 and January 1, 1984</td>
<td>101 %</td>
</tr>
<tr>
<td>July 1, 1984 and January 1, 1985</td>
<td>100-1/2%</td>
</tr>
<tr>
<td>July 1, 1985 and any interest payment date thereafter</td>
<td>100 %</td>
</tr>
</tbody>
</table>

In addition, the Series 7 Bonds are subject to early redemption by mandatory sinking fund installments each July 1, commencing July 1, 1983.

With regard to subsequent mandatory sinking fund installments and optional call dates, please note that schedules of all outstanding bond maturities and redemption provisions are contained in Exhibit I to the Corporation's Quarterly Financial Statement. A copy of the most recent Quarterly Report, dated May 2, 1980, is enclosed for your reference.

For your information, in the event of either the optional call or the mandatory sinking fund redemption of a particular bond, interest ceases to accrue as of the date of the call or redemption, but is payable by the Corporation up to that date. For your further information, the United States Trust Company of New York is Trustee for all of the Corporation's bondholders; in addition, the Trust Company serves as Paying Agent for the Series 7 Bonds.
Please also note that the Corporation makes its bonds available in registered as well as coupon form, and permits the holder to transfer from one form to the other, at the expense of the Corporation, as the holder may desire. Because registered holders receive individual notification by mail of early redemption by mandatory sinking fund installment or optional call, and because registered bonds also provide certain other advantages, including automatic payment of interest by check mailed to the holder for receipt on each interest payment date, you may wish to consider holding bonds of the Corporation in registered form. Should you desire to do so, you should make arrangements with Mr. Pat Santivasci of the Trust Company, at 130 John Street, New York, New York 10038, 212-425-4500 (Extension 2512).

I hope that this information is helpful to you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosure
8 July 1980

Mrs. David B. Alpert
62 Russell Street
Brookline, Mass. 02146

Dear Mrs. Alpert:

This is in response to your letter of June 27, 1980, in which you inquired whether the Municipal Assistance Corporation bond which you hold was "called" on July 1, 1980.

While your letter did not specify the series designation of your bond, all of the Corporation's July 1, 1980, mandatory sinking fund installments (which included bonds in Series 1 through 4 and Series 8 and 9) were met in full through market purchases. Therefore, no bonds of these series were selected by lot for early redemption on July 1, 1980.

In addition, the Series 1 through 4 Bonds are callable at the election of the Corporation on and after July 1, 1981, and the Series 8 and 9 Bonds are callable at the election of the Corporation on and after July 1, 1987.

With regard to subsequent mandatory sinking fund installments and optional call dates, please note that schedules of all outstanding bond maturities and redemption provisions are contained in Exhibit I to the Corporation's Quarterly Financial Statements. A copy of the most recent Quarterly Report, dated May 2, 1980, is enclosed for your reference.

Please note further that the Corporation makes its bonds available in registered as well as coupon form, and permits the holder to transfer from one form to the other, at the expense of the Corporation, as the holder may desire. Because registered holders receive individual notification by mail of early redemption, and because registered bonds also provide certain other advantages, including automatic payment of interest by check mailed to the holder for receipt on each interest payment date, you may wish to consider holding bonds of the Corporation in registered form. Should you desire to do so, you should make arrangements with Mr. Pat Santivasci of the United States Trust Company of New York, which serves as Trustee for the Corporation's bondholders, at 130 John Street, New York, New York 10038, 212-425-4500 (Extension 2512).
I hope that this information is helpful to you.

Sincerely

Stephen J. Weinstein
Deputy Executive Director

SJW:jar
Enclosure
8 July 1980

Ms. Anne Hector  
431 Whitney Avenue  
New Haven, Connecticut 06511

Dear Ms. Hector:

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

SJW:bba
8 July 1980

Mr. Thomas V. Gilboy III
276 Riverside Drive
Apartment 10-D
New York, New York 10025

Dear Mr. Gilboy:

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

SJW:bba
8 July 1980

Ms. Karen Lorentz  
1722 James Street  
Merrick, New York 11566

Dear Ms. Lorentz:

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

SJW: bba
8 July 1980

Mr. Ralph B. McPharlin
7720 East Jefferson
Apartment 203
Detroit, Michigan 48214

Dear Mr. McPharlin:

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

SJW:bba
8 July 1980

Mr. Douglas Duberstein
315 East 86th Street
New York, New York 10028

Dear Mr. Duberstein:

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

SJW: bba
8 July 1980

Mr. Ellis M. Kriesberg
240 Warren Street
Brooklyn, New York 11201

Dear Mr. Kriesberg:

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,

Stephen J. Weinstein
Deputy Executive Director

SJW:bba
BY MESSENGER

7 July 1980

Ms. Catherine F. Hutcheson
Vice President
Security-Columbian Division
United States Banknote Corporation
345 Hudson Street
New York, New York 10014

Re: Series 24 Bond Printing

Dear Kay:

I am writing to advise you that the Municipal Assistance Corporation is presently developing a schedule and structure for a proposed public offering of its Series 24 Bonds in July 1980.

I would appreciate if it you would provide a price quotation for printing these bonds, in accordance with the following specifications:

I. Term Bonds

A. A quantity of 6,000 coupon bonds in the denomination of $5,000, dated July 1, 1980, maturing July 1, 2008, all bearing the same interest rate (to be determined) with coupons payable January 1 and July 1 of each year 1981 through 2008 (56 coupons), including CUSIP numbers, facsimile seal and facsimile signatures, and numbered consecutively 24-08-1 through 24-08-6000.

B. A quantity of 1,500 registered bonds in blank denomination, numbered consecutively 24R-08-1 through 24R-08-1500.

II. Serial Bonds

Quantities of 2,500 coupon bonds in the denomination of $5,000 and 500 registered bonds, for each of ten serial maturities July 1, 1983 through July 1, 1992, each maturity bearing a different interest rate (to be determined), and each maturity to be numbered consecutively and separately for coupon and registered bonds.
The proposed schedule calls for sale of the Series 24 Bonds on July 30, 1980, at which time the interest rate and all other final terms will be available for printing on the bonds. We would like to proceed, as usual, to have proofs run by you and reviewed by us prior to the sale date, subject to revision, in order to expedite production and delivery, with final proofs to be prepared and approved on the day after the sale, July 31, 1980. The coupon bonds should be delivered to The Signature Company and the registered bonds should be delivered to the United States Trust Company of New York, both in New York City, no later than 3:00 P.M., on Wednesday, August 6, 1980, for a closing scheduled for Tuesday, August 12, 1980.

This schedule and the specifications set forth in this letter should be regarded as confidential information, and are subject to change at the direction of the Corporation.

I would appreciate it if you would furnish your written price quotation no later than Thursday, July 10, 1980.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

cc: Gerard F. Fernandez, Jr., Esq., Hawkins, Delafield & Wood
7 July 1980

BY MESSENGER

Bowne of New York City, Inc., 345 Hudson St., N.Y., N.Y. 10014
Corporate Printing Company, Inc., 225 Varick St., N.Y., N.Y. 10013
Pandick Press, Inc., 345 Hudson St., N.Y., N.Y. 10014
Benjamin H. Tyrrel, Inc., 110 Greenwich St., N.Y., N.Y. 10006
Charles P. Young Company, 75 Varick St., N.Y., N.Y. 10013

Re: Request for Quotations for Financial Printing

Gentlemen:

This letter is to request from each of the firms listed above a quotation for the cost of printing certain documents in connection with a proposed bond issuance of the Municipal Assistance Corporation For The City of New York (the "Corporation"), based upon the specifications contained herein.

In order for your firm to be considered for selection for this work, you must submit to the Corporation a proposal prepared by your firm on the basis of these specifications on the attached form, and we must be in receipt of such proposal no later than 5:00 P.M. on Tuesday, July 8, 1980. We intend to choose the supplier for this work on July 9, 1980, from among those firms which have timely submitted such proposals. However, we reserve the right not to accept any of the proposals submitted. In making our selection, we will give strong consideration to the respective price quotations submitted, but will also consider other factors such as the reputation, competence and performance of each firm, and we will select the firm, if any, which we determine will best satisfy the needs of the Corporation in this transaction.

In order to enable you to understand better the nature of the printing requirements for the proposed financing, we are enclosing for your information and reference, in addition to the specifications, copies of each of the documents printed in connection with our most recent public offering, that of our Series 23 Bonds in January 1980.
7 July 1980
Re: Financial Printing
Page Two

All copy for the documents to be printed may be either set in hot type or composed by computer. The selected firm will be required to store and maintain all of the type or tapes for the copy comprising each of the documents for a period of six months after completion of the work without charge to the Corporation. Turnaround time of 24 hours should be assumed for estimating purposes.

The specifications for the proposed financial printing are set forth in the following sections:

I. PRELIMINARY OFFICIAL STATEMENT

Typesetting copy as required for a Preliminary Official Statement consisting of 68 pages, including an initial proof and two revised proofs; composing 50 sets of each of the three proofs, and distributing those proofs (exclusive of messenger charges); printing and binding with staples 15,000 copies of the Preliminary Official Statement on 40-pound white opaque offset paper 8-1/2" by 11" in black ink, with one additional color on the front (cover) page; distributing the Preliminary Official Statements (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a single aggregate Base Price for all of the above work, and separately indicate the Additions to Price for each two pages of additional text, and for each 1,000 additional copies of the final printed document.

II. FINAL OFFICIAL STATEMENT

Typesetting revisions to the Preliminary Official Statement as required for one proof of a Final Official Statement consisting of 68 pages; composing 50 sets of one proof, and distributing those proofs (exclusive of messenger charges); printing and binding with staples 15,000 copies of the Final Official Statement on 40-pound white opaque offset paper 8-1/2" by 11" in black ink; distributing the Final Official Statements (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a single aggregate Base Price for all of the above work, and separately indicate the Additions to Price for each two pages of additional text, and for each 1,000 additional copies of the final printed document.
III. SERIES RESOLUTION

Typesetting copy as required for a Series Resolution consisting of 37 pages plus cover, including an initial proof and one revised proof; composing 25 sets of each of the two proofs and distributing them (exclusive of messenger charges); printing and binding with staples 200 copies of the Series Resolution on 50-pound white opaque offset paper 8-1/2" x 11" with 60-pound white opaque offset cover front and back in black ink; distributing the Series Resolutions (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a single aggregate Base Price for all of the above work, and indicate the Additions to Price for each two pages of additional text, and for each 50 additional copies of the final printed document.

IV. BOND PURCHASE AGREEMENT

Typesetting copy as required for a Bond Purchase Agreement consisting of 40 pages, including an initial proof and one revised proof; composing and distributing 50 copies of the first proof and 600 copies of the second proof (exclusive of messenger charges); printing 1,000 copies of the Bond Purchase Agreement on 50-pound white opaque offset paper in black ink, revising the Bond Purchase Agreement to incorporate signatures of the parties and printing and binding with staples 150 copies of the conformed document on 50-pound white opaque offset paper in black ink; distributing the Bond Purchase Agreement (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a single aggregate Base Price for all of the above work, and indicate the Additions to Price for each two pages of additional text, and for each 25 additional copies of the final printed document.

V. BLUE SKY MEMORANDUM

Typesetting copy as required for a Blue Sky Memorandum consisting of 10 pages, including one proof; composing 10 sets of that proof for distribution (exclusive of messenger charges); printing and binding with staples 600 copies of the Blue Sky Memorandum on 50-pound white opaque offset paper in black ink; distributing the Blue Sky Memorandum in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a single aggregate Base Price for all of the above work, and indicate the Additions to Price for each two pages of additional text, and for each 100 additional copies of the final printed document.
VI. LEGAL OPINIONS

Printing and stapling additional copies of the following legal opinions, each as contained in the Bond Purchase Agreement: (1) 100 copies of a 2-page opinion of bond counsel to the Corporation; (2) 7,000 copies of a 5-page opinion of bond counsel to the Corporation; (3) 100 copies of the opinion of general counsel to the Corporation consisting of 3 pages; (4) 100 copies of the opinion of counsel to the underwriters consisting of 2 pages; and (5) 100 copies of the opinion of the New York State Attorney General consisting of 3 pages; distributing each of the above documents (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the underwriters. Please calculate a separate Base Price for each of the above-numbered items.

VII. ADDITIONAL DOCUMENTS

No additional documents shall be included as a part of the work to be performed for the Corporation, unless the Corporation shall duly authorize the printing of additional documents in advance of the commencement of the work. However, it is anticipated that certain additional documents will be required by the underwriters in connection with the proposed financing; any and all such additional documents shall be paid for by the underwriters and not by the Corporation. Accordingly, no price is required to be included in your proposal for any such additional documents.

VIII. DISBURSEMENTS

In addition to the work specified in Sections I through VI of this letter and reflected in the price quotations in Sections I through VI of the attached form, the selected firm shall furnish and the Corporation shall pay: (1) actual and reasonable disbursements for transportation, refreshments and meals (exclusive of any charges for markup, overhead or profit) for personnel of the parties to the proposed financing and their counsel, during the period in which the printing work is in progress and pertaining to such work; and (2) actual and reasonable freight, postage, and other shipping and delivery expenses incurred in distributing the printed documents. While no price quotation is required for such disbursements as a part of this proposal, the selected firm will be required to itemize such expenditures on its invoice to the Corporation, and will be further required to retain all records and receipts related to such expenditures for examination by the Corporation upon request.
IX. OVERTIME AND ADDITIONAL WORK

(1) Overtime. For purposes of calculating the price quotation, it shall be assumed that all of the work called for by these specifications will be completed during weekday daytime shift working hours, on a 24-hour turnaround basis. Any work performed at other times must be duly authorized by the Corporation in advance of the commencement of the work. However, as a part of your proposal, please indicate on the form the working hours of your weekday daytime shift and the approximate percentage additions to your charges for work performed during other shift periods, as well as the basis for any other additional charges for expedited or priority work. (2) Additional work. Any work performed in addition to the work specified in Sections I through VI of this letter, and duly authorized and documented overtime as specified in this Section IX, shall require the advance written authorization of the Corporation, and shall be billed on a pro-rata basis in accordance with the price quotations contained in your proposal; except that author's alterations, local messenger deliveries and copying services shall be undertaken as necessary, and billed in accordance with the rates which you include on the price quotation form.

IX. SCHEDULE

The projected schedule for producing each of the documents in final form is as follows: Preliminary Official Statement -- July 18, 1980; Final Official Statement -- July 30, 1980; Series Resolution -- July 30, 1980; Bond Purchase Agreement -- July 30, 1980; Blue Sky Memorandum -- July 30, 1980; Legal Opinions -- July 30, 1980. It is anticipated that printing work on the first proof of the Preliminary Official Statement will commence on July 10, 1979, for distribution on July 11, 1980. This production schedule is tentative and subject to change at the direction of the Corporation, in accordance with the requirements of the proposed financing. In addition, this schedule should be regarded as confidential information.

XI. PAYMENT

After completion of the work, the selected firm shall submit to the Corporation a detailed invoice covering all services rendered to the Corporation in connection with the proposed financing, which invoice shall itemize all additions to and subtractions from the Base Price, as well as all disbursements. Inasmuch as the Corporation is a corporate governmental agency and instrumentality of the State of New York, no sales tax should be charged to the Corporation. The Corporation shall review such invoice and expeditiously process it for payment by the Corporation.
7 July 1980
Re: Financial Printing
Page Six

Such invoice shall be subject to auditing by the New York State Department of Audit and Control subsequent to payment. The selected firm will be required to maintain and retain written records of sufficient detail to substantiate all charges billed to the Corporation, and to produce such records for examination by the Corporation or the State Comptroller upon request, for a period of three years after final payment for this work.

This letter, consisting of six pages, shall constitute the complete specifications for the financial printing for the proposed financing for purposes of preparing proposals. The Corporation shall not supply any additional information to any financial printing firms on an individual basis.

It should be noted that the actual nature and extent of the printing services required for this transaction may vary from the specifications contained in this letter. Therefore, each of the firms submitting a proposal should be prepared to perform whatever additional work and overtime is required by the Corporation, in accordance with the provisions contained in this letter.

We look forward to receiving your proposals on the attached form. Thank you for your interest and cooperation.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

Attachment: Bid Form

Enclosures: Series 23
Preliminary Official Statement
Final Official Statement
Series Resolution
Bond Purchase Agreement
Blue Sky Memorandum
Price Quotation for Financial Printing in Accordance with Specifications dated July 7, 1980

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>PRICE</th>
<th>ADDITIONS TO PRICE</th>
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<tr>
<td>I. Preliminary Official Statement</td>
<td>$</td>
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</tr>
<tr>
<td></td>
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<td>$ per additional 1,000 copies</td>
</tr>
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<td>II. Final Official Statement</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>$ per additional 1,000 copies</td>
</tr>
<tr>
<td>III. Series Resolution</td>
<td>$</td>
<td>$ per additional two pages</td>
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<tr>
<td></td>
<td></td>
<td>$ per additional 50 copies</td>
</tr>
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<td>IV. Bond Purchase Agreement</td>
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<td>$ per additional two pages</td>
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<tr>
<td></td>
<td></td>
<td>$ per additional 25 copies</td>
</tr>
<tr>
<td>V. Blue Sky Memorandum</td>
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<td>$ per additional two pages</td>
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<tr>
<td></td>
<td></td>
<td>$ per additional 100 copies</td>
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<td>OVERTIME (See Section IX)</td>
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<td>$</td>
<td>Weekday Day (_a.m. to _p.m.)</td>
</tr>
<tr>
<td>2. Bond Counsel [5 pages]</td>
<td>$</td>
<td>Weekday Night (_p.m. to _a.m.)  = + ___ %</td>
</tr>
<tr>
<td>3. General Counsel</td>
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<td>Saturday Day (_a.m. to _p.m.) = + ___ %</td>
</tr>
<tr>
<td>4. Underwriters' Counsel</td>
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<tr>
<td>5. Attorney General</td>
<td>$</td>
<td></td>
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</tbody>
</table>
Date: July 7, 1980
To: Stephen Weinstein
From: Fran Higgins
Re: Financial Printing Proposals for the Series 24 Bond

Deliveries of financial printing proposals for the Series 24 Bonds were made to the following people at the times indicated today:

TYRELL                Donna Chiger           10:45 a.m.
PANDICK               Mrs. Bond              10:55 a.m.
BOWNE                 Liz Beasley            10:57 a.m.
CORPORATE             Mrs. Malamon           11:05 a.m.
CHAS P. YOUNG         Betty Niven            11:10 a.m.

FH
7 July 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 transfer of money on deposit in the Corporation's Operating Fund Account.

You were instructed to transfer on July 8, 1980, $30,000.00 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
2 July 1980

Anthony Hladek, Jr.
Chief State Accounts Auditor
Department of Audit and Control
270 Broadway
New York, New York 10007

Dear Mr. Hladek:

Thank you for sending us on June 23, 1980, a copy of your Department's tentative findings on "Investments and Funds Management" with respect to your ongoing audit of the Municipal Assistance Corporation, and for requesting our review of those findings. In accordance with our working agreement, it is our understanding that the tentative findings will be reviewed in light of our comments and a final draft report prepared and forwarded to us for review, and that such a procedure will also be followed with regard to drafts of other sections of your audit report.

Our review of your tentative findings has revealed substantial factual inaccuracies, along with conclusions which are not supported by the information which the Corporation's staff has furnished to various members of your audit team over the past eight months, and in certain cases, not supported even by the presentation of facts in the tentative findings.

1. Investment Strategy

First, your tentative findings indicate that you "could not determine whether Corporation investments were in line with a predetermined, planned strategy because there were no formalized statements of investment policy...." This statement is incomplete and misleading. The maintenance of all of the Corporation's funds are mandated by provisions of State law and the Corporation's bond resolutions, and investments of those funds are clearly constrained by express provisions of the law or resolutions.

All moneys of the Corporation are to be invested pursuant to the requirements of Section 3013 of the Public Authorities Law. Investment of moneys on deposit in the Corporation's Debt Service or Capital Reserve Funds are further restricted by the requirements of Section 702 of each of the First and Second General Bond Resolutions. Moneys on deposit in the New York City Guarantee Fund established pursuant to Federal and State law are further restricted to investment only in U.S. Treasury obligations.
At June 30, 1979, the Corporation had a total of $801.9 million of investments in marketable securities: $224.1 million in the Debt Service Fund; $551.4 million in the Capital Reserve Fund; $20.9 million in the Guarantee Fund; and $5.5 million in the Operating Fund.

To suggest as your tentative findings do that "a formalized statement of policy is necessary" reveals a fundamental misunderstanding of the authority under which the Corporation operates. The statute and resolutions clearly set forth the requirements that funds be maintained and invested in a very narrow selection of direct Federal government or Federal agency securities. The statute and resolutions further require that investments be made such that moneys will be available at times consistent with the requirements of the funds. For example, in the case of the Debt Service Fund, moneys are required periodically during the fiscal year to pay debt service on the Corporation's obligations. In the case of the Capital Reserve Fund, there is an implicit liquidity requirement related to the purpose for which the fund has been established. It must be emphasized that sole discretion which the Corporation may exercise in investing the moneys is the choice of maturities and instruments among the narrow list of permissible investments. To a considerable extent, such decisions are purely a mechanical exercise of relating the Corporation's cash flow requirements to the then existing market instrument yield curve.

In addition, as we have explained to your auditors, the market for these securities is vast and there is no consolidated reporting of trading activity. Any investor seeking to purchase an investment from the list of permissible securities confronts a universe of offerings from the various investment banks and dealer banks. At no time is it possible to review the consolidated market for any particular security. As a practical matter, therefore, any portfolio manager confronts tactical decisions regarding maturities and relative values of permitted obligations. It is not possible to conduct a meaningful analysis at each point in time of the relative merits of a particular investment versus the universe of potential investments.

A periodic re-evaluation of the tactics is often required by changes in market conditions. During the last six months, for example, rapid gyrations of interest rates have required frequent readjustments as the result of the purely mechanical exercise described above. As a result of changes in the market or in the Corporation's cash requirement, such re-evaluation may apply only for very short periods.
2. Investment Selection

Your tentative findings further state that "the greater the application of interest earnings to debt service, the greater the availability of funds that can be remitted to New York City from State held City revenues," and implicitly question the maximization of the Corporation's investment earnings in a point essentially repetitive of Item 1 (above). First, the wording in your report indicates a fundamental misunderstanding of the basic credit mechanism supporting the Corporation's obligations. The three revenues available to the Corporation are derived from State imposed taxes or State revenues. Moneys appropriated for the Corporation's benefit are required to be segregated and maintained by the State and are available to the Corporation in accordance with the provisions of State law and our bond resolutions. These moneys are not revenues of the City of New York; rather, they are State revenues available to the City only after and to the extent that they are not required and utilized by the Corporation for debt service or operating expenses.

Your report states further that a "number of investments were made on the same day or days close to each other to be held for similar lengths of time and yet the stated interest rates were somewhat different." But the text then states that "taking into account premiums paid and discounts received, the gap and effective yields narrowed in many cases to a point where they were almost zero," and that the Corporation's explanation for apparent differences "appear valid." The juxtaposition of these statements indicates another basic misunderstanding of the operation of the market. As you know, when purchasing securities in the open market, other than new issues trading at par, it is very unlikely that one will encounter offerings or bids at par, so that virtually all securities trade with premiums or discounts to produce an effective yield in proper relation to general market yield curve.

Next, the report again raises the question related to Item 1 (above) of justification in writing at the time of investment -- "why one security was selected and another was not." Once again, the dynamics of the marketplace and the manner in which the industry operates are such that dealers in securities are constantly purchasing and selling obligations. At some point many dealers will be offering or bidding for the same security. At other times various securities will be in scarce supply. As an investor, the universe of possible purchases or sales is confined to securities which the dealers have or are interested in obtaining. At no time is it possible for any institutional investor like the Corporation
to review the entire universe of permissible obligations and select the optimal investment. Every effort is made, through frequent contact with various dealers and constant monitoring of market conditions, to stay abreast of the latest developments in an otherwise unconsolidated market.

3. Investment Procedures

In this section, you discuss what you believe to be the Corporation's investment procedures. First, there is a fundamental misunderstanding of the differences between long-term investments and short-term investments. In your tentative findings, you indiscriminately use short-term investments to mean money market positions usually evidenced by repurchase agreements.

(a.) Instruction Letters; (b.) Investment Confirmation

The Corporation provides specific written instructions for every purchase or sale of securities. In the case of money market positions being managed overnight or week-to-week which are invested in repurchase agreements, separate written instructions are simply impractical. While it is true that separate written instructions were issued for repurchase agreements during the initial operations of the Corporation, the amounts of funds available for investment at that time and the number of transactions were relatively small. As we have explained, given the current levels of the various funds, such a procedure would require massive clerical efforts without commensurate control benefits. Rather, to provide the necessary controls, specific oral instructions are issued on a daily basis, confirmed orally by early afternoon by a review of daily transactions and further verified by cash reconciliations using our independent computer system. Written confirmations can at best be received well after the fact. Subsequently, on a month-end review all such transactions are once again reviewed and during our annual audit they are again reviewed.

The key of course is daily cash reconciliations. In each account in which the Corporation maintains funds, a daily reconciliation of cash is undertaken and any discrepancies dealt with immediately. Such a procedure is far superior to a program which relies upon confirmations mailed several days after the transaction and received several days later. Again, the intent of documentation is to control. Documentation, standing alone, provides no controls if such documentation is not timely and does not provide appropriate information.
The Corporation's procedures with regard to investment instructions are and will continue to be in full compliance with all statutes and provisions of the Corporation's bond resolutions.

Further, on page five of your tentative findings, it is suggested that the loss of certain securities by the United States Trust Company in some way affected our investment program. This is simply not true. The loss by the Trust Company of securities issued by the Corporation but owned by City pension funds and held by the Trust Company in a custodial capacity for those pension funds was in no way related to the Corporation's investments. Of course, the reported loss raised concern on our part as to the adequacy of the Trust Company's vault procedures, and we reacted appropriately and promptly. Together with our independent accountants and the Trust Company and their agents we undertook a thorough re-examination of the Trust Company's procedures and in certain areas requested strengthening where weaknesses were detected. Again, however, these developments were entirely unrelated to the Corporation's investment procedures.

3(c.) Collateralization of Investments

Your tentative findings state that "the Corporation's investments in repurchase agreements (similar to bank time deposits) were not fully secured, as required in the bond resolutions, by securities pledged as collateral." This is a misstatement. At all times, the Corporation's repurchase agreements have been fully secured by permitted obligations. (It should also be noted that a repurchase agreement is a very different and more secure investment than a bank time deposit.) The requirement of the resolutions is that securities offered as collateral for a repurchase agreement have a market value equal to or in excess of the par value of the repurchase agreement. You have cited as an example of such a failure to provide sufficient collateral for a repurchase agreement a transaction of June 12, 1979, in which the United States Trust Company as principal entered into an agreement in the principal amount of $17,028,000 for repurchase on June 13, 1979 at a rate of 9.95%. The securities offered as collateral had a market value (including accrued interest) of $17,153,998, approximately $126,000 greater than the amount of the repurchase agreement. This repurchase agreement, as did certain other repurchase agreements during the year, violated an understanding which we had with the Trust Company relating to excess coverage above and beyond the required collateral. As a practical matter, we attempt to achieve between 2% and 5% excess collateral, even though such collateral is not required by the statute or resolutions, and any dealer entering into such a repurchase agreement could justifiably refuse to comply.
As a practical matter, it is difficult to have constant revaluation of securities offered as collateral for repurchase agreements. Particularly during the last six months, markets have changed rapidly during a single day, at times producing excesses or deficiencies of collateral. In part, initial excess collateral provides a cushion against such gyration during the repurchase agreement. Further, the Corporation generally will enter into repurchase agreements for one day at a time, reducing any market exposure to a bare minimum.

4. Uninvested Balances

Your tentative findings indicate that "there were four instances during our two month test period in fiscal 1979 wherein the Corporation had uninvested cash balances ranging from $6,000 to $800,000. These balances remained uninvested for periods ranging from overnight to three weeks, resulting in lost interest of about $2,700." First, the number is miniscule compared to the Corporation's $51 million in investment income for that year, as your report itself admits in the following sentence. In addition, this again involves an area of the securities market which we have explained to your auditors extensively on several occasions over the past eight months. Repurchase agreements -- the purchase or sale of securities with a pledge to sell or repurchase at a specified date -- are instruments available only to large institutional investors and borrowers. In general, such investments are available for a minimum of $1 million. Given the Corporation's size and active participation in the market, it is occasionally possible for us to induce a participant to offer us a repurchase agreement at less than the minimum $1 million. Under no circumstances would a repurchase agreement of less than $100,000 per unit be available to any institutional investor.

Your report cites one instance where an amount of $800,000 remained uninvested for a period during August 1978. At that time, the Corporation's staff was in the midst of implementing a $4.5 billion financing program to ensure the City's financial survival for the coming four years, an unprecedented program which required the participation of the Mayor, Governor, State Legislature, Congress, White House, and Treasury Department, along with labor unions, banks and numerous law firms. In those circumstances, it would not have been a prudent allocation of resources to attempt to arrange a repurchase agreement for such an unusually small amount. As your report points out, the loss in interest involved in this instance was less than $2,700.
Since that time, almost two years ago, we have developed independent computer resources which permit us on a day-to-day basis to reconcile our cash accounts and to forecast our cash availability. Given such forecasting ability, we are now in a position to arrange repurchase agreements many days ahead of time when required, and to take advantage of any peculiar circumstances in the market including arranging extraordinary repurchase agreements when necessary.

Conclusion

Each of the subjects covered above must be viewed in the context of the Municipal Assistance Corporation's unique role. As a financing agency established to provide financing for the City of New York, rather than an operating agency, its ongoing successful operation requires access to public credit markets. This in turn requires that the Corporation be subject continually to a high degree of scrutiny by financial, legal and governmental institutions independent of the Corporation.

It must be emphasized that the Corporation's procedures with regard to the handling of funds have been developed in conjunction with our independent accountants, together with the participation of the law firms which serve as our General Counsel and Bond Counsel, and the Trustee for the Corporation's bondholders. Compliance with the procedures is periodically tested by our own internal review and control procedures involving the Officers and Board of Directors of the Corporation as well as review by the accountants, lawyers and Trustee. Also, the Municipal Assistance Corporation, alone among major public issuers in this country, publishes quarterly (unaudited) financial statements and publishes annual financial statements which are audited by our independent accountants.

Furthermore, all of the individual financings undertaken by the Corporation involve each of the above-referenced institutions, along with the underwriters and their counsel, and require the approvals of various City, State and Federal government officials, including the New York State Comptroller. In addition, each financing transaction is fully documented as to the terms of the transaction and disposition of the proceeds, including official statements, controlling resolutions, legal opinions, accounting letters and requisite official approvals and certifications. All of these documents have been made available to your auditors since the commencement of the audit in November 1979.
2 July 1980
Anthony Hladek, Jr.
Page Eight

In light of this extraordinary and documented outside scrutiny, along with the substantial constraints imposed by the applicable statutes and resolutions, the misstatements and misconceptions contained in your tentative findings on "Investments and Funds Management" are particularly disturbing. Accordingly, we would appreciate your fullest consideration of the facts set forth above, and their appropriate incorporation into your final draft report.

Sincerely,

[Signature]

Harris A. Decker
Deputy Executive Director
and Treasurer

HAD:jar
Date: 2 July 1980
To: Administration Committee
From: Heather L. Ruth
Re: Corporation's 1981 Operating Budget

Attached is the proposed budget for the Corporation's fiscal year 1981 operating fund together with a memorandum from Andrew Decker, the Corporation's Deputy Executive Director and Treasurer, which details the assumptions and projections. I apologize for the delay in distributing the budget until the commencement of the new fiscal year. Bobby Vagt had indicated to Bob Weaver that upon my arrival on July 1 I would immediately review the budget and distribute it.

We will organize a meeting of the Administration Committee during the next week or so to review the budget.
2 July 1980

To: Administrative Committee

From: Andrew Decker

Re: Proposed FY 1981 Budget

Attached are various schedules which detail the proposed fiscal year 1981 operating budget for the Corporation. Schedule 1 is a summary comparison of the proposed budget and the Approved Modified 1980 budget. The proposed budget represents an 8.3% decrease from 1980 to 1981 for the Corporation's debt issuance and general administration costs excluding funding for the Financial Control Board (the "FCB") and the Office of the Special Deputy Comptroller (the "OSDC"). Including the 16.5% increase in FCB and OSDC projected expenditures results in a 4% increase in the aggregate operating fund expenditures.

Schedule 2 provides more detail, displaying the budget by major categories. A detailed analysis of the proposed budget follows below. Schedule 3 displays a six year history of the pattern of operating fund expenditures. Note the steady reduction of the costs associated with debt issuance which is partially offset by increases in "General Administration." This trend reflects the continuing process of internalizing the various components relating to the Corporation's debt issuances (e.g., in-house preparation of official statements, updating of financial statements, etc.).

Analysis of Expenses Related to Debt Issuance and Public Notices

Expenses related to "Printing and Public Notices" are dependent upon the number and schedule of debt issuances during the year. For planning purposes we have assumed two private placements and three public sales during 1981. During fiscal year 1980, the average document printing cost per public debt offering was approximately $65,000 while for private placements the average was approximately $32,000, producing a total for 1981 of approximately $260,000. We have budgeted approximately $140,000 for printing of bonds (an amount comparable to the 1980 experience) which together with the approximately $260,000 projected for document printing comprises the proposed budget amount of $400,000. For the nine months ended March 31, 1980 -- which includes all the 1980 debt issuances -- the Corporation has expended a total of approximately $375,000 on document and bond printing. (We anticipate achieving further reductions of the episodic cost of producing and printing official statements.)

Legal services reflect both a base level of continuing services and costs related to the debt issuance program. During the first nine months of 1980, total legal fees
2 July 1980
MEMORANDUM/Administration Committee
Page Two

relating to debt issuances have averaged approximately $60,000 per episode. Additional fees related to other legal matters amounted to $78,000. We have proposed to provide $600,000 for 1981 to cover the assumed issuance program, additional work relating to the new financing proposal and to give effect to adjustments in the fee schedule authorized by the Board. During the first nine months of 1980 legal fees amounted to approximately $370,000.

Expenses included in "Trustee and Related" include trustee services, rating agencies, paying agents and certain minor miscellaneous items. Trustee services are billed accordingly to a set of fees related to the amount of debt outstanding and to the number of various transfers and other recording transactions executed by the Trustee. In the case of the rating agencies, fees charged are related to the debt to be rated (one agency has significantly raised its fees for next year). Paying agency fees are directly related to the number of coupon bonds outstanding. In aggregate, the proposed budget allocates $654,500 for fiscal year 1981, a $59,500 increase over 1980.

Analysis of Expenses Related to Oversight

Pursuant to an agreement between the Corporation and the FCB, the Corporation is liable for reimbursement of 100% of the FCB's operating expenses. The 1981 State Budget appropriates approximately $1.3 million for operation of the FCB. The Corporation's proposed 1981 budget makes provision for a salary increase at the FCB. The $1,349,500 budgeted by the Corporation for the FCB is a $149,500 (12.5%) increase over 1980.

Pursuant to agreements among the Corporation, the OSDC and the New York State Department of Audit and Control, expenses incurred by the OSDC for budget review and analysis on behalf of the Corporation are reimbursable by the Corporation. Based upon their 1981 State Budget appropriation, reduced to reflect historical underspending, further adjusted to reflect the State's cash basis accounting system on a modified accrual basis, and allocated between work done on behalf of the Corporation and other work (approximately 75% is on behalf of the Corporation), the amount budgeted for OSDC is $2,199,600, a $19.1% increase over the 1980 amount.

In aggregate, expenses related to oversight services increased approximately $500,000 or 16.5%. This more than offsets the continued savings achieved by the Corporation in its own operations.
2 July 1980
MEMORANDUM/Administration Committee
Page Three

Analysis of Expenses Related to General Administration

In aggregate, the proposed budget amount for the Corporation's General Administration reflects an increase of approximately $130,000 or an 11.8% increase over the 1980 aggregate amount. Over half of the increase ($71,027) is attributable to personnel costs related to a provision for a salary increase during the year and annualization of salaries for certain staff positions. The balance of the increase is attributable to increased cost of data processing services ($30,000), inflation of printing costs ($20,000) and a minimal allowance for inflation in the cost of various miscellany ($6,360).
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Summary of Operating Fund Budget
FY 1981

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<th>MAC Operations</th>
<th>Approved Modified Budget</th>
<th>Proposed 1981 Budget</th>
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<th>% Change</th>
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<td>General Administration</td>
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<td>497,000</td>
<td>56,360</td>
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<td><strong>2,865,750</strong></td>
<td><strong>(260,113)</strong></td>
<td><strong>(8.3)</strong></td>
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| Oversight                      |                         |                      |          |          |
| OSDC                           | 1,847,495               | 2,199,600            | 352,105  | 19.1     |
| FCB                            | 1,200,000               | 1,349,550            | 149,550  | 12.5     |
| **Total**                      | **3,047,495**           | **3,549,150**        | **501,655** | **16.5** |

| Total                          | **6,173,358**           | **6,414,900**        | **241,542** | **3.9**  |
Operating Fund Budget
Fiscal Year 1980-81

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<td>1,349,550</td>
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</tr>
<tr>
<td>Other Personnel Services</td>
<td>128,000</td>
<td>128,000</td>
<td></td>
<td>Consistent</td>
</tr>
<tr>
<td>Total Personnel Services</td>
<td>643,223</td>
<td>714,250</td>
<td>71,027</td>
<td>11.0%</td>
</tr>
<tr>
<td>Accounting Services</td>
<td>70,000</td>
<td>70,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Rental</td>
<td>93,000</td>
<td>93,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Office Expenses</td>
<td>45,640</td>
<td>52,000</td>
<td>6,360</td>
<td>13.9%</td>
</tr>
<tr>
<td>Travel Expenses</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>27,000</td>
<td>27,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>100,000</td>
<td>130,000</td>
<td>30,000</td>
<td>30.0%</td>
</tr>
<tr>
<td>Printing and Distribution</td>
<td>90,000</td>
<td>110,000</td>
<td>20,000</td>
<td>22.2%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,083,863</td>
<td>$1,211,250</td>
<td>$127,387</td>
<td>11.8%</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>$6,173,358</td>
<td>$6,414,900</td>
<td>$241,542</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
## Schedule 3

**Municipal Assistance Corporation**

**Analysis of Expenditures**

Fiscal Year 1976 through Proposed Fiscal Year 1981

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Issuance</td>
<td>$5,015,023</td>
<td>$3,100,584</td>
<td>$2,349,082</td>
<td>$2,747,890</td>
<td>$2,042,000</td>
<td>$1,654,500</td>
<td>(16.9)</td>
</tr>
<tr>
<td>General Administration</td>
<td>558,880</td>
<td>567,620</td>
<td>681,999</td>
<td>804,496</td>
<td>1,083,863</td>
<td>1,211,250</td>
<td>13.8</td>
</tr>
<tr>
<td>Total MAC Operations</td>
<td>$5,573,903</td>
<td>$3,668,204</td>
<td>$3,031,081</td>
<td>$3,552,386</td>
<td>$3,125,863</td>
<td>$2,865,750</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Expenditures</td>
<td>543,841</td>
<td>1,716,921</td>
<td>1,874,227</td>
<td>2,118,928</td>
<td>3,047,495</td>
<td>3,549,150</td>
<td>36.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$6,117,744</td>
<td>$5,385,125</td>
<td>$4,905,308</td>
<td>$5,671,314</td>
<td>$6,173,358</td>
<td>$6,414,900</td>
<td>0.8</td>
</tr>
</tbody>
</table>

1. Excludes $7,944,900 of solicitation fees incurred in connection with exchange offer.
2. Excludes $78,750 of nonrecurring expenses associated with the relocation of the Corporation's offices.
3. Adjusted to reflect actual costs attributable to oversight activities undertaken on behalf of the Corporation.