27 June 1978

Mr. Paul O'Brien
Third Deputy Comptroller
The City of New York
Municipal Building - Room 707
One Centre Street
New York, N.Y. 10007

Dear Paul:

In response to an inquiry by your office, we are transmitting the following information with regard to debt of the Municipal Assistance Corporation, as of this date.

1. **Total MAC Debt Issued (Principal Amount)**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$8,909,731,000</td>
</tr>
<tr>
<td>Notes</td>
<td>$633,990,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$9,543,721,000</strong></td>
</tr>
</tbody>
</table>

2. **MAC Debt Issued for Refunding (Principal Amount)**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$3,542,181,000</td>
</tr>
<tr>
<td>Notes</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,542,181,000</strong></td>
</tr>
</tbody>
</table>

3. **MAC Debt Redeemed (Principal Amount)**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$264,690,000</td>
</tr>
<tr>
<td>Notes</td>
<td>$298,500,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$563,190,000</strong></td>
</tr>
</tbody>
</table>
In addition, please note that the total debt redeemed, as contained in Item 3, will increase in the next few days to $932,425,000 as follows. First, on or before June 30, 1978, MAC will redeem $335,490,000 principal amount of its 1978 Series Promisory Notes. Second, on July 1, 1978, MAC will redeem $33,745,000 principal amount of its Second Resolution Bonds.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:er
27 June 1978

Richard G. McClung, Esq.
Carter, Ledyard & Milburn
Two Wall Street
New York, N.Y. 10005

Re: Bill 127

Dear Mr. McClung:

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

Bill 127 was submitted to us on June 21, 1978. This bill totals $3,263.20, which includes charges of $3,237.50 for personal services, and $25.70 for reimbursable expenses for the month of May 1978. We are proposing settlement of this bill in accordance with guidelines established by the New York State Department of Audit and Control, by reducing the charge for personal services by $420.88, or 13 percent, to $2,842.32.

If you are in agreement with this proposal, please so indicate by signing and returning the enclosed copies of this letter, and the enclosed New York State Voucher Form. We will then submit this bill to Albany for payment.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Stephen J. Weinstein
Deputy Executive Director

ACCEPTED

CARTER, LEDYARD & MILBURN

By:

Richard C. McClung, Esq.

Date:______________________

Enclosure
16 June 1978

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

Att: Mr. Malcolm J. Hood
Senior Vice President

Dear Mal,

Pursuant to a request by your counsel, contained in the
enclosed letter from Carter, Ledyard & Milburn dated
May 24, 1978, the Municipal Assistance Corporation hereby
authorizes and directs United States Trust Company of
New York to redeliver to Chemical Bank two Revenue
Anticipation Notes of the City of New York, dated
January 13, 1975, bearing serial numbers RX 19371 and
RX 19372, which notes were presented by Chemical Bank
pursuant to the Restructuring Agreement, but were invalid
because a "stop order" had been placed against them
by the City.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

cc: Richard G. McClung, Esq.

Enclosure

SJW:er
May 24, 1978

Mr. Stephen J. Weinstein  
Deputy Executive Director  
Municipal Assistance Corporation For  
The City of New York  
Room 4540  
Two World Trade Center  
New York, New York 10047

Re: Notes of the City of New York

Dear Steve:

United States Trust Company of New York is still holding two Revenue Anticipation Notes of the City of New York which were presented to it, as Trustee for MAC, by Chemical Bank pursuant to the First Amendment to the Amended and Restated Agreement dated August 17, 1977 but which were not accepted because of a "stop order" against them. I enclose a draft of a letter which we prepared some time ago to accompany the return of the notes to Chemical Bank by the Trust Company and which describes the notes in more detail.

As I recall, the Trust Company has not yet returned the notes to Chemical Bank because it has been waiting for instructions from MAC. I understand that Chemical Bank is preparing to take some action in connection with this matter and would like to have possession of the notes. Do you have any objection to releasing them?

Very truly yours,

Sally G. Pope

SGP:dpm

cc: Mr. Malcolm J. Hood  
Frank Cahill, Esq.  
Chemical Bank
Chemical Bank  
20 Pine Street  
New York, New York 10005  

Attention: Joseph Horvath  

Re: Notes of the City of New York  

Dear Sirs:  

Pursuant to the First Amendment to the Amended and Restated Agreement dated August 17, 1977 (the "Agreement") among the Municipal Assistance Corporation For The City of New York (the "Corporation") and certain New York City commercial banks, New York City Pension Funds and New York City Sinking Funds, you delivered certain notes of The City of New York to United States Trust Company of New York, as Trustee for various bonds issued by the Corporation. Among the notes delivered by you were two Revenue Anticipation Notes dated January 13, 1975, bearing serial numbers RX19371 and RX19372, in the principal amount of $10,000 each and due January 12, 1976 with interest at the rate of 9.40% (the "Notes").  

As you know, we were unable to accept the Notes for exchange pursuant to the Agreement because we were advised by the City that the Notes were no longer valid since a "stop order" had been placed on them and duplicates issued to Merrill Lynch, Pierce, Fenner & Smith Incorporated. We are herewith returning the Notes to you and are advising, by a copy of this letter, The City of New York of our action taken in regard to the Notes.  

Very truly yours,  

Malcolm J. Hood  

cc: Mr. Richard V. Adams  
   Chemical Bank  
   Mr. Arthur C. Van Houten  
   Deputy to the 3rd Deputy Comptroller  
   707 Municipal Building (Room 707)  
   New York, New York 10007  
   Mr. Russell Aldag  
   Chief, Division of Municipal Securities  
   Municipal Building  
   1 Center Street  
   New York, New York 10007
20 June 1978

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

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

Gentlemen:

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

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

* * *

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

Marilyn Friedman
Counsel

MFF:bba
15 June 1978

Honorable Edward I. Koch, Mayor
ATT: Honorable Philip L. Toia
Deputy Mayor for Finance
250 Broadway, Room 1401
New York, New York 10007

Honorable Arthur Levitt, Comptroller
ATT: Gerald Shragler, Director
Contracts and State Expenditures
NEW YORK STATE/DEPARTMENT OF AUDIT AND CONTROL
A. E. Smith Office Building
Albany, New York 12236

Gentlemen:


Certificate Number 11 relates to the cash needs of the Corporation for fiscal years 1978 and 1979 with respect to the issuance and sale of its Series 1 through 9 Bonds pursuant to its Second General Bond Resolution dated November 25, 1975, and its 1978 Subordinated Notes pursuant to its 1978 Note Resolution adopted June 1, 1978.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW:bba

Enclosures

cc: Attached
15 June 1978
Honorable Edward I. Koch
Honorable Arthur Levitt
Page Two

cc: Joseph F. Crook
    Harris A. Decker
    Karen Eisenstadt
    Mike Gibbons
    Paul G. Giddings
    Martin Ives
    Eugene J. Keilin
    William J. Lithgow
    Paul O'Brien
    Sally F. Pope, Esq.
    Donald J. Robinson, Esq.
    Pat Santivasi
    Allen L. Thomas, Esq.
CERTIFICATE NUMBER 11 PURSUANT TO SECTION 3036-A OF THE
PUBLIC AUTHORITIES LAW OF THE STATE OF NEW YORK OF
THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF
NEW YORK TO THE COMPTROLLER OF THE STATE OF NEW YORK
AND TO THE MAYOR OF THE CITY OF NEW YORK

Pursuant to Section 3036-a of the Public Authorities Law,
include in the Municipal Assistance Corporation For The City
of New York Act, the undersigned, Chairman of the Board of
Directors of the Municipal Assistance Corporation For The City
of New York (the "Corporation"), hereby certifies to the Compt-
troller of the State of New York and to the Mayor of The City of
New York the revised schedule of cash requirements of the
Corporation (in addition to the total amount certified in
Certificate 21 of the Corporation dated June 15, 1978 pursuant
to Section 3036 of the Public Authorities Law).

This Certificate and Schedule A hereto which is incorporated
herein expressly revise any and all certifications heretofore
made pursuant to said Section 3036-a in respect of bonds issued
pursuant to the Second General Bond Resolution to the aforesaid
Comptroller and Mayor.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the seal of the Corporation on this 15th day of June 1978.

[Signature]
CHAIRMAN
MUNICIPAL ASSISTANCE CORPORATION

SCHEDULE A

Bond Service Fund under Section 3036-a of the Public Authorities Law*

<table>
<thead>
<tr>
<th>Note Repayment Fund Established Pursuant to 1978 Note Resolution Adopted June 1, 1978**</th>
<th>Amount</th>
<th>Date Required on or Before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$337,000,000</td>
<td>06/25/78***</td>
</tr>
<tr>
<td></td>
<td>$337,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL (Fiscal Year 1978)</td>
<td>$49,200,000</td>
<td>10/12/78</td>
</tr>
<tr>
<td>Bond Service Fund Established Pursuant to the Second General Bond Resolution Adopted November 25, 1975</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$49,200,000</td>
<td>01/12/79</td>
</tr>
<tr>
<td></td>
<td>$49,200,000</td>
<td>04/12/79</td>
</tr>
<tr>
<td></td>
<td>$48,400,000</td>
<td>06/25/79</td>
</tr>
<tr>
<td>TOTAL (Fiscal Year 1979)</td>
<td>$196,000,000</td>
<td></td>
</tr>
</tbody>
</table>

NOTE:

* Any payment or payments on June 30 or October 12, 1978, or January 12 or April 12, 1979, from revenues derived from the sale and compensating use taxes imposed pursuant to Sections 1107 and 1108 of the Tax Law and stock transfer tax imposed pursuant to Article 12 of the Tax Law are subject and subordinate to and after payments required by such dates under Certificate Number 2 of the Chairman of the Corporation delivered pursuant to Section 3036 of the Act.

** Any payment or payments for the Note Repayment Fund on June 25, 1978 are subject and subordinate to and after payments required for the Bond Service Fund established pursuant to the Second General Bond Resolution.

*** To the extent payments made to the Corporation on or before June 25, 1978 are less than the amount certified as set forth above, the deficiency shall be required to be made up from the June 30, 1978 payments to the Corporation subject and subordinate to the payments referred to in the prior two footnotes.

June 15, 1978

Certificate Number 11
8 June 1978

Honorable Arthur Levitt
Comptroller
STATE OF NEW YORK
Alfred E. Smith Office Building
Albany, New York 12224

Dear Mr. Levitt:

We are negotiating the sale to certain of the New York City Pension Funds and Sinking Funds of $335,490,000 aggregate principal amount at par of 1978 Subordinated Notes of this Corporation, to be allocated as follows:

Board of Education Retirement System for The City of New York $ 7,770,000;

New York City Employees' Retirement System $182,655,000;

Teachers' Retirement System for The City of New York $133,685,000;

Sinking Fund of The City of New York $2,276,000;

Rapid Transit System Sinking Fund of The City of New York $5,121,000;

Transit Unification Sinking Fund of The City of New York $3,983,000.

The 1978 Subordinated Notes shall bear interest from the date of issuance, June 9, 1978, at a rate equal to the yield of United States Treasury Bills maturing July 6, 1978, as reported in the New York Times on June 9, 1978, until maturity of such Notes on June 30, 1978, and payable at maturity. The 1978 Subordinated Notes shall be payable on a subordinated basis from
revenues of the Corporation which are not required for payment of obligations issued pursuant to the First General Bond Resolution and the Second General Bond Resolution of the Corporation.

Your approval of this sale pursuant to Section 3012(1)(e) of the Municipal Assistance Corporation Act, as amended, is respectfully requested.

We further hereby respectfully request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, of the system of accounts of the Corporation to the extent the same are prescribed in the 1978 Note Resolution.

Your approval is respectfully requested.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bba

The sale of the above-described Notes of the Municipal Assistance Corporation For The City of New York upon the terms above described and the system of accounts of the Corporation to the extent the same are prescribed in the 1978 Note Resolution of the Corporation, are hereby approved.

Arthur Levitt, Comptroller
State of New York