31 March 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 Shrager, 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 20 relates to the cash needs of the Corporation with respect to the issuance and sale of its Series A through Series JJ Bonds pursuant to its General Bond Resolution and to its Operating Fund requirements for fiscal years 1978 and 1979.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/lsc
Enclosures

cc: attached
31 March 1978
Honorable Edward I. Koch
Honorable Arthur Levitt
Page Two

cc: Joseph Crook
    H.A. Decker
    Karen Eisenstadt
    Mike Gibbons
    Paul G. Giddings
    Martin Ives
    Eugene J. Keilin
    Sol Lewis
    Sally F. Pope, Esq.
    Donald J. Robinson, Esq.
    Pat Santivasci
    Allen L. Thomas, Esq.
CERTIFICATE NUMBER 20 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 of the Municipal Assistance Corporation
For The City of New York Act (the "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 Comptroller 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 which is attached hereto as
Schedule A. Such Schedule A takes into account all amounts
previously delivered to the Corporation, and all amounts for
which previous arrangements have been made with respect to the
Operating Funds, for the Corporation's fiscal year ended June 30,
1977.

This Certificate and Schedule A hereto which is incorporated
herein expressly revise any and all certifications heretofore
made to the aforesaid Comptroller and Mayor, pursuant to
Section 3036 of the Act.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed
the seal of the Corporation this 31st day of March 1978.

[Signature]
CHAIRMAN
<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Date Required on or before</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Fund</td>
<td>$74,000,000</td>
<td>04/12/78</td>
</tr>
<tr>
<td></td>
<td>$76,000,000</td>
<td>06/30/78</td>
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<tr>
<td>Operating Fund</td>
<td>$1,500,000</td>
<td>04/12/78</td>
</tr>
<tr>
<td></td>
<td>$5,500,000</td>
<td>06/30/78</td>
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<tr>
<td>Total (Fiscal Year 1978)</td>
<td>$157,000,000</td>
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<tr>
<td>Debt Service Fund</td>
<td>$75,900,000</td>
<td>10/12/78</td>
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<tr>
<td></td>
<td>$75,900,000</td>
<td>01/12/79</td>
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<tr>
<td></td>
<td>$80,500,000</td>
<td>04/12/79</td>
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<td>$80,500,000</td>
<td>06/30/79</td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>$46,400,000</td>
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<tr>
<td>Operating Fund</td>
<td>$5,500,000</td>
<td>06/30/79</td>
</tr>
<tr>
<td>Total (Fiscal Year 1979)</td>
<td>$364,700,000</td>
<td></td>
</tr>
</tbody>
</table>

03/31/78
Cert. #20
31 March 1978

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

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

Gentlemen:

Enclosed herewith pursuant to Section 3036-a of the Municipal Assistance Corporation For The City of New York Act, is Certificate Number 10 of the Chairman of the Municipal Assistance Corporation For The City of New York (the "Corporation") to the Comptroller of the State of New York and to the Mayor of The City of New York, dated March 31, 1978.

Certificate Number 10 relates to the cash needs of the Corporation with respect to the issuance and sale of its Series 1 through 9 Bonds pursuant to its Second General Bond Resolution for fiscal years 1978 and 1979.

Sincerely,

[Signature]
Stephen J. Weinstein
Deputy Executive Director

SJW/gh

Enclosures

cc: Attached
31 March 1978
Honorable Edward I. Koch
Honorable Arthur Levitt

Page Two

cc: Joseph F. Crook
    H. A. Decker
    Karen Eisenstadt
    Mike Gibbons
    Paul G. Giddings
    Martin Ives
    Eugene J. Keilin
    Sol Lewis
    Sally F. Pope, Esq.
    Donald J. Robinson, Esq.
    Pat Santivasci
    Allen L. Thomas, Esq.
CERTIFICATE NUMBER 10 PURSUANT TO THE SECOND GENERAL BOND RESOLUTION
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 Municipal Assistance Corporation
For The City of New York Act (the "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
Comptroller 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 20 of the
Corporation dated of even date herewith pursuant to Section 3036
of the Act), which is attached hereto as Schedule A.

This Certificate and Schedule A hereto which is incorporated herein
expressly revise any and all certifications heretofore made 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 this 31st day of March 1978

[Signature]
CHAIRMAN
### MUNICIPAL ASSISTANCE CORPORATION

#### SCHEDULE A

**Pursuant to the Second General Bond Resolution Adopted November 25, 1975:**

<table>
<thead>
<tr>
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<td>Bond Service Fund*</td>
<td>$47,500,000</td>
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<td>Total (Fiscal Year 1978)</td>
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<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Date Required on or before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$49,200,000</td>
<td>10/12/78</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 April 12 or October 12, 1978, or January 12 or April 12, 1979, are subject and subordinate to and after payments required by such dates under Certificate Number 20 of the Chairman of the Corporation delivered pursuant to Section 3036 of the Act.

March 31, 1978

Certificate Number 10
31 March 1978

Mr. Stephen Auerbach
Executive Vice President
Designers Fore Ltd.
8 East 36th Street
New York, New York 10016

Dear Mr. Auerbach:

The purpose of this letter is to authorize you to proceed immediately with the preparation of working blueprints and specifications for our proposed new office facilities pursuant to the letter of agreement of November 11, 1977, between Designers Fore Ltd. and the Municipal Assistance Corporation, although no lease has been executed for such facilities as of this date.

Further, we hereby propose that the fee payable to Designers Fore Ltd. by the Municipal Assistance Corporation shall be payable as follows: (1) $2857.70 upon your acceptance of this proposal; (2) 70% of the balance upon your completion of working blueprints and specifications; and (3) 30% of the balance upon our move-in to new facilities, or substantial completion of work, whichever occurs sooner. All other terms of the letter of agreement of November 11, 1977, shall remain unchanged.

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

Sincerely,

[Signature]

Stephen J. Weinstein

Accepted:
Designers Fore Ltd.

By: Stephen Auerbach

Date: ___________________
29 March 1978

United States Trust Company
of New York
130 John Street
New York, New York 10038

Attention: Mr. Malcolm J. Hood, Senior Vice President

Gentlemen:

This is to confirm the oral instructions to you by Mr. Harris A. Decker of the Corporation.

You were instructed to arrange a Repurchase Agreement maturing April 5, 1978, for $17,268,000, which represents the proceeds of a Repurchase Agreement that matured March 29, 1978, for $17,246,000 held in the Bond Service Fund established under the Second General Bond Resolution.

The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when moneys in the Bond Service Fund will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical with but in no event later than such times at which moneys in the Bond Service Fund will be required for Second General Bond Resolution purposes. In addition, the Corporation has taken into consideration the maximization of return and the minimization of risk.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Stephen J. Weinstein
Deputy Executive Director
cc: Mr. Harris A. Decker
    Mr. Paul G. Giddings
    Mr. George D. Gould
    John J. Keohane, Esq.
    Mr. William J. Lithgow
    Sally F. Pope, Esq.
    Mr. P. Santivasci
    Allen L. Thomas, Esq.

SJW/HAD/gh
MEMORANDUM

Date: 23 March 1978
To: Jim Brigham, Marty Ives and Sandy Altman
From: Steve Weinstein
Re: MAC Notes

Enclosed for your review is a draft memo which we have prepared for submission to the rating agencies with regard to possible issuance of MAC Notes to provide part of the City's 1979 seasonal financing.

Before such submission, however, we would like to meet with you to review the City's future seasonal needs, and to discuss any comments or suggestions which you may have concerning the draft memo. We will try to schedule a meeting for early next week.

Encl.
MEMORANDUM

Date: 23 March 1978
To: Jack Tamagni, Don Robinson & Marshall Smith
From: Steve Weinstein
Re: MAC Notes

Enclosed for your review is a draft memo which we have prepared for submission to the rating agencies with regard to possible issuance of MAC Notes to provide part of the City's 1979 seasonal financing.

Please call me with any comments or suggestions.

Encl.
23 March 1978

Mr. James P. Cowan
Senior Budget Examiner
Division of the Budget
The State Capitol
Albany, New York 12224

Dear Jim:

I am enclosing two copies of a proposed Repayment Agreement between the Municipal Assistance Corporation and the Director of the Budget with regard to the State's 1979 first instance appropriation for the Corporation.

The enclosed copies have been signed by the Chairman of the Corporation, and include the changes in provisions which I have discussed with you.

Should you have any questions or concerns in this matter, please do not hesitate to call me.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosures (2)

SJW/gh
REPAYMENT AGREEMENT

AGREEMENT made this ___ day of March 1978, by and between the Municipal Assistance Corporation For The City of New York, a public benefit corporation (hereinafter referred to as the "Corporation"), and the Director of the Budget of the State of New York (hereinafter referred to as the "Director").

WITNESSETH

WHEREAS, Section 2 of the State Purposes Budget for the Fiscal Year 1978-1979 provides for an appropriation in the first instance from the State Purposes Fund of the General Fund of the sum of six hundred six thousand, five hundred dollars ($606,500) to the Corporation for corporate purposes (the "First Instance Appropriation"), and

WHEREAS, Section 40-a of the State Finance Law provides that no part of such appropriation shall be made available for expenditure until a written repayment agreement is entered into by the Corporation and the Director;

NOW THEREFORE, the parties mutually agree as follows:

1. The Corporation shall repay the State, no later than April 30, 1979, only from revenues available in its operating fund, pursuant to the Municipal Assistance Corporation For The City of New York Act, as enacted by Chapter 169 of the Laws of 1975, an amount equal to the total amount of the First Instance Appropriation expended by the State of New York during the period from April 1, 1978, through March 31, 1979.

2. Any of the First Instance Appropriation reappropriated and actually expended in any subsequent fiscal year shall be repaid to the State by the Corporation no later than thirty (30) days after the end of such fiscal year.

3. For the purposes of this Agreement, the amounts of the First Instance Appropriation theretofore advanced by the State, the date or dates on which such advances were made, and the amounts repaid by the Corporation shall be determined by the State Controller.
4. The State Comptroller is hereby authorized to receive from the Corporation amounts of money equal to the amounts of the First Instance Appropriation expended by the State, and to deposit such sums to the credit of the General Fund.

5. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.

6. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

APPROVED
DATE:

STATE COMPROLLER
APPROVED
DATE:

THE PEOPLE OF THE STATE OF NEW YORK
BY: DIRECTOR OF THE BUDGET
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
BY: CHAIRMAN

ATTORNEY GENERAL
22 March 1978

Mr. Rodney E. Batts
2 Grant Street
Hempstead, New York 11550

Dear Mr. Batts:

Thank you for submitting a copy of your resume.

At present, there are no positions available with the Municipal Assistance Corporation. However, we will keep your resume on file for future reference in the event that our staffing needs should require someone with your qualifications.

We appreciate your interest in the Corporation.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/gh
21 March 1978

United States Trust Company
of New York
130 John Street
New York, New York 10038

Attention: Mr. Malcolm J. Hood, Senior Vice President

Gentlemen:

This is to confirm the oral instructions to you by Mr. Harris A. Decker of the Corporation.

You were instructed to arrange a Repurchase Agreement maturing March 22, 1978, for $17,224,000, which represents the proceeds of a Repurchase Agreement that matured March 15, 1978, for $17,203,000 held in the Bond Service Fund established under the Second General Bond Resolution. You were further instructed to arrange a Repurchase Agreement maturing March 29, 1978, for $17,246,000, which represents the proceeds of the above described Repurchase Agreement.

The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when moneys in the Bond Service Fund will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical with but in no event later than such times at which moneys in the Bond Service Fund will be required for Second General Bond Resolution purposes. In addition,
the Corporation has taken into consideration the maximization of return and the minimization of risk.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Harris A. Decker
    Mr. Paul G. Giddings
    Mr. George D. Gould
    John J. Keohane, Esq.
    Mr. William J. Lithgow
    Sally F. Pope, Esq.
    Mr. P. Santivasci
    Allen L. Thomas, Esq.
20 March 1978

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

Re: Bill 124

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 124 was submitted to us on March 14, 1978. This bill totals $5,776.65, which includes charges of $5,604.00 for personal services, and $172.65 for reimbursable expenses for the month of January 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 $672.48, or 12 percent, to $4,931.52. This would reduce the total due your firm to $5,104.17.

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,

Stephen J. Weinstein
Deputy Executive Director

Enclosures
20 March 1978

Mr. John J. McDonald
Assistant Treasurer
Chemical Bank
135 Main Street
Nyack, New York 10960

Dear Mr. McDonald:

We are in receipt of your letter of March 13, 1978, regarding payment of coupons on certain 1977 Series 8 Bonds of the Municipal Assistance Corporation which are held by a Chemical Bank customer.

I am asking Mr. Pat Santivasci of the United States Trust Company of New York, which acts as Trustee for the Corporation's bondholders, to look into this matter and to advise you of his findings. If you have any further inquiries in this regard, you should contact Mr. Santivasci directly, at the United States Trust Company of New York, 130 John Street, New York, New York 10038, telephone (212) 425-4500.

I hope that this information will be helpful to you.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Pat Santivasci
United States Trust Company of New York

SJW:bba
March 13, 1978

Municipal Assistance Corp. 
2 World Trade Center 
New York, N.Y. 

Re: 20 Municipal Assistance Corp., City of New York, 
1977 Series 8 Bonds @ $5,000., due 7/1/1992 

Owner: Dr. Ralph J. Greenberg 

Gentlemen: 

On January 12, 1978, our customer, Dr. Ralph J. Greenberg, deposited 20 coupons at $187.50 each, due on January, 1978, from the above bonds, numbered 13180 to 13199 (20 coupons) which had a total cash value of $3,750.00. However, these 20 coupons were presented in a sealed envelope at a value of $125.00 each totaling $2,500.00. This represents an underpayment of $1,250.00 

These coupons were submitted by our office through Chemical Bank's coupon collection department on or about January 16, 1978. 

Your attention would be appreciated to research this matter with views to satisfying our depositor and owner, Dr. Ralph J. Greenberg's claim of January 17, 1978. 

Thank you for your attention and should any questions arise please do not hesitate to call us. 

Very truly yours, 

John J. McDonald 
Assistant Treasurer 

JJM:rb 
cc: Chemical Bank 
    Coupon Collection Dept. 
    55 Water St. 

cc: Dr. Greenberg
14 March 1978

Mr. David Hershps
Department of the Treasury
15th & Pennsylvania Avenue, N.W.
Room 1225
Washington, D.C. 20220

Dear David:

Enclosed are copies of the Municipal Assistance Corporation's most recent certifications of its cash needs, which are dated February 10, 1978.

The next scheduled certification date is April 12, 1978.

I hope that this information is helpful to you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

Enclosures (2)

SJW/gh
March 8, 1978

Dear Steve:

Could you please send me a copy of the latest MAC debt service certification which you send to the City? Thank you.

On a recent trip to the City I stopped by the office -- unfortunately you were not available. I'm sorry to have missed you; perhaps another time.

Sincerely,

David Herships

Mr. Steve Weinstein
Municipal Assistance Corp.
Two World Trade Center
New York, NY 10047
March 13, 1978

Municipal Assistance Corp.
2 World Trade Center
New York, N.Y.

Re: 20 Municipal Assistance Corp., City of New York, 1977 Series 8 Bonds @ $5,000., due 7/1/1992

Owner: Dr. Ralph J. Greenberg

Gentlemen:

On January 12, 1978, our customer, Dr. Ralph J. Greenberg, deposited 20 coupons at $187.50 each, due on January, 1978, from the above bonds, numbered 13180 to 13199 (20 coupons) which had a total cash value of $3,750.00. However, these 20 coupons were presented in a sealed envelope at a value of $125.00 each totaling $2,500.00. This represents an underpayment of $1,250.00

These coupons were submitted by our office through Chemical Bank's coupon collection department on or about January 16, 1978.

Your attention would be appreciated to research this matter with views to satisfying our depositor and owner, Dr. Ralph J. Greenberg's claim of January 17, 1978.

Thank you for your attention and should any questions arise please do not hesitate to call us.

Very truly yours,

[Signature]

John J. McDonald
Assistant Treasurer

JJM:rb
cc: Chemical Bank
    Coupon Collection Dept.
    55 Water St.

cc: Dr. Greenberg
9 March 1978

United States Trust Company
of New York
130 John Street
New York, New York 10038

Attention: Mr. Malcolm J. Hood, Senior Vice President

Gentlemen:

This is to confirm the oral instructions to you by Mr. Harris A. Decker of the Corporation.

You were instructed to arrange a Repurchase Agreement maturing March 15, 1978, for $17,203,000, which represents the proceeds of a Repurchase Agreement that matured March 1, 1978, for $17,181,000 held in the Bond Service Fund established under the Second General Bond Resolution.

The Corporation confirms that in issuing such instructions it has taken into consideration the dates and times when moneys in the Bond Service Fund will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical with but in no event later than such times at which moneys in the Bond Service Fund will be required for Second General Bond Resolution purposes. In addition, the Corporation has taken into consideration the maximi-
zation of return and the minimization of risk.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Stephen J. Weinstein
Deputy Executive Director

cc:  Mr. Harris A. Decker
     Mr. Paul G. Giddings
     Mr. George D. Gould
     John J. Keohane, Esq.
     Mr. William J. Lithgow
     Sally F. Pope, Esq.
     Mr. P. Santivasci
     Allen L. Thomas, Esq.

SJW/HAD/gh
3 March 1978

John Bender, Esq.
General Counsel
EMERGENCY FINANCIAL CONTROL BOARD
270 Broadway
New York, New York 10007

Dear John:

Enclosed for your information are copies of letters we have received from our general counsel, Paul, Weiss, Rifkind, Wharton and Garrison, and our bond counsel, Hawkins, Delafield and Wood, expressing views on the legality of the City's use of certain revenues raised from taxes levied outside the 2-2/3% limit provided in Article 8, Section 10 of the New York State Constitution, to pay interest accrued on certain New York City Bond Anticipation Notes held by the Corporation.

Please note that in each letter the views expressed are predicated on a given statement of facts. The letters were requested after questions were raised as to the legality of such payment, as proposed by the City, and are now forwarded in an effort to resolve those questions.

Sincerely,

[Signature]

Marilyn F. Friedman
Counsel

Enclosures

MFF/lsd
Municipal Assistance Corporation  
For the City of New York  
Two World Trade Center  
New York, New York  

Att: Marilyn Friedman, Esq.  

Dear Ms. Friedman:  

Pursuant to your request, we have reviewed the question of whether, assuming the following facts, The City of New York (the "City") may, in fiscal year 1977-1978, pay interest on the bond anticipation notes of the City referred to in paragraph (e) below in whole or in part from the monies described in paragraph (d) below:  

(a) The Municipal Assistance Corporation For The City of New York (the "Corporation") holds general obligation notes of the City (including BANs, TANs and RANs) in the aggregate principal amount of $4,236,165,000;  

(b) The Corporation has acquired such notes pursuant to applicable provisions of its enabling act as a result of certain transactions, including (i) furnishing the City with monies to pay operating expenses, (ii) exchanges of City obligations for obligations of the Corporation and (iii) renewals of notes previously acquired;  

(c) Such notes are obligations of the City valid when issued and presently outstanding and unpaid;  

(d) Certain monies available for the payment of such bond anticipation notes (the "Amount") have been raised by the City during its current (1977-1978) fiscal year by ad valorem taxes upon taxable real property within the City for the servicing of its debt and therefore such taxes are not included in the sum of all such taxes within the 2-1/2% Constitutional tax limit;  

(e) The Corporation has informed the City that it anticipates presenting for payment of interest certain bond anticipation notes. The aggregate amount of interest due on such notes for the 1977 and 1978 fiscal years equals or exceeds the Amount. In certifying for funds from state sales tax or per capita aid revenues
to pay debt service following receipt of the interest payment contemplated, the Corporation will take into account the amount of interest paid and received, as well as other monies available for the payment of debt service.

(f) Except with respect to the notes referred to in paragraph (e) above, the Corporation has informed the City that its present policy is not to present the notes that it holds for payment of interest or for payment of principal either at or after their dates of maturity.

We have received from or through the Corporation various memoranda and opinions relating to this subject matter and have additionally reviewed such matters of law which we have deemed necessary to this opinion but such review has been concluded on the basis of our assumption of the facts set forth above. Based on the foregoing, we are of the opinion that the City may apply the Amount raised "outside the tax limit" to the payment of interest on such bond anticipation notes held by the Corporation and presented by the Corporation for such payment.

Article VIII, Section 10, of the Constitution provides that "the amount to be raised by tax on real estate in any fiscal year, in addition to providing for the interest on and the principal of all indebtedness, shall not exceed an amount equal to the following percentages...less the amount to be raised by tax on real estate in such year for the payment of the interest on and redemption of certificates or other evidence of indebtedness described in paragraphs A and D of section five of this article, or renewals thereof". By reference to paragraphs A and D of Section 5 of Article VIII, it is clear that the sum needed to pay the interest on bond anticipation notes may be raised by real estate taxes levied in addition to taxes included in the real estate tax computation and limitation for the City set forth in Article VIII, Section 10.

We also assume that the notes in question are held by the Corporation in accordance with its enabling legislation. The legislation does not alter the character of these notes in any way. Therefore, we believe that the monies may be used for paying the interest due on such notes as are presented for payment of such interest.

As you observed in your request for our opinion on this matter, consideration thereof precipitates the following other significant issues which should be addressed by the City and the Corporation in the near future:
1. Article VIII, Section 2, of the Constitution requires that the City shall make provision annually by appropriation for the payment of interest on all indebtedness. The Corporation and the City may wish to formalize their arrangements with respect to interest on all the notes presently held by the Corporation in order that the requisite appropriations of interest due and payable, if any, on such notes will be made in the future budgets of the City.

2. Consideration should also be given (a) to the provisions of Article VIII, Section 2, with respect to provision for payment of certain indebtedness in annual installments and for the redemption of certain indebtedness issued in anticipation of the collection of taxes or other revenues which are not retired within five (5) years after their date of original issue and (b) to the provisions of Article VIII, Section 4, with respect to the inclusion of the notes held by the Corporation in the debt limit of the City.

Please note that our opinion is based on the relevant facts presented to and assumed by our firm and should not be considered as precedent or basis for the propriety of any action whereby different facts would be presented and assumed.

Very truly yours,

[Signature]
March 2, 1978

Dear Marilyn:

We have received various materials relating to a proposed payment to the Municipal Assistance Corporation For The City of New York (the "Corporation") by The City of New York (the "City") from taxes levied outside the 2-1/2% limit provided in Article 8, Section 10 of the New York State Constitution, of accrued interest on certain bond anticipation notes of the City ("BANs") now held by the Corporation. This proposed payment is described in, and the forwarded materials include, a memorandum dated October 18, 1977 from the then Corporation Counsel to the then Deputy Mayor For Finance, a memorandum dated September 21, 1977 from Bernard J. Kabak of the Office of the Special Deputy Comptroller to Theodore M. Berns, letters to the then Deputy Mayor For Finance from Rogers & Wells and a letter from Willkie Farr & Gallagher, dated October 24 and October 28, 1977, respectively.

Although neither the Corporation nor this firm is directly involved in the determination of the City as to whether to make the proposed payment, you have requested that I express this firm's independent views on the legality of the proposed payment.

I have reviewed the memoranda and lawyers' letters referred to and the relevant provisions of the Constitution of the State of New York and of the State Public Authorities Law pertaining to the Corporation. I have considered specifically the questions raised in Mr. Kabak's memorandum.
Marilyn F. Friedman, Esq.

This will confirm the views which I expressed orally at a meeting held in the office of the City Controller Wednesday, October 19, 1977. In my view, the proposed payment may be made from taxes levied outside the 2-1/2% limit referred to above. Each of the contrary questions raised in Mr. Kabak's memorandum, in my view, is satisfactorily resolved in favor of the proposed payment.

I understand that you may make copies of this letter available to the Deputy Mayor For Finance and others with an interest in the matter.

If you have any additional question about this matter, please call me.

Sincerely,

[Signature]

Alan L. Thomas

ALT/njr

cc: Bernard J. Kabak, Esq.
    Donald J. Robinson, Esq.
1 March 1978

United States Trust Company
of New York
130 John Street
New York, New York 10038

Attention: Mr. Malcolm J. Hood, Senior Vice President

Gentlemen:

This is to confirm the oral instructions to you by Mr. Harris A. Decker of the Corporation.

You were instructed to arrange a Repurchase Agreement maturing March 1, 1978, for $17,160,000, which represents the proceeds of a Repurchase Agreement that matured February 22, 1978, for $17,138,000 held in the Bond Service Fund established under the Second General Bond Resolution. You were further instructed to arrange a Repurchase Agreement maturing March 8, 1978, for $17,181,000, which represents the proceeds of the above described Repurchase Agreement that matures March 1, 1978.

You were further instructed to purchase from Chemical Bank $1,121,000 face value of Federal Land Bank bonds that mature January 22, 1990, and have a coupon rate of 8.20% at a price of 99.84375% for the Capital Reserve Aid Fund established under the Second General Bond Resolution. This purchase of eligible securities represents the investment of interest received on invested balances. The arrangements for this purchase were made by the Corporation.

The Corporation confirms that in issuing such instructions
it has taken into consideration the dates and times when moneys in the Bond Service and Capital Reserve Aid Funds will be required so that the maturity or redemption date at the option of the holder of each such investment shall coincide as nearly as practical with but in no event later than such times at which moneys in the Bond Service and Capital Reserve Aid Funds will be required for First and Second General Bond Resolutions purposes, respectively. In addition, the Corporation has taken into consideration the maximization of return and the minimization of risk.

Sincerely,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. Harris A. Decker
Mr. Paul G. Giddings
Mr. George D. Gould
John J. Kehane, Esq.
Mr. William J. Lithgow
Sally F. Pope, Esq.
Mr. P. Santivasci
Allen L. Thomas, Esq.

SJW/HAD/gh
BY HAND

1 March 1978

The Honorable Arthur J. Levitt
Comptroller of the State of New York
270 Broadway
23rd Floor
New York, New York 10007

Dear Mr. Levitt:

If Federal legislation is enacted to provide long-term loans or bond guarantees for the City of New York rather than a renewal of the Federal Seasonal Loan Program, alternative forms of seasonal financing for the City will be required after June 1978. Part of the seasonal financing could be provided by issuing MAC notes to be purchased by State Pension Funds. These notes would be issued during the first few months of the 1979 fiscal year (between July and September 1978) and be payable at the end of the 1979 fiscal year (in April and June 1979). (It is assumed that these notes would be issued only as part of a comprehensive plan which provides for all of the City's seasonal and long-term financing requirements.)

MAC would issue these notes under a new General Note Resolution, to be adopted by the Corporation. Such Note Resolution would provide, among other things, that the notes would have a charge or lien with respect to State per capita aid payable to the City pursuant to Section 54 of the State Finance Law ("Per Capita Aid"), State sales and compensating use taxes imposed by Section 1107 of Article 28 of the State Tax Law ("Sales Tax") and the State tax on sale or transfer of stock or other certificates imposed by Section 270 of Article 12 of the State Tax Law ("Stock Transfer Tax"), all of which are available to the Corporation under its enabling legislation.
1 March 1978
Arthur J. Levitt
Page Three

The Stock Transfer Tax revenues, projected to be $250 million in 1979, are also available to MAC, but are not included in the above calculations.

Using the above Sales Tax and Per Capita Aid projections, MAC could expect to receive approximately $696 million in revenues during April and June after providing funding for its First and Second Resolution bonds. These revenues could provide for payment of principal and interest on MAC notes on April 12, 1979 and June 30, 1979. If $500 million in notes were issued, the expected revenues of $696 million would provide coverage of principal and interest of approximately 1.3 to 1.0.

Sincerely,

THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]
Stephen J. Weinstein
Deputy Executive Director

cc: Sidney Schwartz

SJW:bba