Date: May 31, 1979

To: MAC Debt File

From: Andrew Decker

Re: Underwriting Spreads

The breakdown of the issuance discounts on the Series 10, 14 and 15 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Series 10</th>
<th></th>
<th>Series 14</th>
<th></th>
<th>Series 15</th>
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<td>dollars</td>
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<td>$3,750,000</td>
<td>$14.50</td>
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<td>$15.00</td>
<td>$1,875,000</td>
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<td>15.00</td>
<td>2.50</td>
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<tr>
<td>Management</td>
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<td>187,500</td>
<td>1.50</td>
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<td>$20.00</td>
<td>$2,500,000</td>
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</table>

cc: Robert F. Vagt
FINANCE COMMITTEE

Finance Committee Meeting

Wednesday, May 30, 1979
10:30 a.m.
660 Madison Avenue, 22nd Floor
New York, New York 10021

AGENDA

1. Issuance Schedule
3. Refunding Program
4. Review of Management Group
5. Marketing Efforts -- Phase II
6. Rating Agencies Strategy
7. Mini-MAC's
Date: 29 May 1979
To: Finance Committee
From: Andrew Decker
Re: Refunding and Debt Issuance Strategy

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Table I displays the 1980 issuance schedules for both MAC and City debt. The schedule provides for total proceeds of $1,387 million - $1,037 million from MAC sales and $350 million from sales by the City. As detailed in Table I, the proceeds are to be used as follows:

($ millions)

City Capital
Capitalized Expenses
MAC Capital Reserve
Guaranty Fund
MAC Refunding

| 582 (1) |
| 285 |
| 100 |
| 10 |
| 410 |

1,387

The City's level of capital spending during 1980 was scheduled to be $482 million. The City has already reduced its estimate of spending for fiscal 1980 to $432 million, but still intends to raise a total of $582 million during the year.

(1) The City will issue $582 million of its bonds, $350 million federally guaranteed to the pension funds and $232 to MAC as "mirror" bonds for MAC's issuances.
<table>
<thead>
<tr>
<th>Sale Date</th>
<th>Closing Date</th>
<th>Purchaser</th>
<th>Amount</th>
<th>Purpose</th>
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<td>08/15/79</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>30 Capital Reserve [2nd]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 Guaranty Reserve Fund</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50 Capitalized Expenses</td>
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<tr>
<td>09/01/79</td>
<td>09/15/79</td>
<td>Private</td>
<td>300</td>
<td>20 Capital Reserve [2nd]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>245 Refunding</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35 Capitalized Expenses</td>
</tr>
<tr>
<td>11/01/79</td>
<td>11/15/79</td>
<td>Public</td>
<td>125</td>
<td>10 Capital Reserve [2nd]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 Guaranty Reserve Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>110 Capitalized Expenses</td>
</tr>
<tr>
<td>12/15/79</td>
<td>12/15/79</td>
<td>Private</td>
<td>237</td>
<td>72 Capitalized Expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>165 Refunding</td>
</tr>
<tr>
<td>03/01/80</td>
<td>03/15/80</td>
<td>Public*</td>
<td>125</td>
<td>107 City Capital [Mirrored]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18 Capitalized Expenses</td>
</tr>
<tr>
<td>06/01/80</td>
<td>06/15/80</td>
<td>Public*</td>
<td>125</td>
<td>125 City Capital [Mirrored]</td>
</tr>
</tbody>
</table>

$1,037

NOTE:
* Structure of debt is pro forma and will be adjusted to match the periods of probable usefulness underlying City Capital spending.
The City has indicated its intention to issue all $350 million of bonds to be guaranteed by the Federal government during the first half of the fiscal year. This implies that the $232 million of City capital moneys to be provided from the proceeds of MAC sales must be during the second half of the fiscal year. As shown in Table I, $107 million of the March public offering and all of the $125 million from the June sale are to be used by MAC to purchase City bonds.

Two issues remain to be addressed - the structure of MAC bonds issued to raise money for City capital purposes ("mirror bonds") and MAC's refunding program.

We are at present exploring with the City and its Bond Counsel the possibility of "split" issuances of City bonds. In such an arrangement, the City would issue a bond, for example a 30-year serial bond at some point in time. The first set of serial maturities would be delivered to the pension funds under the Guaranteed Bond Purchase Agreement and the remaining serial maturities would be sold to MAC sometime later. The "split" delivery would result in debt service savings to the City which could be translated into increased annual budgetary revenues of approximately $10 million throughout the 1980s. It also has the effect of reducing
MAC's debt service payments during the peak years of the late 1980s and early 1990s. Table II shows MAC debt service with pro forma implementation of the debt issuance plan using regular City capital structure while Table III shows the effect of "splitting" City issues. (Attached as Exhibits I and II are examples of how "splitting" would effect the June 1980 sale.) Note that total MAC debt service payments are lower under the "split" proposal through fiscal year 1993. In fiscal year 1994 and thereafter the "split" arrangement results in higher debt service payments. In both cases, MAC's funding requirements are substantially the same, since City capital mirror bonds tend to be self funding. For present purposes we will assume only regular City capital bonds are to be issued.

The Debt Issuance Plan provides for approximately $600 million of refunding by MAC of presently outstanding MAC bonds. The design of a refunding program should consider two objectives:

1. To build an overall MAC debt service structure that is consistent with MAC's long term strategic interests.

2. To reduce peak debt service and produce more level debt service funding needs.
### Municipal Assistance Corporation
For The City of New York

**Debt Service Payment Requirements by Fiscal Year**

**PRO FORMA PLAN USING REGULAR CITY CAP**

(In Thousands of Dollars)

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>59,760</td>
<td>487,192</td>
<td>546,952</td>
</tr>
<tr>
<td>1981</td>
<td>89,070</td>
<td>538,750</td>
<td>627,820</td>
</tr>
<tr>
<td>1982</td>
<td>87,630</td>
<td>573,041</td>
<td>660,671</td>
</tr>
<tr>
<td>1983</td>
<td>182,790</td>
<td>577,683</td>
<td>760,473</td>
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<tr>
<td>1984</td>
<td>237,170</td>
<td>559,893</td>
<td>797,063</td>
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<tr>
<td>1985</td>
<td>229,725</td>
<td>539,463</td>
<td>769,188</td>
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<tr>
<td>1986</td>
<td>313,405</td>
<td>519,542</td>
<td>832,947</td>
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<td>1987</td>
<td>360,800</td>
<td>492,013</td>
<td>852,813</td>
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<td>462,655</td>
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<td>920,591</td>
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<td>485,780</td>
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<td>905,238</td>
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<td>516,535</td>
<td>379,577</td>
<td>896,112</td>
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<tr>
<td>1991</td>
<td>553,735</td>
<td>337,218</td>
<td>890,953</td>
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<tr>
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<td>596,210</td>
<td>291,429</td>
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<tr>
<td>1993</td>
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<td>1995</td>
<td>458,653</td>
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<td>620,833</td>
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<td>169,295</td>
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<td>294,521</td>
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<td>149,790</td>
<td>112,000</td>
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<td>158,110</td>
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<td>257,349</td>
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<tr>
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<td>74,175</td>
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<tr>
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<td>94,260</td>
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<td>62,630</td>
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<tr>
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<td>23,774</td>
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<tr>
<td>2007</td>
<td>80,050</td>
<td>17,484</td>
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<td>2008</td>
<td>86,875</td>
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<td>97,532</td>
</tr>
<tr>
<td>2009</td>
<td>78,470</td>
<td>3,248</td>
<td>81,718</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,312,028</strong></td>
<td><strong>7,532,221</strong></td>
<td><strong>14,844,249</strong></td>
</tr>
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## Municipal Assistance Corporation
### For The City of New York

Debt Service Payment Requirements by Fiscal Year

**PRO FORMA PLAN USING SPLIT CITY CAP**

(In Thousands of Dollars)

<table>
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<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
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<tbody>
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<td>1980</td>
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<td>487,192</td>
<td>546,952</td>
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<td>89,070</td>
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<td>655,943</td>
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<tr>
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</table>

**Total** | **7,312,028** | **7,709,474** | **15,021,502**

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Copy Number 1
These two objectives are basically compatible. Certain timing questions, however, present policy choices which will determine precisely the level of debt service during the next few years. The refunding strategy choice can be stated simply - reduce debt service during the early years to produce budgetary savings or focus on reducing the peak and leveling the overall structure. The practical answer is less clear unfortunately.

As a guidepost, note that upon completion of the four-year debt issuance plan, MAC will have approximately $7 billion of debt outstanding. Amortization of this amount over 30 years using level debt service would imply annual debt service of approximately $600 million.

Table IV shows MAC's position upon completion of the Debt Issuance Plan but assumes no bonds have been refunded. In essence, the debt service shown in Table IV is the "refunding budget", for it includes debt service on the refunding bonds but no benefit from any refunded bonds. In other bonds, all of the debt service is included which permits one to see immediately the effect of refunding any particular bonds. As is clear from the table the peak debt service years are 1983 to 1993. During this period approximately 60% of the debt outstanding is scheduled to be redeemed.
### Municipal Assistance Corporation
For The City of New York

**Debt Service Payment Requirements by Fiscal Year**

**REFUNDING BUDGET**

*(In Thousands of Dollars)*

<table>
<thead>
<tr>
<th>FY</th>
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<th>Interest</th>
<th>Total</th>
</tr>
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<tr>
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<td>1999</td>
<td>155,465</td>
<td>82,865</td>
<td>238,330</td>
</tr>
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</tr>
<tr>
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<td>29,569</td>
<td>97,534</td>
</tr>
<tr>
<td>2006</td>
<td>73,760</td>
<td>23,774</td>
<td>97,534</td>
</tr>
<tr>
<td>2007</td>
<td>80,050</td>
<td>17,484</td>
<td>97,534</td>
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<td>2008</td>
<td>86,875</td>
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</tr>
<tr>
<td>2009</td>
<td>78,470</td>
<td>3,248</td>
<td>81,718</td>
</tr>
</tbody>
</table>

**Total** | **7,847,648** | **7,634,341** | **15,481,989**

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Table IV

29 May 1979
HAD/Finance Committee
Page Eight
Table V displays MAC's position upon completion of the Debt Issuance Plan with refunding Alternative One. Alternative One provides for the refunding of Series G, M, BB and 2 during fiscal 1982 and Series 1, 3, 4 and 6 during fiscal 1982. As displayed, debt service during the peak years of 1986 to 1993 is reduced somewhat but the bulk of the reduction occurs during the 1980 to 1985 period.

Table VI displays MAC's position upon completion of the Debt Issuance Plan with refunding Alternative Two. Alternative Two provides for the refunding of Series 1, 3, 4, 5, 6 and G during fiscal 1980 and the Series A 9.25 Term Bonds of 1990 during fiscal 1982. As is shown in the table, debt service during the 1980 to 1985 period is approximately $95 million higher (basically all in 1983 to 1985), than in Alternative One. Debt service during the 1986 to 1990 period is substantially lower in Alternative Two by approximately $306 million. (A small amount of the difference between debt service under Alternatives One and Two reflects changes in the structure of component bonds to reflect different purposes of issuances.)

The cost of Refunding Alternative One is approximately $621.1 million, $375.6 million in fiscal year 1980 and
### Municipal Assistance Corporation
For The City of New York

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

AFTER FY 82 USING ALT 4 REG CITY CAP & ALL BANS

*(In Thousands of Dollars)*

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Funding</th>
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<td>519,542</td>
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<td>74,353</td>
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<td>105,787</td>
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<td>94,889</td>
<td>229,339</td>
<td>200,346</td>
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<tr>
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<td>82,865</td>
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<td>68,916</td>
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<td>56,349</td>
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<td>29,569</td>
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<td>23,774</td>
<td>97,534</td>
<td>74,463</td>
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<td>80,050</td>
<td>17,484</td>
<td>97,534</td>
<td>74,587</td>
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<tr>
<td>2009</td>
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<td>81,718</td>
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</tr>
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<td>Total</td>
<td>7,187,873</td>
<td>7,315,408</td>
<td>14,503,281</td>
<td>11,628,209</td>
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</table>

=> ?
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$245.4 million in 1982. (1) Alternative Two would require
$668.9 million, $412.6 million and $256.3 million in 1980
and 1982, respectively. The amounts budgeted for refunding
in the Debt Issuance Plan are $410 million in 1980 and $225
million in 1982.

The capital reserve funding requirements are also
effected. Alternative Two would require an additional contribution
of approximately $70 million into the First Resolution
Capital Reserve Fund by October 12, 1979. This contribution is
not necessary if Alternative One refunding of First Resolution
debt is undertaken.

The combination of additional capital reserve funding requirements
and refunding excrow requirements under Alternative Two could
require the reduction of the amount of other uses of proceeds
during fiscal 1980 of approximately $60 million.

The City's present four-year plan (and 1980 budget submission)
assumes MAC funding numbers as follows:

(1) It is probably advisable to switch the refunding of
Series 6 from 1982 to 1980 under Alternative One. This
change would more fully use the amount available in 1980.
### Table VII

**Budget Assumptions Regarding MAC Funding**

($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Four-Year Plan</th>
<th>Alternative One</th>
<th>Alternative Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>442</td>
<td>384.6</td>
<td>418.2</td>
</tr>
<tr>
<td>1981</td>
<td>470</td>
<td>423.8</td>
<td>427.2</td>
</tr>
<tr>
<td>1982</td>
<td>469</td>
<td>480.1</td>
<td>493.1</td>
</tr>
<tr>
<td>1983</td>
<td>548</td>
<td>619.4</td>
<td>636.4</td>
</tr>
</tbody>
</table>

It should be noted that a substantial portion of the additional savings shown above for Alternatives One and Two are the result of increased levels of BAN amortization and are not the results of the refunding program. This can be seen more clearly by comparing Alternatives One and Two net of any BAN payments by the City. \(^{(1)}\)

### Table VIII

**Comparison of Alternatives One and Two**

<table>
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<tr>
<th>Year</th>
<th>Net of BAN Payments ($ millions)</th>
</tr>
</thead>
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<td>Funding</td>
<td>Alternative One</td>
</tr>
<tr>
<td>1980</td>
<td>578.7</td>
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<tr>
<td>1981</td>
<td>631.5</td>
</tr>
<tr>
<td>1982</td>
<td>636.1</td>
</tr>
<tr>
<td>1983</td>
<td>711.3</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Alternative One is actually the pro forma basis of the City's MAC funding requirement estimates.
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Alternative Two will increase MAC's funding requirements as
shown in the "Funding" column of Table IX. Note that it will
increase funding requirements by only $13 million in 1982 and
$17 million in 1983.

Table IX displays one measure of the net budgetary effect
to the City of the two alternatives. In that table, the
total tax levy is reduced by City debt service, MAC debt
service and then adjusted for payments from the City to MAC,
producing the net budgetary impact in each year.
### TABLE IX
Net Budget Effect on City
(In $ Millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Tax Levy ¹</th>
<th>City Debt Service ²</th>
<th>Net MAC Funding Requirement</th>
<th>Net Budget Alt#1</th>
<th>Net Budget Alt#2</th>
</tr>
</thead>
<tbody>
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<td>3,071*</td>
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<td>385</td>
<td>1,294</td>
<td>1,261</td>
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<td>424</td>
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<td>1,345</td>
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<td>480</td>
<td>1,373</td>
<td>1,360</td>
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<td>1,098</td>
<td>619</td>
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<td>813</td>
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<td>1,361</td>
<td>809</td>
<td>1,157</td>
<td>1,178</td>
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**NOTES:**

* Tax Rate capped at $8.75.

¹/ Assumes 94% collection rate.
²/ Net cash requirements.
### Municipal Assistance Corporation
**For The City of New York**

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

**JUNE 1980 PUBLIC SALE WITH REGULAR CITY CAPITAL**

*(In Thousands of Dollars)*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal</strong></td>
</tr>
<tr>
<td>1980</td>
</tr>
</tbody>
</table>
| 1981        | 6,016        | 6,016    | 2,409
| 1982        | 10,313       | 10,313   | 419
| 1983        | 5,555        | 10,083   | 15,638
| 1984        | 5,720        | 9,618    | 15,338
| 1985        | 5,880        | 9,140    | 15,020
| 1986        | 6,045        | 8,648    | 14,693
| 1987        | 6,210        | 8,142    | 14,352
| 1988        | 6,375        | 7,623    | 13,998
| 1989        | 6,535        | 7,091    | 13,626
| 1990        | 6,700        | 6,545    | 13,245
| 1991        | 6,865        | 5,985    | 12,850
| 1992        | 7,025        | 5,412    | 12,437
| 1993        | 7,190        | 4,826    | 12,016
| 1994        | 7,355        | 4,226    | 11,581
| 1995        | 7,515        | 3,612    | 11,127
| 1996        | 7,680        | 2,986    | 10,666
| 1997        | 7,845        | 2,345    | 10,190
| 1998        | 8,005        | 1,691    | 9,696
| 1999        | 8,170        | 1,024    | 9,194
| 2000        | 8,330        | 344      | 8,674

**Total** | 125,000 | 115,670 | 240,670 | 11,004

=> ?
### Municipal Assistance Corporation
For The City of New York

Debt Service Payment and Funding Requirements by Fiscal Year

**JUNE 1980 MAC PUBLIC FOR CITY CAPITAL WITH SPLIT CITY**

(In Thousands of Dollars)

<table>
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<th>Interest</th>
<th>Total</th>
</tr>
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<tr>
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<tr>
<td>1982</td>
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<td>10,000</td>
</tr>
<tr>
<td>1983</td>
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<tr>
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<tr>
<td>1989</td>
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<td>2000</td>
<td>7,500</td>
<td>6,450</td>
<td>13,950</td>
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<tr>
<td>2001</td>
<td>7,710</td>
<td>5,842</td>
<td>13,552</td>
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<td>2002</td>
<td>7,915</td>
<td>5,217</td>
<td>13,132</td>
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<td>2003</td>
<td>8,125</td>
<td>4,575</td>
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<td>2004</td>
<td>8,335</td>
<td>3,917</td>
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<td>8,540</td>
<td>3,242</td>
<td>11,782</td>
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<td>2006</td>
<td>8,750</td>
<td>2,550</td>
<td>11,300</td>
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<td>2007</td>
<td>8,960</td>
<td>1,842</td>
<td>10,802</td>
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<td>2008</td>
<td>9,165</td>
<td>1,117</td>
<td>10,282</td>
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<tr>
<td>2009</td>
<td>9,375</td>
<td>375</td>
<td>9,750</td>
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<td><strong>Total</strong></td>
<td><strong>125,000</strong></td>
<td><strong>211,499</strong></td>
<td><strong>336,499</strong></td>
</tr>
</tbody>
</table>

**29 May 1979**
HAD/Finance Committee
Page Seventeen

CONFDENTIAL
Do Not Reproduce or Distribute

Copy Number 1

2,917

7,499
May 25, 1979

Mr. Jerome Birnbaum
1119 Fordham Lane
Woodmere, New York 11598

Dear Mr. Birnbaum:

This letter is in response to your inquiry about the letter which you received from the United States Trust Company of New York, dated April 23, 1979, which informed you that one of your Municipal Assistance Corporation 1975 Series 4 Bonds had been redeemed on July 1, 1978, prior to its original maturity date. The Trust Company serves as Trustee for the Corporation's bondholders.

The terms of issuance of the 1975 Series 4 Bonds provide that they are subject to redemption in part by lot on July 1 in each of the years 1977 through 1986 in specified principal amounts at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption, and that on the date of such redemption interest ceases to accrue and subsequent coupons become void.

In order to provide notice to the holders of bonds which are to be redeemed each year, the 1975 Series 4 Resolution provides that, not less than 30 nor more than 60 days prior to the redemption date, the Corporation shall notify by mail all registered owners of bonds to be so redeemed, and shall publish once a week for at least two successive weeks a list of all bonds to be so redeemed in an English language newspaper of general circulation in the Borough of Manhattan. Inasmuch as the Corporation has no record of the identities and addresses of holders of its coupon bonds, the only way in which it can and is required to provide notice to them is through publication. Such notices were provided, by mail to registered holders and by publication to other holders, in connection with the July 1, 1978 redemption.

You should note that the Corporation makes its bonds available in registered as well as coupon form, and permits the holder to switch from one form to the other at the expense of the Corporation as the holder may desire. Because registered holders do receive individual notification by mail of any early redemption, and because registered bonds also provide certain
May 25, 1979
Mr. Jerome Birnbaum
Page Two

other conveniences and protections, you may wish to consider transferring any of your remaining bonds from coupon form to registered form. If so, you should notify Mr. Pat Santivasci of The United States Trust Company of New York, 130 John Street, New York, New York 10038 (Telephone 212-425-4500, Ext. 2512).

We appreciate your concern, and hope that this information is helpful to you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:pas
Dear Sir,

Concerning one of my MAC Bonds $5000 of 1975/10/180, a Mr. Page, a Sullivan from V3 Trust Co. Corporate Trust agency services wrote me a letter this May 1979 about the above Bond being called last July 1979. He said he was going to deduct the interest coupons that were issued already. I don't think I should be penalized. Nevertheless,
My Bank's bookkeeping was at fault and they wanted a year to notify me that the Bank wasn't paying interest. They should have notified me in a few days that the Company I presented for payment wasn't good. Instead, they paid it and deducted the money when I sent the Bank on for Collection. I think you owe me the money and I have a legal claim against the Bank for $1000 plus the interest from Jan 1 till May 1. Sincerely, Jerome B.
The State legislation which established the Municipal Assistance Corporation granted the Corporation's Board of Directors full authority to direct the affairs of the Corporation, including the powers to collect, hold and pay out moneys and to appoint officers, agents and employees, prescribe their duties and fix their compensation, as we have been advised by General Counsel.

Inasmuch as the creation of the Corporation was a response to the financial crisis confronting the City in the spring of 1975, development and implementation of administrative procedures for operating the Corporation were deferred, and temporary arrangements were made for administering the Corporation until its own staffing and procedures could be developed. At the outset of its operation in June 1975, the Corporation had virtually no staff, and looked to outside counsel and outside consultants to conduct its business. Subsequently, the Corporation built up a professional and support staff to perform the Corporation's functions with regard to financing and oversight, as well as its day-to-day operations. At present, the Corporation's staff conducts the Corporation's activities, utilizing outside counsel and consultants only where particular expertise or advice is required. However, certain of the initial administrative arrangements made in 1975 remain in place, although inappropriate to present staffing and operating patterns. Accordingly, it is recommended that the Board consider the following proposals to institute appropriate permanent procedures for administering the affairs of the Corporation, designed to increase further operating efficiency and to improve management control, which would replace the temporary procedures established in 1975.

Operating Expenses

Since its inception, MAC operations have been funded in two separate ways. First, MAC obtains the bulk of moneys to pay for its operations by means of the statutory procedure provided in the MAC Act, whereby the Chairman certifies and the State Comptroller pays to MAC moneys available to it from its statutory revenue streams, which are paid into the MAC "Operating Fund". This Operating Fund has totaled approximately $5.5 million each year, and is used to pay all MAC expenses other than operating its own office, and to pay
certain of the expenses of the Financial Control Board and the Office of the Special Deputy Comptroller. The Operating Fund is funded from the State Sales Tax revenues each June for the coming year. Second, each year since the inception of the Corporation, the State Legislature has appropriated to MAC a "First Instance Appropriation" as a part of the annual State Budget, approximately $600,000 for the State's current (1980) fiscal year. This First Instance Appropriation is used each year to pay initially the costs of MAC office operations, principally for staff salaries and office rent and equipment; State law then requires that each year's MAC First Instance expenditures be repaid to the State, and MAC does so each year from its Operating Fund.

Operating Fund. Shortly after the establishment of the Corporation in 1975, the Board of Directors directed that the Operating Fund of the Corporation be used for all costs related to bond issuance. In addition, the Board requested that, pending development and implementation of alternative internal procedures, the State Comptroller pay such bills on a pre-audit basis and, accordingly, that the Comptroller hold the Operating Fund moneys until the Corporation commenced its own administration of the Fund. Since that time, MAC's Operating Fund has been held in the custody of the State Comptroller and disbursed by means of the "State Voucher" system. Under this system, bills submitted to MAC for goods or services provided to MAC are submitted by the Corporation to the New York State Department of Audit and Control for payment, which subjects them to that Department's "Pre-Audit" system of investigation prior to payment. Although these procedures are not required for MAC by law, as our General Counsel has advised, they became operational as part of the Comptroller's services adopted as a matter of corporate policy in June 1975. These procedures have resulted both in substantial paper work and significant delays in payment to suppliers of nearly all categories of goods or services required for the operation of the Corporation and, accordingly, the expenditure of considerable staff time and effort simply to expedite the State procedures.

First Instance Appropriation. Expenditures of the First Instance Appropriation moneys are subject to another layer of State administrative procedures established by the State Division of the Budget, which requires various approvals prior to authorizing payment from the Appropriation. Consequently, the Corporation customarily experiences considerable delay in hiring and promoting personnel, implementing salary
increases, and paying consultants, all after having been duly authorized by the Corporation. For example, salary increases for 8 MAC employees authorized and submitted by the Board on January 5, 1979, were paid to 5 of them on May 9, 1979, and as of this date have not yet been paid to the remaining 3 employees — Counsel, Treasurer and Administrative Assistant. A similar delay occurred last year when salary increases approved and submitted by the Corporation in January 1978 were not paid until June 1978. In addition, the State Division of the Budget has recently expressed concern about the use of the first instance mechanism to fund public authorities as discussed in the attached memorandum.

Proposal

In light of the serious practical problems posed by the temporary procedures set up in 1975, and to provide a permanent and appropriate management control system for the Corporation, it is proposed that the Corporation adopt the following internal operating procedures compatible with its resources and requirements, commencing effective July 1, 1979, the start of our coming fiscal year. Even after the establishment of such procedures, all MAC transactions and payments would remain subject to post-audit by the State Comptroller, as required by New York State law. The basic recommendation is that all of the operating expenses of the Corporation be paid from its Operating Fund in accordance with the single set of internal procedures outlined below, and use of the First Instance Appropriation be discontinued. The program recommended is one which has been presented to and is acceptable to our Independent Accountants as sufficiently providing for necessary procedures, controls and standards.

I. Budgeting and Funding

For the fiscal year beginning July 1, 1979, and for each fiscal year thereafter, the staff would prepare and the Board would review a proposed Annual Operating Budget for the Corporation. Each year, the Board would adopt the Annual Operating Budget no later than June 1st for the fiscal year commencing the following July 1st. Each year, the Chairman would include in the Corporation’s regular June 25 certificate to the State Comptroller the total amount of the Annual Operating Budget for the following year. Pursuant to the MAC Act, the Comptroller would pay such moneys to the Corporation no later than June 25th; the Corporation would direct that they be paid to the United States Trust Company
of New York, where they would be disbursed to paying agency accounts as needed throughout the year, while the maximum possible balance would be held by the Trust Company and invested in short-term money market instruments at the direction of the Corporation.

II. Paying Agencies

It is proposed that the Corporation retain Morgan Guaranty Trust Company of New York to act as its agent in payment of accounts payable to suppliers of goods and services to the Corporation, and to retain Chemical Bank to act as its agent for payment of payroll to employees and withholding taxes and social security contributions to the State and Federal governments, each for a fee in accordance with the procedures to be described below. These recommendations are based upon the staff's review of several alternative agencies, in terms of services available and applicable fees.

III. Payment Procedures

Disbursements from the Operating Fund would be made by check drawn on the Corporation's account at one of the above banks, after: (1) Authorization to Incur Expense; (2) Verification of Invoice and Receipt; (3) Audit and Accounting; (4) Direction to Pay. Each of these steps is discussed below and would be recorded on a single standard form, a prototype of which is attached to this memorandum.

1. AUTHORIZATION TO INCUR EXPENSE

The Board of Directors would be required to authorize: (1) payments expected to exceed $100,000 within any fiscal year to any one person or institution; and (2) expenses incurred in connection with retention of outside counsel, independent accountants and financial advisors. Authorization to incur expenses below that level and in other categories would be provided by either the Executive Director or the Deputy Executive Director. The expense to be authorized would be reviewed for consistency with the Annual Operating Budget, with regard to the expected amount and timing of the expenditure. Each Authorization would be dated and numbered, which number would also serve as a confirmation number for
24 May 1979
Administration Committee,
Board of Directors
Page Five

vendors. The procedure for payroll authorization would remain unchanged from the present By-Laws, with the salary of the Executive Director established by the Board and that of all other employees by the Executive Director.

2. VERIFICATION OF INVOICE AND RECEIPT

The Executive Director or the Deputy Executive Director would designate an officer or employee of the Corporation who is responsible for or familiar with the services or goods supplied to review the invoice (with regard to the amounts of the charges as compared with the Authorization to Incur Expense and any controlling contract or Board resolution) and to verify that the goods or services had actually been received in accordance with specifications, or to note any discrepancies or variations therefrom.

3. AUDIT AND ACCOUNTING

Once the approvals of Parts 1 and 2 have been secured, the disbursements would be entered into the Corporation's accounts by the Administrative Officer or the Administrative Assistant.

4. DIRECTION TO PAY

Once Parts 1 through 3 have been completed, the Corporation would direct the appropriate bank to draw a check in a stated amount to the indicated payee, by dual signature of the Treasurer and either the Executive Director or the Deputy Executive Director.

5. PAYMENT RECORD

The paying agent bank would provide verification to the Corporation of the date, amount and check number of all payments made at the direction of the Corporation. In addition, any checks drawn by the bank in an amount in excess of $10,000 must be countersigned by the Treasurer of the Corporation.

Attachments (2)
MUNICIPAL ASSISTANCE CORPORATION
EXPENDITURE AUTHORIZATION

PART ONE: AUTHORIZATION TO INCUR EXPENSE

Payee: ___________________________ Amount: $______________

Purpose: ____________________________

Check and Complete as Appropriate:

___ Salaries for Period _____________ as per Attached Payroll

___ Pursuant to Contract No. _______ Dated ________________

___ Pursuant to Board Resolution Dated ________________

___ Conforms to Annual Operating Budget Item No. ________

___ Conforms to Budget Modification No. ______ Dated ________

Expected Payment Schedule: 

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

Prepared by:
Administrative Officer or Administrative Assistant Date

Authorized by:
Executive Director or Deputy Executive Director Date

PART TWO: VERIFICATION OF INVOICE AND RECEIPT

___ Goods or services listed on the attached invoice received in accordance with specifications and price authorization.

___ Not in conformance with specifications or prices; modification of Authorization to Incur Expense required.
MEMORANDUM

To: All Budget Examiners
From: Howard F. Miller
Subject: First Instance Financing

Date: April 17, 1979

I have become increasingly concerned about the use of the first instance mechanism for funding certain operations of State departments and agencies and public authorities, particularly within the State Purposes portion of the Budget. During State fiscal year 1978-79, first instance transactions had a significant impact on the financial plan in terms of funding additional unanticipated expenditures for State Purposes -- first instance net outgo. In fact, during 1978-79, more than $36 million in hard dollar expenditures were required to make up a first instance net outgo in the State Purposes Tax Stabilization Reserve Fund over and beyond the available cash balance of $23 million in such Fund. Hard dollar expenditures of $14 million were required to make up a first instance net outgo in the Local Assistance Tax Stabilization Reserve Fund.

Funding of First Instance Transactions

First instance transactions are, in essence, temporary loans to departments, agencies and public authorities. A State expenditure is made in the first instance (i.e., made subject to reimbursement at some later date) reimbursable either from Federal funds, regular State revenues, or some other source:
State Purposes — first instance transactions are generally financed throughout a fiscal year from available cash in the State Purposes Tax Stabilization Reserve Fund, repayments of other first instance advances and General Fund revenues. Prior to 1978-79, any shortfall in reimbursements of advances (i.e., net outgo) was financed by the available cash balance in such Tax Stabilization Reserve Fund, and the Fund held accounts receivable (as noted above, the cash balance in 1978-79 proved inadequate for this purpose) that were generally repaid in the ensuing fiscal year.

Local Assistance — first instance transactions are financed in a manner similar to State Purposes, except from the Local Assistance Tax Stabilization Reserve Fund. Again, prior to 1978-79 any shortfall in reimbursements of advances was financed from available cash in the Reserve Fund.

Capital Construction — first instance transactions are financed from Capital Construction Fund assets. Shortfalls in reimbursements of advances are a direct charge against Capital Construction Fund expenditures. Overreimbursements reduce Capital Construction Fund expenditures.
1978-79 Experience

During fiscal year 1978-79, shortfalls in reimbursements of advances exceeded the available cash balances in both the State Purposes and Local Assistance Tax Stabilization Reserve Funds. The shortfalls in these reimbursements had to be financed via hard dollar expenditures from the State Purposes Fund and the Local Assistance Fund in an amount of $36 million and $14 million, respectively. Those agencies with State Purposes - first instance net outgo at March 30, 1979 are shown in the attached table. These expenditures increased the assets of each of the reserve funds and only in the case of an unanticipated deficit can this cash expenditure be recovered, and the revenue be used to finance General Fund expenditures. Accordingly, the shortfalls in reimbursements have the effect of reducing, by about $50 million, our ability to finance future hard dollar General Fund expenditures.

1979-80 First Instance Transactions

The 1979-80 Financial Plan presently projects State Purposes -- first instance advances at $755 million and Local Assistance -- first instance advances at $127 million. It is also anticipated that these advances will be completely reimbursed by the end of 1979-80, despite the experience of 1978-79. Thus, the financial plan does not include any funds to finance a first instance net outgo in either of these two funds.
Therefore, it is imperative that all examiners, having agencies with first instance appropriations, closely monitor advances and reimbursements for each such appropriation. I have asked the Fiscal Planning Unit to prepare a monthly schedule (by department, agency and public authority) showing advances and reimbursements for the 1979-80 fiscal year. It will be the responsibility of each examiner to notify the relevant agencies of any significant discrepancies between advances and reimbursements (particularly with respect to those agencies that are billing client groups or the Federal government for reimbursement).

Also, each examiner should be evaluating the necessity for utilizing the first instance funding approach for the various departments or programs within his or her purview.

If any additional information or clarification of this request is necessary, please contact Bruce Balle of the Fiscal Planning Unit.

cc: Mark Lawton  
   Jim Introne
<table>
<thead>
<tr>
<th>Department, Agency or Authority</th>
<th>1978-79 Net Outgo</th>
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<tr>
<td>Agriculture and Markets</td>
<td>512</td>
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<tr>
<td>Audit and Control</td>
<td>1,640</td>
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<td>Banking</td>
<td>423</td>
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<td>Consumer Protection Board</td>
<td>46</td>
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<td>Education</td>
<td>118</td>
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<td>SUNY</td>
<td>12</td>
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<tr>
<td>Environmental Conservation</td>
<td>3,379</td>
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<tr>
<td>Office of General Services</td>
<td>614</td>
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<tr>
<td>Health</td>
<td>2,199</td>
</tr>
<tr>
<td>Labor (Workers' Comp.)</td>
<td>3,603</td>
</tr>
<tr>
<td>Law (including Nursing Home Investigator)</td>
<td>3,030</td>
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<tr>
<td>Division of the Lottery</td>
<td>1,035</td>
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<tr>
<td>OMR/DD</td>
<td>3,109</td>
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<tr>
<td>Parks and Recreation</td>
<td>545</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>3,770</td>
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<tr>
<td>Social Services (WMS, MMIS)</td>
<td>12,683</td>
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<td>State Police</td>
<td>1,714</td>
</tr>
<tr>
<td>Racing &amp; Wagering Board</td>
<td>1,562</td>
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<tr>
<td>State University Const. Fund</td>
<td>.6</td>
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<tr>
<td>Transportation</td>
<td>760</td>
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<tr>
<td>Youth</td>
<td>1,785</td>
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<tr>
<td>Criminal Justice Services</td>
<td>974</td>
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<td>State</td>
<td>130</td>
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<td>Judiciary</td>
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<td>Mental Health</td>
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<td>Financial Control Board</td>
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<td>Energy Research and Development</td>
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<td>Facilities Development Corp.</td>
<td>1,561</td>
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<tr>
<td>Industrial Exhibit Authority</td>
<td>156</td>
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<td>Law Revision Commission</td>
<td>77</td>
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<tr>
<td>Municipal Assistance Corp.</td>
<td>567</td>
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<tr>
<td>Fringe Benefit Escrow Account</td>
<td>6,833</td>
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<tr>
<td>Judgements</td>
<td>8,916</td>
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<tr>
<td>Interdepartmental Traffic Safety</td>
<td>1,023</td>
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<tr>
<td>Natural Heritage Trust</td>
<td>100</td>
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<tr>
<td>Substance Abuse Services</td>
<td>15</td>
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<tr>
<td>Probation</td>
<td>22</td>
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<tr>
<td><strong>Total Outgo</strong></td>
<td><strong>67,579</strong></td>
</tr>
</tbody>
</table>

DoB/FPU
4/17/79
24 May 1979

Dr. Howard F. Miller
Director of the Budget
NYS Division of the Budget
Executive Chamber
Albany, New York 12224

Dear Howard:

To fund the new positions described in my letter to you dated May 14, an increase in the Corporation's First Instance Appropriation for the State fiscal year 1979-80 is necessary. An increase of $60,000 through a supplemental budget appropriation is hereby proposed.

The supplemental budget appropriation would provide funds for the following:

**Director of Capital Budget Studies** $33,000

This position is responsible for comprehensive analysis of New York City's Capital Budget requirements and possible financing alternatives consistent with the Corporation's responsibility in the financing for and independent financial review of the City of New York on an annual basis.

**Financial Analyst** $20,000

This position will strengthen the Corporation's capacity to plan and effectuate debt service structures, refunding plans, issuance and purpose schedules, tax rate and debt limit implications in such a way that, when combined with City debt, the peaks and valleys are minimized.

**Maintenance and Operation** $7,000

For the purchase of equipment and supplies necessary to support the positions mentioned above.

Please let me or Bill Lithgow know if you have any questions.

Sincerely,

[Signature]

Robert F. Vagt
Executive Director
24 May 1979

Mr. L. Eugene Crowley
Partner
SALOMON BROTHERS
One New York Plaza
45th Floor
New York, New York 10004

Dear Gene:

Attached please find a listing of those expenses incurred by Linda Seale and Andrew Decker on the Information trips which we undertook last week. These expenses are related to the issuance of Series 15 Bonds and are the only such expenses which have not yet been included in the package which SALOMON BROTHERS organized. Therefore, we are submitting them for inclusion as expenses incident to this Issue.

Please let me know if there are any questions.

Sincerely,

[Signature]

ATTACHMENTS
Date: 21 May 1979

To: Bill Lithgow

From: Andrew Decker

Re: Petty Cash Reimbursement

Reimbursement is requested for the following expenses, as noted:

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<tr>
<th>DATE</th>
<th>ITEM</th>
<th>EXPLANATION</th>
<th>AMOUNT</th>
</tr>
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<tbody>
<tr>
<td>04/30/79</td>
<td>Cabfare From MAC Office to Home</td>
<td></td>
<td>$7.50</td>
</tr>
<tr>
<td>05/14/79</td>
<td>Cabfare From Home to LaGuardia Airport</td>
<td></td>
<td>12.50</td>
</tr>
<tr>
<td></td>
<td>Cabfare From Miami Airport to Hotel</td>
<td>[Meeting at Biscayne Tower --</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Information Meeting]</td>
<td></td>
</tr>
<tr>
<td>05/15/79</td>
<td>Cabfare From Home to MAC Office</td>
<td></td>
<td>7.50</td>
</tr>
<tr>
<td></td>
<td>Cabfare From MAC Office to Information Meeting</td>
<td>[MFF and HAD]</td>
<td>5.00</td>
</tr>
<tr>
<td>05/16/79</td>
<td>Cabfare From Information Meeting to Home</td>
<td></td>
<td>4.00</td>
</tr>
<tr>
<td></td>
<td>Cabfare From O'Hare Airport to Downtown Chicago</td>
<td></td>
<td>11.00</td>
</tr>
<tr>
<td></td>
<td>Dinner Chicago</td>
<td></td>
<td>15.00*</td>
</tr>
<tr>
<td>05/17/79</td>
<td>Breakfast Chicago</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Hotel Chicago</td>
<td></td>
<td>69.36*</td>
</tr>
<tr>
<td></td>
<td>Cabfare Chicago Hotel to O'Hare</td>
<td></td>
<td>15.00</td>
</tr>
<tr>
<td></td>
<td>Cabfare Los Angeles/Restaurant to Airport</td>
<td></td>
<td>14.00</td>
</tr>
<tr>
<td>05/18/79</td>
<td>Cabfare Kennedy Airport to Home</td>
<td></td>
<td>19.00</td>
</tr>
<tr>
<td></td>
<td>Cabfare Home to MAC Office</td>
<td></td>
<td>7.50</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT REQUESTED**  $217.36

**NOTE:**
* Receipt attached

HAD/lsd
Guest Registration

No. A 57819

MEMO DATE REFERENCE CHARGES CREDITS BALANCE DUE PICK-UP

03/79 THRU 02/80 76 AX

HARRIS A. DECKER

5905709 49073 5 14 79 Merchandising Services 67936
2012116606 00
3120180013 CHGO.

Taxes

Tip/Misc.

Total 67936

AMERICAN EXPRESS

208501

Please Print Firmly Cardmember Copy

Bill To

LOCAL PHONE

IN 11 23 16

FIRM

ADDRESS

ZIP

Past due.

Invoice Number

Date of Charge

131161036

DOE FISH MARKET

CHICAGO IL

312036974

Charge

Merchandise/Services 30 183

Taxes

Tips/Misc.

Total 35 183

Please Print Firmly Cardmember Copy

Record of Charges

AMERICAN EXPRESS

Form REV: 0104 - U.S.A.

Invoice Number

Signature

Amex Card No. 131161036

Transaction Date

11/23/16

Amex Use Only

Equivalent Amount

American Express Company (Amex)

Authorized Representative for payable, merchant and/or service

Purchased on this card shall not be reversed/voided for cash refunds.
Date: 23 May 1979
To: Salomon Brothers
From: Linda W. Seale
Re: Expenses

My expenses while travelling in Miami, Chicago and Los Angeles to participate in information meetings for investors were as follows:

May 14 - Cab home from JFK .................. $21.00

May 16 - Cab to LaGuardia .................. 10.50
- Hotel rooms for L. Seale ..................
- and R. Vagt (receipts attached) ....... 117.75

May 17 - Breakfast ............................ 4.00
- Lunch ...................................... 4.25
- Cab to dinner .............................. 5.00
- Dinner ..................................... 25.00
- Cab to airport ............................. 16.00

TOTAL ................................... $203.50
<table>
<thead>
<tr>
<th>Cardmember Acc.No.</th>
<th>3710 359640 31006b</th>
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</thead>
<tbody>
<tr>
<td>Date</td>
<td>12/78 THRU 11/79</td>
</tr>
<tr>
<td>Name</td>
<td>LINDA M. SEALE</td>
</tr>
<tr>
<td>Address</td>
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<tr>
<td></td>
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<td>2nd Date of Billing</td>
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<td>$6,760.96</td>
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<td>Record of Charges</td>
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</tbody>
</table>

 REGARDLESS OF CHARGE INSTRUCTIONS, THE UNDERSIGNED AGREES TO BE PERSONALLY RESPONSIBLE FOR PAYMENT OF CHARGES INCURRED BY THE UNDERSIGNED AND AGREES TO PAY SAME AT THE BILTMORE HOTEL, LOS ANGELES, UNTIL DEMAND. SHOULD IT BECOME NECESSARY TO COMMENCE LEGAL PROCEEDINGS TO ENFORCE THIS OBLIGATION, THE UNDERSIGNED AGREES TO PAY ALL COSTS OF COLLECTION INCLUDING COURT COSTS AND ATTORNEY'S FEES. PAST DUE BALANCES WILL BE CHARGED INTEREST AT THE RATE OF 10% PER ANNUM. BILLS ARE DUE AND PAYABLE WITHIN 10 DAYS OF BILLING DATE.

GUEST'S SIGNATURE

THE BILTMORE
515 South Olive Street,
Los Angeles, California 90013
213 624-1011

CHARGE TO
FIRM

ADDRESS

CITY    STATE    ZIP
BILTMORE 857110
3090500000 5 ACO
0204101539 5041
5040121162 4072

Establishment agrees to transmit to American Express Company (Amexco)
1 or Authorized Representative for payment. Merchandise and/or service
purchased on this card shall not be returned for cash refund.

Cardmember signature

Please Print
Firmly
Cardmember
Copy

Record of
Charges

PAY LAST AMOUNT
SHOWN ABOVE

RATES DO NOT INCLUDE APPLICABLE
SALES, OCCUPANCY, OR OTHER TAXES,

THE BILTMORE
515 South Olive Street
Los Angeles, California 90013
213-624-1011
MEMORANDUM

Date: 24 May 1979

To: Administration Committee, Board of Directors

From: Robert F. Vagt

Re: Administration

The State legislation which established the Municipal Assistance Corporation granted the Corporation's Board of Directors full authority to direct the affairs of the Corporation, including the powers to collect, hold and pay out moneys and to appoint officers, agents and employees, prescribe their duties and fix their compensation, as we have been advised by General Counsel.

Inasmuch as the creation of the Corporation was a response to the financial crisis confronting the City in the spring of 1975, development and implementation of administrative procedures for operating the Corporation were deferred, and temporary arrangements were made for administering the Corporation until its own staffing and procedures could be developed. At the outset of its operation in June 1975, the Corporation had virtually no staff, and looked to outside counsel and outside consultants to conduct its business. Subsequently, the Corporation built up a professional and support staff to perform the Corporation's functions with regard to financing and oversight, as well as its day-to-day operations. At present, the Corporation's staff conducts the Corporation's activities, utilizing outside counsel and consultants only where particular expertise or advice is required. However, certain of the initial administrative arrangements made in 1975 remain in place, although inappropriate to present staffing and operating patterns. Accordingly, it is recommended that the Board consider the following proposals to institute appropriate permanent procedures for administering the affairs of the Corporation, designed to increase further operating efficiency and to improve management control, which would replace the temporary procedures established in 1975.

Operating Expenses

Since its inception, MAC operations have been funded in two separate ways. First, MAC obtains the bulk of moneys to pay for its operations by means of the statutory procedure provided in the MAC Act, whereby the Chairman certifies and the State Comptroller pays to MAC moneys available to it from its statutory revenue streams, which are paid into the MAC "Operating Fund". This Operating Fund has totaled approximately $5.5 million each year, and is used to pay all MAC expenses other than operating its own office, and to pay
24 May 1979
Administration Committee,
Board of Directors
Page Two

Certain of the expenses of the Financial Control Board and
the Office of the Special Deputy Comptroller. The Operating
Fund is funded from the State Sales Tax revenues each June
for the coming year. Second, each year since the inception
of the Corporation, the State Legislature has appropriated
to MAC a "First Instance Appropriation" as a part of the
annual State Budget, approximately $600,000 for the State's
current (1980) fiscal year. This First Instance Appropriation
is used each year to pay initially the costs of MAC office
operations, principally for staff salaries and office rent
and equipment; State law then requires that each year's MAC
First Instance expenditures be repaid to the State, and MAC
does so each year from its Operating Fund.

Operating Fund. Shortly after the establishment of the Corpora-
tion in 1975, the Board of Directors directed that the Operating
Fund of the Corporation be used for all costs related to bond
issuance. In addition, the Board requested that, pending
development and implementation of alternative internal pro-
cedures, the State Comptroller pay such bills on a pre-audit
basis and, accordingly, that the Comptroller hold the Operating
Fund moneys until the Corporation commenced its own administration
of the Fund. Since that time, MAC's Operating Fund has been
held in the custody of the State Comptroller and disbursed
by means of the "State Voucher" system. Under this system,
bills submitted to MAC for goods or services provided to
MAC are submitted by the Corporation to the New York State
Department of Audit and Control for payment, which subjects
them to that Department's "Pre-Audit" system of investigation
prior to payment. Although these procedures are not required
for MAC by law, as our General Counsel has advised, they be-
came operational as part of the Comptroller's services adopted
as a matter of corporate policy in June 1975. These pro-
cedures have resulted both in substantial paper work and
significant delays in payment to suppliers of nearly all
categories of goods or services required for the operation
of the Corporation and, accordingly, the expenditure of
considerable staff time and effort simply to expedite the
State procedures.

First Instance Appropriation. Expenditures of the First In-
stance Appropriation moneys are subject to another layer of
State administrative procedures established by the State Divi-
sion of the Budget, which requires various approvals prior
to authorizing payment from the Appropriation. Consequently,
the Corporation customarily experiences considerable delay
in hiring and promoting personnel, implementing salary
24 May 1979
Administration Committee,
Board of Directors
Page Three

increases, and paying consultants, all after having been duly authorized by the Corporation. For example, salary increases for 8 MAC employees authorized and submitted by the Board on January 5, 1979, were paid to 5 of them on May 9, 1979, and as of this date have not yet been paid to the remaining 3 employees -- Counsel, Treasurer and Administrative Assistant. A similar delay occurred last year when salary increases approved and submitted by the Corporation in January 1978 were not paid until June 1978. In addition, the State Division of the Budget has recently expressed concern about the use of the first instance mechanism to fund public authorities as discussed in the attached memorandum.

Proposal

In light of the serious practical problems posed by the temporary procedures set up in 1975, and to provide a permanent and appropriate management control system for the Corporation, it is proposed that the Corporation adopt the following internal operating procedures compatible with its resources and requirements, commencing effective July 1, 1979, the start of our coming fiscal year. Even after the establishment of such procedures, all MAC transactions and payments would remain subject to post-audit by the State Comptroller, as required by New York State law. The basic recommendation is that all of the operating expenses of the Corporation be paid from its Operating Fund in accordance with the single set of internal procedures outlined below, and use of the First Instance Appropriation be discontinued. The program recommended is one which has been presented to and is acceptable to our Independent Accountants as sufficiently providing for necessary procedures, controls and standards.

I. Budgeting and Funding

For the fiscal year beginning July 1, 1979, and for each fiscal year thereafter, the staff would prepare and the Board would review a proposed Annual Operating Budget for the Corporation. Each year, the Board would adopt the Annual Operating Budget no later than June 1st for the fiscal year commencing the following July 1st. Each year, the Chairman would include in the Corporation's regular June 25 certificate to the State Comptroller the total amount of the Annual Operating Budget for the following year. Pursuant to the MAC Act, the Comptroller would pay such moneys to the Corporation no later than June 25th; the Corporation would direct that they be paid to the United States Trust Company
of New York, where they would be disbursed to paying agency accounts as needed throughout the year, while the maximum possible balance would be held by the Trust Company and invested in short-term money market instruments at the direction of the Corporation.

II. Paying Agencies

It is proposed that the Corporation retain Morgan Guaranty Trust Company of New York to act as its agent in payment of accounts payable to suppliers of goods and services to the Corporation, and to retain Chemical Bank to act as its agent for payment of payroll to employees and withholding taxes and social security contributions to the State and Federal governments, each for a fee in accordance with the procedures to be described below. These recommendations are based upon the staff's review of several alternative agencies, in terms of services available and applicable fees.

III. Payment Procedures

Disbursements from the Operating Fund would be made by check drawn on the Corporation's account at one of the above banks, after: (1) Authorization to Incur Expense; (2) Verification of Invoice and Receipt; (3) Audit and Accounting; (4) Direction to Pay. Each of these steps is discussed below and would be recorded on a single standard form, a prototype of which is attached to this memorandum.

1. AUTHORIZATION TO INCUR EXPENSE

The Board of Directors would be required to authorize: (1) payments expected to exceed $100,000 within any fiscal year to any one person or institution; and (2) expenses incurred in connection with retention of outside counsel, independent accountants and financial advisors. Authorization to incur expenses below that level and in other categories would be provided by either the Executive Director or the Deputy Executive Director. The expense to be authorized would be reviewed for consistency with the Annual Operating Budget, with regard to the expected amount and timing of the expenditure. Each Authorization would be dated and numbered, which number would also serve as a confirmation number for
vendors. The procedure for payroll authorization would remain unchanged from the present By-Laws, with the salary of the Executive Director established by the Board and that of all other employees by the Executive Director.

2. VERIFICATION OF INVOICE AND RECEIPT

The Executive Director or the Deputy Executive Director would designate an officer or employee of the Corporation who is responsible for or familiar with the services or goods supplied to review the invoice (with regard to the amounts of the charges as compared with the Authorization to Incur Expense and any controlling contract or Board resolution) and to verify that the goods or services had actually been received in accordance with specifications, or to note any discrepancies or variations therefrom.

3. AUDIT AND ACCOUNTING

Once the approvals of Parts 1 and 2 have been secured, the disbursements would be entered into the Corporation's accounts by the Administrative Officer or the Administrative Assistant.

4. DIRECTION TO PAY

Once Parts 1 through 3 have been completed, the Corporation would direct the appropriate bank to draw a check in a stated amount to the indicated payee, by dual signature of the Treasurer and either the Executive Director or the Deputy Executive Director.

5. PAYMENT RECORD

The paying agent bank would provide verification to the Corporation of the date, amount and check number of all payments made at the direction of the Corporation. In addition, any checks drawn by the bank in an amount in excess of $10,000 must be countersigned by the Treasurer of the Corporation.

Attachments (2)
MUNICIPAL ASSISTANCE CORPORATION
EXPENDITURE AUTHORIZATION

PART ONE: AUTHORIZATION TO INCUR EXPENSE

Payee: _______________________________ Amount: $_________

Purpose: ______________________________

Check and Complete as Appropriate:

___ Salaries for Period __________ as per Attached Payroll
___ Pursuant to Contract No. _____ Dated ______________
___ Pursuant to Board Resolution Dated ______________
___ Conforms to Annual Operating Budget Item No. _____
___ Conforms to Budget Modification No. _____ Dated ________

Expected Payment Schedule: Date Amount
________________ $________
________________ $________
________________ $________

Prepared by:

Administrative Officer or Administrative Assistant Date

Authorized by:

Executive Director or Deputy Executive Director Date

PART TWO: VERIFICATION OF INVOICE AND RECEIPT

___ Goods or services listed on the attached invoice received in accordance with specifications and price authorization.

___ Not in conformance with specifications or prices; modification of Authorization to Incur Expense required.
MEMORANDUM

To: All Budget Examiners

From: Howard F. Miller

Subject: First Instance Financing

Date: April 17, 1979

I have become increasingly concerned about the use of the first instance mechanism for funding certain operations of State departments and agencies and public authorities, particularly within the State Purposes portion of the Budget. During State fiscal year 1978-79, first instance transactions had a significant impact on the financial plan in terms of funding additional unanticipated expenditures for State Purposes -- first instance net outgo. In fact, during 1978-79, more than $36 million in hard dollar expenditures were required to make up a first instance net outgo in the State Purposes Tax Stabilization Reserve Fund over and beyond the available cash balance of $23 million in such Fund. Hard dollar expenditures of $14 million were required to make up a first instance net outgo in the Local Assistance Tax Stabilization Reserve Fund.

Funding of First Instance Transactions

First instance transactions are, in essence, temporary loans to departments, agencies and public authorities. A State expenditure is made in the first instance (i.e., made subject to reimbursement at some later date) reimbursable either from Federal funds, regular State revenues, or some other source:
State Purposes -- first instance transactions are generally financed throughout a fiscal year from available cash in the State Purposes Tax Stabilization Reserve Fund, repayments of other first instance advances and General Fund revenues. Prior to 1978-79, any shortfall in reimbursements of advances (i.e., net outgo) was financed by the available cash balance in such Tax Stabilization Reserve Fund, and the Fund held accounts receivable (as noted above, the cash balance in 1978-79 proved inadequate for this purpose) that were generally repaid in the ensuing fiscal year.

Local Assistance -- first instance transactions are financed in a manner similar to State Purposes, except from the Local Assistance Tax Stabilization Reserve Fund. Again, prior to 1978-79 any shortfall in reimbursements of advances was financed from available cash in the Reserve Fund.

Capital Construction -- first instance transactions are financed from Capital Construction Fund assets. Shortfalls in reimbursements of advances are a direct charge against Capital Construction Fund expenditures. Overreimbursements reduce Capital Construction Fund expenditures.
1978-79 Experience

During fiscal year 1978-79, shortfalls in reimbursements of advances exceeded the available cash balances in both the State Purposes and Local Assistance Tax Stabilization Reserve Funds. The shortfalls in these reimbursements had to be financed via hard dollar expenditures from the State Purposes Fund and the Local Assistance Fund in an amount of $36 million and $14 million, respectively. Those agencies with State Purposes - first instance net outgo at March 30, 1979 are shown in the attached table. These expenditures increased the assets of each of the reserve funds and only in the case of an unanticipated deficit can this cash expenditure be recovered, and the revenue be used to finance General Fund expenditures. Accordingly, the shortfalls in reimbursements have the effect of reducing, by about $50 million, our ability to finance future hard dollar General Fund expenditures.

1979-80 First Instance Transactions

The 1979-80 Financial Plan presently projects State Purposes -- first instance advances at $755 million and Local Assistance -- first instance advances at $127 million. It is also anticipated that these advances will be completely reimbursed by the end of 1979-80, despite the experience of 1978-79. Thus, the financial plan does not include any funds to finance a first instance net outgo in either of these two funds.
Therefore, it is imperative that all examiners, having agencies with first instance appropriations, closely monitor advances and reimbursements for each such appropriation. I have asked the Fiscal Planning Unit to prepare a monthly schedule (by department, agency and public authority) showing advances and reimbursements for the 1979-80 fiscal year. It will be the responsibility of each examiner to notify the relevant agencies of any significant discrepancies between advances and reimbursements (particularly with respect to those agencies that are billing client groups or the Federal government for reimbursement).

Also, each examiner should be evaluating the necessity for utilizing the first instance funding approach for the various departments or programs within his or her purview.

If any additional information or clarification of this request is necessary, please contact Bruce Balle of the Fiscal Planning Unit.

cc: Mark Lawton
    Jim Introne
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<td>Banking</td>
<td>423</td>
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<td>Education</td>
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<td>Office of General Services</td>
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<td>Labor (Workers' Comp.)</td>
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<td>Law (including Nursing Home Investigator)</td>
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<td>Division of the Lottery</td>
<td>1,035</td>
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<td>OMR/DD</td>
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<td>515</td>
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<td>3,770</td>
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<td>Industrial Exhibit Authority</td>
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<td>Interdepartmental Traffic Safety</td>
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<td>Natural Heritage Trust</td>
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<td>Substance Abuse Services</td>
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<td><strong>Total Outgo</strong></td>
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DoB/FPU  
4/17/79
24 May 1979

Honorable Edward V. Regan
Comptroller
STATE OF NEW YORK
Department of Audit and Control
A. E. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

This letter is to request your approval for the sale to a syndicate of underwriters of $125,000,000 of Series 15 Bonds of the Municipal Assistance Corporation, to be issued pursuant to its Second General Bond Resolution. Enclosed for your information is a copy of the Corporation's Preliminary Official Statement, dated May 8, 1979, with respect to this issuance.

The Corporation is issuing the Series 15 Bonds in order to provide for payment of approximately $86 million of the net proceeds of the sale of the Series 15 Bonds to the City of New York, upon certification by the Mayor of the City that such payment will be used to pay expense items currently permitted to be included in the City's capital budget. Approximately $9.2 million of such net proceeds will be deposited in the Capital Reserve Fund established pursuant to the First General Bond Resolution. The balance of the net proceeds, approximately $27.3 million, will be deposited in the Capital Reserve Aid Fund established pursuant to the Second General Bond Resolution.

The Series 15 Bonds will bear interest at the rate of 8-1/8%, and will mature July 1, 2008, subject to certain optional redemption and mandatory sinking fund installments after July 1, 1989, as fully described in the Series 15 Preliminary Official Statement, will be sold to the underwriters at a price of 98%, and will be reoffered by the underwriters at par.

We are advised that these interest rates are the equivalent of or lower than the recent yields on bonds of the Corporation issued pursuant to its Second General Bond Resolution.

We request your approval of this sale pursuant to Section 3012(1)(e) of the Municipal Assistance Corporation Act, as amended.
We further request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended, of the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution of the Corporation, adopted November 25, 1975, and the Series 15 Bond Resolution of the Corporation, adopted May 24, 1979.

Your approval is respectfully requested.

Sincerely,

Robert F. Vagt
Executive Director

RFV:bba

t"nclosure

The sale of the above described bonds 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 Second General Bond Resolution and the Series 15 Bond Resolution of the Corporation, are hereby approved.

Edward V. Regan, Comptroller of The State of New York

Dated: May 24, 1979
Board of Directors Meeting
Thursday, May 24, 1979
         9:30 A.M.
One World Trade Center, Suite 8901
New York City

AGENDA

1. Adoption of Minutes of Meeting of Board of Directors held on May 3, 1979 (attached).


4. Report on Amortization of City Notes and Ratification of Agreement with City.


6. Discussion of Chairmanship.

7. Other Business.
MUNICIPAL
ASSISTANCE
CORPORATION
FOR THE CITY
OF NEW YORK

FOR IMMEDIATE
RELEASE: 22 May 1979

CONTACT: Linda Dinkin

PUBLIC NOTICE

THERE WILL BE A PUBLIC MEETING OF THE BOARD OF
DIRECTORS OF THE MUNICIPAL ASSISTANCE CORPORATION
ON THURSDAY, MAY 24, 1979 AT 9:30 A.M., AT THE
OFFICE OF THE CORPORATION, ONE WORLD TRADE CENTER/
SUITE 8901, NEW YORK CITY.

# # #
18 May 1979

Secretary of the Treasury
United States Department of the Treasury

RE: Section 6.19, Agreement to Guarantee dated as of November 15, 1978

Dear Mr. Secretary:

In Section 6.19 of the above-referenced Agreement to Guarantee, the Municipal Assistance Corporation agreed that on or before March 31, 1979 (since extended to May 15, 1979), the Corporation would take certain actions with respect to the disposition of approximately $1 billion bond anticipation notes of the City of New York held by the Corporation at the time the Agreement to Guarantee was executed. The Agreement to Guarantee provided that any agreement entered into by the Corporation and the City as to the payment of the notes, would be subject to your satisfaction.

Enclosed for your review is a copy of an Agreement entered into by the City and the Corporation, with the approval of the Financial Control Board, pursuant to said Section 6.19. As you may know, we consulted with various members of your staff during the negotiations leading up to the execution of this Agreement.

The terms of the Agreement are outlined in a summary of the Agreement transmitted to you by letter dated May 14, 1979 from Philip Toia, Deputy Mayor for Finance of the City of New York. We respectfully request that you indicate that the enclosed Agreement is satisfactory to you by executing a copy of this letter where indicated below and returning said copy to our office.

If you have any questions concerning the Agreement or the transactions contemplated thereby, we would be pleased to respond.

Sincerely,

[Signature]
Robert F. Vagt
Executive Director

Enclosure

APPROVED:

By: ____________________________
May 16, 1979

The Honorable Hugh L. Carey
Governor of New York
State Capitol
Albany, N.Y. 12224

Dear Governor Carey:

On June 10th of this year, four years will have passed since the origin of the Municipal Assistance Corporation and my personal involvement with the M.A.C. Moreover, some two and half years will have elapsed since I became Chairman of Housing Finance and its associated agencies. As exciting as those years have been for me, I now find that the demands of my private sector employment have escalated to the point where it will not be possible for me to continue to serve the State of New York with the diligence those posts demand. I regret, therefore, that as of that date, I must resign as Chairman of the M.A.C. as well as Chairman of the H.F.A.

I will always be most grateful for the opportunity which was afforded me to serve you and the State of New York.

With all best wishes,

GDG:rmc
15 May 1979

Mr. Gerald R. Shragger
Director
State Contracts and Expenditures
Department of Audit and Control
STATE OF NEW YORK
Alfred E. Smith Office Building
Albany, New York 12225

Re: Davis, Polk & Wardwell

Dear Gerry:

We are enclosing for processing and payment the bill dated December 19, 1978, submitted to the Municipal Assistance Corporation by the law firm of Davis, Polk & Wardwell. That bill covers legal services rendered by that firm as special counsel to certain commercial banks, savings banks and insurance companies (the "Financial Institutions") from May through November 1978 in connection with the Bond Purchase Agreement made as of November 15, 1978 between the Corporation and the Financial Institutions (the "Agreement") and the initial closing thereunder.

The Agreement provides for the purchase by the Financial Institutions of up to $1.8 billion of Municipal Assistance Corporation bonds during the four fiscal years 1979 through 1982, a key component of the financing for the City of New York under the Four-Year Financial Plan. A copy of the Agreement is enclosed.

The Agreement provides, in Section 5.2, that the Corporation shall pay the fees and disbursements of special counsel for the Financial Institutions. It is customary for the borrower to pay the legal fees of the lender in connection with a private placement borrowing. In a letter agreement dated November 17, 1978, the Corporation and Davis, Polk & Wardwell agreed to limit such payment to a maximum aggregate of $485,000 for fees and disbursements, calculated as specified therein, for the legal services rendered in connection with the Agreement and the initial closing thereunder. A copy of that letter agreement is enclosed.
15 May 1979
Mr. Gerald R. Shrager
Page Two

The bill submitted is in the amount of $422,500 for legal fees and $46,383.57 for disbursements, for a total of $468,883.57, which is less than the agreed ceiling of $485,000. The covering letter from Davis, Polk & Wardwell indicates that calculation at the hourly rates specified in the letter agreement would have resulted in a somewhat higher total, and includes a schedule detailing the monthly breakdown of hours expended.

It should be noted that the Agreement and the financings thereunder are only a part of a larger series of agreements and transactions, in connection with which other legal services have been rendered. However, such legal services rendered by Davis, Polk & Wardwell and others in connection with such other agreements and transactions will be billed to others.

It should be noted further that the Corporation Counsel of The City of New York believes that it is inappropriate for the law firm to charge the Corporation for that portion of its services related to reviewing and drafting the State and Federal legislation enacted to permit implementation of the Four-Year Plan. The Corporation, however, disagrees with the City's position, inasmuch as the enactment of such legislation was a critical component of the Four-Year Plan and essential for the financings for the City under that Plan. While Davis Polk has stated that it is not possible for the firm to segregate precisely the charges attributable to its work on the legislation, it believes that such charges comprise a small portion of its total bill. The Corporation is recommending payment of the bill in full as submitted, on the basis of both our agreement with the firm and the custom in private placements for the borrower to pay the fees for legal services rendered to the lender in connection with such financing.

In order to enable you to commence processing the bill submitted to the Corporation, we are also enclosing Voucher No. 66, and would appreciate your promptly processing it for pre-audit and payment.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

S JW:bba

cc: Allen G. Schwartz, Esq.
Corporation Counsel, The City of New York

Richard B. Smith, Esq.
Partner, Davis, Polk & Wardwell

Enclosures (4)
Legal services rendered to Financial Institutions in connection with the Bond Purchase Agreement made as of November 15, 1978

Fees
Disbursements

422,500 00
46,383 57

TOTAL 468,883 57
Mr. Eugene J. Keilin  
Executive Director  
Municipal Assistance Corporation  
Two World Trade Center  
Room 4540  
New York, N.Y. 10047

Dear Mr. Keilin:

Enclosed is our bill pursuant to Section 5.2 of the November 15, 1978 Bond Purchase Agreement for services rendered to the Financial Institutions during the period May 15, 1978 through November 30, 1978 in connection with the Agreement itself and the first closing under the Agreement. As you will see, the bill is for $422,500 legal fees and $46,383.57 disbursements. This amount is within the maximum provided in the letter agreement dated November 17, 1978 for the services for such period.

If the hourly rates specified in the November 17 letter were applied to the amount of time spent on the matter by our firm over the six and a half month period, the computation would be as follows:

<table>
<thead>
<tr>
<th>Partner</th>
<th>1,039.2 hours x $125 = $129,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate</td>
<td>3,179.8 hours x $85 = 270,283</td>
</tr>
<tr>
<td>Paraprofessional</td>
<td>574.5 hours x $40 = 22,980</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,789.3 hours</strong> $423,163</td>
</tr>
</tbody>
</table>
Attached to this letter is a month-by-month breakdown of the hours. The billed amounts include minor amounts for time (17.4 hours paraprofessional) and disbursements ($1,319.49) in early December in connection with handling and distribution of closing documents to the 57 Financial Institutions.

If you have any questions concerning the bill, please do not hesitate to call me.

I want to add that we have come away from the transaction with the highest respect for the dedication to the public interest and the professionalism with which you and your counsel and the City officials carried out a most difficult assignment.

Sincerely,

Richard B. Smith

cc: Allen Schwartz, Esq.
<table>
<thead>
<tr>
<th></th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>95.8</td>
<td>115.1</td>
<td>103.6</td>
<td>196.3</td>
<td>184.7</td>
<td>180.8</td>
<td>162.9</td>
<td>1,039.2</td>
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<tr>
<td>Senior Assoc.</td>
<td>116.4</td>
<td>193.2</td>
<td>222.6</td>
<td>373.2</td>
<td>331.5</td>
<td>299.8</td>
<td>280.5</td>
<td>1,817.2</td>
</tr>
<tr>
<td>Junior Assoc.</td>
<td>--</td>
<td>46.9</td>
<td>10.4</td>
<td>309.4</td>
<td>387.6</td>
<td>328.4</td>
<td>279.9</td>
<td>1,362.6</td>
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<tr>
<td>Total Assoc.</td>
<td>116.4</td>
<td>240.1</td>
<td>233.0</td>
<td>682.6</td>
<td>719.1</td>
<td>628.2</td>
<td>560.4</td>
<td>3,179.8</td>
</tr>
<tr>
<td>Paralegal/Summer Assoc.</td>
<td>--</td>
<td>46.0</td>
<td>242.4</td>
<td>49.6</td>
<td>10.8</td>
<td>84.4</td>
<td>141.3</td>
<td>574.5</td>
</tr>
<tr>
<td>Hours</td>
<td>212.2</td>
<td>401.2</td>
<td>579.0</td>
<td>928.5</td>
<td>914.6</td>
<td>893.4</td>
<td>864.6</td>
<td>4,793.5</td>
</tr>
</tbody>
</table>

*Include 17.4 hours in December.
This statement is submitted pursuant to Section 5.2 of the Bond Purchase Agreement dated as of November 15, 1978 (the "Bond Purchase Agreement") among the Municipal Assistance Corporation for The City of New York (the "Corporation") and the financial institutions and New York City pension funds listed on Schedule I thereto:

For professional services rendered from May 15, 1978 through November 30, 1978 as special counsel to the commercial banks, savings banks and insurance companies listed on Schedule I to the Bond Purchase Agreement (the "Financial Institutions") in connection with the negotiation, preparation, execution and delivery of the Bond Purchase Agreement pursuant to which the Financial Institutions and the pension funds listed on Schedule I thereto (the "Pension Funds") have agreed, severally and subject to the terms and conditions contained on the Bond Purchase Agreement, to purchase from time to time between November 15, 1978 and December 31, 1981 up to $1,799,700,000 aggregate principal amount of the Corporation's bonds (the "Bonds") issued pursuant to the Corporation's Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (the "Second Bond Resolution"), and in connection with the first closing under the Bond Purchase Agreement on November 17, 1978 at which the Financial Institutions purchased, severally, $340,625,000 aggregate principal amount of Bonds issued pursuant to the Corporation's 1978 Series 11 Resolution and 1978 Series 13 Resolution, including:
attendance at meetings of representatives of the New York City Clearing House banks in connection with the announcement on May 16, 1978 of conditions for participation by such banks in the four-year financing program for The City of New York (the "City"); meetings with officers of and counsel for the Savings Banks Association of New York State and with officers of and counsel for certain life insurance companies in connection with consideration of conditions for participation of such institutions in such financing program;

consideration of certain amendments, essential to the transaction and participation of the Financial Institutions, to the New York State Financial Emergency Act for The City of New York (the "FCB Act"), the Municipal Assistance Corporation for the City of New York Act (the "MAC Act") and the New York State Local Finance Law (the "Local Finance Law") in the form initially proposed by representatives of the City; discussions with members of a working group comprised of officers of certain of the Financial Institutions with regard to such proposed legislation and the conditions upon which the Financial Institutions would be prepared to purchase bonds issued by the Corporation as part of the City's four-year financing program; preparation of memoranda delivered to representatives of the Corporation, the City and others modifications in and additions to such proposed legislation, and preparation and revision of drafts of further modifications in and additions to the proposed legislation for delivery to representatives of the City, the Corporation, the United States Treasury, and others; legal research with respect to matters relating to such proposed legislation; numerous meetings (including meetings in Albany) with representatives of the Corporation, the City, the Treasury, the New York State Financial Control Board (the "Control Board") and others.
in connection with the foregoing passage by the
New York State Assembly and the New York State
Senate of amendments to the FCB Act, the MAC Act
and the Local Finance Law on May 26, 1978; review
of the amendments to the FCB Act, the MAC Act and
the Local Finance Law so enacted; review of cer-
tain technical amendments to the FCB Act, the MAC
Act and the Local Finance Law thereafter proposed
by representatives of the Corporation, the City
and others, and legal research in connection
therewith; preparation and revision of proposed
technical amendments to such legislation, and
discussion of such proposed amendments with various
officers of and counsel for the Financial Institu-
tions and representatives of the City, the Corpora-
tion and others; review of amendments to the FCB
Act, the MAC Act and the Local Finance Law passed
in September, 1978;

consideration of, and discussions with representa-
tives of the Financial Institutions with respect
to, various legislative proposals for federal
guarantees of City obligations as they related to
the conditional commitments of the Financial
Institutions to participate in the City's four-
year financing plan; review of, and discussions
with representatives of the Financial Institutions
with regard to H.R. 12426 and S. 2892, passed by
the House of Representatives and the Senate of the
United States on June 8, 1978 and June 29, 1978,
respectively, providing for such guarantees; legal
research and preparation of memoranda in connection
with such proposed legislation; attendance in
Washington, D.C. at certain sessions of the Commit-
tee on Banking, Housing and Urban Affairs of the
Senate, and of the Conference Committee of the
Senate and the House of Representatives at which
differences between H.R. 12426 and S. 2892 were
considered, and reports to certain representatives
of the Financial Institutions with respect thereto;
preparation of a memorandum for representatives of
certain Financial Institutions setting forth the
difference between such bills; review of the
New York City Loan Guarantee Act of 1978,
P. L. 95-339, passed by the House of Representatives and the Senate on July 25 and July 27, 1978, and appropriation of legislation with respect thereto; review of legislation relating to the treatment for Federal Income Tax purposes of certain transactions by New York public employee retirement systems, P.L. 95-497, and discussion with representatives of the Financial Institutions as to the impact of such legislation on participation by the Financial Institutions in the City's four-year financing program;

preparation of an initial draft of a Summary of Terms for the transaction setting forth the tentative terms and conditions upon which the Financial Institutions might purchase Bonds as part of the City's four-year financing program; review and revision of such draft at various meetings with the Financial Institution working group; distribution of a revised draft to representatives of each of the Financial Institutions, revision of such draft after discussions with the Financial Institution working group, and distribution of a draft dated July 15, 1978 to representatives of the Corporation, the City, the State of New York (the "State"), the Control Board, the Pension Funds and the United States Treasury; participation in numerous meetings (including meetings in Washington, D.C.) with such representatives and their counsel and with the Financial Institution working group at which the proposed terms were discussed; preparation of various revisions of the Summary of Terms and review of such revised Summary of Terms at numerous meetings with representatives of and counsel for the Corporation, the City, the State, the Control Board, the Pension Funds and the United States Treasury and with the Financial Institution working group;

preparation of an initial draft of the Bond Purchase Agreement, the Adherence Agreement dated as of November 15, 1978 (the "Adherence Agreement") from the City to the Financial Institutions
and the Pension Funds and the forms of certificates of various officials of the Corporation, the City and the State attached as Exhibits C through F to the Bond Purchase Agreement, to be delivered at closings thereunder (the "Closing Certificates"), review of such initial draft with the Financial Institution working group and, after various meetings and revisions, distribution of a revised draft to representatives of each of the Financial Institutions on September 1, 1978; attendance at meetings to answer questions and receive comments from such representatives with regard to such draft and the transaction in general; preparation of revised drafts of the Bond Purchase Agreement, the Adherence Agreement and the Closing Certificates for distribution to representatives of the Corporation, the City, the State, the Control Board, the Pension Funds and the United States Treasury; attendance at numerous meetings and participation in telephone conferences with representatives of and counsel for the Corporation, the City, the State, the Control Board, the Pension Funds, the United States Treasury and the Financial Institution working group at which the provisions of the Bond Purchase Agreement, the Adherence Agreement and the Closing Certificates were discussed; following such meetings and conferences, preparation of proposed revisions to reflect various comments and revised terms, review of revised drafts with the Financial Institution working group, and preparation of revised drafts of the Bond Purchase Agreement the Adherence Agreement and the Closing Certificates for distribution to representatives of the Corporation, the City, the State, the Control Board, the Pension Funds and the United States Treasury; attendance at meetings to answer questions and receive comments from representatives of and counsel for the Financial Institutions; and preparation and distribution of final revised drafts of, and preparation of the execution form of, the Bond Purchase Agreement, the Adherence Agreement and the Closing Certificates; review of the Second
Bond Resolution and certain series resolutions amending and supplementing such Resolutions and of the Corporation's General Bond Resolution adopted July 2, 1975 (the "First Bond Resolution"); review of, and consideration with the Financial Institutions working group with regard to, and communication to bond counsel for the Corporation of, comments with respect to, various drafts of the 1978 Series 10 Resolution, 1978 Series 11 Resolution, 1978 Series 12 Resolution, 1978 Series 13 Resolution, and the form of Series Resolution for closings after the Corporation's 1979 Fiscal Year attached as Exhibit B to the Bond Purchase Agreement;

legal research with respect to various legal issues in connection with the transaction relating, among other things, to the validity and enforceability of, and various questions arising under, the FCB Act, the MAC Act, the First and Second Bond Resolutions, the Bond Purchase Agreement, the Adherence Agreement, the Local Finance Law, the New York City Loan Guarantee Act of 1978, and Section 3466 of the Revised Statutes (relating to Federal priority in bankruptcy or insolvency); review of, and discussions with representatives of and counsel for various of the Financial Institutions as to proposed revisions of, opinions to be delivered at each closing under the Bond Purchase Agreement by the general counsel for the Corporation, bond counsel for the Corporation, the Attorney General of the State, City Corporation counsel, and bond counsel for the City; meetings and telephone conferences with such counsel on numerous occasions at which the form, scope and content of such opinions were discussed, and discussions with representatives of and counsel for various Financial Institutions with respect thereto; preparation of the form of opinion of the firm to the Financial Institutions attached as Exhibit L to the Bond Purchase Agreement and consideration of such opinion with representatives of and counsel for various of the Financial Institutions;
review of the information set forth in the Corporation's Official Statements dated November 17, 1978 (the "Official Statements"), delivered to each of the Financial Institutions in connection with their execution of the Bond Purchase Agreement, containing information pertaining to the Corporation, the Bonds to be purchased by the Financial Institutions pursuant to the Bond Purchase Agreement, including the Series 11 Bonds and the Series 13 Bonds; attendance at various conferences with representatives of, bond counsel and general counsel for, and representatives and counsel for the prospective underwriters, for the Corporation and certain officials of the State, the City and the Control Board who participated with the Corporation in the preparation by the Corporation of the Official Statements; review of certain corporate and other documents relating to the Corporation, including minutes of meetings of the Board of Directors of the Corporation; review of certain statutes relating to the Corporation and the source of funds for repayment of its obligations, including the MAC Act, the FCB Act, the State Finance Law, and the State Tax Law; attendance at meetings in Albany with representatives of and bond counsel and general counsel for the Corporation and with certain State officials charged with administration of State sales and stock transfer tax and State per capita aid who participated with the Corporation in the preparation of parts of the Official Statements relating to the revenues of the Corporation; review of various reports issued by State and City agencies and officials referred to in the Official Statement, and certain other public documents relating to the Corporation, the City and the State; review of, and conferences with representatives of and counsel and auditors for the City with respect to, audited financial statements of the City as of June 30, 1978 and for the fiscal year then ended, and the report thereon of Peat, Marwick, Mitchell & Co. and other firms acting as independent certified public accountants for the City in connection therewith; legal research and consideration of the
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

form, specimen Series 13 Bonds in coupon and registered form and documents delivered at such registered form, and the documents delivered at such closing; attendance at the preclosing on November 16, 1978 and at such closing; delivery of an opinion of the firm at such closing to the Financial Institutions pursuant to Section 3.12(f) of the Bond Purchase Agreement;

and advice generally with respect to all of the foregoing . . . . . . . . . . . . . . $422,500.00

Disbursements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stenographic service, night work overtime and expenses</td>
<td>$16,675.19</td>
</tr>
<tr>
<td>Multilith, word processing and outside reproduction expense</td>
<td>14,981.26</td>
</tr>
<tr>
<td>General staff overtime and legal night work</td>
<td>6,256.89</td>
</tr>
<tr>
<td>Out-of-town travel</td>
<td>3,064.45</td>
</tr>
<tr>
<td>Lexis computer research</td>
<td>1,845.74</td>
</tr>
<tr>
<td>Lunch and dinner conferences</td>
<td>1,501.14</td>
</tr>
<tr>
<td>Messenger and local travel</td>
<td>1,420.60</td>
</tr>
<tr>
<td>Long distance telephone, postage, airfreight</td>
<td>638.30</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>$46,383.57</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$468,883.57</strong></td>
</tr>
</tbody>
</table>
real estate tax proceedings referred to in such report; attendance at a meeting at which representatives of and general counsel and bond counsel for the Corporation outlined to representatives of the Financial Institutions the contents of the Official Statement and answered questions with respect thereto; review of and comment on drafts of certificates relating to the Official Statement delivered by various State and City officials in connection with the execution of the Bond Purchase Agreement; review of and comment upon drafts of disclosure opinions of bond counsel for the Corporation and the general counsel for the Corporation delivered to the Financial Institutions in connection with the execution of the Bond Purchase Agreement; preparation and delivery to the Financial Institutions of a letter of the firm relating to the disclosure in the Official Statements;

review of and comment upon various drafts of the Agreement to Guarantee dated as of November 15, 1978 among the United States of America acting by and through the Secretary of the Treasury, the State, the City, the Control Board and the Corporation, and the Guaranteed Bond Purchase Agreement dated as of November 15, 1978 among the City and State pension funds named therein and the United States of America acting by and through the Secretary of the Treasury;

preparation of various memoranda to the Financial Institutions regarding the status of the transaction; preparation and revision of a Memorandum of Closing and a Questionnaire for Purchasers requesting certain information with regard to the execution and delivery of the Bond Purchase Agreement and the first closing thereunder held on November 17, 1978; communications with representatives of the fifty-seven Financial Institutions in connection with the execution and delivery of the Bond Purchase Agreement and the first closing; review of specimen Series 11 Bonds in coupon and registered
November 17, 1978

Davis, Polk & Wardwell
One Chase Manhattan Plaza
New York, New York 10005

Gentlemen:

Section 5.2 of the Bond Purchase Agreement (the "Agreement") dated as of November 15, 1978 by and among the Corporation, certain Financial Institutions and certain New York State Employee Pension Funds provides that the Corporation will pay your fees and disbursements in connection with the transactions contemplated by the Agreement.

This letter will confirm our agreement with you that the Corporation will not be obligated to pay such fees and disbursements pursuant to Section 5.2 of the Agreement in excess of the aggregate amount of $485,000, that, subject to such maximum if the amount of lawyers' time was applied to your actual fee, the computation will result in a rate equal to $125 an hour for all partners' time, $85 an hour for all associates' time, and $40 an hour for all paraprofessional time, and that no time incurred prior to May 15, 1978 will be included in the computation of your fee.

We also confirm our prior conversations to the effect that our payment of your fee, like all legal fees payable by the Corporation is subject to pre-payment audit and approval by the State Comptroller.
November 17, 1978
Davis, Polk & Wardwell
Page Two

Please acknowledge your agreement to the foregoing by signing below where indicated.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By
Executive Director

AGREED TO:

DAVIS, POLK & WARDWELL

By
A Partner
14 May 1979

Dr. Howard F. Miller  
Director of the Budget  
New York State Division of the Budget  
Executive Chamber  
Albany, New York 12224

Dear Howard:

As I explained in my letter of April 18th, which resulted from meetings with members of the Board of Directors of the Corporation, the Corporation's staffing needs require the establishment of certain new positions within the overview outlined in that letter. I have enclosed "Request for Budget Director's Approval" forms with related position descriptions for two positions mentioned in that letter.

The first position would provide for the development of in-house expertise to fulfill the role of the Corporation with regard to the City's Capital Budget. The occupant of this position would perform the completed staff work necessary for managerial judgments regarding the utilization of the Corporation's debt issuance plan to realize the projected capital needs of the City. Work developed by this staff member would also contribute to an evaluation of alternative means of financing the City's future capital budget needs on a project basis.

The second position would strengthen the Corporation's capacity to plan and effectuate debt service structures, refunding plans, issuance and purpose schedule, tax rate and debt limit implications, and other financially vital areas related to our corporate debt. Work developed by this staff member will contribute to optimum levels of future funding requirements and fiscal assistance for the City.

I trust that the enclosed material will assist you in understanding the role of these positions within our previously stated corporate overview.

Please let me or Bill Lithgow know if you have any questions.

Sincerely,

Robert F. Vagt  
Executive Director
MUNICIPAL ASSISTANCE CORPORATION

Financial Analyst

Description of Responsibilities

NATURE OF WORK

The incumbent of this position assists the Treasurer of the Corporation in relation to the planning, funding and payment of debt service.

TYPICAL ASSIGNMENTS

Assist with the planning of alternative debt service schedules during the planning and negotiating phases of corporate activity;

Assist with the preparation of funding and payment schedules related to the issuance of new debt;

Assist with the preparation of revised funding and payment schedules related to the refunding of outstanding debt;

Assist with the preparation, implementation and revision of internal computerized programs related to various debt service schedules;

Assist with the preparation and revision of internal computerized programs related to operating fund revenues, expenditures and accounting procedures; to train existing personnel in the operation and implementation of such programs;

To conduct research and studies on a variety of Corporation problems as directed.

RELATIONSHIPS WITH OTHERS

The Financial Analyst reports to the Treasurer and communicates regularly with the Executive Director and Deputy Executive Director and other corporate staff. Incumbent communicates with staffs of the Financial Control Board, the Office of Special Deputy Comptroller, City and State Budget Offices, City and State Comptroller Offices and private institutions and consultants as necessary.
STATE OF NEW YORK
REQUEST FOR BUDGET DIRECTOR'S APPROVAL

Date of Request May 14, 1979

Approval to fill the following vacant position is hereby requested:

1. Department Municipal Assistance Corp. Division One World Trade Center
   Bureau and Unit (Signed) (Signed)
   Location Suite 8901 New York, N. Y. 10048
   (Commissioner or Authorized Officer)

2. Title Director of Capital Budget Studies Budget Request No.

3. Civil Service Status Exempt Payroll No.

4. Name of Person Vacating Position New Position

5. Date Position became Vacant n/a 6. Reason for Vacancy

7. To be filled by Permanent-Exempt Appointment at $ 33,000
   (Type of Appointment)

8. Name of Appointee Christopher H. Richmond Effective date of
   Appointment June 1, 1979

9. Remarks: (Department)

   Mr. Christopher H. Richmond, 67 Crescent Hill Avenue, Arlington, Massachusetts
   is appointed to the new position of Director of Capital Budget Studies
   at the Municipal Assistance Corporation effective June 1, 1979.

SPACES BELOW FOR USE BY DIVISION OF THE BUDGET ONLY

10. Salary:
    Budget
    Minimum
    Approved

11. Remarks

12. Effective Date of Appointment
    allowed by Budget Division Approved:
    Date of Approval

   (This approval will be invalid if appointment is not made within 45 days)
MUNICIPAL ASSISTANCE CORPORATION

Director of Capital Budget Studies

Description of Responsibilities

NATURE OF WORK

This position is responsible for comprehensive analysis of New York City's Capital Budget requirements and possible financing alternatives consistent with the Corporation's responsibility in the financing for and independent financial review of the City of New York on an annual basis.

OBJECTIVES OF ANALYSIS

A recent credit review of New York City by Moody's Investors Service indicates that the City's general obligation debt load is well in excess of any other city in the country. This situation partially results from the fact the City is responsible for the capital financing through the issuance of general obligation bonds of virtually every public infrastructure category within its corporate limits. To examine the future annual volume of the City's long-term debt issuance, therefore, it is necessary to review the current conditions of the City's physical infrastructure.

The results of such a review of physical infrastructure and capital requirements must then be related to the City's anticipated financing plans in relation to potential roles for the Municipal Assistance Corporation and other alternative means of financing (i.e., use of revenue bonds, as in recent financings in Philadelphia and Boston), as vehicles to reduce the future requirements for issuances by New York City of general obligation bonds.

The ability of New York City to regain access to the conventional bond market for sale of its general obligation bonds is, therefore, dependent upon analysis of its future annual capital budget requirements. To the extent that the size of the City's debt issues can be appropriately reduced to make the City's general obligation bonds more attractive, by stabilizing the annual level of such bonds at a level which the credit market can absorb without a great struggle, then the City's debt management problems will be lessened.

FRAMEWORK FOR ANALYSIS

Capital budget analysis will proceed in a systematic approach designed to combine data from existing studies with the development of new information and priorities in light of realistically available financing options for each type of physical infrastructure, including assessment of capital requirements for New York City, review of the MAC Debt Issuance Plan, and evaluation of other alternatives for financing capital programs.
RELATIONSHIP WITH OTHERS

The incumbent of this position will communicate regularly with the Executive Director and staff of the Corporation, any budget consultants retained by the Corporation, the Financial Control Board, Office of Special Deputy Comptroller, United States Treasury Department, City and State Budget Offices, and pertinent private institutions.
STATE OF NEW YORK
REQUEST FOR BUDGET DIRECTOR'S APPROVAL

Date of Request: May 14, 1979

Approval to fill the following vacant position is hereby requested:

1. Department: Municipal Assistance Corporation Division: One World Trade Center
   Bureau and Unit: (Signed) Location Suite 8901
   (Signed) Commissioner or Authorized Officer
   New York, N. Y. 10048

2. Title: Financial Analyst
   Budget Request No.

3. Civil Service Status: Exempt
   Payroll No.

4. Name of Person Vacating Position: n/a

5. Date Position became Vacant: n/a
   6. Reason for Vacancy

7. To be filled by: Permanent-Exempt
   (Type of Appointment) Appointment at $ 20,000
   Effective date of

8. Name of Appointee: Adam Sherman
   Appointment: June 11, 1979

9. Remarks: (Department)

   Mr. Adam Sherman, 252-08 63rd Avenue, Little Neck, New York, 11362, is appointed to the position of Financial Analyst at the Municipal Assistance Corporation effective June 11, 1979.

SPACES BELOW FOR USE BY DIVISION OF THE BUDGET ONLY

10. Salary:
    Budget
    Minimum
    Approved

11. Remarks

12. Effective Date of Appointment allowed by Budget Division: Approved:
    Date of Approval

(This approval will be invalid if appointment is not made within 45 days)
May 14, 1979

The Secretary of the Treasury
of the United States of America
Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Sir:

Pursuant to Section 6.19(b) of the Agreement to Guarantee dated as of November 15, 1978, by and among the United States, the State of New York, The City of New York (the "City"), the New York State Financial Control Board, and the Municipal Assistance Corporation For The City of New York ("MAC"), we enclose herewith an Agreement of even date between MAC and the City relative to the disposition of all remaining bond anticipation notes of the City held by MAC. If satisfactory, we request your written approval to such agreement prior to the closing on this matter, which is scheduled for May 15, 1979.

A summary of the Agreement is enclosed herewith for your information.

Your prompt consideration of this matter is greatly appreciated.

Very truly yours,

Philip L. Toia
Deputy Mayor for Financial Management

Enc.
SUMMARY OF AGREEMENT DATED MAY 14, 1979 (THE "AGREEMENT") BETWEEN
THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK ("MAC")
AND THE CITY OF NEW YORK (THE "CITY")

The Agreement covers the disposition of $993,810,000.00 of the
City's Bond Anticipation Notes ("BANs") held by MAC on this date,
which constitutes all of the remaining BANs of the City held by MAC.

A. The Agreement requires that the City redeem or cancel
$993,810,000 of such BANs as follows:

1. $52,575,000 of BANs - to be redeemed by payment to MAC
   on or before June 10, 1979 (a
   list of such BANs is set forth on
   Exhibit "A" to the Agreement).

2. $654,650,000 of BANs - to be exchanged on May 15, 1979
   for a like principal amount of
   the City's 8% general obligation
   serial bonds (the "Exchange Bonds"),
   (a list of such BANs is set forth
   on Exhibit "B" to the Agreement).

3. $136,585,000 of BANs - to be redeemed by payment to MAC
   in 1979 ($60,000,000) and 1980
   ($76,585,000), with interest at 8%
   per annum until payment of the full
   face amount (a list of such BANs is
   set forth on Exhibit "C" to the
   Agreement).

4. $150,000,000 of BANs - to be held by MAC until the City
   issues additional general obligation
   serial bonds substantially similar
   to the Exchange Bonds for all or
   part of such BANs. Any of these
   BANs which remain outstanding after
   June 30,1981 will be automatically
   cancelled in accordance with
   subdivision 2(a) of Section 3035 of
   the MAC Act. Interest will be paid
   at 8% per annum on such BANs while
   they remain outstanding (a payment
   schedule for these BANs is set forth
   on Exhibit "D" to the Agreement).

$993,810,000 - Total aggregate principal amount of
BANs outstanding on May 14, 1979.
B. The terms and provisions of the Exchange Bonds are as follows:

1. The bonds will be dated and issued on May 15, 1979.
2. The bonds will be payable in annual installments as set forth in Exhibit "E" to the Agreement.
3. The bonds will be registered and may not be converted into coupon bonds.
4. The bonds will bear interest at the rate of 8% per annum.
5. The bonds will be callable for redemption on any interest payment date on thirty (30) days' prior written notice to MAC (and the Financial Control Board), and any such redemption must be consistent with the Financial Plan of the City (as defined in the Agreement to Guarantee) then in effect.
6. The bonds may not be transferred by MAC without the consent of the Mayor and Comptroller of the City.
7. The bonds contain the pledge and agreement of the State set forth in Sections 10-a(1) and 10-a(3) of the New York State Financial Emergency Act for The City of New York.
8. The form of Exchange Bond is set forth in Exhibit "F" to the Agreement.

C. Miscellaneous matters

1. MAC has agreed not to present any BANs for payment except in accordance with the terms of the Agreement.
2. The Agreement is subject to the approval of the New York State Financial Control Board. (Approval expected on May 15, 1979)

*Pursuant to separate letter from the City to the FCB.
3. The Agreement may be amended only with the written consent of the parties and the Secretary of the Treasury.
Date: 11 May 1979
To: WORKING GROUP
From: Robert F. Vagt and Philip L. Toia
Re: 1980 Issuance Schedule

Attached is a proposed issuance schedule for the FY 1980 segment of the Four-Year Plan.

The proposed schedule details:

- the sale by the City of federally guaranteed City bonds to the various pension funds

- the issuance by MAC of $537 million of bonds to the various commercial banks, savings banks, insurance companies and City pension funds

- the sale by MAC of $500 million of bonds to the public

The schedule for the sale of City guaranteed bonds contemplates completing all sales by the end of December.

The issuance of bonds by MAC to the various private placement purchasers is scheduled to occur in two parts—the first in September 1979 for $300 million and the second in December 1979 for the balance of $237 million. These bonds, taken as a whole, are required to have an average life of 13.2 years and a final maturity no later than July 1, 1999.

The $500 million of bonds to be sold to the public are scheduled to be issued in four equal parts of $125 million each quarter. To the extent possible, the public issues are scheduled so as to minimize market congestion.

The total amount to be raised by MAC of $1,037 billion is to be used to fund the following purposes:

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Capital*</td>
<td>232</td>
</tr>
<tr>
<td>City Capitalized Expenses</td>
<td>285</td>
</tr>
<tr>
<td>MAC Capital Reserve</td>
<td>100</td>
</tr>
<tr>
<td>MAC Guaranty Reserve Fund</td>
<td>10</td>
</tr>
<tr>
<td>MAC Refunding</td>
<td>410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,037</strong></td>
</tr>
</tbody>
</table>
City of New York/Municipal Assistance Corporation

FY 1980 Proposed Issuance Schedule Pursuant to Four-Year Plan
($ in Millions)

<table>
<thead>
<tr>
<th>Date</th>
<th>Issuance</th>
<th>Type</th>
<th>Amount</th>
<th>Use of Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1979</td>
<td>City</td>
<td>Guaranteed</td>
<td>$100</td>
<td>Capital</td>
</tr>
<tr>
<td>August 1979</td>
<td>MAC</td>
<td>Public</td>
<td>125</td>
<td>70 Capital Reserve</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 Reserve Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50 Capitalized Expenses</td>
</tr>
<tr>
<td>September 1979</td>
<td>MAC</td>
<td>Private</td>
<td>300</td>
<td>20 Capital Reserve</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35 Capitalized Expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>245 Refunding</td>
</tr>
<tr>
<td>October 1979</td>
<td>City</td>
<td>Guaranteed</td>
<td>125</td>
<td>Capital</td>
</tr>
<tr>
<td>November 1979</td>
<td>MAC</td>
<td>Public</td>
<td>125</td>
<td>10 Capital Reserve</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 Reserve Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>110 Capitalized Expenses</td>
</tr>
<tr>
<td>December 1979</td>
<td>MAC</td>
<td>Private</td>
<td>237</td>
<td>72 Capitalized Expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>165 Refunding</td>
</tr>
<tr>
<td>December 1979</td>
<td>City</td>
<td>Guaranteed</td>
<td>125</td>
<td>Capital</td>
</tr>
<tr>
<td>March 1980</td>
<td>MAC</td>
<td>Public</td>
<td>125*</td>
<td>107 Capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18 Capitalized Expenses</td>
</tr>
<tr>
<td>June 1980</td>
<td>MAC</td>
<td>Public</td>
<td>125*</td>
<td>Capital</td>
</tr>
</tbody>
</table>

$1,387

*To be accompanied by sale of City Bonds to MAC
May 11, 1979

BY MESSENGER

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

Re: MAC Series 15 Bonds

Dear Mr. George:

Thank you for your letter of May 8, 1979, quoting a price for the printing of the Corporation's Series 15 Bonds, in accordance with the quantities and schedule set forth therein.

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

Enclosed with this letter please find the original signatures of Mr. George D. Gould and myself, for engraving and printing on the bonds as Chairman and Secretary of the Corporation, respectively.

We look forward to working with you in the coming weeks.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:pas

cc: Gerard F. Fernandez, Jr., Esq.

Enclosures (2)
Cozy D. Cozyd

Cozy D. Cozyd

Cozy D. Cozyd

Cozy D. Cozyd
May 8, 1979

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

Dear Mr. Weinstein:

Re: 1979 Series 15 Bond

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

25,000 - $5,000 Coupon Bonds, dated June 1, 1979, which mature July 1, 2008; all bearing same interest rate, with appropriate Coupons attached (wing form), CUSIP Numbers, requisite facsimile seal and signatures,

AND

5,000 - $_______ Registered (without Coupons)

at a total charge of $9,615.00 f.o.b. New York, N.Y., exclusive of any applicable sales or use taxes. Seller shall have no liability for delays in transit or for any consequential damages, and Seller's liability in any case is expressly limited to the replacement value of the printed materials.

Author's corrections requiring submission of revised proofs, any unusual delay in approval of proofs or any acceleration in the delivery date necessitating the employment of overtime to meet the required delivery will be charged for additionally at standard rates.
Mr. Stephen Weinstein  
Secretary  
Municipal Assistant Corporation for the City of N.Y.  

May 8, 1979

- 2 -

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

It is our understanding that the sale will take place on May 22nd. We would hope to have all changes made to our first proofs and tentatively cleared prior to that date so that we may then insert the interest rate and show final proofs on May 23rd for approval that day. We would then have Bond No. 1 available in New York on May 25th. The balance of the bonds will be delivered to The Signature Company in the morning of May 31st or earlier.

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

Very truly yours,

David L. George, Jr.

DLG:rm

cc: Mr. J. B. Walker

Gerard Fernandez, Jr., Esq.  
Hawkins, Delafield & Wood  
67 Wall Street  
New York, N.Y. 10005
10 May 1979

Mr. Edwin F. McMichael
Vice President
MORGAN GUARANTY TRUST COMPANY
30 West Broadway
New York, New York 10007

Re: Escrow Agreement

Dear Mr. McMichael:


This letter is to record an oral agreement with regard to your charges for such services, made between Mr. Harris A. Decker, our Treasurer, and Mr. Thomas Clark of your firm, which provided for an annual fee of $1,500 per year or part thereof, commencing November 20, 1978.

Please indicate your agreement with this fee schedule by signing the enclosed copy of this letter and returning it to me, so that we may process your initial invoice for payment.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

Enclosure (1)

MORGAN GUARANTY TRUST COMPANY

ACCEPTED

By: ________________________________

Date: ________________________________
BY MESSENGER

9 May 1979

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

ATTN: Frieda Ackerman

Dear Sirs:

The Municipal Assistance Corporation requests a rating on the 1979 Series 15 Bonds which the Corporation proposes to issue under its Second General Bond Resolution. Enclosed is a copy of the Series 15 preliminary Official Statement and we will supply you with the final Official Statement and Series Resolution when they are completed.

Very truly yours,

[Signature]
Robert F. Vagt
Executive Director

ENCLOSURE
RFV/pfs
9 May 1979

STANDARD AND POOR'S CORPORATION
25 Broadway
New York, New York 10014

ATTN: Brent Harries
President

Dear Sirs:

The Municipal Assistance Corporation requests a rating on the 1979 Series 15 Bonds which the Corporation proposes to issue under its Second General Bond Resolution. Enclosed is a copy of the Series 15 preliminary Official Statement and we will supply you with the final Official Statement and Series Resolution when they are completed.

Very truly yours,

Robert F. Vagt
Executive Director

ENCLOSURE
RFV/pfs
Date: May 9, 1979

To: Robert F. Vagt

From: Andrew Decker

Re: MAC Economic Debt Issuance Capacity

Under State law MAC may issue up to $8.8 billion of bonds excluding refunding obligations and short term notes. After the issuance of the Series 15 bonds, MAC will have issued approximately $6.567 billion for purposes of the statutory limitation. Under the Debt Issuance Plan MAC is scheduled to issue an additional $1.9 billion of debt which includes $600 million of refunding obligations. After completion of the Debt Issuance Plan in fiscal year 1982, MAC will have issued $7.866 billion for purposes of the statutory limitation.

Upon completion of the Debt Issuance Plan, MAC will still have considerable economic capacity to support additional debt issuance.(1) After fiscal year 1982 MAC will have outstanding $2.9 billion First Resolution Bonds and $4.2 billion Second Resolution Bonds. Peak debt service in each case will be approximately $386 million and $539 million, respectively. This implies that between $400 million and $480 million First Resolution Bonds could be issued under the $425 million debt service cap.(2) Assuming revenues available for Second Resolution purposes remain constant ($1,367 million Sales and Stock Transfer plus $427 million Per Capita Aid less $425 million maximum annual debt service on First Resolution Bonds) implies that between $1.5 billion and $1.8 billion of Second Resolution Bonds could be sold. To the extent that the interest rate on bonds sold is lower than the very conservative 8% assumed, the amounts of economic capacity rise sharply.

MAC has agreed that it will not exceed $8.8 billion of bonds outstanding under the First and Second Resolutions. After fiscal year 1982 there would be approximately $1.7 billion of room remaining under this outstanding test. This may affect the amount that MAC could issue in the future.

(1) Additional debt issuances after June 30, 1982 other than for refunding would require new legislation.

(2) The lower limit is calculated using 25 year level debt service at 8% while the higher limit is calculated assuming amortization of principal after peak debt service years at 8%.
Date: 9 May 1979

To: George Gould; Eugene Keilin; Edward Kresky

From: Robert F. Vagt

Re: Information Meetings

BY MESSENGER

The following is an outline of the format and content of the Information Meetings which we will hold. It is the result of two meetings with the Management Group during which they were to provide suggestions of their own as well as those of their salespeople in other parts of the country.

It is anticipated that none of the presentations will extend beyond twenty to twenty-five minutes for the formal portion and probably no more than ten or fifteen minutes for questions.

I. 6 minutes - George will be introduced by someone from SALOMON BROTHERS. It is suggested that he, in turn, introduce the MAC people and the lawyers from HAWKINS, PAUL WEISS and WHITE & CASE. The initial presentation by George should be six or seven minutes in duration and should include the following:

MAC History

-MAC is a public benefit corporation of the State created for the purpose of providing financing and fiscal oversight for the City.

-Brief review of the circumstances under which it was created (some "old days" perspective).

-How that perspective has changed over the course of the last three and one half years.

-Etc.

What the State of New York has done in order to protect MAC Bondholders.

-New York State has done everything it can under its constitution. It created MAC for financing and oversight; it created the PCB in order to provide day-to-day supervision and control.
While under its constitution the State cannot dedicate or pledge a tax, it established a flow of revenues which took Sales Tax and Stock Transfer Tax (which amounts previously were City revenues) and set up a structure which envisioned the annual appropriation of these monies to MAC. The State’s highest court has upheld the authority of the State to impose the Sales and Stock Transfer Taxes and use them as security for MAC bonds and the U.S. Supreme Court has dismissed an appeal of this question for a lack of substantial federal question.

George then introduces Gene who will further explain the credit, sources of payment for MAC bonds, etc.

II. 10 minutes - Gene: This presentation essentially studies the credit and utilizes the charts which are attached.

-Source of payment on Second General Resolution MAC bonds.

-Comparison of available revenue to Debt Service.

-Sales Tax collection.

-Coverage of Second General Resolution Bonds.

-Limitation on additional bonds.

-Future issuances and resulting coverage.

Gene then introduces Bobby who will talk about MAC's fiscal oversight function.

III. 6 minutes - Bobby: While we separate MAC from the City in terms of the flow of funds and as a credit, our reason for being is to assist the City. MAC's review of the City's finances are a result of both a statutory obligation and its responsibility to do due diligence as an issuer of debt.
- Budget review coming up within the next 45 days.

- Review of capital budget important to MAC because it deals with the physical infrastructure of the City and its long-term habitability; it also has financing/city debt ratio implications.

- Discussion of progress made by State and City in terms of tax cuts, economic climate, state deficit; examples of City revitalization such as hotel occupancy, employment, office market.

- General comments to the extent that we feel that the City has met its major goals, has the capacity to meet them in the future, and that MAC will continue to work to the end that the City does now what must be done to insure its future.

IV. George closes the formal presentation with some philosophical upbeat statement and opens the floor to questions.

I asked for some ideas on what the questions might look like and was told that the following might be included.

1. What happens to MAC if the City goes into bankruptcy?

2. During the period after filing for bankruptcy, can MAC revenues be attached (i.e. will there be a stay or delay)?

3. A whole host of mechanical questions.

4. Do trust companies in the clearinghouse banks invest in MAC?

5. Shotgun questions on pieces of the City such as welfare, unions, future labor settlements, etc.

6. State questions (e.g. UDC).


I also asked if there were any tips which they would offer for our presentation and they listed the following:

1. Don't make market prognostications.

2. Don't overwhelm the audience with detail as its attention span will be limited.
3. Presentations should be in crisp not in rambling style.

By way of miscellaneous comments:

1. We will have our quarterly financial statements to pass out.

2. There will be opportunity for us to mingle afterwards and, as that is the time when there is potential for making some real headway we should not stand as a group but mingle as individuals so that we can cover the most territory.

3. The Financial Press out-of-town has been called and we should think seriously about carrying with us a printed press release.

4. We will be meeting at City Midday Club at 3:00 p.m. on Thursday to rehearse this presentation. It is obviously open for amendment, additions, etc.

RFV/pfs
Sales Tax Collections
Millions of Dollars

1000 -
900 -
800 -
700 -
600 -
500 -
400 -
300 -
200 -
100 -

<table>
<thead>
<tr>
<th>Revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sales Tax 4% levied by N.Y.S.</td>
<td>$ 980 million</td>
</tr>
<tr>
<td>within the city</td>
<td></td>
</tr>
<tr>
<td>2 Stock Transfer Tax</td>
<td>$ 387 million</td>
</tr>
<tr>
<td>3 Per Capita Aid</td>
<td>$ 427 million</td>
</tr>
<tr>
<td>4 Total Revenues</td>
<td>$1,794 million</td>
</tr>
</tbody>
</table>
Coverage of 2nd Resolution Bonds

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Revenues</td>
</tr>
<tr>
<td>2</td>
<td>Less: MAC Operating Expenses</td>
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<tr>
<td></td>
<td>1st Resolution Bond debt service paid</td>
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<tr>
<td></td>
<td>from sales tax</td>
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<tr>
<td></td>
<td>$378</td>
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<tr>
<td>3</td>
<td>Available for 2nd resolution bonds</td>
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<td>4</td>
<td>Maximum debt service on outstanding 2nd Resolution Bonds</td>
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<tr>
<td>5</td>
<td>Debt service covered</td>
</tr>
<tr>
<td></td>
<td>$1,794 million</td>
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<tr>
<td></td>
<td>$5</td>
</tr>
<tr>
<td></td>
<td>383 million</td>
</tr>
<tr>
<td></td>
<td>$1,411 million</td>
</tr>
<tr>
<td></td>
<td>354 million</td>
</tr>
<tr>
<td></td>
<td>3.99 times</td>
</tr>
</tbody>
</table>
Limitation on Additional Bonds

1. Additional 1st Resolution Bonds may not be issued if the Annual Debt Service for any year on all 1st Resolution Bonds would exceed $425 million.

2. Additional 2nd Resolution Bonds may not be issued unless available revenues for 2nd Resolution Bonds cover maximum debt service on such Bonds at least 2 times.
Comparison of Available Revenues to Debt Service

Millions of Dollars

1,800 —

1,600 —

1,400 —

1,200 —

1,000 —

800 —

600 —

400 —

200 —

Revenues

Per Capita Aid

Stock Transfer Tax

Sales Tax

Debt Service

2nd Resolution Bonds

1st Resolution Bonds
May 9, 1979

Mr. Harry Levit
1745 East 12th Street
Apt. 2F
Brooklyn, New York 11229

Dear Mr. Levit:

This letter is in response to your personal inquiry about the letter which you received from the United States Trust Company of New York dated April 23, 1979, which informed you that certain of your Municipal Assistance Corporation 1975 Series 4 Bonds had been redeemed on July 1, 1978, prior to their original maturity dates. The Trust Company serves as Trustee for the Corporation's bondholders; a copy of their letter is attached for your reference.

The terms of issuance of the 1975 Series 4 Bonds provide that they are subject to redemption in part by lot on July 1 in each of the years 1977 through 1986 in specified principal amounts at a redemption price of 100% of the principal amount plus accrued interest to the date of redemption, and that on the date of such redemption interest ceases to accrue and subsequent coupons become void.

In order to provide notice to the holders of bonds which are to be redeemed each year, the 1975 Series 4 Resolution provides that, not less than 30 nor more than 60 days prior to the redemption date, the Corporation shall notify by mail all registered owners of bonds to be so redeemed, and shall publish once a week for at least two successive weeks a list of all bonds to be so redeemed in an English language newspaper of general circulation in the Borough of Manhattan. Inasmuch as the Corporation has no record of the identities and addresses of holders of its coupon bonds, the only way in which it can and is required to provide notice to them is through publication.

You should note that the Corporation makes its bonds available in registered as well as coupon form, and permits the holder to switch from one form to the other at the expense of the Corporation as the holder may desire. Because registered holders do receive individual notification by mail of any early redemption, and because registered bonds also provide certain
other conveniences and protections, you may wish to consider transferring any of your remaining bonds from coupon form to registered form. If so, you should notify Mr. Pat Santivasci of United States Trust Company of New York, telephone no. 425-4500, ext. 2512.

We appreciate your concern, and hope that this information is helpful to you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW:pas

Enclosure (1)
April 23, 1979

Securityholder Relations

Harry Levit
1745 East 12th Street
Apt #2F
Brooklyn, NY 11229

RE: Municipal Assistance Corporation for the City of New York Series 4

Dear Mr. Levit:

A recent audit of the coupons due 1/1/79 for the subject issue has revealed that we inadvertently overpaid you on $400.00 coupons for Bond Numbers 6555, 6560 which were called for redemption on July 1, 1978.

When Bonds are called, interest ceases to accrue after the call date. Your Bonds were called on July 1, 1978 and the above mentioned coupons should not have been negotiated.

In order to correct this error we would appreciate if you will present the called bonds to us for the payment of the principal amount less the amount of the January 1, 1979 overpayment.

The called Bonds are to be sent to the following address:
United States Trust Company of New York, Bond Services, C/O CTAS, 130 John Street, New York, N.Y. 10038.

Your prompt attention to this matter will be appreciated.

Sincerely yours,

Roger Sullivan
Corporate Trust & Agency Services
Bond Redemption Unit
BY MESSENGER

9 May 1979

FITCH INVESTORS SERVICES
12 Barclay Street
New York, New York 10007

ATTN: Richard Cacchione

Dear Sirs:

The Municipal Assistance Corporation requests a rating on the 1979 Series 15 Bonds which the Corporation proposes to issue under its Second General Bond Resolution. Enclosed is a copy of the Series 15 preliminary Official Statement and we will supply you with the final Official Statement and Series Resolution when they are completed.

Very truly yours,

Robert F. Vagt
Executive Director

ENCLOSURE
RFV/pfs
Date: 7 May 1979

To: Debt Issuance Plan Working Group

From: Robert F. Vagt

Re: Issuance Schedule for Fiscal Year 1980

Attached is the proposed issuance schedule for $1,037 million of the Municipal Assistance Corporation's bonds during fiscal year 1980. Of the total, $537 million will be issued to the purchases under the Bond Purchase Agreement and $500 million will be offered publicly. The proceeds of such sales will be used as follows:

(In $ Millions)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAC Capital Reserve</td>
<td>$100</td>
</tr>
<tr>
<td>Guaranty Fund</td>
<td>10</td>
</tr>
<tr>
<td>MAC Refunding</td>
<td>410</td>
</tr>
<tr>
<td>City Capital</td>
<td>232</td>
</tr>
<tr>
<td>City Capitalized Expenses</td>
<td>285</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,037</strong></td>
</tr>
</tbody>
</table>

Attachment

RFV/lsd
# MUNICIPAL ASSISTANCE CORPORATION

## PROPOSED FY 1980 MAC ISSUANCE SCHEDULE

(In $ Millions)

<table>
<thead>
<tr>
<th>Sale Date</th>
<th>Closing Date</th>
<th>Purchaser</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/01/79</td>
<td>08/15/79</td>
<td>Public</td>
<td>$125</td>
<td>40 Capital Reserve [1st]</td>
</tr>
<tr>
<td>09/01/79</td>
<td></td>
<td>Private</td>
<td>300</td>
<td>20 Capital Reserve [2nd]</td>
</tr>
<tr>
<td>11/01/79</td>
<td>11/15/79</td>
<td>Public²</td>
<td>125</td>
<td>10 Capital Reserve [2nd]</td>
</tr>
<tr>
<td>12/15/79</td>
<td></td>
<td>Private</td>
<td>237</td>
<td>72 Capitalized Expenses</td>
</tr>
<tr>
<td>03/01/80</td>
<td>03/15/80</td>
<td>Public³</td>
<td>125</td>
<td>107 City Capital [Mirrored]</td>
</tr>
<tr>
<td>06/01/80</td>
<td>06/15/80</td>
<td>Public³</td>
<td>125</td>
<td>125 City Capital [Mirrored]</td>
</tr>
</tbody>
</table>

### Debt Structure

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 to 2008</td>
<td>2002 to 2008</td>
</tr>
<tr>
<td>1983 to 1999</td>
<td>1983 to 1999</td>
</tr>
<tr>
<td>1996 to 2008</td>
<td>1996 to 2008</td>
</tr>
<tr>
<td>1981 to 2009</td>
<td>1981 to 2009</td>
</tr>
<tr>
<td>1982 to 1999</td>
<td>1982 to 1999</td>
</tr>
</tbody>
</table>

### $1,037

## NOTES:

1/ All bonds mature July 1 of the year indicated unless otherwise indicated.
2/ Bonds mature February 1 of the year indicated.
3/ Structure of debt is pro forma and will be adjusted to match the periods of probable usefulness underlying City Capital spending.

/lsd
05/07/79
May 7, 1979

Mr. William Brina  
NEW YORK STATE/DIVISION OF THE  
BUDGET  
The Capitol Building  
Albany, New York  12224

Dear Bill:

In accordance with our telephone conversations of the past few days with regard to the pending salary increases for certain members of the staff of the Municipal Assistance Corporation, I am enclosing for your processing three Budget Director's Approval forms for Ms. Marilyn F. Friedman, Ms. Lorna A. Haan and Mr. H. Andrew Decker.

As we discussed, Ms. Friedman's BDA reflects her appointment by the Corporation's Board of Directors to act as Acting Executive Director effective January 4, 1979, pending the selection of a permanent Executive Director; in fact, she served in that position from January 4, 1979 to March 16, 1979, when she reassumed her former staff position as Counsel. The BDAs for Ms. Haan and Mr. Decker reflect their respective promotions to the positions of Administrative Assistant and Treasurer; both were previously employed by the Corporation in the positions of Administrative Clerk and Financial Analyst, respectively.

As you know, the Division of the Budget has already signed a Certificate of Approval of Availability which incorporates these promotions and the accompanying salaries for these positions. Accordingly, I would appreciate it if you would have these BDAs executed as expeditiously as possible so that the Department of Audit and Control can issue salary checks to the three individuals based upon the higher salaries included in the certificate schedule.

If you have any questions, please give me a call.

Sincerely,

[Signature]  
William J. Lithgow  
Administrative Officer  

WJL:pas  
Enclosures (3)
STATE OF NEW YORK
REQUEST FOR BUDGET DIRECTOR'S APPROVAL

Date of Request January 4, 1979

Approval to fill the following vacant position is hereby requested:

1. Department Municipal Assistance Corp. Division ____________ Location One World Trade Cen.
   Bureau and Unit _____________________________ Suite 8901 New York, N.Y. 10048
   (Signed) ___________________________ Commissioner or Authorized Officer

2. Title Administrative Assistant Budget Request No.

3. Civil Service Status Exempt Payroll No.

4. Name of Person Vacating Position n/a

5. Date Position became Vacant n/a 6. Reason for Vacancy

7. To be filled by Permanent-Exempt Appointment at $ 16,500
   (Type of Appointment)

8. Name of Appointee Lorna Haan Effective date of Appointment January 4, 1979

9. Remarks: (Department)

Ms. Lorna Haan is promoted to Administrative Assistant effective January 4, 1979.

SPACES BELOW FOR USE BY DIVISION OF THE BUDGET ONLY

10. Salary:
    Budget ____________________________
    Minimum ____________________________
    Approved ____________________________

11. Remarks

12. Effective Date of Appointment
    allowed by Budget Division ____________________________ Approved:
    Date of Approval ____________________________ Director of the Budget

(This approval will be invalid if appointment is not made within 45 days)
STATE OF NEW YORK
REQUEST FOR BUDGET DIRECTOR'S APPROVAL

Date of Request January 4, 1979

Approval to fill the following vacant position is hereby requested:

   Bureau and Unit. ____________________________ Location Suite 8901
   (Signed) ____________________________ New York, N.Y. 10048

2. Title Treasurer

3. Civil Service Status Exempt

4. Name of Person Vacating Position n/a

5. Date Position became Vacant n/a

6. Reason for Vacancy

7. To be filled by ____________ Permanent-Exempt ____________ Appointment at $ 32,500
   (Type of Appointment)

8. Name of Appointee Harris Andrew Decker Effective date of
   Appointment January 4, 1979

9. Remarks: (Department)

   Mr. H. Andrew Decker is promoted to the position of Treasurer, effective January 4, 1979.

SPACES BELOW FOR USE BY DIVISION OF THE BUDGET ONLY

10. Salary:
    Budget
    Minimum
    Approved

11. Remarks

12. Effective Date of Appointment
    allowed by Budget Division

   Date of Approval ____________________________

   Director of the Budget

   (This approval will be invalid if appointment is not made within 45 days)
STATE OF NEW YORK
REQUEST FOR BUDGET DIRECTOR'S APPROVAL

Date of Request January 4, 1979

Approval to fill the following vacant position is hereby requested:

   Bureau and Unit Location Suite 8901
   (Signed) Location New York, N.Y. 10048
   Commissioner or Authorized Officer

2. Title Acting Executive Director Budget Request No.
   Payroll No.

3. Civil Service Status Exempt

4. Name of Person Vacating Position n/a

5. Date Position became Vacant n/a

6. Reason for Vacancy

7. To be filled by Permanent-Exempt Appointment at $ 57,500
   (Type of Appointment)

8. Name of Appointee Marilyn Friedman Effective date of
   Appointment January 4, 1979

9. Remarks: (Department)

   Ms. Marilyn Friedman is appointed to serve as Acting
   Executive Director, effective January 4, 1979.

__________________________

SPACES BELOW FOR USE BY DIVISION OF THE BUDGET ONLY

10. Salary:
    Budget
    Minimum
    Approved

11. Remarks

12. Effective Date of Appointment
    allowed by Budget Division Approved:
    Date of Approval ____________________________  ____________________________
    Director of the Budget

(This approval will be invalid if appointment is not made within 45 days)
Date: May 3, 1979

To: Finance Committee

From: Harris A. Decker

Re: 1980 Issuance Schedule

The 1980 issuance schedule assumes the following:

1. Use of proceeds as follows:

($ millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Reserve Funding</td>
<td>100</td>
</tr>
<tr>
<td>Guarantee Fund</td>
<td>10</td>
</tr>
<tr>
<td>Capitalized Expense Items</td>
<td>285</td>
</tr>
<tr>
<td>City Capital</td>
<td>232</td>
</tr>
<tr>
<td>MAC Refunding</td>
<td>410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,037</td>
</tr>
</tbody>
</table>

2. Private placements during fiscal 1981 are done in two parts. The first in early September in the amount of $300 million and the second in mid-December in the amount of $237 million.

3. Public sales of $500 million are done in four equal parts of $125 million each. The first sale in late July or early August of Second Resolution Bonds. The second sale in late October or early November of First General Resolution Bonds. The third sale in early March of Second Resolution Bonds and the final sale in late May early June of Second Resolution Bonds.
4. All of the monies which are to be provided to the City for City capital purposes will be derived from the last two MAC public sales.

5. The City anticipates making four private placements of Federally Guarantee Debt during fiscal 1981; $100 million in August or September (simultaneously with MAC's first private placement); $75 million in October; $75 million in December; and, the final $100 million in June.

6. MAC's capital reserve funding requirement is assumed to give effect to the refunding of first resolution debt prior to October 12.
Municipal Assistance Corporation
For The City of New York

Debt Service Payment and Funding Requirements by Fiscal Year

AFTER FY 80

(In Thousands of Dollars)

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>79,455</td>
<td>418,963</td>
<td>498,418</td>
<td>564,684</td>
</tr>
<tr>
<td>1980</td>
<td>59,760</td>
<td>497,225</td>
<td>556,985</td>
<td>579,159</td>
</tr>
<tr>
<td>1981</td>
<td>89,070</td>
<td>531,326</td>
<td>620,396</td>
<td>602,435</td>
</tr>
<tr>
<td>1982</td>
<td>87,630</td>
<td>528,762</td>
<td>616,392</td>
<td>646,171</td>
</tr>
<tr>
<td>1983</td>
<td>192,710</td>
<td>521,134</td>
<td>713,844</td>
<td>721,688</td>
</tr>
<tr>
<td>1984</td>
<td>223,010</td>
<td>503,180</td>
<td>726,190</td>
<td>697,342</td>
</tr>
<tr>
<td>1985</td>
<td>225,550</td>
<td>483,173</td>
<td>708,723</td>
<td>722,815</td>
</tr>
<tr>
<td>1986</td>
<td>309,415</td>
<td>463,676</td>
<td>773,091</td>
<td>762,946</td>
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<tr>
<td>1987</td>
<td>357,180</td>
<td>436,554</td>
<td>793,734</td>
<td>802,336</td>
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<tr>
<td>1988</td>
<td>419,420</td>
<td>404,461</td>
<td>823,881</td>
<td>813,129</td>
</tr>
<tr>
<td>1989</td>
<td>465,870</td>
<td>383,592</td>
<td>849,462</td>
<td>810,877</td>
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<tr>
<td>1990</td>
<td>496,195</td>
<td>330,377</td>
<td>826,572</td>
<td>804,752</td>
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<tr>
<td>1991</td>
<td>532,905</td>
<td>289,713</td>
<td>822,703</td>
<td>804,606</td>
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<tr>
<td>1992</td>
<td>575,030</td>
<td>245,665</td>
<td>820,695</td>
<td>808,205</td>
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<tr>
<td>1993</td>
<td>621,795</td>
<td>196,852</td>
<td>818,647</td>
<td>547,362</td>
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<tr>
<td>1994</td>
<td>411,175</td>
<td>154,931</td>
<td>566,106</td>
<td>542,535</td>
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<tr>
<td>1995</td>
<td>433,178</td>
<td>122,401</td>
<td>555,579</td>
<td>368,791</td>
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<tr>
<td>1996</td>
<td>122,715</td>
<td>38,420</td>
<td>211,135</td>
<td>154,010</td>
</tr>
<tr>
<td>1997</td>
<td>91,025</td>
<td>79,539</td>
<td>170,564</td>
<td>151,412</td>
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<tr>
<td>1998</td>
<td>95,255</td>
<td>71,795</td>
<td>167,050</td>
<td>148,197</td>
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<tr>
<td>1999</td>
<td>99,190</td>
<td>63,709</td>
<td>162,899</td>
<td>155,341</td>
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<tr>
<td>2000</td>
<td>114,020</td>
<td>54,838</td>
<td>168,858</td>
<td>85,101</td>
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<tr>
<td>2001</td>
<td>42,730</td>
<td>48,332</td>
<td>91,062</td>
<td>86,634</td>
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<tr>
<td>2002</td>
<td>41,090</td>
<td>44,875</td>
<td>85,965</td>
<td>100,161</td>
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<tr>
<td>2003</td>
<td>58,375</td>
<td>40,772</td>
<td>99,147</td>
<td>100,253</td>
</tr>
<tr>
<td>2004</td>
<td>63,405</td>
<td>35,749</td>
<td>99,154</td>
<td>100,345</td>
</tr>
<tr>
<td>2005</td>
<td>68,655</td>
<td>30,293</td>
<td>99,148</td>
<td>100,448</td>
</tr>
<tr>
<td>2006</td>
<td>74,780</td>
<td>24,357</td>
<td>99,147</td>
<td>100,585</td>
</tr>
<tr>
<td>2007</td>
<td>81,220</td>
<td>17,930</td>
<td>99,150</td>
<td>100,684</td>
</tr>
<tr>
<td>2008</td>
<td>88,205</td>
<td>10,939</td>
<td>99,144</td>
<td>92,909</td>
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<tr>
<td>2009</td>
<td>79,985</td>
<td>3,345</td>
<td>83,330</td>
<td></td>
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<tr>
<td>Total</td>
<td>6,710,278</td>
<td>7,102,130</td>
<td>13,812,408</td>
<td>13,675,891</td>
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BOARD OF DIRECTORS MEETING
Thursday, May 3, 1979
3:00 P.M.
One World Trade Center/ Suite 8901
New York, New York

AGENDA

1. Adoption of minutes for Meeting of the Board of Directors held on March 28, 1979

2. Report on Agreements to Acquire City Bonds and to Amortize City Bond Anticipation Notes

3. Review of Proposed Financing

4. Discussion of Retention of Financial Advisor

5. Miscellaneous
   # # # # #
2 May 1979

Mr. Joe Puzzulo
CREST INC.
2301 Western Avenue
Guilderland, New York 12084

Dear Mr. Puzzulo:

We wish to place an order with you for the Norelco 101 TracerTrack Transcriber (white and black). To cover the order, enclosed please find a State of New York Purchase Order (#387) and Standard Voucher. Please ship the transcriber to my attention at the above address; sign the Standard Voucher and return to me.

To facilitate future orders, would you please send, at your earliest convenience, the newest Norelco dictation systems brochure/catalogue and price list.

Thank you for your assistance.

Sincerely,

Betty B. Alpern
Assistant to the Deputy Executive Director

Enclosures (2)

BBA: meb
STATE OF NEW YORK - STANDARD VOUCHER

1 State Agency:
Municipal Assistance Corporation

2 PAY TO:
Payee Name (limit to 31 spaces)
CREST INC.

3 IDENTIFICATION OF PAYMENT (limit to 15 spaces)
Dept. Div.

Vendor:
If you desire identification of payment on check stub this block must be completed.
See Instruction No. 3 on reverse side.

4 Payee-Employer Identification No. or Soc. Sec. No.

5 Comptroller's Contract No.

6 Cash Discount........%........Days. Delivery Terms:

7 Purchase Order No. and Date
P.O. #
387

DESCRIPTION OF MATERIAL/SERVICE
If items are too numerous to be incorporated in the block below use Form A.C. 93 Rev. and carry Total Forward.

Norelco 101 TracerTrack Transcriber
(white & black)

8 PAYEE CERTIFICATION:
I certify that the above bill is just, true, and correct, that no part thereof has been paid except as stated and that the balance is actually due and owing, and that taxes from which the State is exempt are excluded.

PAYEE'S SIGNATURE IN INK

Title

Date

Name of Company

FOR AGENCY USE ONLY

Merchandise Received
I certify that this voucher is correct and just, and payment is approved.

Date

Authorized Signature

Page No.

By

Date

Title

STATE COMPTROLLER'S PRE-AUDIT

CERTIFIED FOR PAYMENT OF NET AMOUNT

Verified

Audited

Special Approval (as required)

By

ENCUMBRANCE LIQUIDATION

EXPEDEITURE CODES - See instructions in Part IV of Accounting & Control Manual.

Dept. Div. Fund Year and Bill No. MP Prog. MO MO SP SUNY SO SO Proj. Appropriation Charges

AMOUNT DOC

Voucher No.
Municipal Assistance Corporation

TO: CREST INC.
2301 Western Avenue
Guilderland, New York 12084

Att: Joe Puzzulo

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION OF MATERIAL/SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Norelco 101 TracerTrack Transcriber (WHITE &amp; BLACK)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EXPENDITURE CODES - See instructions on Part IV of Accounting & Control Manual.

<table>
<thead>
<tr>
<th>Dept. Div.</th>
<th>Fund</th>
<th>Year and Bill No.</th>
<th>MP Prog. Line</th>
<th>MO MO Char.</th>
<th>SP SUNY Char.</th>
<th>SO SO Obj.</th>
<th>Project</th>
<th>Estimated Amount</th>
</tr>
</thead>
</table>

PLEASE FURNISH THE ABOVE ARTICLES
PURCHASE ORDER (See instructions on back)

AUTHORIZED SIGNATURE
2 May 1979

Mr. Peter D. Kimball  
Vice President  
AMERICAN BANK NOTE COMPANY  
70 Broad Street  
New York, New York 10004

Dear Mr. Kimball:

In accordance with my letter dated March 15, 1979, I am writing to advise you that the Municipal Assistance Corporation is now in the process of developing the schedule and structure for a proposed bond issuance during the current quarter.

I would appreciate it if you would give me a call as soon as possible to arrange a meeting to discuss your firm printing the bonds for this proposed financing.

I look forward to hearing from you.

Sincerely,

[Signature]

Stephen J. Weinstein  
Deputy Executive Director

SJW: bba
1 May 1979

Mr. Bernard Brady
SORG PRINTING
111 Eighth Avenue
New York, New York

Dear Mr. Brady:

You have submitted estimated costs to the Municipal Assistance Corporation for preparation of an Official Statement, assuming a turn-around time of 24 hours from receipt of copy.

As we discussed by telephone, it is important to the Corporation to have the first proof of the Official Statement distributed early this afternoon. You received approximately half of the copy from us by 8 P.M. yesterday and the remainder at approximately 11 P.M. yesterday, except for 6 - 7 pages provided today.

You are hereby authorized to take whatever actions are necessary to provide us with distribution copies in the time required.

Thanks for your assistance.

Sincerely,

[Signature]
Linda W. Seale
Assistant Counsel

LWS:bba
1 May 1979

Mr. William Brina
Senior Budget Examiner
Division of the Budget
The State Capitol
Albany, New York 12224

Dear Bill:

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 first instance appropriation for the Corporation in its 1979-1980 fiscal year. Paragraph #1 contains three language changes designed to make last year's language more clear in relation to expenditures by the Corporation from the Operating Fund.

The enclosed copies have been signed by the Deputy Executive Director of the Corporation. After execution by the Director of the Budget, please return one copy to us for our files.

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

Sincerely,

William J. Lithgow
Administrative Officer

WJL:bba

Enclosures (2)
REPAYMENT AGREEMENT

AGREEMENT made this 1st day of May 1979, 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").

WHEREAS, Section 2 of the State Purposes Budget for the Fiscal Year 1979-1980 provides for an appropriation in the first instance from the State Purposes Fund of the General Fund of the sum of six hundred forty-four thousand, six hundred ninety-five dollars ($644,695), 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 only from revenues available for such purpose in its operating fund established pursuant to the Municipal Assistance Corporation For The City of New York Act, being Article 10 of the Public Authorities Law of the State of New York as amended, an amount equal to the total amount expended by the Corporation from the First Instance Appropriation as follows:
   - For expenditures occurring on or before February 29, 1980, repayment on or before March 31, 1980;
   - For expenditures occurring between March 1 and March 31, 1980, inclusive, repayment no later than April 30, 1979.

2. Any of the First Instance Appropriation actually expended in any subsequent State fiscal year shall be repaid to the State by the Corporation within the same State 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 Comptroller.

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.

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

APPROVED

DATE:

THE PEOPLE OF THE STATE OF NEW YORK

By: ____________________________

DIRECTOR OF THE BUDGET

STATE COMPTROLLER

APPROVED

DATE:

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By: ____________________________

DEPUTY EXECUTIVE DIRECTOR

ATTORNEY GENERAL