BY MESSENGER

30 October 1981

Benjamin H. Tyrrel, Inc.
110 Greenwich Street
New York, New York 10006

Re: Series 34 Financial Printing

Gentlemen:

This letter is to request your quotation for the cost of printing certain documents in connection with a proposed public sale of the Municipal Assistance Corporation's Series 34 Bonds, based upon the specifications contained herein. These documents are expected to vary only slightly from those you recently printed for the Corporation's public offering of its Series 31 Bonds in October 1981, for which you have maintained standing type in accordance with our agreement pertaining to that work.

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

I. PRELIMINARY OFFICIAL STATEMENT

Typesetting copy as required for a Preliminary Official Statement consisting of 68 pages, substantially the same as the Series 31 Preliminary Official Statement, including two proofs; composing 50 sets of each of the proofs, and distributing those proofs (exclusive of messenger charges); printing and binding with staples 15,000 copies of the Preliminary Official Statement on 40-pound white opaque offset paper 8-1/2" by 11" in black ink with one additional color on the front (cover) page; and distributing the Preliminary
30 October 1981
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Page 3.

IV. BLUE SKY MEMORANDUM

Production of a Blue Sky Memorandum consisting of 10 pages, substantially the same as the Series 34 Blue Sky Memorandum, including one proof; composing 10 sets of that proof for distribution (exclusive of messenger charges); printing and binding with staples 500 copies of the Blue Sky Memorandum on 50-pound white opaque offset paper in black ink; distributing the Blue Sky Memorandum in accordance with instructions to be furnished by the Corporation and the Underwriters. Please calculate a single aggregate Base Price for all of the above work, and indicate the Additions to Price for each two pages of additional text, and for each 100 additional copies of the final printed document. Production of 500 copies of Supplemental Blue Sky Memorandum consisting of one page.

V. LEGAL OPINIONS

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

VI. ADDITIONAL DOCUMENTS

No additional documents shall be included as a part of the work to be performed for the Corporation, unless the Corporation shall duly authorize the printing of additional documents. However, it is anticipated that certain additional documents will be required by the Underwriters in connection with the proposed financing; any and all such additional documents shall be paid for by the Underwriters and not by the Corporation. Accordingly, no price is required to be included in your quotation for any such additional documents.
30 October 1981  
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Page 2.  

Official Statements (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the Underwriters. Please calculate a single aggregate Base Price for all of the above work, and separately indicate the Additions to Price for each two pages of additional text, and for each 1,000 additional copies of the final printed document.

II. FINAL OFFICIAL STATEMENT

Typesetting revisions to the Preliminary Official Statement as required for one proof of a Final Official Statement consisting of 68 pages, composing 50 sets of one proof, and distributing those proofs (exclusive of messenger charges); printing and binding with staples 10,000 copies of the Final Official Statement on 40-pound white opaque offset paper 8-1/2" by 11" in black ink; and distributing the Final Official Statements (exclusive of shipping and delivery charges) in accordance with instructions to be furnished by the Corporation and the Underwriters. Please calculate a single aggregate Base Price for all of the above work, and separately indicate the Additions to Price for each two pages of additional text, and for each 1,000 additional copies of the final printed document.

III. BOND PURCHASE AGREEMENT

Production of a Bond Purchase Agreement consisting of 40 pages, substantially the same as the Series 31 Bond Purchase Agreement, including one proof; composing and distributing 500 copies of the proof (exclusive of messenger charges); printing 500 copies of the Bond Purchase Agreement on 50-pound white opaque offset paper in black ink; revising the Bond Purchase Agreement to incorporate signatures of the parties and printing and binding with staples 150 copies of the conformed document on 50-pound white opaque offset paper in black ink; and distributing the Bond Purchase Agreement (exclusive of shipping and delivery expenses) in accordance with instructions to be furnished by the Corporation and the Underwriters. Please calculate a single aggregate Base Price for all of the above work, and indicate the Additions to Price for each two pages of additional text, and for each 100 additional copies of the final printed document.
30 October 1981
Re: Financial Printing
Page 4.

VII. DISBURSEMENTS

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

VIII. OVERTIME AND ADDITIONAL WORK

(1) Overtime. For purposes of calculating the price quotation, it shall be assumed that all of the work called for by these specifications will be completed during weekday daytime shift working hours, on a 24-hour turnaround basis, with the exception of any work to be undertaken on Tuesday, November 3, 1981 (Election Day) for mailing the Preliminary Official Statement, which shall be quoted and billed to reflect union rates for such holiday work. Any work performed at other times must be duly authorized by the Corporation in advance of the commencement of the work. However, please indicate the working hours of your weekday daytime shift and the approximate percentage additions to your charges for work performed during other shift periods, as well as the basis for any other additional charges for expedited or priority work.

(2) Additional Work. Any work performed in addition to the work specified in Sections I through V of this letter, and duly authorized and documented overtime as specified in this Section VIII, shall require the advance authorization of the Corporation, and shall be billed on a pro-rata basis in accordance with your price quotation; except that author's alterations, local messenger deliveries and copying services shall be undertaken as necessary, and billed in accordance with the rates which you include in your price quotation.
30 October 1981
Re: Financial Printing
Page 5.

IX. SCHEDULE

The projected schedule for delivering each of the documents in final form is as follows: Preliminary Official Statement -- November 4, 1981; Final Official Statement -- November 11, 1981; Bond Purchase Agreement -- November 11, 1981; Blue Sky Memorandum -- November 11, 1981; Legal Opinions -- November 11, 1981. It is anticipated that printing work on the first proof of the Official Statement will commence today, October 30, 1981, for distribution no later than October 31, 1981. This production schedule is tentative and subject to change at the direction of the Corporation, in accordance with the requirements of the proposed financing. In addition, this schedule should be regarded as confidential information.

X. PAYMENT

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

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

It should be noted that the actual nature and extent of the printing services required for this transaction may vary from the specifications contained in this letter. Therefore, you should be prepared to perform whatever additional work and overtime is required by the Corporation, in accordance with the provisions contained in this letter.
30 October 1981
Re: Financial Printing
Page 6.

We look forward to receiving your quotation as soon as possible.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw
October 30, 1981

Peat, Marwick, Mitchell & Co.
345 Park Avenue
New York, New York 10022

Dear Sirs:

You have informed us that you will be reporting upon the financial statements of The City of New York (the "City") for the years ended June 30, 1981 and 1980, which will include the financial statements of Municipal Assistance Corporation for The City of New York (the "Corporation") upon which we have reported for similar periods, under date of July 28, 1981. In connection with your report we hereby advise you as follows:

1. With respect to the Corporation, we are independent accountants within the meaning of Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

2. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1981. Although we have made examinations for the years ended June 30, 1981 and 1980, the purpose and therefore the scope of such examinations was to enable us to express our opinion on the financial statements as of June 30, 1981 and 1980 and for the years then ended. Therefore, we are unable to and do not express any opinion on the financial statements or information as of any date or for any period subsequent to June 30, 1981.

3. As independent accountants for the Corporation, nothing has come to our attention other than as disclosed in the financial statements of the Corporation as of June 30, 1981, which, in our judgment, would indicate there have been any transactions or changes in accounting principles resulting from actions by the Corporation which should be brought to your attention for disclosure in or adjustments to the financial statements of The City of New York for the years ended June 30, 1981 and 1980 except for (i) the purchase by the Corporation of $227 million of City bonds on October 27, 1981 and (ii) the issuances of Corporation bonds as follows:
Date of issuance  Principal amount

Series 31    October 8, 1981  $100,000,000
Series 32    October 23, 1981  208,575,000
Series 33    October 23, 1981  116,125,000

4. In combining the financial data of the Corporation with the financial data of the City in the City's June 30, 1981 and 1980 financial statements, certain adjustments, reclassifications and eliminations have been made to the financial data of the Corporation. We have not examined such adjustments, reclassifications and eliminations and, accordingly, do not express any opinion thereon. However, for your information in considering these items, we wish to advise you:

A. We understand that the City's General Fund Statements of Revenues and Expenditures will include, and so indicate, sales tax and per capita aid appropriated and paid by the State to the Corporation. We point out that the City had no entitlement to these funds, and did not receive them or disburse them in its General Fund.

B. We understand that the General Fund Statements of Changes in Fund Balance (Deficit) will include a column headed "MAC Debt" and the amounts shown in such column as redemptions of debt and the fund balances at June 30, 1981 and 1980 will not agree with amounts reported by MAC.

5. You have informed us that our report on the Corporation's financial statements will not be presented together with your report on the financial statements of the City. Therefore, we do not consent to any reference to our firm by name in such financial statements or in your report thereon.

6. This letter is solely for your information in connection with the opinion you are to give with respect to the financial statements of The City of New York for the years ended June 30, 1981 and 1980.

Yours very truly,

[Signature]

Rice Waterhouse
October 30, 1981

Peat, Marwick, Mitchell & Co.
345 Park Avenue
New York, New York 10022

Dear Sirs:

You have informed us that you will be reporting upon the financial statements of The City of New York (the "City") for the years ended June 30, 1981 and 1980, which will include the financial statements of Municipal Assistance Corporation for The City of New York (the "Corporation") upon which we have reported for similar periods, under date of July 28, 1981. In connection with your report we hereby advise you as follows:

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4. In combining the financial data of the Corporation with the financial data of the City in the City's June 30, 1981 and 1980 financial statements, certain adjustments, reclassifications and eliminations have been made to the financial data of the Corporation. We have not examined such adjustments, reclassifications and eliminations and, accordingly, do not express any opinion thereon. However, for your information in considering these items, we wish to advise you:

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6. This letter is solely for your information in connection with the opinion you are to give with respect to the financial statements of The City of New York for the years ended June 30 1981 and 1980.

Yours very truly,

Price Waterhouse
Heather L. Ruth

One World Trade Center, Suite 8901
New York, New York 10048
Telephone: (212) 775-0010

30 October 1981

TO: Felix

Attached is a draft of the cover letter for the current quarterly report. I believe you will find it non-controversial. (For your amusement, even Ken Bialkin described it as "boring".) As soon as you modify or approve this draft, printing of the quarterly report will be completed and the reports released.

[Signature]
Municipal Assistance Corporation
For The City of New York
One World Trade Center, Suite 8901
New York, New York 10048

October 30, 1981

The Municipal Assistance Corporation For The City of New York presents its unaudited financial statements for the quarter ended September 30, 1981, the first quarter of the Corporation's 1982 fiscal year.

On October 8, 1981, the Corporation issued its Second General Resolution Series 31 Bonds in the aggregate principal amount of $100 million. Of the net proceeds of the Series 31 sale, approximately $50 million is to be used to acquire bonds of the City of New York which are to be issued to finance a portion of the City's capital program. Approximately $29 million was deposited in the Capital Reserve Aid Fund. The balance of the net proceeds, approximately $18.7 million, will be held for deposit into the Capital Reserve Aid Fund on or before June 30, 1982, unless such proceeds are deposited before that date into the Guaranty Fund, in connection with the issuance by the City to certain City and State pension funds of additional bonds on which the payment of principal and interest is guaranteed by the United States of America.
On October 23, 1981, the Corporation issued its Second General Resolution Series 32 and 33 Bonds in the aggregate principal amount of $324.7 million. The sale of those bonds marked the successful completion of the four-year program for the purchase of $1.8 billion of the Corporation's bonds by certain commercial banks, savings banks, insurance companies and City pension funds. Of the net proceeds of the Series 32 and 33 sale, approximately $276 million is to be used to acquire bonds of the City of New York which are to be issued to finance a portion of the City's capital program. The balance of the net proceeds, approximately $48.7 million, was deposited in the Capital Reserve Aid Fund.

During the quarter ended September 30, 1981, the Corporation issued $5,000 principal amount of Series 28 Bonds. The accompanying financial statements include this issuance together with the $5,000 principal amount Series 28 Bonds issued previously. Exhibit III includes a pro forma presentation which assumes that all of the remaining Warrants have been exercised and that the full authorized principal amount of $100 million of Series 28 Bonds have been issued.

On October 27, 1981, the Corporation paid to the City of New York the amount of $227 million from the proceeds of the sale of the Corporation's Series 29 and 30 Bonds in June 1981, to be used by the City for capital expenditures, and received $227 million principal amount of bonds issued by the City of New York in return for such payment.
At September 30, 1981, the Corporation had on deposit in its Capital Reserve Fund approximately $841.2 million, comprising approximately $331.7 million relating to the First General Resolution Bonds and $509.5 relating to Second General Resolution Bonds. Such amounts equalled or exceeded the required funding levels.

The combined net revenues from the New York State Sales and Stock Transfer Taxes which were deposited in the Municipal Assistance Tax Fund and available to the Corporation during the three and twelve month periods ended September 30, 1981, amounted to approximately $461.0 million and $1,947.6 million, respectively, an increase of 4.9% and 16.2% over the comparable periods ended September 30, 1980, when approximately $439.6 million and $1,675.9 million of such revenues were deposited in the Municipal Assistance Tax Fund. During the twelve months ended September 30, 1981, approximately $484 million of New York State Per Capita Aid was deposited in the Municipal Assistance State Aid Fund and available to the Corporation.

Felix G. Rohatyn
Chairman

Heather L. Ruth
Executive Director
By Messenger

29 October 1981

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

Re: Series 5 Bond Printing

Dear Mr. George:

This letter is to authorize you to print an additional quantity of the Corporation's Series 5 Bonds in coupon form, as originally printed by American Bank Note Company in July 1976.

Please print 3,349 additional coupon bonds in the denomination of $5,000, dated July 1, 1976, maturing July 1, 1991, bearing interest at 8 percent, with coupons payable January 1 and July 1 of each year 1982 through 1991 (20 coupons), including CUSIP number, fascimile seal and fascimile signatures, and numbered consecutively 5-16,651 through 5-20,000. These bonds should be printed with the signatures of the Corporation's Chairman and Secretary as they appeared on the Series 5 Bonds when originally issued in 1976.

Please deliver the printed bonds to the United States Trust Company of New York, 770 Broadway, 7th Floor (Attention: Mr. Garry McKnight), New York City, as soon as possible.

Please provide me with a written price quotation for this printing.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

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

Mr. Pat Santivasci
United States Trust Company of New York
29 October 1981

Mr. Julius E. Gindi
458 Topaz Street
New Orleans, Louisiana 70124

Dear Mr. Gindi:

We have received a letter on your behalf from Mr. Irving Weiss, of E.F. Hutton, informing the Corporation that to the best of your knowledge, you have not received payment of interest on your Series 5/6 Second Resolution Bonds 8% due July 1, 1991.

We have forwarded the letter to:

Mr. Pat Santivasci, Assistant Secretary
United States Trust Company
45 Wall Street 21st Floor
New York, New York 10038
212-425-4500 ext 2512

who will be contacting you shortly.

For your information, all MAC bonds pay interest semi-annually.

If you have any further questions or problems, please do not hesitate to contact us.

Sincerely,

[Signature]
Steven J. Kantor
Treasurer

SJK:dan

cc: P. Santivasci
    Irving Weiss, E.F. Hutton
29 October 1981

The First National Bank of Princeton
West Windsor Branch
90 Nassau Street
Post Office Box 151
Princeton, New Jersey 08540

Att: Mrs. Bonnie Taft

Dear Mrs. Taft:

Thank you for your responsiveness in helping me arrange for the registration of my car in New York. As an official of New York State, I am less than amused by the number of different instructions I've gotten from N.Y.S. Motor Vehicles. (I suspect I'd feel no different if merely a "citizen").) These instructions, enclosed, are in writing at least! I've marked Option #4 for your attention.

The requested certified copy of title plus letter from the bank should be sent to me either here or at home: 336 Central Park West, 15-A, New York, N.Y. 10025.

The loan agreement was dated October 13, 1978, and was for $6,010.69, due over 36 months. The car is a 1978 Pontiac Grand Am, Serial #2G19Y8P637026. The loan is to me as an individual. However, our checking account is joint in my name and my husband's (James M. Ruth, Jr.), account number 505-272-5. That is the only number identifying the original promissory note. I hope this provides sufficient information to locate the title with minimum effort.

Thank you once more for your assistance.

Sincerely,

[Signature]

Heather L. Ruth
Executive Director

HLR/bjw
Enclosures

P.S. There is a perverse irony to this exercise as the last installment on the loan is due next month, after which payment you presumably return the title. However, my N.J. registration expires this month. Cheers!
PROOF OF OWNERSHIP FROM TITLE STATES

INSTRUCTIONS TO APPLICANT:

If your vehicle is registered in a title state and the lienholder has possession of the certificate of title, you must submit one of the following as proof of ownership:

1. The original title from the lienholder.

   OR

2. A copy of the title and a letter or statement from the title state Motor Vehicle Authorities, verifying the original title issued to the applicant.

   OR

3. A true copy or photocopy of the title or title record certified by the title state Motor Vehicle Administrator.

   OR

4. A copy of the actual certificate of title, certified as such by the lienholder. The certification must appear on the same piece of paper on which the title is reproduced, and must bear the notarized signature of the lienholder or of his authorized representative. The signature must be in ink. A rubber stamp or other facsimile signature is not acceptable.

In addition, you must obtain the lienholder's signed statement on his original letterhead, in which he:

(a) identifies the owner and the year, make and identification number of the vehicle;

(b) states that he is holding the original title and is aware that the copy is to be used to obtain a New York registration.

SEE ADDITIONAL INFORMATION ON THE REVERSE
NOTE:

- The lienholder's permission by itself is not acceptable in registering a vehicle in New York State.

- In addition to the instructions on the front of this card, you must also follow the instructions on the Application For Registration or Title (Form MV-82T), as they apply to you.

A non-transferable Certificate of Registration will be issued to you when you submit one of the items listed on the front. If you submit Item 1, in approximately three weeks we will mail to you a transferable Certificate of Registration if your vehicle is a 1972 or older model or a Certificate of Title if your vehicle is a 1973 or newer model. If you submit Items 2, 3 or 4, when you obtain the actual Title from the lienholder you should mail it and Part 1 of your New York Certificate of Registration to:

Title Bureau
New York State Department of
Motor Vehicles
The South Mall
Albany, New York 12228

We will then issue and mail to you the appropriate proof of ownership for your vehicle.

MV-140 (5/73)
By Messenger

29 October 1981

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

Re: Series 5 Bond Printing

Dear Mr. George:

This letter is to authorize you to print an additional quantity of the Corporation's Series 5 Bonds in coupon form, as originally printed by American Bank Note Company in July 1976.

Please print 3,349 additional coupon bonds in the denomination of $5,000, dated July 1, 1976, maturing July 1, 1991, bearing interest at 8 percent, with coupons payable January 1 and July 1 of each year 1982 through 1991 (20 coupons), including CUSIP number, fascimile seal and fascimile signatures, and numbered consecutively 5-16,651 through 5-20,000. These bonds should be printed with the signatures of the Corporation's Chairman and Secretary as they appeared on the Series 5 Bonds when originally issued in 1976.

Please deliver the printed bonds to the United States Trust Company of New York, 770 Broadway, 7th Floor (Attention: Mr. Garry McKnight), New York City, as soon as possible.

Please provide me with a written price quotation for this printing.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

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

    Mr. Pat Santivasci
    United States Trust Company of New York
28 October 1981

Edward M. Kresky, Chairman - Investment Committee

Steven J. Kantor

Briefing book for meeting of October 29, 1981 at 3:30 pm at Bank of New York, 500 Fifth Avenue

Enclosed please find a briefing book which we prepared to help "introduce" you to the investments of the Corporation. I hope it doesn't raise more questions than it answers.

We are looking forward to our meeting on Thursday.
CAPITAL RESERVE FUNDS

The Corporation is required to maintain a Reserve equal to the following calendar year's debt service. The investments of the Reserve are limited to U.S. Treasuries, Agencies and other securities guaranteed by the Federal or State government.

First:
Stated in Exhibit I are the anticipated requirements for the First Capital Reserve. An assumed rate of 1% will yield to the amount $349.8 million in 1989; the maximum anticipated. (The requirements may change due to refunding). Thus, the Corporation anticipates making withdrawals from this Fund at a rate of $25 million/year (as a transfer to the Debt Service Fund to pay debt service, and reduce the burden on the City) and still be able to achieve the $349.8 million by December 31, 1987 without additional contributions.

At September 30, 1981, the First Capital Reserve had a par value of $326.5 million, an amortized value of $331.7 million, an average coupon of 9.39% and an average maturity of 3 years 11 months.
Investment decisions in the First Capital Reserve have followed a strategy of purchasing Treasuries of middle maturities, with a particular emphasis on discount issues to take advantage of the amortization of the discount. Under the guidelines, there is also the opportunity to take advantage in the spread between Treasuries and Agencies should the occasion arise.

Second:

The Second Capital Reserve unlike the First does not have excess funds available to make disbursements. As of September 30, 1981 the fund had $509.3 million in par, $509.6 million in amortized value, an average coupon of 9.75% and an average maturity of five years. Since then, $29 million has been deposited from proceeds of the Series 31 and $48.705 million from Series 32/33. It is expected that an additional $30 million will be deposited from proceeds of future sales in fiscal year 1982 and the Plan calls for $100 million deposits in both fiscal year 1983 and fiscal year 1984. The present requirements (after Series 32/33) are in Exhibit I. It is anticipated that the requirements may change (due to additional issuance and refunding) to a more level requirement, peaking in the late 1980's or early 1990's.
Investment decisions in the Second Capital Reserve have been made with an emphasis on reducing the book value to less than par by purchasing discount Treasuries. There is little flexibility to shift from Agencies to Treasuries as the ratio is already approximately 50:50, the maximum limit for Agencies under our self-imposed guidelines.

The Second Resolution Capital Reserve has approximately $44 million of assets held "under restriction", that is, in SLUGS, pursuant to IRS regulations. Interest on these obligations may be invested without restriction for one year, and then must be placed under restriction.

Both the First and Second Reserves engage in security lending. From July 1 to September 30, 1981, the combined funds earnings from such lending totaled over $250,000.
THE PROCEEDS ACCOUNT

Since October 1980, the Corporation has sold debt and placed the proceeds in "escrow" for the City. The funds are to be made available to the City upon request, presumably in fiscal 1983 or fiscal 1984, but in any case, within the three year period permitted by the arbitrage regulations. Series 25/26 proceeds were invested (on 10/2/80) in the UST 11 3/8% of 9/30/92.

The rest of the funds, some $750 million, have been invested in repurchase agreements. (See Performance)
THE DEBT SERVICE ACCOUNTS

There are four accounts in the debt service group. Two accounts are payment accounts in which moneys certified from the State are deposited. A portion of this money is available for investment for 180 - 360 days, as 1/4 of the next principal payment and 1/2 of the next interest payments are certified to at any one time.

The account that holds NYC bonds is included in the debt service group. Interest is paid on March 15 and interest and principal is paid on September 15. Available cash is then transferred to the Debt Service or Bond Service Fund prior to the payment of debt service.

The account which purchases and holds bonds for the Sinking Funds is also included in the Debt Service Group. The Sinking Fund is now active on the Series 1, 2, 3, 4, 5, 6, 8, 9, 25, 26 Bonds (There is very little secondary trading on First Resolution issues). We expect to save over $15 million in fiscal 1982.
OTHER ACCOUNTS

The Corporation has an Operating Account, which funds the Corporation's operations. The excess balance is invested in repurchase agreements. The Corporation has on deposit funds in a Guaranty Fund, which are to be used by the Federal government in the event of a default by the City on a guaranteed obligation. The funds in the Guaranty Fund must be invested in Treasuries.
ADMINISTRATION
The Corporation is in constant touch with the market through the Telerate System acquired in early October and through frequent telephone contact with multiple dealers. Repurchase agreements are negotiated by the Trust Company on behalf of the Corporation. Other short term and long term investments are made directly by the Corporation.

The staff meets formally once a month with the investment adviser to review investment performance and update investment strategies. Certain members of the staff are in contact with the advisor daily, as opportunities to implement the investment strategies present themselves.

FEES
Bank of New York: $35,000 (Two year contract ending 5/1/83)

U.S. Trust
$10/repurchase transaction ($5 in -- $5 out)
$10/investment transaction

Fees paid in FY 1981:
Inv. $ 6,800
Repos $43,145
Total $49,945
PERFORMANCE

Short Term

By any measure, the performance of the Corporation's short-term portfolio through September 30, 1981 was outstanding. By placing all available funds into repurchase agreements, the Corporation was able to ride the high portion yield curve, at all times surpassing comparable yields on 30-90-180 Treasuries, often by 400 basis points. (See chart)

As the yield curve reverts to a positive shape, the Corporation has taken the opportunity to lengthen the average maturity of the portfolio and attempt to lock-in attractive yields. As the Corporation is required to account for non-capital reserve fund investments at the lower of cost or market basis, it is important to maintain an active position in the short term markets.
Long-Term

The performance of the long-term portfolio reflected the problems of the market. Despite placing all available cash into repurchase agreements until late summer, at September 30, 1981, market value was $135 million below book value.

The amounts in the Capital Reserve Fund are valued on an amortized value basis. Thus, market fluctuations do not impact upon funding considerations, unless it would be necessary to liquidate some assets.
<table>
<thead>
<tr>
<th>Year</th>
<th>First Resolution Calendar Year</th>
<th>Second Resolution Calendar Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>198,887</td>
<td>414,408</td>
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-10-
27 October 1981

To: Steve
From: Tony

Re: status of sinking fund purchases

As of Friday, October 23, we have purchased the following:

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<th>Purchased</th>
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Total: 91,545 | 25,355 | 66,190

Cash Balance Available for 10/26: $53,537,330.72
ACCOUNT NAME: SERIES 25 AND 26 PROCEEDS

ACCOUNT NUMBER: 016747

DATE: October 26, 1981

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161,647,000

AS OF 811026

Cash Balance: 949.48
ACCOUNT NAME: GUARANTY FUND
ACCOUNT NUMBER: m9578
DATE: October 26, 1981

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63,976,000

AS OF 811026

Cash Balance: 1,863.19
MEMORANDUM

27 October 1981

To: Members of the Audit Committee

From: Steven J. Kantor

Re: Kenneth G. Cadematori

Ken Cadematori has been promoted to Partner In Chief of the Hackensack, New Jersey office of Price Waterhouse. As a result of this promotion, and also the fact that Ken's stay as partner on the MAC account has exceeded the AICPA standard of five years, Price Waterhouse has announced that Mr. Fred Weiblow will replace Ken as partner on the MAC account effective October 30, 1981.

I have spoken with Andy Steffan and we have agreed to present, subject to your approval, the following proclamation at the Audit Committee meeting this Friday at 9:30 in Room 4230 at Price Waterhouse.

SJK:dan
Enc.

Distribution:
Andrew P. Steffan
Kenneth J. Bialkin
George M. Brooker
Bradford J. Race
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

In recognition of his dedicated and distinguished service on behalf of the Municipal Assistance Corporation For The City of New York as the leader in the development and establishment of the publication of its financial statements from December 1975 to October 1981,

be it
Resolved

that the Audit Committee of the Board of Directors of the Municipal Assistance Corporation For The City of New York hereby expresses its sincere appreciation to and commends

Kenneth G. Cadematori

whose sound judgment and creativity in the face of unique circumstances has been indispensible to the public's acceptance of the Corporation as a reputable financial organization.

Andrew P. Steffan, Chairman
Kenneth J. Bialkin, Member
George M. Brooker, Member
Bradford J. Race, Representative

Witness
Andrew P. Steffan, Chairman
this 30th day of October, 1981

Attest
26 October 1981

UNITED STATES TRUST COMPANY
OF NEW YORK
45 Wall Street - 21st Floor
New York, New York 10005

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

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

You were instructed today to transfer on October 27, 1981, $250,800.00 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

[Signature]
Steven J. Kantor
Treasurer

SJK:blg

cc: William J. Lithgow
    Pat Santivasci
    Administrative Files
23 October 1981

PRICE WATERHOUSE
153 East 53 Street
New York, New York 10022

Dear Sirs:

Under date of July 28, 1981 we confirmed by letter certain information and opinions expressed to you. With respect to the financial statements of the Municipal Assistance Corporation For The City of New York for the year ended June 30, 1981, to be included in the Supplemented Official Statement of the Corporation dated October 23, 1981 for the Series 32 and 33 Bonds, we confirm that, to the best of our knowledge and belief, the statements made in said letter are correct as of this date and there have been no developments since July 28, 1981 which would materially affect the financial statements for the year ended June 30, 1981. In addition, we know of no event since July 28, 1981 which, although not affecting such financial statements has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Corporation.

Minutes of the meetings of the Board of Directors made available to you in draft form through October 22, 1981, represent all minutes of such meetings for the period commencing July 1, 1981 and ending October 22, 1981.

We further confirm to the best of our knowledge and belief the information set forth below which we have given you in connection with the issuance by the Corporation of its Series 31 Bonds:

1. No financial statements are available as of any date or for any period subsequent to June 30, 1981.

2. For the period commencing July 1, 1981 and ending on the date hereof: (a) there has been no increase in total bonds and notes payable of the Corporation, except for changes which are disclosed in the Corporation's financial statements or official statements; (b) the amount of the Debt Service Fund assets is not less than the amount certified by the Chairman of the Corporation as necessary to be in such fund; and (c) the amount of the Capital Reserve Fund is not less than the amounts required by the Municipal Assistance Corporation For The City of New York Act as amended, as necessary to be in such Fund.
3. In the Series 32 and 33 Supplemented Official Statement dated October 23, 1981, the principal, interest and total debt service amounts as reflected in columns 1 through 4 of the table entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" which appears on page 21 of that Supplemented Official Statement represent the total debt service of the Corporation under the First and Second General Bond Resolutions giving effect to the issuance of the Series 32 and 33 Bonds (and assuming the issuance of $100 million principal amount of Series 28 Bonds). The coverage ratios appearing in column 5 of the table are arithmetically correct and represent that ratio of all revenues including Sales and Stock Transfer Taxes and Adjusted Per Capita Aid less the debt service amounts in column 1 and estimated operating expenses of the Corporation, to total debt service by year as reflected in column 4 (all as more fully described in the Corporation's Supplemented Official Statement dated October 23, 1981). The applicable revenue amounts are those reflected on page 14 of the Supplemented Official Statement.

4. With respect to the coverage ratios set forth in the paragraph immediately following the table, the coverage ratios represent the division of the total of all revenues, referred to above, by the total of each year's debt service amount for the period 1982 through 1995 appearing in columns 1 and 4.

Sincerely,

[Signature]

Heather L. Ruth
Executive Director

[Signature]

Steven J. Kantor
Treasurer

HLR/SJK/bjw
22 October 1981

Mr. John S. Tamagni, Partner
Lazard Freres & Company
One Rockefeller Plaza
New York, NY 10020

Dear Jack:

Enclosed please find drafts of letters submitted for your signature confirming your opinion that it is necessary to maintain the capital reserve funds from the proceeds of the Series 31 and Series 32/33 in the manner described in the Official Statement of September 23, 1981 and October 23, 1981 respectively.

Please complete the letters and return them to me at your convenience. Thank you.

Sincerely,

Steven J. Kantor
Treasurer

SJK:dan
Enc.
22 October 1981

Mr. Steven J. Kantor  
Treasurer  
Municipal Assistance Corporation  
One World Trade Center  Suite 8901  
New York, NY  10048

Dear Mr. Kantor:

This will confirm advice given to you by Lazard Freres & Co., your financial advisor, to the effect that for market requirements it is necessary to maintain the capital reserve funds established under the Second General Bond Resolution of the Municipal Assistance Corporation For The City of New York from the proceeds of Series 31 in the manner described in the Official Statement dated September 23, 1981.

Very truly yours,

John S. Tamagni
22 October 1981

Mr. Steven J. Kantor  
Treasurer  
Municipal Assistance Corporation  
One World Trade Center  Suite 8901  
New York, NY  10048

Dear Mr. Kantor:

This will confirm advice given to you by Lazard Freres & Co., your financial advisor, to the effect that for market requirements it is necessary to maintain the capital reserve funds established under the Second General Bond Resolution of the Municipal Assistance Corporation For The City of New York from the proceeds of Series 32 and Series 33 in the manner described in the Official Statement dated October 23, 1981.

Very truly yours,

John S. Tamagni
21 October 1981

TO: Sidney Schwartz  
Michael Gibbons  
Bernard Hecht

Enclosed is a copy of the Citibank commitment letter recently signed by me in behalf of the Corporation. It outlines the basic elements of the credit facility provided by Citibank to enable the Corporation to commence a tax-exempt commercial paper program.

A written summary of the dealer agreement with First Boston, Salomon Brothers and Citibank, as well as a summary description of the overall program, will be available shortly. I believe that a detailed discussion of the program will be greatly facilitated by the availability of those additional materials and would prefer to wait till then before initiating a briefing of you and the various other interested parties in addition to the City with whom we are currently working.

Final terms and conditions will, of course, be subject to approval by the Corporation's Board of not only this credit facility but also the dealer agreement and other necessary arrangements.

[Signature]

HLR:dan  
Enc.
21 October 1981

Robert R. Grew, Esq.
Carter Ledyard & Milburn
Two Wall Street
New York, New York 10005

Re: Bills dated October 20, 1981

Dear Bob:

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

Your bills dated October 20, 1981, total $4,496.94, which includes charges of $4,342.50 for personal services, and $154.44 for reimbursable expenses, for services rendered during the month of September 1981.

We are proposing settlement of this bill by reducing the charge for personal services by $825.08, or 19 percent, to $3,517.42. This would reduce the total due your firm to $3,671.86.

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

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

ACCEPTED
CARTER LEDYARD & MILBURN

By: ________________

Date: ________________

Enclosure
21 October 1981

TO: Larry Kieves
    Allen Kohn

Enclosed is a copy of the Citibank commitment letter recently signed by me in behalf of the Corporation. It outlines the basic elements of the credit facility provided by Citibank to enable the Corporation to commence a tax-exempt commercial paper program.

A written summary of the dealer agreement with First Boston, Salomon Brothers and Citibank, as well as a summary description of the overall program, will be available shortly. I believe that a detailed discussion of the program will be greatly facilitated by the availability of those additional materials and would prefer to wait till then before initiating a briefing of you and the various other interested parties in addition to the City with whom we are currently working.

Final terms and conditions will, of course, be subject to approval by the Corporation's Board of not only this credit facility but also the dealer agreement and other necessary arrangements.

[Signature]

HLR: dan
Enc.
21 October 1981

TO: Comer Coppie  
    Tom Boast

Enclosed is a copy of the Citibank commitment letter recently signed by me in behalf of the Corporation. It outlines the basic elements of the credit facility provided by Citibank to enable the Corporation to commence a tax-exempt commercial paper program.

A written summary of the dealer agreement with First Boston, Salomon Brothers and Citibank, as well as a summary description of the overall program, will be available shortly. I believe that a detailed discussion of the program will be greatly facilitated by the availability of those additional materials and would prefer to wait till then before initiating a briefing of you and the various other interested parties in addition to the City with whom we are currently working.

Final terms and conditions will, of course, be subject to approval by the Corporation's Board of not only this credit facility but also the dealer agreement and other necessary arrangements.

(Stone K says you already have a copy - lieu.)

HLR: dan  
Enc.

[Signature]
21 October 1981

TO: Alan Brauer

Enclosed is a copy of the Citibank commitment letter recently signed by me in behalf of the Corporation. It outlines the basic elements of the credit facility provided by Citibank to enable the Corporation to commence a tax-exempt commercial paper program.

A written summary of the dealer agreement with First Boston, Salomon Brothers and Citibank, as well as a summary description of the overall program, will be available shortly. I believe that a detailed discussion of the program will be greatly facilitated by the availability of those additional materials and would prefer to wait till then before initiating a briefing of you and the various other interested parties in addition to the City with whom we are currently working.

Final terms and conditions will, of course, be subject to approval by the Corporation's Board of not only this credit facility but also the dealer agreement and other necessary arrangements.

[Signature]

HLR: dan
Enc.
BY MESSENGER

21 October 1981

Mr. Pat Santivasci
U.S. Trust Company
45 Wall Street
New York, New York 10005

Dear Pat:

Enclosed are the delivery specifications for the Series 32 and Series 33 Bonds as requested by the purchasers of the Corporation's final private placement pursuant to the 1978 Bond Purchase Agreement.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/biw
Enclosures

cc: Mr. Richard Barklie
U.S. Trust Company
of New York
770 Broadway (7th Floor)
New York, New York 10003
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<td>The Bank of New York</td>
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<tr>
<td>2/8/14</td>
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<td>Bankers Trust Company</td>
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<tr>
<td>2/5/14</td>
<td>2.009 x $5,000</td>
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<td>$10,445,000</td>
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The Dime Savings Bank of New York
Dollar Savings Bank of New York
College Point Savings Bank
Central Savings Bank
The Brooklyn Savings Bank
The Bowery Savings Bank
American Savings Bank
United States Trust Company
National Bank of North America

<table>
<thead>
<tr>
<th>Purchase</th>
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<tbody>
<tr>
<td>1,750,000</td>
<td>$ 750,000</td>
</tr>
<tr>
<td>4,435,000</td>
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<tr>
<td>5,900,000</td>
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<tr>
<td>3,500,000</td>
<td>$ 3,500,000</td>
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<td>1,195,000</td>
<td>$ 1,195,000</td>
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<tr>
<td>615,000</td>
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Registration
Registered Bonds
Coupon Bonds

Page 2.
<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Metropolitan Savings Bank</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>The Lincoln Savings Bank</td>
<td>$1,200,000</td>
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<td>Independence Savings Bank</td>
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<td>Harlem Savings Bank</td>
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<tr>
<td>Manhattan Savings Bank</td>
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</tr>
<tr>
<td>The Greenwich Savings Bank</td>
<td>$750,000</td>
</tr>
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<td>The Green Point Savings Bank</td>
<td>$1,750,000</td>
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<td>The Puching Savings Bank</td>
<td>$375,000</td>
</tr>
<tr>
<td>Emergency Savings Bank</td>
<td>$520,000</td>
</tr>
<tr>
<td>The East New York Savings Bank</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Dry Dock Savings Bank</td>
<td>$4,125,000</td>
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<tr>
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<td>$1 x $375,000</td>
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<tr>
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<td>$1 x $1,500,000</td>
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<tr>
<td>Regstered Bonds</td>
<td>$1 x $250,000</td>
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<tr>
<td>Regstered Bonds</td>
<td>$1 x $425,000</td>
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<td>$1 x $500,000</td>
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<table>
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<tr>
<th>Coupon Bonds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5 x $100,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>$5 x $630,000</td>
<td>$3,150,000</td>
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<td>$5 x $380,000</td>
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<td>$1,500,000</td>
</tr>
<tr>
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<td>$5,000,000</td>
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Page 3.
<table>
<thead>
<tr>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>1-31-14</td>
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<td>$1,350 x $5</td>
<td>Purchase</td>
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<tr>
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<tr>
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<td>$5 x 210</td>
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<td>10</td>
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<td>$5 x 0.1</td>
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The Willetsburg Savings Bank

United Mutual Savings Bank

Union Dime Savings Bank

Staten Island Savings Bank

The Seamen's Bank for Savings

Roosevelt Savings Bank

Ridgewood Savings Bank

Richmond Hill Savings Bank

Richmond County Savings Bank

Queens County Savings Bank

North Side Savings Bank

The New York Bank for Savings

Northfield Savings Bank
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>N.Y., N.Y. 10017 730 Third Avenue Teachers Ins. 5</td>
<td>5 x 100,000 $ = 500,000</td>
</tr>
<tr>
<td>N.Y., N.Y. 10015 140 Broadway Midtown Bank c/o Marine Life Ins. Co. Security Mutual</td>
<td>1 x 100,000 $ = 100,000</td>
</tr>
<tr>
<td>N.Y., N.Y. 10010 51 Madison Avenue New York Life Insurance Co.</td>
<td>1 x $16,800 = 16,800</td>
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<tr>
<td>N.Y., N.Y. 10022 1 Bryant Park Mutual Life Plaza Columbia Mutual Life Ins.</td>
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</table>

Total: $766,800
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<td>37,160,000</td>
<td>1/1/75</td>
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<tr>
<td>1 x $57,830,000</td>
<td>57,830,000</td>
<td>1/1/75</td>
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**DELIVERY SPECIFICATIONS**

**SERIES 33 BONDS**

New York City Police Pension Fund,

New York City Employees' Retirement System

New York City Teachers' Retirement System

Board of Education Retirement System

New York City of New York

Article 2

209 20/20/81
By Messenger

20 October 1981

CITIBANK, N.A.
55 Water Street/47th Floor
New York, New York 10043

Attention: Mr. Erik Kromann
Vice President

Gentlemen:

I am enclosing for your signature two copies of the Acceptance of Duties as Paying Agent for the Series 32 and 33 Bonds of the Municipal Assistance Corporation.

Your fee for acting as Paying Agent on the Series 32 and 33 Bonds will be calculated at the rate of 59¢ per bond paid and 5.8¢ per coupon paid. Please bill us for these services semi-annually, and include in your billing statement the number of coupons and bonds of Series 32 and 33 paid by you during the relevant six-month period, the total amount expended by you for such purpose during that period, and the balance of funds which you held for such purpose at the end of the six-month period.

I would appreciate it if you would execute the Acceptance, retain one copy for your records and return one copy to me by messenger today.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw
Enclosures (2)
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the Series 32 and 33 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on October 20, 1981. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

CITIBANK, N.A.

By: ________________________________

Title: ______________________________

Attest: ______________________________

Dated: ______________________________
By Messenger

20 October 1981

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

Attention: Mr. J. A. Falvey
Vice President

Gentlemen:

I am enclosing for your signature two copies of the
Acceptance of Duties as Paying Agent for the Series 32 and 33
Bonds of the Municipal Assistance Corporation.

Your fee for acting as Paying Agent on the Series 32 and 33
Bonds will be calculated at the rate of $1.00 per bond paid
and 8¢ per coupon paid. Please bill us for these services
semi-annually, and include in your billing statement the
number of coupons and bonds of Series 32 and 33 paid by you
during the relevant six-month period, the total amount
expended by you for such purpose during that period, and the
balance of funds which you held for such purpose at the end
of the six-month period.

I would appreciate it if you would execute the Acceptance,
retain one copy for your records and return one copy to me by
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Sincerely,

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw
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BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION

By____________________________

Title:__________________________

Attest:

______________________________

Dated:__________________________
20 October 1981

The Honorable David P. Richardson, Jr.
House of Representatives
P. O. Box 152 - Main Capital
South Office Building Room 206
Harrisburg, PA 17120

Att: Mr. Philip Parish

Dear Representative Richardson:

Jim Gifford, of New York City's Board of Education, has forwarded to me your interest in learning more about the mechanisms created to deal with New York City's 1975 fiscal crisis and has suggested that I send to you the following documents, each of which is enclosed:

1. The Corporation's most recent Annual Report.

2. The most recent Official Statement from a public sale of bonds (Series 31) - note a fairly extensive historical section in the Official Statement.

3. The New York State legislation creating the Municipal Assistance Corporation.

4. The legislation creating the Financial Control Board.

These documents provide many of the resources from which it is possible to reconstruct the mechanisms now in place. However, as you are doubtless aware, the process was and is both complex and continuing, involving many other elements including Federal seasonal financing, Federal Loan Guarantees, and a bond purchase agreement negotiated between the Corporation and a rather large number of local financial institutions and City employee pension funds. All of these details may or may not be of interest to you with respect to your current concerns, which I understand focus principally upon the financial troubles of the Philadelphia School System.
20 October 1981
Hon. D.P. Richardson, Jr.

Depending upon the level of detail you or your staff seek, I encourage you to contact me if there is additional information which might be helpful. In the meantime, I hope the enclosed materials will prove relevant and informative.

Sincerely

Heather L. Ruth
Executive Director

Enc.

cc: James Gifford
By Messenger

20 October 1981

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

Attention: Mr. J. A. Falvey
Vice President

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Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw
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BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION

By__________________________

Title:________________________

Attest:

________________________________

Dated: _________________________
By Messenger

20 October 1981

CITIBANK, N.A.
55 Water Street/47th Floor
New York, New York 10043

Attention: Mr. Erik Kromann
Vice President

Gentlemen:

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I would appreciate it if you would execute the Acceptance, retain one copy for your records and return one copy to me by messenger today.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw
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CITIBANK, N.A.

By____________________________

Title:____________________________

Attest:

____________________________

Dated:__________________________
20 October 1981

Ms. Karen W. Valenstein
Vice President
Public Finance Division
Lehman Brothers Kuhn Loeb, Inc.
55 Water Street
New York, NY 10041

Dear Karen:

I just received a copy of your memorandum on tax-exempt commercial paper which I find very interesting, not the least because I see you are now "underwriting" client's TECP. Good for you, and the market, so to speak!

I am writing rather than calling because I have had some bad luck returning your earlier call for the last week --doubtless because I have been returning calls in the early evening and you are out doing useful work. In addition, however, I have been meaning to send you a copy of MAC's annual report, enclosed.

Back to "underwriting" commercial paper: assuming we overcome the remaining hurdles in our own planned commercial paper program, it is only fair to represent that we are "set" with respect to paper dealers at least for the first year. However, as you know, we remain interested in the prospects for expanding the program and for moving toward truly competitive dealing over the long run. In this context, I would be interested in learning of the terms under which you contemplate commitments to purchase TECP as suggested, should you feel free to share the information with us at this time.

Thanks for sending me the memo.

Best wishes,

[Signature]

Heather L. Ruth
Executive Director

Encl.
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Tuesday, October 20, 1981
9:30 A.M.
345 Park Avenue/Room 2913/14
New York

AGENDA

1. Adoption of the Minutes for the meeting of the Board of Directors held September 23, 1981 (attached).

2. Adoption of Series 32 and 33 Resolution.


5. Status report on commercial paper (see copy of signed commitment letter, attached).

6. Other Business.
19 October 1981

Ms. Sandra Jaffee
Senior Vice President
Citibank, N.A.
5 Hanover Square
New York, NY 10004

Dear Sandy:

It was so nice to talk with you on the phone the other day. Sorry I had to run so precipitously. I hope you will be able to come to the Budget Bureau party at Sally Streiter's house on December 12th. Then, there will be an opportunity to talk some more. In the meantime, a belated congratulations on Motherhood, which was one of the reasons I originally called you.

The enclosed xerox copy of addresses we are working from for Sally's proposed Budget party relates to the other reason I called. While the addresses are mostly updated, the list is both messy and retains many "holes." In particular, I am worried about the degree to which we have entirely missed some Lindsay-era budget people from the end of the administration.

The typed sheet on the back includes a number of New York City EPA people whom Sally included as question marks. My view is that, since she is going to the trouble of organizing the party, she should decide whether she wants to make the group larger. In any case, you might also think of Agency people or City Hall people who would be relevant additions.

Please send any additions you have directly to Sally at NERA. I hope to see you soon!

Best wishes,

[Signature]

Heather L. Ruth

P.S. Enclosed also is a copy of MAC's annual report which I was about to send you anyway. H. Ruth
19 October 1981

Mr. Frederick O'Reilly Hayes
87 Hancock Street
Lexington, Mass. 02173

Dear Fred:

Sally Streiter is taking the initiative again to organize a Budget Bureau reunion, egged on this time by Tony Japha. We're now going through the process of updating the mailing list for a party at Sally's house in New York on December 12th.

It occurs to me that you are the single best collector of people's whereabouts of anyone I know. I know we are missing people on this list but have already contributed the address changes I know or can think of. If you have additional ideas, please let Sally or Tony or me know. In the meantime, we hope you will find some good excuse to be in New York on the 12th of December.

Best wishes,

[Signature]

Heather L. Ruth

P.S. Enclosed is a copy of MAC's annual report which I was about to send you anyway. H. Ruth
19 October 1981
Beatrice Gilling
Heather L. Ruth

Requested reimbursement of travel expenses

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 October</td>
<td>Cab to Paul, Weiss re commercial paper.</td>
<td>$ 5.50</td>
</tr>
<tr>
<td></td>
<td>Cab from Lazard (Finance Committee meeting) to WTC.</td>
<td>8.50</td>
</tr>
<tr>
<td>7 October</td>
<td>Cab to Lazard for meeting with Citibank and Finance Committee.</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Cab from Lazard to Custom House for lunch with R. Phelps, Bank of New York</td>
<td>9.50</td>
</tr>
<tr>
<td>8 October</td>
<td>Cab and subway to and from 399 Park Avenue -- luncheon meeting with D. Kezer and E. Keilin.</td>
<td>8.75</td>
</tr>
<tr>
<td>12 October</td>
<td>Cab home from WTC after 10:00 p.m.</td>
<td>8.50</td>
</tr>
<tr>
<td>15 October</td>
<td>Subway to and from Price Water-house to meet new partner in charge of MAC account.</td>
<td>1.50</td>
</tr>
<tr>
<td>19 October</td>
<td>Cab to Gracie Mansion--breakfast with Mayor.</td>
<td>5.00</td>
</tr>
</tbody>
</table>

SUBTOTAL                                              $52.25

Minus reimbursement for foreign postage                -7.20

GRAND TOTAL                                           $45.05
19 October 1981

Ms. Sally H. Streiter,
Vice President
(NERBA) 8th Floor
Five World Trade Center
New York, NY 10048

Dear Sally:

Enclosed is my copy of the list with some additional addresses and names, though not so many as I would have liked. (I neglected to read your letter carefully before marking the list in black rather than some more useful color —"black list" Heather.)

I am sending a copy of this list off to both Sandy Jaffee and Fred Hayes. It seems to me that Fred knows how to find everyone. Maybe one thing we should think about is sending a copy of whatever is the "final" list as of some date with everyone's invitation so that additional names will be thought of. This is a lot more xeroxing than you may have contemplated. I will be glad to do some of the mailing out of this office if that would be helpful.

About your question marks beside EPA people. You are organizing the party so it is appropriate for you to choose. Obviously, I agree it would be neat to see these people. There are other comparable Lindsay-era people from other departments whom others would like to see. I can, for example, think of two additional EPA people who also were effectively members of Fred's "gypsys". They are:

Jerry Mechling
Home: 230 Beacon St. Apt. 8
Boston, MA 02116

Charlie Tucker
Commercial Banking/Vice President
Bank of New York
110 Washington Street
New York, NY 10007

Home: 40-11 Morgan Street
Little Neck, NY 11363
19 October 1981
Ms. Sally H. Streiter
Page Two

I can't think of anything else for the moment except that I am enclosing a copy of MAC's Annual Report which I was intending to send you anyway. I'll be in touch to find out how things are going and the quantity of salad and paper goods that will be necessary!

Cheers,

Heather L. Ruth

P.S. Why don't we invite John Lindsay this time? I vaguely remember that, after the last reunion, he actually said he wished he had been invited. That would be fun. And I bet he would come. H. Ruth
Date: 19 October 1981
To: Beatrice Gilling
From: Steve J. Kantor
Re: Karin A'Hearn-Sweeney

Karin A'Hearn-Sweeney will be joining the Corporation as Director of M.I.S. effective November 2, 1981. Her salary will be $18,500 per year.

Her resume is attached for your information.

SJK/dan
Enc.

Ct. HJR
SJW
LAW
Resume of Karin A'Hearn-Sweeney

39-59 59th Street
Woodside, NY 11377
(212) 565-8409

Goal

Senior level position in data processing.

Work History

1/81 - 9/81 User Services Assistant to Director of MIS and Manager of Support Operations at Lehman Brothers Kuhn Loeb Incorporated.

Interfaced with users and suppliers; programmed additional applications for the library and MIS administration in CONTROL 10/20; was back-up computer operator; purchased computer related products for the entire firm; helped design and implement current data communications system; supervised operations and administrative staff in absence of managers (four people).

9/79 - 12/80 Secretary to MIS Coordinator at Lehman Brothers Kuhn Loeb Incorporated.

Interfaced with suppliers and users; programmed library applications in SYSTEM 1022; created and maintained tape library system; was back-up computer operator; purchased computer related products for MIS Dept.; ran the department for five months between directors; performed general office duties.

Education

2/80 - 6/81 Completed 18 credits towards Associates degree in Business Administration at Katharine Gibbs School.

9/80 - 11/80 TOPS-20 User's Course; TOPS-20 Operator's Course

5/73 - 8/75 B.S. degree in Biology completed at S.U.N.Y. at Stony Brook.

9/71-5/73 Completed two years at Houghton College before transferring to S.U.N.Y.

References are available on request.
19 October 1981

United States Trust Company  
of New York  
45 Wall Street  
New York, New York  
10005

Attention: Jean Adamson

Gentlemen:

This letter is to instruct you to amend the Corporation's Authorization for Corporate Checking Account as of October 19, 1981, to add Mr. John G. Bove, the Corporation's Counsel, as an authorized signature for the Corporation, in addition to Ms. Heather L. Ruth, Executive Director, Mr. Steven J. Kantor, Treasurer, and myself.

Sincerely,

[Signature]

Stephen J. Weinstein  
Deputy Executive Director

SJW:bba  
Enclosure

cc: Joanna Neira  
DDA - 5th Floor  
U.S. Trust Company  
130 John Street  
New York, New York 10038
19 October 1981

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

Re: Series 31 Bonds

Dear Mr. Wasmund:

Please bind the enclosed documents for us as follows:

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

-- Collate and provide reinforced tabs -- "Index" plus numbers 1 through 32. Each set of documents has a sheet of paper indicating its appropriate tab number attached; where more than one document follows a particular tab number, the collating within that tab has already been done. You will need to remove staples and/or paper clips from most documents;

-- Document number 14 has attached to it ten (10) specimen bonds as an exhibit, which need to be folded or refolded;

-- The color of the volumes shall be No. 598 Blue and the lettering should be gold;

-- The lettering on the spine of the volumes should be the same format and size as the Series 12 and 13 Bonds. The name of the Corporation and "Four Year Debt Issuance Plan" remain unchanged; the title of the bond series and the date should be as indicated on the left margin of the attached xerox copy of the earlier volume. As indicated above, a list of the individuals' names for the volumes is attached.

Sincerely,

John G. Bove
Counsel

JBG/bjw
Enclosures
INDIVIDUAL NAMES FOR BOUND VOLUMES

Series 31 Bonds

Municipal Assistance Corporation For The City of New York (2)

Heather L. Ruth
Stephen J. Weinstein
Steven J. Kantor
John G. Bove
Maxine H. Gillman

Paul, Weiss, Rifkind, Wharton & Garrison

Simon H. Rifkind
Allen L. Thomas
Paul S. Pearlman
Dorothy A. Carey

Hawkins, Delafield & Wood

Donald J. Robinson
John J. Keohane
Jack M. Schrager
Gerard Fernandez, Jr.
C. Robert Paul

Comptroller of The City of New York
19 October 1981

Mr. Donn L. Morris
Vice President-Treasurer
States General Life Insurance Company
P. O. Box 140500
Dallas, Texas 75214

Dear Mr. Morris:

We have received your inquiry as to the payment of the Series CC 10.25% due February 1, 1993.

We have forwarded your request to:

Mr. Pat Santivasci
Assistant Secretary
United States Trust Company
45 Wall Street
New York, New York

212-425-4500 xt 2512

He is investigating your problem and will be in contact with you shortly.

Thank you for your patience.

Sincerely,

Steven J. Kantor
Treasurer

SJK:dan
October 8, 1981

Municipal Assistance Corporation of New York
One World Trade Center
New York, NY 10048

RE: 10.25% Bond of February 1993

Dear Sirs:

Our records indicate that the Bond interest due in August 1981 has not yet been received.

Please verify and if this payment has not cleared reissue a check for $2562.50 at your earliest convenience.

Thank you for your prompt attention to this.

Sincerely,

Donn L. Morris
Vice President-Treasurer

DLM:jp
October 16, 1981

David H. Blair, Esq.
WHITE & CASE
14 Wall Street
New York, New York 10005

Re: Series 31 Closing Documents

Dear David:

As requested, eight (8) copies of each of the closing documents, other than the Memorandum of Closing, are enclosed. Also enclosed are two (2) duplicate originals of each of the Certificates of the State Budget Director, which were not available at the closing.

Best regards.

Sincerely,

John G. Bove
Counsel

JGB:bba

Enclosures (10)
Date: 16 October 1981
To: Distribution List Below
From: John G. Bove
Re: Series 31 Closing Documents

Enclosed for your files is a duplicate original of each of the two (2) Certificates of the State Director of the Budget, which were not available at the closing.

Distribution:
John J. Keohane, Esq.
Allen L. Thomas, Esq.
Lawrence Remmel, Esq.
16 October 1981

DISTRIBUTION (See Below)

Heather L. Ruth, Executive Director

Credit Facility to support the Corporation's issuance of tax-exempt commercial paper.

Enclosed is a copy of the commitment letter signed by Citibank and the Corporation this morning. The letter outlines the major provisions of our understanding with Citibank and conforms to the oral description of the program we presented several weeks ago, though this is more detailed.

We do not yet have a comparable written document describing the dealer agreement which we believe is an important additional element of the program. The three dealers will be meeting with us early next week.

As you know, our objective is to provide you with full information about the program as expeditiously as possible. A general meeting is probably most efficient, and I would like to schedule one for next week at the convenience of a majority of participants. (The later in the week, the more likely the elements of the dealer agreement will also be firm and in writing.) In the meantime, you are welcome to contact me and the other officers of the Corporation for clarification of the terms of the Citibank credit facility.

Distribution:

OMB
Alair Townsend
Lou Friedrich
Mark Page
Steve Levine

Comptrollers' Office
Tom DeRogatis
Dave Hack

Law Department
Allen Schwartz
Sandy Altman
Leslie Busch
16 October 1981

UNITED STATES TRUST COMPANY
OF NEW YORK
45 Wall Street - 21st Floor
New York, New York 10005

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

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

You were instructed today to transfer on October 19, 1981, $60,900.00 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

Steven J. Kantor
Treasurer

SJK:bba

cc: William J. Lithgow
    Pat Santivasci
    Administrative Files
16 October 1981

Felix G. Rohatyn

Heather L. Ruth

From: Heather L. Ruth

Re: Current available estimates of the impact of actual or proposed Federal actions on the City's budget, revenues and economy.

This early in the implementation of the Reagan program, there remains little hard information about the estimated impact on the City. As the attached analysis by Terri Posner indicates, the firmest estimates are in the area of direct budget impacts, and we are relatively comfortable with the City's version at this time.

The following summary indicators and comments may be helpful.

<table>
<thead>
<tr>
<th>Federal Action</th>
<th>City Budget</th>
<th>Add'l Federal Funds Flowing to Individuals (e.g. Food Stamps, Medicaid)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated FY 1982 Impact</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(In $ Millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Federal Budget Cuts Enacted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Reduction in Revenues</td>
<td>-273</td>
<td>-203</td>
</tr>
<tr>
<td>(2) Offset by Increased City Appropriation to Mitigate Federal Cuts</td>
<td>+193</td>
<td>0</td>
</tr>
<tr>
<td>(3) Net Impact on City</td>
<td>-80</td>
<td>-203</td>
</tr>
<tr>
<td>From &quot;New&quot; Reagan Cuts, If Enacted as Proposed:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Additional Reduction in Revenues</td>
<td>-69</td>
<td>-76</td>
</tr>
<tr>
<td>(5) Total of Above Actions</td>
<td>-149</td>
<td>-279</td>
</tr>
</tbody>
</table>

(FY 1983 Impacts are estimated to be Higher)

From Increased Welfare/Social Service Burden if New Ineligibles Are Picked Up by State Programs:

Depends on pending State actions

(continued)
Federal Action

Estimated FY 1982 Impact

City Budget
Other Federal Funds Flowing to Individuals (e.g. Food Stamps, Medicaid)

From Reduced State and Local Tax Revenues:

Due to "Automatic" Tax Reductions
Tied to Federal Tax Cuts:

Less impact in New York than in some states more closely tied to Federal Tax structure but some -- as yet unestimated by City or State.

Due to Reduced Taxable Activity:
(e.g. previously subsidized jobs or job incentives)

As yet unestimated and will depend in part on State action re welfare eligibility.

From a Slow-Down in City Economy
(whether because or in spite of Federal economic policies)

As yet unknown but reduced growth rate of retail sales has already been noted.

Wish we had more!

HLR/dan
Enc.
15 October 1981

The Honorable Edward V. Regan, Comptroller
State of New York
270 Broadway
New York, New York 10007

Dear Comptroller Regan:

In compliance with your requirement of notice and justification of planned debt issuances (letter to the Governor, September 17, 1981), I am writing in advance of our planned private sale on October 23, 1981 of $324.7 million of Second Resolution Bonds to various financial institutions and New York City employee pension funds. The full amount will consist of term bonds maturing July 1, 2001.

While the coupon will be set by a pricing procedure set forth in the Bond Purchase Agreement between the Corporation and the Purchasers, dated November 15, 1978, and approved by the State Comptroller, we believe those procedures would not result in a coupon greater than 13 1/2% today. This rate was also the coupon on the long term bonds (maturing in 2008) sold by the Corporation in September. The inputs to the pricing procedure -- provided by the designated "calculator" and the Corporation's lead underwriter -- will be available and distributed this Friday. The pricing meeting will be held Monday, October 19. The Corporation's Board is scheduled to meet the morning of October 20 to consider authorization of the sale. As usual, we will forward for your specific approval the actual terms of issuance and the system of accounts as soon as they are available.

Despite the very high prevailing interest rates, the Corporation believes it is important to go forward with this large private placement as planned. This sale is part of the Debt Issuance Plan formulated by the City of New York and the Corporation to provide funding for the City's critically needed program of capital improvements. (See "Debt Issuance Plan" on page 8 of the enclosed Official Statement.) As noted in my letter of September 21 in conjunction with our last public sale, we believe the Corporation's failure to make a good faith effort to accomplish the planned amount of financing would jeopardize the City's access to the $600 million in remaining Federal stand-by guarantees.
15 October 1981
Hon. E.V. Regan
Page 2

Furthermore, there is a special timing constraint associated with this particular sale, the last of the $1.8 billion of private sales under the 1978 agreement. The obligation of such purchasers to buy the remaining $324.7 million in bonds expires December 31, 1981. As you are well aware, the calendar for further public sales by the City and by the Corporation -- as well as by other State issuers -- between now and that deadline leaves little flexibility for rescheduling.

However, you should also be aware that there is some chance it will be necessary to reschedule the sale a few days due to pending action by the Financial Control Board on or about October 22. In that case, the 1978 Agreement would require a repricing of the issue.

Sincerely,

Heather L. Ruth
Executive Director

cc: John Hull
    Thomas DeRogatis
    Alair Townsend
15 October 1981

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

Dear Sirs:

In various letters, the most recent dated October 7, 1981, you, as our counsel, provided our independent accountants, Price Waterhouse & Co. ("Price Waterhouse"), with certain information. We would appreciate your advising them on October 21, 1981, of any information which you may have obtained subsequent to your last letter to Price Waterhouse dated October 7, 1981, in your capacity as counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and which is not included in the various letters regarding (a) any material threatened or pending litigation involving the Corporation, (b) any material tax or other claims threatened or pending against the Corporation, (c) any pending government investigation that could give rise to contingent liabilities against the Corporation and (d) any other material contingent liabilities of the Corporation.

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

We have advised Price Waterhouse that there are no possible claims or assessments that you have advised are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards Number 5.
15 October 1981
Page 2.

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

Please provide the Corporation with a copy of your letter.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director

cc: Mr. S. E. Kober
    Price Waterhouse & Co.
    153 East 53 Street (#3966)
    New York, New York 10022
15 October 1981

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

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Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw

cc: Mr. S. E. Kober
Price Waterhouse & Co.
153 East 53 Street (#3966)
New York, New York 10022
15 October 1981

Heather L. Ruth

Steven J. Kantor

Trustee Fee Proposal

The United States Trust Company of New York has proposed a renegotiation of the fee schedule for services provided to the Corporation. If the staff recommended fee schedule is implemented, it is estimated that the Corporation will pay the Trust Company approximately $347,000 in fiscal 1982 or an increase of 11% over the fiscal 1981 level of $313,000.

Trustee

The most recent negotiation of the fee schedule with U.S. Trust occurred in 1979. At that time, a schedule was negotiated which placed a cap of $130,000 on administrative fees, and established other fees based on the levels of activity in three other areas: Bond Registrar, Disbursing Agent and Investment.

U.S. Trust requested in March of 1981 that certain fees be negotiated. (Exhibit I presents existing fees, the U.S. Trust proposed fees and the staff recommendation. Exhibit II presents the amounts paid to U.S. Trust in fiscal 1981, the amounts that would have been paid had the staff proposed fee schedule been in place and the estimated amounts that would be paid in 1982 if the staff proposed fee schedule is enacted.) The staff proposal attempts to compensate U.S. Trust for their expenses that have increased due to inflation, while holding the line for expenses, in our estimation, in which inflation is not a factor or where we feel the fee is already adequate.

Although the relationship between the Corporation and U.S. Trust is improving, there are a number of actions that should be taken that would improve the services provided to the Corporation and, in some cases, reduce the amounts paid. One is to place the contract negotiations on the same fiscal year basis as the other service contracts. This will enable the Corporation to make any necessary adjustments on a more frequent basis. Second, to require a report detailing the bonds and coupons received from each paying agent so that we may verify the bills that the other paying agents send us. We will also be able to ascertain the residual amounts in the paying agent's account available to the Corporation after the five year period. Third, to improve services in the investment area by (1) consolidation of accounts (e.g. Proceeds Account), (2) elimination of double fee on repurchase agreements over $100 million, and (3) standardization of daily verification procedures.
EXHIBIT I

United States Trust Fees: Analysis by Fee Category

<table>
<thead>
<tr>
<th></th>
<th>Current Fees</th>
<th>U.S.T. Proposed</th>
<th>M.A.C. Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Annual Charge</td>
<td>130,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Charge for Additional Issuances</td>
<td>$30/million</td>
<td>$50/million</td>
<td>$40/million</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Registrar</td>
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<td></td>
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</tr>
<tr>
<td>Fixed Charge</td>
<td>1,000</td>
<td>1,000</td>
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<tr>
<td>Per Account Maintained</td>
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<tr>
<td>Per Certificate Issued on Transfer</td>
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<tr>
<td>Per Address Change</td>
<td>.25</td>
<td>.50</td>
<td>.50</td>
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<tr>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Paying Agent</td>
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</tr>
<tr>
<td>Per Coupon</td>
<td>.10</td>
<td>.10</td>
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<tr>
<td>Sinking Fund</td>
<td>1.00</td>
<td>1.50</td>
<td>1.00</td>
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<tr>
<td>Registered Interest Check</td>
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<td>.35</td>
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<tr>
<td>Per 1,000 Coupons Audited and Destroyed (AID)</td>
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<tr>
<td>Report of AID by Series *</td>
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<td>Per 1,000 Bonds Audited and Destroyed (AID)</td>
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<td>Report of AID by Series *</td>
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<td>--</td>
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<tr>
<td>Per 5,000 Bonds Selected by lot for Sinking Fund</td>
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<td>1.00</td>
<td>1.00</td>
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<td></td>
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<td></td>
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<tr>
<td>Investment</td>
<td></td>
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</tr>
<tr>
<td>Purchase, Sale Redemption</td>
<td>10.00</td>
<td>25.00</td>
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* New task sought by Corporation.
15 October 1981

Heather L. Ruth

Steven J. Kantor

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<td><strong>INVESTMENT</strong></td>
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<td>8.4</td>
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<td>19.7</td>
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<td>7.6</td>
<td>163,700</td>
<td>18.0</td>
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</tbody>
</table>

(5) Schedule is as of 1982 Estimated Expense

Effect on MAC budget of Proposal U.S.T. Fee Increase

EXHIBIT II
15 October 1981

To: Staff

From: Heather L. Ruth

Re: Amendment of Authorization and Payment System Guidelines

Paragraph 3(d) of Section III of the Municipal Assistance Corporation's Authorization and Payment System Guidelines is hereby amended to read:

3(d). APR Payment

Once a week, checks will be prepared. Upon check production, the check number and date should be entered in APR Part 4.

Checks are signed by the Treasurer and counter-signed by the Executive Director or Deputy Executive Director; however, in the absence of any one of the above-listed officers, the Counsel is authorized to sign in his or her place. When possible, the officers so signing should not include the individual who authorized the expenditure. After the check is signed, the white (top) copy of the APR is placed in the particular vendor file maintained by the administrative personnel. The blue (bottom) copy is filed in the Corporation's central files.

After affixing the second signature to a check, the officer so signing will indicate that payment has been made by perforating the APR form and all attached documentation in order to preclude the possibility of duplicate payment.

The purpose for this amendment is to account for the possibility that two of the first three listed officers (Treasurer, Executive Director and Deputy Executive Director) may be unavailable to sign checks at any particular time.
15 October 1981

Files

Steven J. Kantor

Designation of staff officer to sign and date APR Part 3.

Authorization and Payment System Guidelines Section III 3 (c) 8 states that the Treasurer shall designate an administrative staff officer to sign and date APR Part 3.

Mr. William J. Lithgow has served as the designated officer. However, with his designation as Director of Cash Management, it appears that Lorna Haan, General Accountant, would be a more appropriate staff officer to handle such duties.

Thus I am designating Ms. Haan, to fulfill the duties as described by APR Section III 3 (c) 8.

SJK/dan

cc: S. Weinstein
    W. Lithgow
    L. Haan
14 October 1981

Mr. David L. George, Jr.
American Bank Note Company
70 Broad Street
New York, New York 10004

Re: Series 32 and 33 Bond Printing

Dear Mr. George:

I am writing to advise you that the Municipal Assistance Corporation is presently developing a schedule for the private placement of its Series 32 and 33 Bonds.

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

I. Series 32

A. A quantity of 50,000 coupon bonds in the denomination of $5,000 and a quantity of 2,500 bonds in the denomination of $100,000, dated October 1, 1981, maturing July 1, 2001, all bearing the same interest rate (to be determined) with coupons payable January 1 and July 1 of each year 1982 through maturity (40 coupons), including CUSIP number, facsimile seal and facsimile signatures, each denomination numbered consecutively 32-01-1 through 32-01-50,000 and 32C-01-1 through 32C-01-2,500, respectively.

B. A quantity of 10,000 registered bonds in blank denomination, numbered consecutively 32R-01-101 through 32R-01-10,100.

C. A quantity of 100 "temporary" registered bonds in blank denomination and blank interest rate.
II. Series 33

A. A quantity of 30,000 coupon bonds in the denomination of $5,000 and a quantity of 1,500 coupon bonds in the denomination of $100,000, dated October 1, 1981, maturing July 1, 2001, all bearing the same interest rate (to be determined), with coupons payable January 1 and July 1 of each year 1982 through maturity (40 coupons), including CUSIP number, facsimile seal and facsimile signatures, each denomination numbered consecutively 33-01-1 through 33-01-30,000 and 33C-01-1 through 33C-01-1,500, respectively.

B. A quantity of 5,000 registered bonds in blank denomination, numbered consecutively 33R-01-101 through 33R-01-5,100.

C. A quantity of 100 "temporary" registered bonds in blank denomination and blank interest rate.

Estimated transportation charges, if any, should be included in your quotation. Sales tax should not be charged to the Corporation.

The proposed schedule calls for delivery of the Series 32 and 33 Bonds to the purchasers on Thursday, October 22, 1981. However, because the interest rates will not be available for printing on the bonds until October 19, 1981, we intend to deliver "temporary" registered bonds on Thursday, October 22, 1981, with "standard" printed bonds to be delivered to the purchasers subsequently. The "temporary" registered bonds should be delivered to the United States Trust Company of New York, 770 Broadway, 7th Floor (Attention: Mr. Gary McKnight), New York City, no later than noon on Tuesday, October 20, 1981. The coupon bonds and the "standard" registered bonds should be delivered to the United States Trust Company of New York, 770 Broadway, 7th Floor (Attention: Mr. Gary McKnight), New York City, no later than 10:00 A.M. on Thursday, October 29, 1981.
This schedule and the specifications set forth in this letter should be regarded as confidential information, and are subject to change at the direction of the Corporation.

I would appreciate it if you would furnish your written price quotation as soon as possible.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

SJW/bjw

cc: Gerard F. Fernandez, Jr., Esq.
    Hawkins, Delafield & Wood
14 October 1981

Honorable Robert Abrams
Attorney General
STATE OF NEW YORK/Department of Law
The Capitol
Albany, New York  12224

Re: Series 32 and 33 Bonds

Dear Mr. Abrams:

This letter is to request separate opinions of the Attorney General with regard to the issuance of the Series 32 and Series 33 Bonds of the Municipal Assistance Corporation For The City of New York.

The Series 32 Bonds and Series 33 Bonds will be issued in the principal amounts, will bear interest and will mature as described in the Official Statement of the Corporation dated October 14, 1981, as supplemented on October 22, 1981. The Corporation is selling the Series 32 and Series 33 Bonds to a group of commercial and savings banks, insurance companies, and New York City pension funds pursuant to the Bond Purchase Agreement dated November 15, 1978, between the Corporation and such purchasers.

The Series 32 and 33 Bonds will be issued pursuant to the Second General Bond Resolution of the Corporation. The Series 32 and 33 Bonds will be payable from certain per capita State aid and, to the extent not required for payment of certain other obligations of the Corporation, including bonds issued under the Corporation's First General Bond Resolution, revenues derived from certain sales and compensating use taxes imposed by the State of New York within the City of New York and, under certain conditions, the State stock transfer tax, all subject to annual appropriation by the State Legislature, as described in the Official Statement of the Corporation relating to the sale of the Series 32 and 33 Bonds.
14 October 1981
Honorable Robert Abrams
STATE OF NEW YORK/Department of Law
Page 2.

Will you please furnish your opinions on the following matters: whether the acts creating the Corporation were validly enacted and are in full force and effect; the identity of the various funds of the State which by operation of law are the sources of payment of the principal of and interest on the Series 32 and 33; whether the State Legislature has the authority to appropriate State moneys to such funds for such purposes.

Furthermore, will you please furnish your opinions on the following matters: whether the Financial Emergency Act For The City of New York, as amended, was validly enacted and is in full force and effect; whether the New York State Financial Control Board For The City of New York was created by the Act and is a governmental agency and instrumentality of the State of New York having the powers conferred upon it by the Act, and whether the Act authorizes and requires the Corporation to include in its bonds the pledge of the State of New York set forth therein.

Sincerely,

Heather L. Ruth
Executive Director

HLR/bjw
9 October 1981

Honorable Edward I. Koch, Mayor
ATT: Alair A. Townsend, Director
OFFICE OF MANAGEMENT AND BUDGET
1210 Municipal Building
One Centre Street
New York, New York 10007

Honorable Edward V. Regan, Comptroller
ATT: Gerald Shragar, Director
Contracts and State Expenditures
NEW YORK STATE DEPARTMENT OF AUDIT AND CONTROL
A. E Smith Office Building
Albany, New York 12236

Gentlemen:

Pursuant to Section 3036 of the Public Authorities Law of the State of New York, enclosed herewith is Certificate Number 40 of the Vice Chairman of the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") to the Comptroller of the State of New York and to the Mayor of The City of New York, dated October 9, 1981.

Certificate Number 40 relates to the cash needs of the Corporation for fiscal year 1982 with respect to the Series J through Series JJ Bonds issued pursuant to its First General Bond Resolution and to its Operating Fund requirements.

Sincerely,

[Signature]

Steven J. Kantor
Treasurer

Enclosures

cc: Attached
Municipal Assistance Corporation
For The City of New York

9 October 1981
Honorable Edward I. Koch, Mayor
Honorable Edward V. Regan, Comptroller
Page Two

cc: Alexandra Altman, Esq.
    John G. Bove, Esq.
    Mr. Rudy Runko
    Mr. Tom DeRogatis
    Mr. Mike Gibbons
    Mr. Martin Ives
    Mr. Steve Levine
    Mr. William J. Lithgow
    Lawrence Remmel, Esq.
    Donald J. Robinson, Esq.
    Ms. Heather L. Ruth
    Mr. Pat Santivasci
    Allen L. Thomas, Esq.
    Stephen J. Weinstein, Esq.
CERTIFICATE NUMBER 40 OF THE VICE CHAIRMAN
OF THE BOARD OF DIRECTORS OF
THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK TO THE COMPTROLLER
OF THE STATE OF NEW YORK AND TO
THE MAYOR OF THE CITY OF NEW YORK

Pursuant to Section 3036 of the Public Authorities Law of the
State of New York, the undersigned, Vice Chairman of the Board of
Directors of the Municipal Assistance Corporation For The City of
New York (the "Corporation"), hereby certifies to the Comptroller
of the State of New York and to the Mayor of the City of New York
the revised schedule of cash requirements of the Corporation.

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

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the
seal of the Corporation this 9th day of October, 1981.

[Signature]
Vice Chairman
# SCHEDULE A

<table>
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<th>Amount</th>
<th>Date Required on or before</th>
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<tr>
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<td>10/12/81</td>
</tr>
<tr>
<td>53,200,000</td>
<td>01/12/82</td>
</tr>
<tr>
<td>62,800,000</td>
<td>04/12/82</td>
</tr>
<tr>
<td>62,800,000</td>
<td>06/30/82</td>
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</table>

TOTAL (Fiscal Year 1982) $178,800,000

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<th>Date Required on or before</th>
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<tbody>
<tr>
<td>$6,000,000</td>
<td>06/30/82</td>
</tr>
</tbody>
</table>

TOTAL (Fiscal Year 1982) $6,000,000

---

**NOTES:**

*No moneys are required on October 12, 1981 for First Resolution purposes.*

9 October 1981

Certificate Number 40
9 October 1981

UNITED STATES TRUST COMPANY
OF NEW YORK
45 Wall Street - 21st Floor
New York, New York 10005

Attention: Malcolm J. Hood
Senior Vice President

Gentlemen:

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

You were instructed today to transfer on October 13, 1981, $17,700.00 from the Corporation's Operating Fund Account to the Corporation's Checking Account #29 0029 7 at the United States Trust Company of New York.

Sincerely,

Steven J. Kantor
Treasurer

SJK:bba

cc: William J. Lithgow
Pat Santivasci
Administrative Files
7 October 1981

Robert R. Grew, Esq.
Carter Ledyard & Milburn
Two Wall Street
New York, New York 10005

Re: Bill dated October 5, 1981

Dear Bob:

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

Your bill dated October 5, 1981, total $1,866.40, which includes charges of $1,825.00 for personal services, and $41.40 for reimbursable expenses, for services rendered during the month of August 1981.

We are proposing settlement of this bill by reducing the charge for personal services by $350.55, or 19 percent, to $1,474.45. This would reduce the total due your firm to $1,515.85.

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

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director

ACCEPTED
CARTER LEDYARD & MILBURN

By: ______________________

Date: ____________________

Enclosure
October 1981

Honorable Edward V. Regan
Comptroller
STATE OF NEW YORK/DEPARTMENT OF
AUDIT AND CONTROL
A.B. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

This letter is to request your approval of the sale by the Municipal Assistance Corporation For The City of New York of $500,000 of its promissory notes (the "Notes") to the United States Trust Company of New York pursuant to a note resolution adopted October 20, 1981.

The Notes will be dated 1981 and will bear interest at the rate of 9 1/4% per annum. They will be issued in denominations of $100,000, will mature serially on July 1 of each year from 1982 through 1986, and will not be subject to redemption prior to maturity. The Notes will be general obligations of the Corporation, payable from its revenues after satisfaction of debt service requirements on its First and Second Resolution Bonds. No debt service reserve fund will be created to secure the payment of debt service on the Notes, and the Notes will not have a lien on either of the Corporation's Capital Reserve Funds. The Notes will be sold at par.

The Corporation is issuing the Notes in order to finance the purchase of a computer system for use in its operations, pursuant to a contract of purchase between the Corporation and the Digital Equipment Corporation dated as of __________, 1981. All the proceeds will be used for such purpose upon completion of the installation of such system.
8 October 1981

PRICE WATERHOUSE & CO.
153 East 53 Street
New York, New York 10022

Dear Sirs:

Under date of July 28, 1981 we confirmed by letter certain information and opinions expressed to you. With respect to the financial statements of the Municipal Assistance Corporation For The City of New York for the year ended June 30, 1981, to be included in the Official Statement of the Corporation dated September 23, 1981 for the Series 31 Bonds, we confirm that, to the best of our knowledge and belief, the statements made in said letter are correct as of this date and there have been no developments since July 28, 1981 which would materially affect the financial statements for the year ended June 30, 1981. In addition, we know of no event since July 28, 1981 which, although not affecting such financial statements has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Corporation.

Minutes of the meetings of the Board of Directors made available to you in draft form through October 7, 1981, represent all minutes of such meetings for the period commencing July 1, 1980 and ending October 7, 1981.

We further confirm to the best of our knowledge and belief the information set forth below which we have given you in connection with the issuance by the Corporation of its Series 31 Bonds:

1. No financial statements are available as of any date or for any period subsequent to June 30, 1981.

2. For the period commencing July 1, 1981 and ending on the date hereof: (a) there has been no increase in
8 October 1981
PRICE WATERHOUSE & CO.
Page 2

The total bonds and notes payable of the Corporation, except for changes which are disclosed in the Corporation's financial statements or official statements; (b) the amount of the Debt Service Fund assets is not less than the amount certified by the Chairman of the Corporation as necessary to be in such fund; and (c) the amount of the Capital Reserve Fund is not less than the amounts required by the Municipal Assistance Corporation For The City of New York Act as amended, as necessary to be in such Fund.

3. In the Series 31 Official Statement dated September 23, 1981, the principal, interest and total debt service amounts as reflected in columns 1 through 4 of the table entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" which appears on page 15 of that Official Statement represent the total debt service of the Corporation under the First and Second General Bond Resolutions giving effect to the issuance of the Series 31 Bonds (and assuming the issuance of $100 million principal amount of Series 28 Bonds). The coverage ratios appearing in column 5 of the table are arithmetically correct and represent that ratio of all revenues including Sales and Stock Transfer Taxes and Adjusted Per Capita Aid less the debt service amounts in column 1 and estimated operating expenses of the Corporation, to total debt service by year as reflected in column 4 (all as more fully described in the Corporation's Official Statement dated September 23, 1981). The applicable revenue amounts are those reflected on page 14 of the Official Statement.

4. With respect to the coverage ratios set forth in the paragraph immediately following the table, the coverage ratios represent the division of the total of
8 October 1981
PRICE WATERHOUSE & CO.
Page 3

all revenues, referred to above, by the total of each year's debt service amount for the period 1982 through 1995 appearing in columns 1 and 4.

Sincerely,

[Signature]
Heather L. Ruth
Executive Director

[Signature]
Steven J. Kantor
Treasurer

HLR/SJK/bjw
6 October 1981

TO: Gene Keilin  
    Ed Kresky  
    Jack Tamagni  
    Allen Thomas

Enclosed is the version of changes in the Citibank document which I have sent to Kezer this morning. There are a few changes since Allen's version (which I will explain to you as I talk to you on the phone today).

Assume there will be a meeting Wednesday morning at Lazard at 9:30—though I will be back to you to confirm.

[Signature]

Heather
Rider 4A
held as Collateral for outstanding revolving or term loans
(other than represented by First or Second Resolution Bonds) if
an Event of Default is outstanding and continuing.

Rider 4B
, including refundings thereof, or (3) as may otherwise be
authorized by the Corporation for the purpose of refunding
outstanding indebtedness provided that the rights of the holders
of such refunding obligations to payment out of the revenues of
the Corporation are not prior to the right of Citibank as lender
under this facility.

Rider 5A
7) MAC will be required to include in its coverage computations
under its appropriate Bond Resolutions debt service on the
Corporation's bonds issuable to Citibank under this commitment.
The assumed interest rate will be arrived at periodically by
mutual agreement.

Rider 5B
Subject to agreed upon notice and cure periods: (i) similar to
those in First and Second General Bond Resolutions, (ii) failure
to deliver required Collateral, (iii) cross-default with all
other debt obligations and (iv) failure at any time to provide
the Corporation bonds required to be issued under the First
and/or Second General Bond Resolution in the amount of this
commitment.
October 1, 1981

Ms. Heather L. Ruth,
Executive Director
Municipal Assistance Corporation for the
City of New York
One World Trade Center
New York, New York 10048

Dear Heather:

We are pleased to confirm to you our willingness to provide a credit facility substantially according to the terms and conditions outlined below.

Borrower: Municipal Assistance Corporation for the City of New York (MAC)

Lender: Citibank, N.A.

Facility: Two year irrevocable revolving credit/five year term loan.

Participants: At the option of Citibank, N.A., with the understanding that the participation agreement is between Citibank, N.A. and the participating bank(s).

Amount: $100,000,000

Purpose: To assure refunding of tax-exempt commercial paper.

Availability: a) Revolving credit will be available for two years to assure that maturities of commercial paper notes will be paid. The facility will not be available for discretionary borrowing. The facility will be renewable annually by mutual agreement (to be reached thirty days prior to the anniversary date), in the form of a one-year extension of all terms.
b) Outstanding loans at the termination date of the revolving period will fund into a five-year term loan with twenty equal quarterly installments prepayable without penalty. At Citibank's option, the term loan may be converted to bonds maturing serially or amortizing over the then-remaining term of the loan. To the extent the Corporation can do so within current limitations, the Bonds will be issued under the Corporation's First General Bond Resolution ("First Resolution Bonds") unless all outstanding First Resolution Bonds have been defeased. The balance, if any, will be issued under the Second General Bond Resolution ("Second Resolution Bonds"), provided that if the Corporation thereafter issues First Resolution Bonds for the Second Resolution Bonds held by Citibank.

Interest Rate:

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Period</td>
<td>Citibank fluctuating Base Rate + 1/2% p.a.</td>
</tr>
<tr>
<td>Term Period</td>
<td>Citibank fluctuating Base Rate + 1% p.a. during the first two years</td>
</tr>
<tr>
<td></td>
<td>Citibank fluctuating Base Rate + 1-1/2% p.a. during the last three years</td>
</tr>
<tr>
<td>In default</td>
<td>Citibank fluctuating Base Rate + 2% p.a.</td>
</tr>
</tbody>
</table>

Citibank Base Rate means the greater of a) Base or b) Alternate Base III (definition attached). Interest is payable quarterly in arrears.

Commitment Fee: 1/2% p.a. from date of acceptance of this written proposal to date of closing, payable quarterly and at closing in arrears.

Facility Fee: 3/4% p.a. of the total revolving commitment, payable at closing and thereafter annually in advance (pro-rata reimbursement permitted in event of total or partial cancellation of commitment).

Activity Fee: 3/4% p.a. of the average daily outstanding commercial paper, payable quarterly in arrears.

Management Fee: 1/8% flat fee at closing and annually thereafter.
of the pledged Bonds to not less than 130% of this commitment. In the event that the aggregate Value of the pledged Bonds exceeds 140% of this commitment, Citibank will, at the request of MAC, release sufficient Bonds (being Bonds with the longest maturities) to reduce the aggregate Value of the pledged Bonds to not less than 130% of this commitment.

Right to Liquidate Collateral:  

Citibank has total discretion in the manner in which it chooses to liquidate "Bonds" in the event of default or in the event of any change which in the sole judgment of Citibank materially adversely affects the ability of MAC to meet its obligations. In the event Citibank liquidates the "Bonds," any excess remaining after repayment of principal, interest, fees and related expenses will be returned to MAC. Any deficiency will remain an obligation of MAC.

Representations and Warranties:  

Usual

Covenants:  

The details will have to be negotiated but will include, while not being limited to, the following:

1) Upon borrowing from Citibank, MAC will not increase its existing combined outstandings of commercial paper and bank loans without Citibank's written consent.

2) MAC will not sell commercial paper with maturities in excess of the shorter of 270 days or the remaining tenor of the revolving period.

3) MAC will not have outstanding commercial paper with a maturity value in excess of the unused portion of this commitment.

4) There will be no increase in the Corporation's statutory debt limitation and the Corporation will not incur any new indebtedness in excess of an aggregate total of $3,000,000 at any time outstanding, except (1) under this facility (including the related sale of commercial paper), (2) under its First and Second General Bond Resolutions, or (3) for the purpose of refunding outstanding indebtedness, upon terms which provide that this commitment and the obligations of Citibank thereunder rank at least pari passu in all respects with the indebtedness incurred for such purpose.
5) Negative pledge of Bonds of City of New York not pledged to Citibank under this agreement.

6) There will be no increase in authorized debt limitations or changes in covenants of other debt agreements.

7) MAC will be required to include the total amount of commercial paper issued plus outstandings under this commitment in its compliance computations under the First and Second General Bond Resolutions, with an assumed interest cost arrived at quarterly by mutual agreement.

8) Financial and other covenants in the Bond Purchase Agreement dated November 15, 1978 will be incorporated into this agreement. This includes the necessity for MAC to obtain waivers under the Bond Purchase Agreement with respect, for example, to incurring indebtedness other than pursuant to the First and Second General Bond Resolutions, and the use of proceeds of such indebtedness.

9) Financial statements and other reports will be provided to Citibank in accordance with the terms of the Bond Purchase Agreement dated November 15, 1978.

10) The dealers for the commercial paper will not be permitted to purchase the paper from MAC for their own account, except under terms agreed to by Citibank.

Events of Default:

Usual, including cross default with all other debt obligations and failure at any time to be able to provide bonds to be issued under the Corporation's First and/or Second General Bond Resolution in the amount of this commitment. Upon an Event of Default during the revolving period, an automatic loan will be made.

Legal and Transaction Expenses:

To be paid by MAC

Other Expenses:

In the event that this commitment does not reach a closing for any reason whatsoever, MAC agrees to pay Citibank a flat fee of $100,000 as a reimbursement for Citibank's expenses in creating this proposal. This fee will be payable at once upon termination of negotiations, or ninety days from date of
acceptance of this commitment (in which case it would be credited against the first year facility fee at closing), whichever comes first.

The terms and conditions of this commitment are not limited to the above terms and conditions. Those matters which are not covered by or made clear in the above outline are subject to mutual agreement of the parties. This commitment is conditional upon the preparation, execution and delivery of legal documentation in form and substance satisfactory to us and our counsel incorporating substantially the terms and conditions outlined above.

Please evidence your acceptance of the foregoing by signing and returning to us the enclosed copy of this letter on or before October 5, 1981, the date this commitment (if not accepted on or prior thereto) will expire.

Sincerely,

[Signature]

Richard F. Kezer
Senior Vice President

Accepted: Date________________

Municipal Assistance Corporation for the City of New York

By:__________________________

Executive Director