29 July 1983

Price Waterhouse
153 East 53rd Street
New York, New York 10022

Gentlemen:

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination of the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") for the year ended June 30, 1983 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and transactions of the Corporation in conformity with generally accepted accounting principles.

1. We acknowledge management's responsibility for the fair presentation in the financial statements of financial position, transactions and changes in funds available to purchase City of New York obligations in conformity with generally accepted accounting principles.

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

3. We are not aware of (a) any irregularities involving management or employees who have significant roles in the system of internal accounting control or any irregularities involving other employees which could have a material effect on the financial statements, or (b) any violations or possible violations of laws or regulations and whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices that could have a material effect on the financial statements. The Corporation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
4. All cash and bank accounts and all other properties and assets of the Corporation of which we are aware are included in the financial statements at June 30, 1983. The Corporation has satisfactory title to all owned assets and all liens, encumbrances or security interests of any important consequence on any asset of the Corporation are disclosed in the statements or notes thereto.

5. All liabilities of the Corporation of which we are aware are included in the financial statements at June 30, 1983. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with that Statement.

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

a. Related party transactions.

b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.

c. Agreements to repurchase assets previously sold.

d. Other agreements not in the ordinary course of business.

7. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements and related disclosures for the year ended June 30, 1983 or, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or
otherwise, in the financial position or transactions of the Corporation. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

8. Investments in marketable securities held in the Capital Reserve or Guaranty Funds are carried at amortized cost and investments in marketable securities in the Debt Service Fund are carried at the lower of cost or market value, inclusive of accrued interest, in accordance with the bond resolutions pursuant to which they were established. These investments consist of direct obligations of, or obligations guaranteed by, the State of New York or the United States of America, or certain other permitted investments.

At June 30, 1983, the amortized cost of the investments in the Capital Reserve Fund exceeded market value by approximately $13.6 million. It is presently not management's intention to recognize these losses as the impaired securities will generally be held until maturity.

9. At June 30, 1983, the Corporation held $1,115.4 million principal amount of The City of New York (the "City") bonds. The City obligations held at June 30, 1983 bear interest at rates ranging from 7-3/4% to 13-3/8% and will mature from September 15, 1983 to September 15, 2007.

The Corporation, in connection with the issuance of commercial paper notes has entered into credit agreements under which it has pledged certain City obligations as collateral. The City has agreed that all bonds pledged as collateral may be sold without the consent of the City. All bonds not pledged as collateral may not be sold without the consent of the City. At June 30, 1983, approximately $311 million of bonds were pledged.

The Corporation, in making its certification for funds to the State, is required to exclude from consideration any amounts it expects to receive as payment on City obligations until such amounts are received.
10. In connection with the issuance by the City of Federally guaranteed obligations, a Guaranty Fund has been established by the Corporation. The Corporation is required, at the time of each issuance of guaranteed City obligations, to have on deposit in the Guaranty Fund a specified amount. The moneys on deposit in the Guaranty Fund, up to a specified amount, are available for the benefit of the United States of America in the event the City is unable to meet debt service requirements on certain City obligations for which the payment of principal and interest is guaranteed by the United States of America. Such specified amount is presented as a liability of the Corporation. To the extent moneys on deposit in the Guaranty Fund exceed the amount required, the Corporation is entitled to withdraw such excess from the Guaranty Fund and the United States of America has no further claim on such moneys. At June 30, 1983, no claim had been asserted. Moneys on deposit in the Guaranty Fund are invested in direct obligations of the United States of America.

11. The Corporation and the City have developed a Debt Issuance Plan (the "Plan") to provide for a significant portion of the City's long-term financing requirements through fiscal 1987. Under the Plan, proceeds of debt issuances of the Corporation will be used principally to purchase obligations of the City when issued to provide a source of funding for a portion of the City's capital program. At June 30, 1983, approximately $749 million was available to purchase City obligations. The Plan provides for additional public sales of $650 million of the Corporation's obligations through December 31, 1984.

The amount of the Corporation's obligations to be sold publicly under the Plan will depend upon many conditions, including the City's actual capital requirements, the City's ability to continue raising funds in the public bond markets and the general conditions in the public bond markets.

12. The Corporation's bonds may be refunded in advance of their maturity in accordance with provisions of the First and Second General Bond Resolutions by placing in trust with the Trustee sufficient moneys or certain
securities which together with investment income will be sufficient to pay principal and interest when due on the bonds which have been refunded. Although they remain valid debt instruments with regard to principal and interest payable thereon from the moneys or securities placed in trust, advance refunded bonds are deemed to have been paid within the meaning of the First and Second General Bond Resolutions and are therefore no longer presented as liabilities of the Corporation. During fiscal year 1983, the Corporation advance refunded $256.3 million of Series CC Bonds and $184.2 million of Series JJ Bonds. At June 30, 1983, $851.8 million of the Corporation's bonds which have been advance refunded remain valid debt instruments.

In November 1982, the Corporation sold $100 million of Second General Resolution Series 41 Bonds with detachable Warrants which entitle the holders of those Warrants to purchase up to an aggregate amount of $100 million of Series 42 Bonds periodically until January 18, 1984. As of June 30, 1983, Warrants were exercised for the issuance of $430,000 principal amount of Series 42 Bonds. The financial statements and Exhibits I and II do not give effect to the remaining unissued principal amount of $99.57 million Series 42 Bonds; however, such is included in Exhibit III in summarizing the pro forma future payment requirements as explained therein.

On July 26, 1982 and January 6, 1983, the Corporation issued short-term obligations secured by a credit arrangement with Citibank, N.A. and both Citibank, N.A. and Manufacturer's Hanover Trust Co., respectively. Such short-term obligations have a claim on the sales tax, stock transfer tax or per capita aid revenues subordinate to the First and Second Resolution Bonds. If the credit arrangement is used to pay the short-term obligations, the Corporation's obligation to the banks will be repayable over a period of at least five years through the issuance of bonds or otherwise. The Corporation has authorized the issuance of up to $250 million of such short-term obligations, which serves as an alternative to selling bonds publicly in such amount.
At June 30, 1983, the Corporation had $247 million of such short-term obligations outstanding at interest rates ranging from 4.125% to 5.25% and maturities ranging from 1 day to 42 days. The Corporation and Citibank, N.A. are currently negotiating a letter of credit agreement to supplant the Series 1 credit agreement after commencement of the sales of the Corporation's Series 3 commercial paper notes.

13. The Corporation has agreed to reimburse the New York State Office of the Special Deputy Comptroller for the City of New York and the Financial Control Board for the cost of providing certain oversight services of the City's financial affairs.

14. The assets of the Operating Fund at June 30, 1983 include $17,500 of securities purchased under an agreement to resell, approximately $4,884,000 of investments in marketable securities, $519,000 of prepaid expenses relating to commercial paper and approximately $548,000 for computer and related software which is being depreciated on a straight line basis over a five year period which began January 1, 1982. During the year ended June 30, 1982, the Corporation entered into a loan agreement for $500,000 with the United States Trust Company of New York to finance the cost of the computer and related software. The balance of this loan at June 30, 1983 is $300,000 and the loan bears interest at 9% and is due in three equal annual installments of principal with interest due semiannually. This loan is included in total operating fund liabilities.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

T. Dennis Sullivan II, Executive Director

Steven J. Kantor, Deputy Executive Director and Treasurer

Angelina Saraceno, Comptroller
28 July 1983

The Honorable Pierre S. du Pont IV
Office of the Governor
State Office Building
820 French Street 12th Floor
Wilmington, DE

Dear Pete:

Given the unlikely possibility that you may not have seen the enclosed clipping from the Wall Street Journal, I am sending it along in order to brighten your day. I am reminded of the immortal words of Satchel Paige, "Never look back, someone may be gaining on you."

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
Enclosure

PS Thanks also for your kind letter of July 13th. Working with you has been a tremendous experience. Perhaps you'll need a New Yorker person to help with your "agenda setting activities". If so, count me in. ☑
28 July 1983

Ms. Alice Bricker-Barron
2112 Sherwood Road
Wilmington, DE 19810

Dear Alice:

Just a brief note to thank you for your thoughtful card which has just caught up with me in New York. I certainly enjoyed working with you, and I hope you will not hesitate to come and visit me at MAC whenever you are in the City.

With best wishes,
Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
28 July 1983

Dr. and Mrs. William Metcalf
60 Sutton Place South
New York, NY 10022

Dear Dr. and Mrs. Metcalf:

Felix Rohatyn, Chairman of the Municipal Assistance Corporation For The City of New York asked me to respond to your letter of July 8, 1983 concerning your request for information regarding the Chemical Bank coupon processing fee.

The Chemical Bank has imposed a processing fee for all coupons deposited. I spoke with Mr. Richard Orr of Chemical Bank, who informed me that the Bank had raised its fees effective July 1, 1983. Unfortunately, there is very little the Corporation can do. The fee imposed is determined by the individual branch manager. Mr. Orr did not know whether there were any Chemical branches that did not charge a coupon processing fee.

However, there are two ways to avoid the coupon processing fee. One way is to have your bearer bonds transferred to registered form. Your interest payment check will be mailed to you on the interest payment date. We hope to offer shortly a direct deposit program for our registered bondholders, in which the interest payments will be automatically deposited in the account of your choice.

The alternative is to bring the coupons directly to the paying agent's office. The paying agent for your bonds is either Citibank or Chase Manhattan, depending on the bond series. Both Citibank and Chase have their paying agency offices downtown, and would be delighted to allow you to cash your coupons.

Mr. Rohatyn asked me to thank you for your kind words of support and to assure you that he will continue to speak out
28 July 1983
Dr. and Mrs. William Metcalf
Page Two

on issues that are important to the regional and national economy.

If you have any further questions concerning your MAC securities, please do not hesitate to contact me.

Sincerely,

Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK: dnd
27 July 1983

Alice Daniel, Esq.
Counsel to the Governor
Executive Chamber
Albany, N.Y. 12224

Attention: Wendy E. Cooper, Esq.

Re: Sales Tax Legislation

Dear Ms. Daniel:

Thank you for bringing to our attention certain legislative proposals concerning the State Sales Tax pending action by the Governor. This letter is to advise you specifically of the views of the Municipal Assistance Corporation with regard to those three bills, and to record generally the concerns of the Corporation with regard to any proposed legislation affecting the Special State Sales Tax imposed within New York City (the "Sales Tax"), the State Stock Transfer Tax or State Per Capita Aid.

Those three revenues comprise the sources of payment of all of the debt issued by the Municipal Assistance Corporation -- the Sales Tax and Stock Transfer Tax for bonds issued under the Corporation's First Resolution and those revenues, subordinate to First Resolution claims, along with State Per Capita Aid otherwise payable to the City of New York, for bonds issued under the Corporation's Second Resolution. Presently outstanding are more than $7.7 billion of the Corporation's bonds, $5.9 billion under the Second Resolution and $1.8 under the First Resolution.

Each resolution provides that certain changes in these respective revenue streams would constitute an event of default, one consequence of which is acceleration of the Corporation's debt. Of special concern are proposed changes to the Sales Tax, given the frequency with which such proposals are made. Any legislation which may affect either the base or the rate of the Sales Tax must be carefully
considered by the Corporation at the earliest possible time in order to determine whether enactment could arguably be adjudged to constitute such an event of default. In addition, any legislative proposals or actions which may affect either the State Stock Transfer Tax or State Per Capita Aid require similar scrutiny.

As we have set forth in previous letters to interested members and staff of the Legislature, any legislation which proposes changes in the Sales Tax raises the issue of whether the proposed amendment would precipitate an event of default as defined in the Corporation's resolutions. Those resolutions provide in Section 1202(f) that each of the following is an event of default:

"the State shall for any reason fail or refuse to continue the imposition of ** * the Sales Tax imposed by Section 1107 of Article 28 of the Tax Law as the same may be from time to time amended * * * or if the rates of such taxes shall be reduced to rates less than those in effect (on July 2, 1975)."

Therefore, if the change was determined to be either a failure or refusal by the State to continue the imposition of the Sales Tax or a reduction in rate, then the legislation would precipitate an event of default as defined in Section 1202(f) of the resolution. Importantly, the Corporation does not determine when an event of default has occurred; that determination is made by the Trustee under the Resolutions, United States Trust Company of New York. Our review of any legislative changes to the Sales Tax must therefore take into account the views of the Trustee, in reliance on the advice of its own counsel, the position of the Corporation and the opinions of its Bond Counsel and General Counsel.

The conclusion that any particular legislation does not constitute an event of default cannot be construed as acquiescence to other legislation affecting the Sales Tax. Careful consideration must be accorded any proposed change, inasmuch as such amendment either separately or cumulatively could constitute an event of default. Accordingly, great
caution and restraint should be exercised in considering any changes to the Sales Tax, including additional or increased exemptions.

In May, we were advised by the Chairman of the Assembly Ways and Means Committee of a bill, A-1738, which would increase the exemption from the Sales Tax for certain sales made through coin-operated vending machines. We reviewed that proposal and the accompanying fiscal analysis. We responded to Mr. Kremer that we did not believe that the proposed amendment would present a problem under the Corporation's resolutions. Subsequently, that legislation was passed by both houses and sent to the Governor for signature. Such a timely referral provided us with the requisite opportunity to review the proposal prior to passage.

Last week we were informed by Wendy Cooper of your office that two other pieces of legislation which would affect the Sales Tax had been passed and were awaiting action by the Governor by August 1, 1983.

One of these bills, A-7132, entails changes in the imposition of that tax on coin-operated telephone service. In response, we stated that there was simply not time in the few days available to assess meaningfully this proposal, particularly in light of the lack of a definitive fiscal analysis. In a subsequent discussion, the State Division of the Budget advised us that it estimated that this proposal would result in an annual revenue decrease of $1.2 to $1.3 million. I must emphasize for the record that such a substantial reduction poses serious legal concern under the default provisions of our resolutions. In addition, concern has also been expressed by State Budget and the City of New York with regard to the potential revenue losses to the State and the City, respectively. After further discussion, we were advised by Ms. Cooper that in response to these concerns A-7132 had been "tabled." I would appreciate your confirming by letter that the Governor will not sign A-7132 into law.

The third bill, S-5896-A, would create an additional exemption to the Sales Tax for admission to carnivals, rodeos and circuses presented by tax-exempt organizations as a part of their tax-exempt purposes. We have been advised by your office that the projected fiscal impact of this
proposal would be minimal, and on that basis, do not wish to register any objection to it.

I very much appreciate Ms. Cooper's promptness in notifying us once these bills had reached your office, as well as her pleasant and professional consideration of our views and her cooperation in reaching satisfactory resolution of these matters.

Our overriding concern is to receive timely notice of any proposed legislative changes to any of the three revenue streams supporting payment of the Corporation's debt, so that we may meaningfully review them in order to preclude any inadvertent adverse impact on the security of the Corporation's obligations, thereby serving the interests of the State of New York as well as those of the bondholders of the Municipal Assistance Corporation.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director and Counsel

SJW:bba
27 July 1983

Robert R. Grew, Esq.
CARTER LEDYARD & MILBURN
Two Wall Street
New York, New York 10005

Re: Bills dated July 25, 1983

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 three bills dated July 25, 1983, total $2,061.33, including charges of $1,930.00 for personal services, and $131.33 for reimbursable expenses, for services rendered during the month of June 1983.

We are proposing settlement of these bills by reducing the charge for personal services by $212.30, or 11 percent, to $1,717.70. This would reduce the total due your firm for these bills to $1,849.03.

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

Sincerely,

Stephen J. Weinstein
Deputy Executive Director and Counsel

Enclosure
Date: 27 July 1983
To: MAC Staff
From: MHG
Re: New Legislation - Public Officers Law - Standards of Conduct

The Governor is expected to sign into law by the end of next week a bill which has the effect of making the staff of MAC subject to the provisions of Sections 73 and 74 of the New York Public Officers Law. Previously, only the MAC Board of Directors was so covered. Attached is a copy of these sections.

Of particular importance is subsection (5) of Section 73 of such law. The thrust of this subsection is to prohibit the acceptance of anything (whether a gift, a meal, a service, etc.) of a value exceeding $25 under circumstances where it may be "reasonably inferred" that the proffered item was intended as a reward for certain official action or to influence a business decision so as to benefit the giver. Violation is a criminal offense.

The Corporation's Administration Committee will promulgate guidelines for both the acceptance of gratuities and the reimbursement of expenses in the near future which will elaborate upon such restrictions as applicable to the MAC staff; until then, Section 73(5), as well as the other provisions of Sections 73 and 74, should be heeded by everyone.
OFFICERS LAW

Where the plaintiff in an execution has given instructions to a deputy sheriff to depart from the line of duty imposed by law, but the deputy has done nothing in conformity with such instructions, the sheriff is not discharged from liability for his deputy's acts. Sheldon v. Payne, 1852, 7 N.Y. 458, republished 10 N.Y. 398.

Trespass committed by a deputy sheriff enforcing legal process is, it seems, deemed official misconduct for which the sheriff is liable. The People ex rel. Kellogg v. Schuylar, 1850, 4 N.Y. 173.

In re Pond, 1897, 21 Misc. 114, 48 N.Y.S. 999, the court said: "In Sheldon v. Payne, 7 N.Y. 458, it was held that to discharge "the sheriff from liability for the acts of his deputy it must be shown not only that the plaintiff directed the deputy to depart from the line of his duty imposed by law, but that the deputy, followed, or at least undertook to follow, the directions given. He cannot otherwise be regarded in any respect the agent of the plaintiff."

16. Void executions

In the case of Dunham v. Reilly, 1888, 110 N.Y. 369, 18 N.E. 89, the court said: "It is necessary to void and a nullity, it follows that no action can be maintained for its false return."

17. Defenses

The fact, if established, that the execution debtor was insolvent when execution was given, the sheriff does not justify an inference, relieving the sheriff from liability, that, had the sheriff acted promptly, instead of negligently, bankruptcy proceedings would have been precipitated and hastened, so that the execution could not have been collected before bankruptcy proceedings; but this is a mere matter of conjecture. Morgan v. Seaman, 1910, 171 App.Div. 716, 157 N.Y.S. 830.

18. Damages—Generally

In an action against a sheriff for escape from custody under such an attachment, the plaintiff may recover damages upon the theory that the defendant was negligent in not making a return of an execution, the judgment debt in personam, the true measure of damages, the sheriff, however, being at liberty to mitigate the amount by showing that the entire debt could not have been satisfied out of the debtor's property, but not by proof that the judgment debt has been collectible. It is unnecessary for the plaintiff to aver or prove special damages. Ledyard v. Jones, 1852, 7 N.Y. 350.

County marshal to whom warrant commanding removal of tenants from possession had been delivered was required to execute mandate according to command under penalty of liability for damages incurred by person procuring issuance, and marshal's duty to execute the warrant was mandatory. Piso v. Nassau County, 1963, 41 Misc.2d 494, 246 N.Y.S.2d 723, affirmed 21 A.D.2d 754, 252 N.Y.S.2d 22.

19. Mitigation of

It seems that the rule that where, in an action for an unlawful taking of goods, it appears that the original taking was wrongful, defendant is entitled to prove, in mitigation of damages, that the property was afterwards seized upon valid process against the owner, only applies where the general property in the goods was in the debtor and the application of the proceeds was made for the benefit; it does not apply in an action brought by his assigns, to whom he had transferred the property prior to the original taking. Dyett v. Hyman, 1850, 129 N.Y. 301, 29 N.E. 261.

In an action against a sheriff for a failure to return an execution, defendant proved, in mitigation of damages, that before the return day the judgment levies were levied upon and attachments issued to him against the judgment creditor, although the sheriff failed to make a valid levy by virtue of the execution while the attachments remained in force, plaintiff was only entitled to nominal damages. Weible v. Conner, 1890, 83 N.Y. 231.

In the case of Yager v. Flack, 1891, 13 N.Y.S. 560, the court said: "The statute has given an action to a creditor against a sheriff for not returning an execution, and the settled doctrine of the courts is that, where it has not been returned, he (the sheriff) is prima facie liable for the debt, but he may mitigate the damages, by showing that the defendant had no property on which the judgment could be levied."

20. Burden of proof

Negligence of a sheriff in not proceeding under an execution establishes prima facie his liability, and the party relying upon the execution to collect, and he has the burden of showing that the execution creditor was not damaged thereby. Morgan v. Seaman, 1910, 171 App.Div. 716, 157 N.Y.S. 830.

21. Liability of marshal

No recovery could be had from county marshal, office of marshal, or from county predicated upon marshal's enforcement of subsequently reversed eviction order, with respect to which no stay of execution had been requested. Piso v. Nassau County, 1963, 41 Misc.2d 494, 246 N.Y.S.2d 723, affirmed 21 A.D.2d 754, 252 N.Y.S.2d 22.

§ 73. Business or professional activities by state officers and employees and party officers

1. As used in this section: The term "state agency" shall mean any state department, or division, board, commission, or bureau of any state department.

The term "compensation" shall mean any money, thing of value or financial benefit conferred in return for services rendered or to be rendered.

The term "legislative employee" shall mean any officer or employee of the legislature but it shall not include members of the legislature.

The term "regulatory agency" shall mean the banking department, insurance department, state liquor authority, department of agriculture and markets, department of state, other than the division of corporations and state records, department of public service and the board of standards and appeals in the department of labor.

2. No officer or employee of a state agency, member of the legislature or legislative employee shall receive, or enter into any agreement express or implied for, compensation for services to be rendered in relation to any case, proceeding, application, or other matter before any state agency, whereby his compensation is to be dependent or contingent upon any action by such agency with respect to any license, contract, certificate, ruling, decision, opinion, rate schedule, franchise, or other benefit; provided, however, that nothing in this subdivision shall be deemed to pro-
§ 73  PUBLIC OFFICERS LAW

hibit the fixing at any time of fees based upon the reasonable value of
the services rendered.

3. No full-time salaried officer or employee of a state agency, full-time
salaried legislative employee, or member of the legislature shall receive,
directly or indirectly, or enter into any agreement express or implied for,
any compensation, in whatever form, for the appearance or rendition of
services by himself or another against the interest of the state in relation
to any case, proceeding, application or other matter before, or the
transaction of business by himself or another with, the court of claims.

4. No officer or employee of a state agency, member of the legisla-
ture or legislative employee or firm or association of which such person is
a member, or corporation, ten per centum or more of the stock of which
is owned or controlled directly or indirectly by such person, shall sell any
goods or services having a value in excess of twenty-five dollars to any
state agency unless pursuant to an award or contract let after public no-
tice and competitive bidding. This subdivision shall not apply to the
publication of resolutions, advertisements or other legal propositions or
notices in newspapers designated pursuant to law for such purpose and
for which the rates are fixed pursuant to law.

5. No officer or employee of a state agency, member of the legislature
or legislative employee shall, directly or indirectly, solicit, accept or re-
cieve any gift having a value of twenty-five dollars or more whether in,
the form of money, service, loan, travel, entertainment, hospitality, thing
or promise, or in any other form, under circumstances in which it could
reasonably be inferred that the gift was intended to influence him, or
could reasonably be expected to influence him, in the performance of his
official duties or was intended as a reward for any official action on his
part. No person shall, directly or indirectly, offer or make any such gift
to any officer or employee of a state agency, member of the legislature
or legislative employee under such circumstances.

6. (a) Every member of the legislature or legislative employee shall,
on and after December fifteenth and before the following January
fifteenth, in each year, file with the secretary of the senate, if a member
or employee of that body, or with the clerk of the assembly, if a member
or employee of that body a written statement of

(1) each financial interest, direct or indirect of himself, his spouse
and his unemancipated children under the age of eighteen years in
any activity which is subject to the jurisdiction of a regulatory agency
or name of the entity in which the interest is held and whether such inter-
est is over or under five thousand dollars in value.

(2) every office and directorship held by him in any corporation firm
or enterprise which is subject to the jurisdiction of a regulatory agency,
including the name of such corporation, firm or enterprise.

(3) any other interest or relationship which he determines in his dis-
cretion might reasonably be expected to be particularly affected by legis-
latively action or in the public interest should be disclosed.

(b) On or before January thirty-first in each year the secretary of the
senate and the clerk of the assembly shall prepare a report containing
the statements required to be filed pursuant to paragraph (a) of this
subdivision. Copies of such reports shall be open to public inspection in
the office of the secretary of the senate and the clerk of the assembly.
Each house may adopt rules to implement the provisions of this subdivi-
sion, insofar as they relate to members of the legislature and legislative
employees.

(c) A member of the legislature or legislative employee who knowingly
and willfully makes a false statement or gives information which he knows
to be false in any written statement required to be filed pursuant to this
subdivision, shall be guilty of a misdemeanor.
of fees based upon the reasonable value of
fees or employee of a state agency, full-time
or member of the legislature shall receive, in any agreement express or implied for,
or form, for the appearance or rendition of
or against the interest of the state in rela-
tion to the interest of the state in relation
to or other matter, or the
or himself or another, with the court of claims.

7. No person who has served as an officer or employee of a state
agency shall within a period of two years after the termination of such
service or employment appear before such state agency or receive com-
penation for any services rendered on behalf of any person, firm, cor-
poration or association in relation to any case, proceeding or application
with respect to which such person was directly concerned and in which
he personally participated during the period of his service or employ-
ment; nor shall any person who has served as the head of a state de-
partment which is a regulatory agency, or the department of trans-
portation, or a deputy thereof, within a period of two years after the
termination of such service receive compensation for any services
rendered on behalf of any person, firm, corporation or association in
any case, proceeding or application before the department with which
he served wherein his compensation is to be dependent or contingent
upon any action by such agency with respect to any license, contract,
certificate, ruling, decision, opinion, rate schedule, franchise, or other
benefit, or in promoting or opposing, directly or indirectly, the pas-
sage of bills or resolutions before either house of the legislature; nor
shall any person who has served as a member of the legislature within a
period of two years after the termination of such service receive com-
penation for any services on behalf of any person, firm, corporation
or association to promote or oppose, directly or indirectly, the pas-
sage of bills or resolutions by either house of the legislature; pro-
vided, however, that nothing herein contained shall prohibit any state
agency from adopting rules concerning practice before it by former
officers or employees more restrictive than the requirements of this
subdivision.

8. No party officer while serving as such shall be eligible to serve as
a judge of any court of record, attorney-general, district attorney or as-
istant district attorney. As used in this subdivision, the term "party
officer" shall mean a member of a national committee, an officer or mem-
ber of a state committee or a county chairman of any political party.

9. Nothing herein contained shall be construed to prohibit any firm
or association, in which any officer or employee of a state legisla-
tion, from appearing, rendering services in relation to any matter,
before, or transacting business with a state agency, where such officer
or employee of a state agency does not share in the profits resulting there-
from; nor shall anything herein contained be construed to prohibit any
firm or association in which any full-time salaried officer or employee of
a state agency or association in which any full-time salaried legislative
employee, or member of the

10. In addition to any penalty contained in any other provision of
law, any person who knowingly and intentionally violates the provisions of
subdivisions two through five or subdivision seven of this section shall
be guilty of a misdemeanor.

1974 Amendment. Subd. 6, par. (a).
L1974, c. 940, § 2, eff. June 15, 1974,
substituted "unemancipated children
under the age of eighteen years" for
"unemancipated and minor children"
in subpar. (1).

Historical Notes through 1971
Subd. 1 amended by L1964, c. 941,
§ 6, eff. Dec. 1, 1964; L1965, c. 1012,
46 McKnines 7 1962 P.F.
97

Former section 73-a, which related to prohibited business or professional activity by public officers and employees, was added L.1965, c. 1031, § 182, eff. Sept. 1, 1967.

§ 74. Code of ethics

1. Definition. As used in this section: The term "state agency" shall mean any state department, or division, board, commission, or bureau of any state department.

The term "legislative employee" shall mean any officer or employee of the legislature but it shall not include members of the legislature.

2. Rule with respect to conflicts of interest. No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.

3. Standards.

a. No officer or employee of a state agency, member of the legislature or legislative employee should accept other employment which will impair his independence of judgment in the exercise of his official duties.

b. No officer or employee of a state agency, member of the legislature or legislative employee should accept employment or engage in any business or professional activity which will require him to disclose confidential information which he has gained by reason of his official position or authority.

c. No officer or employee of a state agency, member of the legislature or legislative employee should disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests.

d. No officer or employee of a state agency, member of the legislature or legislative employee should use or attempt to use his official position to secure unwarranted privileges or exemptions for himself or others.

e. No officer or employee of a state agency, member of the legislature or legislative employee should engage in any transaction as representative or agent of the state with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.

f. An officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.

g. An officer or employee of a state agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest.

h. An officer or employee of a state agency, member of the legislature or legislative employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust.

i. No officer or employee of a state agency engaged on a full-time basis nor any firm or association of which such an officer or employee is a member or corporation a substantial portion of the stock of which
§ 74

PUBLIC OFFICERS LAW

is owned or controlled directly or indirectly by such officer or employee, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the state agency in which such officer or employee serves or is employed.

3. If any officer or employee of a state agency shall have a financial interest, direct or indirect, having a value of ten thousand dollars or more in any activity which is subject to the jurisdiction of a regulatory agency, he should file with the secretary of state a written statement that he has such a financial interest in such activity which statement shall be open to public inspection.

4. Violations. In addition to any penalty contained in any other provision of law any such officer, member or employee who shall knowingly and intentionally violate any of the provisions of this section may be fined, suspended or removed from office or employment in the manner provided by law. Added L1964, c. 941, § 4; eff. Jan. 1, 1966.


Legislative declaration. Laws 1954, c. 696, § 1, eff. Jan. 1, 1955 provides: "Declaration of intent. A continuing problem of a free government is the maintenance among its public servants of moral and ethical standards which are worthy and warrant the confidence of the people. The people are entitled to expect from their public servants a set of standards above the morals of the marketplace. A public official of a free government is entrusted with the welfare, prosperity, security and safety of the people he serves. In return for this trust, the people are entitled to know that no substantial conflict of interest exists between private interests and official duties exists in those who serve them.

“Government is and should be representative of the people who elect it, and some conflict of interest is inherent in this representative form of government. Some conflicts of material interests which are improper for public officials may be prohibited by legislation. Others may arise in so many different forms and under such a variety of circumstances, that it would be unwise and unjust to prescribe them by statute with inflexible and sound sanctions which would limit public service to the very wealthy or the very poor. For matters of such complexity and close distinction, the legislature finds that a code of ethics is desirable to act forth for the guidance of state officers and employees the general standards of conduct to be reasonably expected of them.”

Cross References
Advisory committee on ethical standards, see Executive Law, § 74.

Powers and duties of attorney general respecting complaints and violations, see Executive Law, § 65.

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PUBLIC OFFICERS LAW

Library references
States 65 et seq.
C.J.S. States §§ 58 et seq., 81, 105, 109, 110
1/2. Constitutionality

This section, Public Service L. 1954, ch. 9, and Executive Law § 74, which generally deny eligibility for employment of a person subject to supervision of Commission or owning stock bonds of any such corporation which authorizes establishment of a committee authorized to advise assist any other state agency in establishing rules and regulations relating to possible conflicts between voter interests and public duties of state employees, are constitutional. Nicholas v. Kahn, 1978, 82 A.2d 302, 405 N.Y.S.2d 125, modified other grounds 47 N.Y.2d 24, 411 N.Y.S.2d 555, 388 N.E.2d 1086.

1. Employees within section

The members of the Executive Commission on Insurance Industry Regulatory Reform, and professional staff members who are engaged as consultants under contract consulting agreements, are subject to section 73 and this section, Op.Att'y Gen. 82-27 F-3.

The Department of Agriculture Markets is not a law enforcement agency within the meaning of division 6 of section 7615 of Kimey's Unconsolidated Laws, that its employees are not barred from employment at a parimutuel raceway under this section, however a barrier may exist under subdivision 3-4 of this section, relating to employment with a business operating a track which is licensed whose rates are fixed by the Department of Agriculture and Markets, 1958, Op.Att'y Gen. 142.

Members of the State University Board of Trustees and of the officers of the State-operated institutions within the University are officers of the State Education Department and, hence, are within the ambit of appropriate provisions of this section and section 73 of the Public Officers Law, but members of boards of trustees of the community colleges are not officers or employees of any State department, being locally elected officials, and consequently are not covered by said section 1055, Op.Att'y Gen. 296.

By reason of the definition of "officer or employee" of a State agency in this section, a member of the County Alcoholic Beverage Commission
27 July 1983

Mr. Stephen T. Golding
Director of Administration
State of Delaware
Department of Transportation
Office of Administration
P. O. Box 778
Dover, DE 19901

Dear Steve:

Just a brief note to thank you for your thoughtful letter of June 30th which has caught up with me in New York. I certainly enjoyed working with you and I appreciated greatly your patience and help as we worked our way out of last year's budget difficulties. I hope you will come and visit me at MAC whenever you are in New York.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
27 July 1983

The Honorable Jane Maroney
4605 Concord Turnpike
Wilmington, DE 19803

Dear Jane:

Just a brief note to thank you for your thoughtful letter of July 6th which has finally caught up with me at MAC. I very much enjoyed working with you, and I hope you will come and visit me at MAC whenever you are in New York.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
27 July 1983

Allen L. Thomas, Esquire
Paul, Weiss, Rifkind, Wharton
& Garrison
345 Park Avenue
New York, NY 10154

Dear Allen:

Just a brief note to express my thanks for a thoroughly enjoyable luncheon. I appreciated greatly the opportunity to meet Jim Dubin in such a relaxed fashion, and I look forward to working with him.

While I know that I will see you on several occasions before you depart in October, I again want to extend my best wishes to you on your new assignment.

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
T. Dennis Sullivan II

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

27 July 1983

Mr. Harvey A. Napier
LeBoeuf, Lamb, Leiby & MacRae
520 Madison Avenue
New York, NY 10022

Dear Harvey:

Just a brief note to thank you for your thoughtful letter of July 6th which has finally caught up with me at MAC. I must confess that I am still somewhat astonished—but pleased—by the chain of events which has brought me to New York. I look forward to seeing you in the near future. Indeed, when you are down this way, please feel free to drop by the MAC offices.

With best wishes,

Sincerely,

[Signature]

T. Dennis Sullivan II
Executive Director

TDS: dnd
27 July 1983

Mr. Dan Enterline
Hazel Tract, RD#4, Box 93
Dover, DE 19901

Dear Dan:

Just a brief note to thank you for your thoughtful letter of July 6th which has finally caught up with me in New York. Thanks also for sending along a copy of the News Journal article. As you can imagine, my mother has been hounding me for more and more copies of the article.

I very much enjoyed working with you, and I hope you will visit me at MAC whenever you are in New York.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
27 July 1983

Robert R. Grew, Esq.
CARTER LEDYARD & MILBURN
Two Wall Street
New York, New York 10005

Re: Bills dated July 25, 1983

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 three bills dated July 25, 1983, total $2,061.33, including charges of $1,930.00 for personal services, and $131.33 for reimbursable expenses, for services rendered during the month of June 1983.

We are proposing settlement of these bills by reducing the charge for personal services by $212.30, or 11 percent, to $1,717.70. This would reduce the total due your firm for these bills to $1,849.03.

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 and Counsel

SJW/bba

Enclosure

ACCEPTED
CARTER LEDYARD & MILBURN

By: _________________

Date: _______________
By Messenger

26 July 1983

Beverly Ross Campbell, Esq.
FRIED, FRANK, HARRIS,
SHRIVER & JACOBSON
1 New York Plaza
New York, N. Y. 10004

Dear Beverly:

As you requested, I am enclosing one specimen of each of
the two outstanding series of the Municipal Assistance
Corporation's commercial paper notes.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director
and Counsel

Enclosures (2)

SJW:bba
July 26, 1983

Mr. Steven Weinstein
Deputy Executive Director and
Counsel
Municipal Assistance Corporation
for the City of New York
1 World Trade Center
Suite 8901
New York, New York 10048

Dear Mr. Weinstein:

Pursuant to the letter dated July 11, 1983, which relates to the annual facility fee payable for Series 1 TECP outstanding after July 26, 1982, the Corporation and Citibank agree that an appropriate estimate of the remaining life of the Series 1 Program is approximately 60 days. Based upon this estimate, the prorated facility fee payable at this time is equal to 3/4 of 1 percent per annum on the $100,000,0000 Series 1 Program for 2 months, or $125,000. It is understood that the Corporation will pay any additional amount of the facility fee attributable to a period longer than this estimate and that Citibank will reimburse the Corporation for any amount of the facility fee attributable to a period shorter than this estimate.

Sincerely,

[Signature]
Stephen O. McCarthy
Manager
11 July 1983

Mr. Richard F. Kezer  
Senior Vice President  
Citibank, N.A.  
55 Water Street  
New York, NY 10043

Dear Mr. Kezer:

This letter is intended to confirm an agreement relating to the annual facility fee payable pursuant to Section 1.03(b) of the Revolving Credit and Term Loan Agreement dated as of June 3, 1982 (the "Series 1 Agreement") between the Municipal Assistance Corporation For The City of New York and Citibank, N.A. The Corporation paid $750,000 to Citibank on July 26, 1982, representing this facility fee for the period July 26, 1982 to July 25, 1983.

The Corporation and Citibank are presently negotiating a direct pay letter of credit for a new commercial paper program, to be known as the Series 3 program, which is intended to replace the Series 1 program. It is expected that the Series 3 program will commence on or about August 1, 1983, and the new fee for that program will be payable on the 45th day after the actual closing date.

Notwithstanding anything to the contrary in Section 1.03(b) of the Series 1 Agreement, the Corporation and Citibank agree that any Series 1 facility fee due commencing July 26, 1983 will be paid on July 26, 1983 if the Series 3 program has not been commenced by that date; otherwise, no additional Series 1 facility fee will be due.

The Corporation will be liable only for a Series 1 facility fee prorated for the period during which the Series 1 program remains in effect after July 26, 1983. Before July 26, 1983, the Corporation and Citibank will agree upon an estimate of the
11 July 1983
Mr. Richard F. Kezer
Page Two

remaining life of the Series 1 program (the "Series 1 Estimate"), and the Corporation will pay a prorated facility fee on July 26, 1983, based upon the Estimate. In addition, on the actual closing date of the Series 3 program, either: (1) the Corporation will pay any additional amount of the facility fee attributable to a period longer than the Series 1 Estimate; or (2) Citibank will reimburse the Corporation for any amount of the facility fee attributable to a period shorter than the Series 1 Estimate.

Please indicate your acceptance of this agreement by signing the enclosed copy of this letter in the space provided below.

Sincerely,

[Signature]

Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK:nd

Accepted By: [Signature]
Date: July 11, 1983
By Messenger

26 July 1983,

Beverly Ross Compbell, Esq.
FRIED, FRANK, HARRIS,
SHRIVER & JACOBSON
1 New York Plaza
New York, N. Y. 10004

Dear Beverly:

As you requested, I am enclosing one specimen of each of the two outstanding series of the Municipal Assistance Corporation's commercial paper notes.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director and Counsel

Enclosures (2)

SJW:bba
Date: 26 July 1983
To: Beatrice Gilling
From: T. Dennis Sullivan II
Re: Salary Increases

Please make the following increases to salaries effective July 7, 1983:

- Stephen J. Weinstein  increase to $73,000
- Steven J. Kantor  increase to $68,000
- Maxine H. Gillman  increase to $56,000

These increases reflect adjustments to the officers of the Corporation following the recent change in the salary of the Executive Director.

TDS: dnd
1983 ANNUAL REPORT

During 1983, the Municipal Assistance Corporation continued to provide funds for the City of New York on an enormous scale through a combination of innovative and effective financing mechanisms, carrying forward its performance pattern of prior periods. In 1983, the Corporation undertook financings totaling nearly $1 billion. In addition, the City of New York accelerated its own re-entry into the long-term credit markets. Significantly, the Corporation's eighth year of operation was the first full fiscal period since its establishment during which all long-term financing for the City had to be and was obtained from the public credit markets. The series of multi-year multi-billion-dollar privately placed financings arranged in the years following 1975 had been successfully completed in 1982. Thus, 1983 marked an especially meaningful milestone on the road to financing independence for the City.

The current 1984 fiscal year marks still another significant step toward that end. This will be the final complete fiscal year during which the Corporation's
financing authority and market access will be available to provide new money to the City. Beginning in January 1985, the City alone will be responsible for securing all of its own financing. Such financing self-sufficiency for the City has always been the ultimate goal of the Corporation's activities, intended to furnish the funds necessary for the City to function and to ensure the fiscal integrity prerequisite to its recovery of full market access. To accomplish this, the Corporation has grown from a $3 billion emergency effort to a $10 billion ten-year financing agent for the City. In little more than a year, the City will be on its own for the first time in a decade.

The established credit and market access of the Municipal Assistance Corporation continued to produce beneficial financing results during 1983, a year in which the financial markets generally enjoyed a relative recovery from the record interest rate levels of the preceding year. In that context, the Corporation sold long-term bonds during 1983 at yields of between three and four percentage points below the yields on its long-term bonds sold during 1982. All of the Corporation's long-term and
short-term obligations have continued to enjoy good investment grade ratings from Moody's Investors Service, Inc., Standard and Poor's Corporation and Fitch Investors Service, along with a high regard in the marketplace.

During 1983, the Corporation raised $940 million through the public sale of $690 million of long-term bonds and $250 million of short-term commercial paper. From these proceeds, the Corporation made available $490 million to the City for capital improvements, and utilized $450 million to continue its own refunding program. This large volume of financings at improving rates was facilitated by application of innovations in tax-exempt borrowing developed by the Corporation. Its major undertakings during the year included the sale of:

- $275 million of Series 40 and 41 Bonds in October 1982, and Warrants to purchase up to $100 million of Series 42 Bonds which may be traded separately and exercised until January 1984.
• $210 million of Series 44 Bonds in February 1983, like the earlier issuance, sold on a negotiated basis to an underwriting group led by Salomon Brothers Inc.

• $118 million of Series 45 Bonds in April 1983, a competitive sale awarded to a syndicate managed by Salomon Brothers Inc, in competition with proposals submitted by underwriting groups led by Merrill Lynch White Weld Capital Markets Group and by Citibank, N.A., at a true interest cost more than four percentage points below the winning bid in the Corporation's first competitive bond sale a year earlier.

• $90 million of Series 28 Bonds and Series 36 Bonds upon the exercise of Warrants issued in prior years, marking the successful conclusion of these Warrant programs, notable both in the volume of additional proceeds generated and substantial savings realized, consisting of approximately $2 million in issuance expenses and $1 million annually in debt service costs.
$250 million of Commercial Paper Notes, in a $100 million program begun in July 1982 and a $150 million program started in January 1983, backed by irrevocable credit facilities furnished by Citibank, N.A., in the first program and in equal parts by Citibank, N.A., and Manufacturers Hanover Trust Co. in the second program, both marketed by The First Boston Corporation, Salomon Brothers Inc, and Citibank, N.A., sold during the year at yields between five and six percent less than long-term bond yields, thereby producing debt service savings, after expenses, of approximately $8 million annually. Subsequent refinements in the Corporation's Commercial Paper Program are expected to enhance further the marketability of these short-term obligations and to reduce the expenses of issuance.

During 1983, the City of New York exhibited steadily growing access to the municipal credit market, as it increased its sales of long-term bonds both substantially beyond the level of the preceding year and well in excess of the amount originally planned for the 1983 year. While
the City's financing achievements during the past two years do not yet place it in a position of ability to meet all of its own capital needs on an ongoing basis, those accomplishments indicate that the gradual market re-entry incorporated into the long-term debt issuance plan developed jointly by the Corporation and the City is proceeding satisfactorily.

From the onset of the City's fiscal crisis in 1975 through 1980, the City of New York did not engage in any long-term financing in the marketplace. It first returned to market in the spring of 1981 with the issuance of $75 million of its bonds. During fiscal 1982, the City held three public bond sales totaling $250 million. During fiscal 1983, the City again conducted three public bond sales, but totaling $450 million, some $200 million more than in 1982 and $150 million more than required by the plan. In the seven months from January to July 1983, the City completed four public sales aggregating $600 million, further evidence of its improving market access. The currently targeted amounts of future City bond sales are $500 million in 1984, $700 million in 1985, $1.1 billion in 1986 and $1.275 billion in 1987.
The City must achieve and sustain a marketing level of $1.0 to $1.5 billion annually in order to realize its capital spending program. The debt issuance plan is designed to achieve that result, with the amount of capital funds provided by the Corporation's financings scheduled to decline as the amount of City financings increases, until the City capital program is self-sustaining.

After several years of striving to start up and then step up capital spending, indications are that the City's efforts are now approximating its targeted level of $1 billion annually. In order to meet the ongoing need for investment in the City's physical plant in the coming years, the City must continue to develop the planning capabilities and expenditure priorities to enable it to make maximum use of all funds available for capital purposes. Through 1983, the Corporation had raised approximately $1.5 billion exclusively for City capital projects, of which the City had utilized nearly $900 million, with $600 million remaining available to it. The Corporation is scheduled to raise an additional $400 million in capital funds for the City before its authority to do so expires on December 31, 1984. Beyond that date,
the Corporation will continue to sell bonds but only for the purpose of refunding its already outstanding obligations.

As the City's capital spending and financing programs grow, the City fortunately finds itself in a strong position, with three years of budgets balanced in accordance with standard accounting principles behind it, an established record of full financial disclosure, clean bills of health on a recurring basis from its various fiscal monitors and demonstrated marketability for its own obligations.

The City's fiscal integrity and strengthening market position have been hard won by its own efforts, those of the State and Federal governments, the unions and financial institutions, and the Municipal Assistance Corporation. However, it is important not to be led to complacency by these significant accomplishments or by the relative buoyancy of the tax-exempt market during 1983. The volatility and uncertainty that have characterized the credit markets in recent years continue. Changes in Federal spending and taxing policies generate negative impacts upon state and local budgeting
and financing across the country. The subsiding rate of inflation at the same time that it aids national economic recovery removes a significant growth factor from the City's tax base. And the demands for City services and facilities cannot reasonably be expected to dissipate. Given these formidable phenomena, the City must not relent in its efforts to preserve its budgetary discipline and expand its market credibility, and thus its ability to survive and to thrive as the country's preeminent municipality.
20 July 1983

Mrs. Bessie D. Weinstein  
SOVEREIGN HOTEL  
Apartment 407  
1040 West Granville  
Chicago, Illinois 70770

Dear Mrs. Weinstein:

Felix Rohatyn, Chairman of the Municipal Assistance Corporation For The City of New York, has forwarded your letter to me for prompt action.

In regard to your lost MAC coupons, I have forwarded a copy of your letter to the United States Trust Company. They will be contacting you shortly to arrange for a stop payment and issuance of replacement coupons. If you have any questions in the meantime, the Trust Company's telephone number is (800) 221-3500.

Any questions that you may have concerning the obligations of Washington Public Power Supply System should be directed to the Chemical Bank, Trustee for the bondholders. Their "WHPPS" hotline is (212) 820-5160, and ask to speak to Jack Fleming.

If you have any further questions on MAC securities, please do not hesitate to contact me.

Sincerely,

Steven J. Kantor  
Deputy Executive Director and Treasurer

SJK:bba

cc: Pat Santivasci  
U. S. Trust Company of New York
Date: 20 July 1983
To: Beatrice Gilling
From: Steve Weinstein
Re: Vacation Paycheck

I will be on vacation for two weeks beginning Monday, August 8, 1983.

In accordance with office policy, please prepare the paycheck for the pay day of August 17th for delivery to me on the pay day prior to my departure -- August 3rd.
20 July 1983

Mr. Stephen J. McCarthy
Manager
Citibank, N.A.
55 Water Street
New York, New York 10043

Dear Mr. McCarthy:

Section 1.08(d) of the Credit Agreement dated June 3, 1982 between the Municipal Assistance Corporation For The City of New York and Citibank, N.A. requires the Corporation to include, for the purposes of computing coverage tests prior to the issuance of obligations of the Corporation, a current estimate of the structure and interest rates of the bonds to be issued to the Bank under Section 1.08(a) of the Credit Agreement.

Section 1.08(d) also requires that the Corporation and the Bank agree on the structure and interest rates of the proposed issue.

The Corporation intends to include the bonds shown in Exhibit 1 to fulfill the requirement of Section 1.08(d). This structure would satisfy the pricing and structure requirements stated in Sections 1.08(b) and 1.08(c) of the Credit Agreement.

Please indicate your approval of this interest rate and structure by signing this letter in the appropriate location.

Sincerely,

Steven J. Kantor
Deputy Executive Director
and Treasurer

Approved: ______________________

Date: ______________________

SJK: nd
EXHIBIT I

PROPOSED BONDS TO BE ISSUED TO CITIBANK
UNDER SECTION 1.08(a) OF THE CREDIT AGREEMENT
DATED JUNE 3, 1982

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20 July 1983

Mr. Stephen J. McCarthy
Manager
Citibank, N.A.
55 Water Street
New York, New York 10043

Dear Mr. McCarthy:

Section 1.08(d) of the Credit Agreement dated January 6, 1983 between the Municipal Assistance Corporation For The City of New York and Citibank, N.A. requires the Corporation to include, for the purposes of computing coverage tests prior to the issuance of obligations of the Corporation, a current estimate of the structure and interest rates of the bonds to be issued to the Bank under Section 1.08(a) of the Credit Agreement.

Section 1.08(d) also requires that the Corporation and the Bank agree on the structure and interest rates of the proposed issue.

The Corporation intends to include the bonds shown in Exhibit 1 to fulfill the requirement of Section 1.08(d). This structure would satisfy the pricing and structure requirements stated in Sections 1.08(b) and 1.08(c) of the Credit Agreement.

Please indicate your approval of this interest rate and structure by signing this letter in the appropriate location.

Sincerely,

[Signature]

Steven J. Kantor
Deputy Executive Director
and Treasurer

Approved: _______________________

Date: _______________________

SJK: dnd
EXHIBIT I

PROPOSED BONDS TO BE IssUED TO CITIBANK
UNDER SECTION 1.08(a) OF THE CREDIT AGREEMENT
DATED JANUARY 6, 1983

Issue Size: $150 million

Dated Date: July 1, 1983

Issue Date: August 1, 1983

First Coupon: January 1, 1984

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<td>1991</td>
<td>15,000</td>
<td>8.75</td>
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<tr>
<td>1992</td>
<td>15,000</td>
<td>9.00</td>
</tr>
<tr>
<td>1993</td>
<td>15,000</td>
<td>9.25</td>
</tr>
</tbody>
</table>
Date: 19 July 1983
To: Denise N. Dean
From: Steven J. Kantor
Re: Accrual of Dealer Expense

The Corporation has agreed to pay, First Boston Corporation and Salomon Brothers Inc a fee for their participation in the selection of a bank to provide a back-up credit facility for the Corporation's commercial paper program per the attached letter.

The amount to be accrued should be computed as follows:

a. \( \frac{3}{8} - \frac{7}{8} = \frac{4}{8} \)

b. \( \frac{4}{8} \div 2 = \frac{2}{8} \)

Amount to be accrued = $250,000

/dnd
23 March 1983

Mr. Jonathan Plutzik
Vice President
The First Boston Corporation
55 East 52 Street
Park Avenue Plaza
New York, NY 10055

Dear Jonathan:

Thank you for your response to the Corporation's request for assistance in developing an alternative to the current $100 million credit facility supporting our Series 1 commercial paper program to take effect upon termination of the current facility in order to continue that program. The First Boston Corporation and Salomon Brothers Inc's stated belief that a credit facility which satisfies the Corporation's objectives can be obtained at a lower cost than the existing Series 1 facility is heartening.

We agree with your judgment that your efforts will require a substantial commitment of time on the part of both firms. However, the compensation of First Boston and Salomon Brothers should be commensurate with the value of their services to the Corporation. In particular, it would not be responsible to commit the Corporation to pay fees which might be far in excess of the savings obtained. Further, while we are prepared to accept your joint judgment and advice that the Corporation's interests are better served by your working together, rather than separately and competitively as we originally proposed, we are not prepared thereby to more than double the cost to the Corporation.

Thus, we ask you to consider an arrangement whereby:

(1) The Corporation would pay to The First Boston Corporation and Salomon Brothers Inc jointly $100,000, upon agreement as to these terms, to be divided equally between the two firms, in recognition of the effort to be committed by the two firms;
(2) The Corporation would pay an increased fee, as specified in (3) below, if:

(a) The two firms present by April 21, 1983 a bona fide and technically feasible proposal for a new $100 million credit facility which permits issuance of up to 270-day commercial paper while maintaining the Corporation's current AA+/P1 commercial paper ratings; and

(b) The Corporation enters into an agreement with any party, including Citibank and Manufacturers, providing for any new credit facility for Series 1 commercial paper in which the cost to the Corporation, exclusive of any commitment fee, under the new facility is less than $3 3/8%.

(3) If 2(a) and 2(b) are satisfied, then the total amount to be paid by the Corporation shall be the $100,000 specified in (1) above or an amount which is one half the difference between the annual cost to the Corporation under the terms of the new facility, exclusive of any commitment fee, and the annual cost calculated at $1 3/8% ($1,375,000), whichever is greater.

You have asked whether the Corporation would be interested in receiving proposals for a credit facility for Series 1 and Series 2. It is not the Corporation's intention at this time to renegotiate the credit facility for Series 2. However, any proposal made by you will be considered. The above fee arrangement would apply only for Series 1; fees to be paid, if any, for a credit facility of greater than $100 million would be subject to negotiation.

We hope that First Boston Corporation and Salomon Brothers find this arrangement acceptable. If you do, we would recommend to the Corporation's Board of Directors that it authorize an agreement encompassing these terms. We look forward to working with you in the near future on this important endeavor.

Sincerely,

Heather L. Ruth
Executive Director

HLR:dnd
cc:S. Kantor
    S. Weinstein
    T. Jasper
15 July 1983

Mr. Gedale Horowitz
Managing Director
Salomon Brothers
One New York Plaza 40th Floor
New York, NY 10004

Dear Dale:

Just a brief note to thank you for a thoroughly enjoyable lunch. I appreciated greatly the opportunity to meet you and your colleagues at Salomon Brothers, and I look forward to working with you in the weeks and months ahead.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
By Messenger

14 July 1983

Leslie N. Buch, Esq.
Law Department
CITY OF NEW YORK
100 Church Street
New York, N. Y. 10007

Beverly Ross Campbell, Esq.
FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON
One New York Plaza
New York, N. Y. 10004

Edward Lowenthal, Esq.
ROBINSON, SILVERMAN, PEARCE,
ARONSOHN & BERMAN
230 Park Avenue
New York, N. Y. 10017

Joseph P. Moss, Esq.
Counsel for Finance
OFFICE OF THE COMPTROLLER
518 Municipal Building
One Centre Street
New York, N. Y. 10007

Mark Page, Esq.
Deputy Director
and General Counsel
OFFICE OF MANAGEMENT
AND BUDGET
City of New York
1210 Municipal Building
One Centre Street
New York, N. Y. 10007

Richard B. Smith, Esq.
DAVIS, POLK & WARDWELL
Chase Manhattan Plaza
New York, N. Y. 10005

Re: Commercial Paper Program

Under the Waiver Upon Consent dated as of April 30, 1982
(the "Waiver") with regard to the Bond Purchase Agreement
dated as of November 15, 1978 (the "Agreement"), the
Purchasers under the Agreement consented to the waiver of
certain covenants of the Corporation contained in the Agreement so that the Corporation could commence one or more commercial paper programs not exceeding an aggregate of $250 million and conforming to certain other criteria contained in the Waiver.

As you know, on July 26, 1982, the Corporation began a $100 million commercial paper program utilizing a credit facility provided by Citibank, N.A. (the "Series 1 Program") and on January 6, 1983, began a $150 million commercial paper program utilizing a credit facility provided in equal amounts of $75 million each by Citibank, N.A., and Manufacturers Hanover Trust Co. (the "Series 2 Program"). Both programs remain in operation at their maximum authorized financing levels.

This letter is to inform you that on July 11, 1983, the Corporation entered into a Letter of Commitment with Citibank, N.A., for a $100 million commercial paper program (the "Series 3 Program") to supplant the current Series 1 Program in full. We expect to begin to issue the Series 3 commercial paper in August 1983.

A copy of the Letter of Commitment of July 11, 1983 is enclosed for your information. The provisions of the Series 3 Program will be consistent with the terms and conditions of the Waiver.

The terms of the Series 3 credit facility with regard to provision of collateral, payment of advances and conversion to bonds of the Corporation will be essentially the same as those of the Series 1 and Series 2 credit facilities.

However, the issuance and payment mechanisms under the Series 3 Program will operate differently from those mechanisms under the Series 1 and Series 2 Programs, as follows. The Series 3 facility will be a "letter of credit" issued by the bank for the benefit of the holders of the Series 3 commercial paper, rather than a "line of credit" available to the Corporation in certain circumstances. Consequently, the Series 3 obligations will be paid directly by the bank, which will be reimbursed by the Corporation daily. Because payment will be made with funds of the bank rather than the issuer, thereby precluding any preference problems, the maximum maturity of the Series 3 obligations as selected by the purchasers will be 270 days instead of the 45 day maturity limitation in both present programs.
Finally, the total annual fee payable for Series 3 Program will be 0.875%, or $875,000, in contrast with the aggregate fees payable in the Series 1 Program of 1.625% or $1,625,000. Thus, implementation of the Series 3 Program will reduce the issuance expenses by $750,000 for each year that it remains in operation.

The documents necessary for the Series 3 Program are now being drafted. Upon execution of the agreements related to the new program, which we expect to be in early August, we will notify the Purchasers under the Agreement as required by the Waiver.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director and Counsel

Enclosure

SJW:bba
14 July 1983

Mr. Alfred P. Ingegno Jr.
27 Eighth Avenue
Brooklyn, New York 11217

Dear Al:

Enclosed are two copies of our agreement regarding artwork for the Corporation's 1983 Annual Report and related uses, which I have already executed for the Corporation. Please sign them and return one copy to me by mail.

In response to your request, I have included provision for an additional payment on August 1, 1983, with the balance payable on completion of your work, which is required by the end of August.

Any questions you may have with regard to this work should be directed to Ralph Kellner, whose firm is responsible for our report design.

We look forward to working with you.

Sincerely,

[Signature]

Stephen J. Weinstein
Deputy Executive Director
and Counsel

SJW:bba

Enclosures (2)

cc: Mr. Ralph J. Kellner
KELLNER & OSBURN ASSOCIATES, INC.
635 Second Street
Brooklyn, N.Y. 11215
AGREEMENT

This Agreement has been entered into this 14th day of July 1983, by and between the Municipal Assistance Corporation For The City of New York, One World Trade Center, New York, New York 10048 (the "Corporation"), and Alfred P. Ingegno Jr., 27 Eighth Avenue, Brooklyn, New York 11217 (the "Artist").

The Corporation and the Artist hereby agree as follows:

1. The Artist shall render eight line drawings in pen and ink of structures in New York City to be designated by the Corporation, which rendering shall include research, rough drawing, pencil rendering and finished rendering, subject to approval at each such stage by the Corporation, for publication in the Corporation's 1983 Annual Report and its quarterly reports for that year and for display in the Corporation's offices.

2. The Corporation shall purchase the eight line drawings for $1,500 each, for a total of $12,000, and shall then become the sole owner of the purchased drawings, for any and all purposes, including reproduction, publication, display or otherwise, and the Artist shall not sell or permit any other reproduction, publication or display of any of the eight drawings without the prior written consent of the Corporation.

3. The Artist shall be supervised in the preparation of this artwork by Kellner and Osburn Associates, Inc., 635 Second Street, Brooklyn, New York, Design Consultant to the Corporation.
4. The Artist shall complete all work under this Agreement no later than August 31, 1983, in accordance with a schedule to be determined by the Design Consultant.

5. The purchase price specified in Paragraph 2 above shall be comprised of: (1) application of $1,500 previously paid on July 12, 1983; (2) payment of $2,500 on August 1, 1983, provided that the Corporation is notified by the Design Consultant that the work is proceeding satisfactorily; and (3) payment of the balance upon satisfactory delivery of all eight drawings.

6. No sales tax shall be charged to the Corporation because it is a corporate governmental agency and instrumentality of the State of New York.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

ARTIST

Stephen J. Weinstein
Deputy Executive Director
and Counsel

Alfred P. Ingegno Jr.
Date: 14 July 1983
To: Staff
From: B. Alpern
Re: Rolladex Update

Attached are two sheets of names, addresses and phone numbers which will eventually be run off on labels for an update of everyones' rolladexes.

Please look them over, make any corrections you think necessary and return to me within the next couple of days.

If you also would like to add names, see me.

Thanks for your help.
ALTMAN, Alexandra (Sandy)  
City Law Dept.  566-2135 &  
Corporation Counsel  566-4514  
100 Church St.  10007

BJAMIN, Park  623-1170  
Manufacturers Hanover  
44 Wall St.  10015  
Pub. Finance/9th Fl.

BIDERMAN, Abe  566-0200  
Asst. to Dep. Mayor Lipper  
Room 8/City Hall  
10007

BROOKER, George M.  926-7100  
(Bd. of Directors)  
Webb & Brooker  
2534 A. C. Powell Blvd.  10039  
(Secy: Gloria Gray)

COPPEN, Comer  587-5063  
Executive Director  
Financial Control Board  
270 Bdway 10007

DELGUDICCE, Mike  578-2100  
Secy. to Gov.  
2 WTC/57th Fl.  10047  
Ex. Chamber  (518) 474-8390  
Capitol, Albany 12224

Gifford, Karen  637-6710  
Merrill Lynch  
1 Liberty Plaza/43rd Fl.  
10080

HEIMOWITZ, Dan  553-0349  
Moody's Investors Service  
99 Church St.  10007

Hull, John  587-5032  
Audit & Control  
270 Bdway 10007  
Smith Off.Bldg. (518) 474-1712  
Albany 12235

KEOHANE, John  820-9364  
Hawkins, Delafield & Wood  
67 Wall St.  10005

BACHRACH, Elinor  587-5445  
Special State Deputy Compt.  
270 Bdway 10007

BERGER, Steve  715-8628  
Odyssey Partners  
437 Madison 10022  
Home: 1050 Park  876-7788

BOEHLKE, Tom  483-5298  
Morgan Guaranty  
23 Wall St.  10015

CARHUFF, John  909-2846  
First Boston Corporation  
55 E. 52nd St.  10055

DANIEL, Alice  587-2100  
Gov.'s Counsel  
2 World Trade/57th Fl.  10047  
Ex. Chamber  (518) 474-8390  
Capitol, Albany 12224

DOWNY, Bob  676-3065  
Goldman Sachs  
55 Broad St.  10004

FINNERTY, Mike  977-2710  
Dir. of Budget  
2 WTC/57th Floor  10047  
Ex. Chamber  (518) 474-4246  
Capitol, Albany 12224

GIGLIO, Joe  592-7921  
Bear Stearns  
5 Hanover Square  10004

HERSHEY, Roger  637-8858  
Merrill Lynch  
1 Liberty Plaza/43rd Fl.  
10080

HOROWITZ, Dale  747-7012  
Solomon Bros. Inc  
1 New York Plaza  
10004

KAPLAN, Ann  676-3137  
Goldman Sachs  
55 Broad St.  10004

KEZER, Dick  668-3719  
Citibank  
55 Water St.

KEILIN, Eugene J.  489-6600  
(Bd. of Directors)  
Lazard Freres & Co.  
1 Rockefeller Plaza 10020  
(Secy: Yve Rhinehart)

KOBER, Steve  371-2000  
Price Waterhouse  
153 E. 53rd 10022
<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Address</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>KOCH, Edward I.</td>
<td>566-5700</td>
<td>Mayor of New York City Hall</td>
<td></td>
</tr>
<tr>
<td>LEBINE, Steve</td>
<td>566-1250</td>
<td>(City) Office of Management &amp; Budget,</td>
<td>Deputy Mayor</td>
</tr>
<tr>
<td>MCCARTHY, Rick</td>
<td>269-5953</td>
<td>1214 Mun. Building 1 Centre St.</td>
<td></td>
</tr>
<tr>
<td>NETZER, Dick</td>
<td>598-7991</td>
<td>(Bd. of Directors) NYU, Urban Research Center</td>
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</tr>
<tr>
<td>PAGE, Mark</td>
<td>566-0103</td>
<td>(City) Office of Management &amp; Budget</td>
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<tr>
<td>REGAN, Edward V.</td>
<td>488-3741</td>
<td>State Comptroller 270 Broadway 10007</td>
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<tr>
<td>ROHATYN, Felix G.</td>
<td>489-6600</td>
<td>(Chairman of Bd. of Directors) Lazard Freres</td>
<td></td>
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<tr>
<td>SCHWARTZ, Sidney</td>
<td>587-2137</td>
<td>Gov.'s Asst. for Management &amp; Productivity</td>
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<tr>
<td>THOMAS, Allen L.</td>
<td>644-8712</td>
<td>Paul, Weiss, Rifkind, Wharton &amp; Garrison</td>
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<tr>
<td>BAIN, Richard</td>
<td>321-6765</td>
<td>Shearson American Express</td>
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<tr>
<td>LIPPER, Kenneth</td>
<td>566-0831</td>
<td>Deputy Mayor</td>
<td></td>
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<tr>
<td>MILLER, John</td>
<td>552-5731</td>
<td>Chase Manhattan 1 Chase Manh. Plaza/25th F1.</td>
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<tr>
<td>MILLER, Tom</td>
<td>248-7251</td>
<td>Standard &amp; Poor's 25 Broadway 10004</td>
<td></td>
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<tr>
<td>PLUTZIK, Jonathan</td>
<td>909-2823</td>
<td>First Boston Corp. 55 E. 52nd St./39th F1.</td>
<td></td>
</tr>
<tr>
<td>REYNOLDS, Charlie</td>
<td>791-3688</td>
<td>Bache, Halsey 100 Gold St./7th F1.</td>
<td></td>
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<tr>
<td>ROUSSEAU, Jean</td>
<td>637-2666/7</td>
<td>Merrill Lynch 1 Liberty Plaza/43rd F1.</td>
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<tr>
<td>ROUSSEAU, Jean</td>
<td>637-2666</td>
<td>Merrill Lynch 1 Liberty Plaza/43rd F1.</td>
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<tr>
<td>STEFFAN, Andrew</td>
<td>399-6033</td>
<td>(Bd. of Directors Smith Barney 1345 Sixth Ave.</td>
<td></td>
</tr>
<tr>
<td>TOWNSSEND, Alair A.</td>
<td>566-2661</td>
<td>Director, (City) Office of Mgmnt. &amp; Budget,</td>
<td></td>
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<tr>
<td>WAGNER, Robert F., Jr.</td>
<td>566-6934</td>
<td>Deputy Mayor</td>
<td></td>
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<tr>
<td>KRAUS, Ed</td>
<td>553-0822</td>
<td>Moody's Investors Service 99 Church St.</td>
<td></td>
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<tr>
<td>KRESKY, Edward M.</td>
<td>578-0733</td>
<td>(Bd. of Directors Wertheim &amp; Co. 200 Park Ave.</td>
<td></td>
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<tr>
<td>LIPPER, Kenneth</td>
<td>566-0831</td>
<td>Deputy Mayor</td>
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<td>552-5731</td>
<td>Chase Manhattan 1 Chase Manh. Plaza/25th F1.</td>
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<td>MOORE, Bill</td>
<td>637-2670</td>
<td>Merrill Lynch 1 Liberty Plaza/43rd F1.</td>
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<tr>
<td>O'BRIEN, John</td>
<td>747-6002</td>
<td>Salomon Bros. Inc 1 New York Plaza</td>
<td></td>
</tr>
<tr>
<td>PRESS</td>
<td>962-8601</td>
<td>City Hall Press Corps Room 9, City Hall</td>
<td></td>
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<td>ROBINSON, Donald J.</td>
<td>820-9375</td>
<td>Hawkins, Delafiel &amp; Wood 67 Wall St.</td>
<td></td>
</tr>
<tr>
<td>SCHRAGER, Jack M.</td>
<td>820-9382</td>
<td>Hawkins, Delafiel &amp; Wood 67 Wall St.</td>
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<tr>
<td>STEFFAN, Andrew</td>
<td>399-6033</td>
<td>(Bd. of Directors Smith Barney 1345 Sixth Ave.</td>
<td></td>
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<td>Director, (City) Office of Mgmnt. &amp; Budget,</td>
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<tr>
<td>WAGNER, Robert F., Jr.</td>
<td>566-6934</td>
<td>Deputy Mayor</td>
<td></td>
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</tbody>
</table>
By Messenger.

Date: 13 July 1983

To: Distribution Below

From: Stephen J. Weinstein

Re: Enclosed is a copy of the Letter of Commitment for the Series 3 Commercial Paper Program credit facility as executed by the Corporation and Citibank on July 11, 1983.

Shearman & Sterling is presently preparing the loan documents, which they expect to circulate in draft form on July 21, 1983.

We have begun discussions with the City and with the State Comptroller to secure the requisite approvals.

Hawkins should draft and circulate the authorizing commercial paper notes, bank note and conversion bonds (Series 46) resolutions.

Paul Weiss should review the present Dealer Agreement and Offering Memorandum for changes necessary to reflect implementation of the Series 3 Program.

Our target date for closing is the first week of August.

cc: Robert R. Grew
Lawrence Remmel
Donald J. Robinson
Jack M. Schrager
Ronald M. Soiefer
Allen L. Thomas

Enclosure
By Messenger

13 July 1983

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

Gentlemen:

In connection with an examination of our financial statements as of June 30, 1983, and for the year then ended, we would appreciate your furnishing to our independent accountants, Price Waterhouse, a description and evaluation of certain matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of the Corporation in the form of legal consultation or representation.

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

With respect to all pending or threatened litigation, claims or assessments, and investigations, including those matters where the Corporation is the plaintiff, as to which you have been engaged for legal consultation or representation, please provide a description of: (1) the nature of the matter; (2) the progress of the case to date; (3) how management is responding or intends to respond to the matter; and (4) an evaluation of the likelihood of an unfavorable outcome of possible loss or gain. Your response should include matters as of June 30, 1983, and as of the effective date of your reply to this letter.

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

We understand that whenever, in the course of performing legal services for use with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5. Please confirm to Price Waterhouse that our understanding is correct. We have advised Price
13 July 1983
Hawkins, Delafield & Wood
Page Two

Waterhouse that there are no unasserted possible claims or
assessments that since July 1, 1982 you have advised are
probable of assertion and must be disclosed or considered
for disclosure in accordance with Statement of Financial
Accounting Standards No. 5.

Other Matters

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

To facilitate the evaluation of your response by our
independent accountants, please respond as of August 1, 1983
to the address shown below, and please furnish a copy of
your response to the Corporation. Also, please specify the
effective date of your response if it is other than the date
of your reply.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director
and Counsel

SJW:bba

cc: Mr. Steven E. Kober
Price Waterhouse
Room 4439
153 East 53rd Street
New York, N. Y. 10022
By Messenger
13 July 1983

Paul, Weiss, Rifkind, Wharton & Garrison
345 Park Avenue
New York, New York 10154

Gentlemen:

In connection with an examination of our financial statements as of June 30, 1983, and for the year then ended, we would appreciate your furnishing to our independent accountants, Price Waterhouse, a description and evaluation of certain matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of the Corporation in the form of legal consultation or representation.

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

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

We understand that whenever, in the course of performing legal services for use with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of Statement of Financial Accounting Standards No. 5. Please confirm to Price Waterhouse that our understanding is correct. We have advised Price
13 July 1983
Paul, Weiss, Rifkind, Wharton & Garrison
Page Two

Waterhouse that there are no unasserted possible claims or assessments that since July 1, 1982 you have advised are probable of assertion and must be disclosed or considered for disclosure in accordance with Statement of Financial Accounting Standards No. 5.

Other Matters

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

To facilitate the evaluation of your response by our independent accountants, please respond as of August 1, 1983 to the address shown below, and please furnish a copy of your response to the Corporation. Also, please specify the effective date of your response if it is other than the date of your reply.

Sincerely,

[Signature]
Stephen J. Weinstein
Deputy Executive Director and Counsel

SJW:bba

cc: Mr. Steven E. Kober
Price Waterhouse
Room 4439
153 East 53rd Street
New York, N. Y. 10022
13 July 1983

Mr. Daniel P. Davidson
Chairman & President
U.S. Trust Company of New York
45 Wall Street 6th Floor
New York, NY 10005

Dear Mr. Davidson:

Just a brief note to express my thanks for a thoroughly enjoyable luncheon. I appreciated greatly the opportunity to meet you and your colleagues, and I particularly valued your comments concerning the relationship between MAC and U.S. Trust. I look forward to working with you in the weeks and months ahead.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
12 July 1983

Mr. John Shaw
Supervisor of Transfers
and Distributions
CONNECTICUT NATIONAL BANK
777 Main Street/MSN 325
Hartford, Connecticut 06115

Dear Mr. Shaw:

In response to your telephone call concerning the issuance of the Municipal Assistance Corporation's Series 41 Bonds, I am sending you a copy of the relevant authorizing resolution and the cover page of the offering document for those bonds.

As I explained to you, the Series 41 Bonds were issued in the aggregate principal amount of $100,000,000, bear interest at a rate of 9.7% and mature July 1, 2008. All of the Series 41 Bonds were initially issued with Warrants, exercisable until January 18, 1984, to purchase the Corporation's Series 42 Bonds, bearing interest at a rate of 9.7% and maturing July 1, 2007. Subsequent to delivery to the underwriters, any of the Series 41 Bonds and the Warrants could be traded separately.

Despite the reference which you reported in the current CUSIP directory to two types of Series 41 Bonds, this is simply not the case. All of the Series 41 Bonds were issued with identical terms, carrying CUSIP Number 626190-JC-7, as printed on each bond form.

We have been advised by the CUSIP Service Bureau of Standard and Poor's Corporation that their listing of an additional number (with the suffix JB-9) in the directory was intended only for processing purposes in the course of secondary market transactions in which a Series 41 Bond is being
traded in combination with a Warrant. They have further advised that when a Series 41 Bonds is being traded without a Warrant, the printed CUSIP number (JC-7) would apply for internal purposes of the trading parties.

I hope that this information, along with the enclosed materials, is helpful to you.

Sincerely,

Stephen J. Weinstein
Deputy Executive Director
and Counsel

SJW:bba

Enclosures (2)
12 July 1983

Dr. Dick Netzer, Director
New York University
Urban Research Center
4 Washington Square North
New York, NY 10003

Dear Dick:

Just a brief note to thank you for your letter of July 6 which I have only just received. I am advised that you should be receiving a check forthwith! Please let me know if there are any difficulties.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd

P.S. Many thanks for spending time with me. I thoroughly enjoyed our discussion. Undoubtedly, I will be around to bother you again in the near future.
12 July 1983

Mr. Amos T. Beason
Vice President - Public Finance
The First Boston Corporation
Park Avenue Plaza
New York, NY 10055

Dear Ted:

Just a brief -- albeit embarrassingly belated -- note of thanks for lunch. I thoroughly enjoyed the opportunity to see you again and to meet your colleagues at First Boston. I look forward to working with you as I begin to settle in at MAC.

With best wishes,

Sincerely,


T. Dennis Sullivan II
Executive Director

TDS:dn

P.S. Thanks also for the Wojnilower tape. It appears that I may have to obtain a Walkman device before I can consider myself a true New Yorker.
T. Dennis Sullivan II

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

12 July 1983

Mr. William W. Cobbs
Government Finance Associates, Inc.
One World Trade Center Suite 7967
New York, NY 10048

Dear Billy:

Many thanks for your thoughtful letter. I apologize for being slow in responding, but I am only now freeing myself from my responsibilities in Delaware. Lunch would be terrific! Since I hope to be away the week of July 18, perhaps the best thing would be for me to call you when I return.

With best wishes,

Sincerely,

[Signature]

T. Dennis Sullivan II
Executive Director

TDS:dnd
T. Dennis Sullivan II

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

12 July 1983

Mr. Lawrence D. Shubnell
Vice President
Legg, Mason, Wood, Walker, Inc.
Seven East Redwood Street
Baltimore, Maryland 21202

Dear Larry:

Just a brief note to thank you for your thoughtful letter of June 29. Your point about stopping "along the way" is especially helpful, and I appreciate the reminder. Whenever you are in New York please get in touch.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
T. Dennis Sullivan II

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

12 July 1983

Mr. Lawrence Kieves
Deputy Commissioner
Office For Economic Development
17 John Street
New York, NY 10038

Dear Larry:

Many thanks for your thoughtful letter of welcome. I apologize for my delay in responding but I am only now freeing myself from my responsibilities in Delaware. Lunch would be terrific! Since I hope to be away the week of July 18, perhaps the best thing would be for me to call you when I return.

With best wishes,

Sincerely,

Dennis

T. Dennis Sullivan II
Executive Director

TDS:dnd
12 July 1983

Mr. John Carhuff
Managing Director - Public Finance
The First Boston Corporation
Park Avenue Plaza
New York, NY 10055

Dear John:

Just a brief --albeit embarrassingly belated-- note of thanks for lunch. I thoroughly enjoyed the opportunity to meet you and your colleagues at First Boston as well as renew my contact with Ted Beason. I look forward to working with you as I begin to settle in at MAC.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
11 July 1983

Mr. Steven Kober
Price Waterhouse
153 East 53 Street  Room 4439
New York, NY  10022

Dear Steve:

Just a brief note to thank you for lunch today. I thoroughly enjoyed the opportunity to meet you and Fred, and I look forward to working with you in the days and months ahead.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
July 11, 1983

Mr. T. Dennis Sullivan, II  
Executive Director  
MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  
One World Trade Center (Suite 8901)  
New York, New York 10048

Dear Mr. Sullivan:

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

Account Party/Borrower: Municipal Assistance Corporation for The City of New York ("MAC").

Issuer/Lender: Citibank, N.A. ("Citibank").

Beneficiaries: The letter of credit will be issued on the closing date in favor of the holders from time to time of Series 3 commercial paper.

Facility: Two year letter of credit/five-year term loan.

Participants: At the option of Citibank, with the understanding that participation agreements are between Citibank and the participating bank(s).

Amount: $100,000,000.

Purpose: To permit the issuance of Series 3 commercial paper in order to permit payment of certain MAC tax-exempt commercial paper, including (a) MAC Series 3 commercial paper to be sold in connection with this facility, and (b) MAC Series 1 commercial paper sold in connection with the Revolving Credit and Term Loan Agreement dated as of June 3, 1982 (the "Series 1 Agreement") to the extent that such Series 1 commercial paper is
outstanding as of the effective date of this facility and until all such Series 1 commercial paper has been refunded.

Availability:

(a) The letter of credit will expire two years after the date of issuance. The facility will not be available for discretionary borrowing. The facility will be renewable annually by mutual agreement (to be reached 30 days prior to the end of the first year of the facility), in the form of a one-year extension of all terms of the facility, including the issuance of a renewal letter of credit, provided, however, that such renewal letter of credit may, at Citibank's option, not be issued if any advances made by Citibank under the letter of credit have not been reimbursed by MAC.

(b) The amount available to be drawn under the letter of credit equal to the amount of Series 3 commercial paper outstanding shall constitute MAC's unmatured reimbursement obligations. If Citibank makes any payment under the letter of credit (a "matured reimbursement obligation") and such payment is not reimbursed by MAC on the date made, such payment shall constitute an advance to MAC in such amount. Outstanding advances at the expiration of the letter of credit in accordance with its terms (the "termination date"), or if any renewal letter of credit shall have been issued in connection with this facility, at the termination date of such renewal letter of credit (each reference hereinafter to the "letter of credit" being deemed to include any such renewal letter of credit) will fund into a five-year term loan with twenty equal quarterly installments prepayable without penalty.
(c) At any time after the termination date of the letter of credit, Citibank may request that any term loan made hereunder be converted to bonds issued under MAC's Second General Bond Resolution ("Second Resolution Bonds"). The Second Resolution Bonds shall mature serially or shall be amortized by operation of substantially equal mandatory sinking fund payments. The Second Resolution Bonds shall have an average life from their date of issue calculated as follows: If such date of issue is on the termination date of the letter of credit, such average life shall be approximately, but not less than, five years. If such date of issue is after the termination date of the letter of credit, such average life shall be approximately five years minus one-half of the number of whole years from the termination date of the letter of credit. Citibank shall be free to sell such Second Resolution Bonds at any time.

(d) In some cases Citibank may require immediate conversion of outstanding unpaid advances together with MAC's matured reimbursement obligations, into Second Resolution Bonds or substitution of collateral. See "Right to Limit the Amount Available Under Letter of Credit and Require Conversion or Substitution," below. Such rights shall be in addition to the rights described in paragraph (c) above.

(e) Upon the occurrence of an event of default, Citibank may declare all amounts outstanding under this facility immediately due and payable. See "Events of Default," below.

Interest Rate: Letter of Credit Period - Citibank fluctuating Base Rate + 1/2% p.a.
Term Period  
- Citibank fluctuating Base Rate + 1% p.a.
during the first two years
- Citibank fluctuating Base Rate + 1 1/2% p.a.
during the last three years.

In Default  
- Citibank fluctuating Base Rate + 2% p.a.

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

Fee:
7/8% p.a., payable on the 45th day after closing and thereafter annually in advance (prorata reimbursement permitted in event of total or partial reduction of the amount of the letter of credit), calculated on a 360 day year for the actual number of days elapsed, of: (1) the total amount of this facility from the 45th day after the date of issuance of the letter of credit until its termination date; and (2) the amount of this facility utilized between closing and the 44th day inclusive after closing, which shall be the amount of Series 3 commercial paper issued during such time period, but only for the actual time such commercial paper shall be outstanding within such time period. To the extent any fees cannot be paid out of proceeds of Series 3 commercial paper as costs of issuance, payment will be made, together with interest at the appropriate rate (see "Interest
Rate," above), after MAC's next regular certification of revenues and receipt of funds.

Payments Under Letter of Credit:

Citibank as issuer of the letter of credit will pay directly from its own funds all amounts due on maturing Series 3 commercial paper (whether by acceleration or otherwise) to the holders thereof and MAC will reimburse Citibank therefor.

Commercial Paper Issuance:

Citibank will be issuance agent for the MAC Series 3 commercial paper. As issuance agent, Citibank will apply proceeds from such issuance of Series 3 commercial paper, first, to the payment of the Series 1 commercial paper and, second, to the payment of any matured reimbursement obligation or any advance by Citibank under this facility. Any remaining proceeds shall be paid over to MAC.

Payments:

Advances and repayments will be made in same day funds.

Cancellation or Reduction of Commitment:

Upon five business days' notice, MAC may terminate in whole or reduce in part the amount available to be drawn under the letter of credit in integral multiples of $1,000,000 with a penalty fee of 1/2% flat on any amounts terminated or reduced during the first six months of the letter of credit, but not below the amount equal to the issued and outstanding Series 3 commercial paper plus interest to accrue thereon. No such penalty fee shall be required in the event that Standard & Poor's Corporation or Moody's Investors Service, Inc. reduces its rating on any outstanding debt obligations of Citibank and as a result the rating for MAC's Series 3 commercial paper is reduced by such rating agency.
Collateral

(a) MAC and Citibank agree to amend the Security Agreement dated June 3, 1982 (the "Citibank Security Agreement") among MAC, Citibank and United States Trust Company of New York, as collateral agent, to secure, by a pledge of the bonds of the City of New York pledged under such agreement (the "Bonds"), all of MAC's obligations, including but not limited to advances, matured reimbursement obligations and unmatured reimbursement obligations, under this facility throughout its letter of credit and term period.

Amount and Valuation:

(a) The Bonds pledged under the Citibank Security Agreement must have a Value (as defined below) of not less than 130% of this commitment. The amount of Bonds required to be pledged under this facility will be reduced, until the 45th day after the effective date of this facility, by the value, as defined in the Series 1 Agreement, of Bonds required to be pledged by MAC in connection with the Series 1 Agreement (it being understood that such value of said Bonds required to be so pledged shall be reduced as the amount of the commitment under the Series 1 Agreement is reduced). The Value of Bonds with maturities of five years or less shall be the market value of such Bonds. The Value of Bonds with maturities of more than five years but not exceeding ten years shall be 87% of the market value of such Bonds. Market value will be determined monthly, or more frequently, at Citibank's option, and will be at MAC's expense. The valuation method will be defined by mutual agreement. In the event that the aggregate value of the pledged Bonds falls below 120% of this commitment, MAC will immediately pledge additional Bonds to increase
the aggregate Value 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. If MAC has substituted cash and/or United States government/agency obligations as collateral in place of Bonds, (i) the Value of such cash shall be its face value, (ii) the Value of such obligations shall be their market value, determined as above, and (iii) an amount equal to the aggregate Value of such cash and obligations shall be deducted from the amount of this commitment for the purposes of calculating the respective percentages of 120%, 130% and 140% above. No collateral shall be required in the event and to the extent that any loan made hereunder is converted to Second Resolution Bonds.

Right to Limit Amount Available under Letter of Credit and Require Conversion or Substitution:

Should an extraordinary situation occur which gives reasonable grounds to conclude, in Citibank's judgment, that MAC may not, or will be unable to, perform or observe in the normal course its obligations under this facility, Citibank may, by notice to MAC, immediately (a) terminate MAC's right to issue additional Series 3 commercial paper, (b) declare the amount available to be drawn under the letter of credit to be equal to the amount of Series 3 commercial paper outstanding on the date of such notice, plus interest to accrue thereon to maturity, (c) prepay under the letter of credit such amount into an account with Citibank, N.A.'s corporate trust department to be held
in trust for the benefit of the holders of Series 3 commercial paper outstanding on the date of such notice, which amount shall thereupon constitute an advance to MAC, and (d) require MAC, at MAC's option: (i) to convert any outstanding unpaid advances and any matured reimbursement obligations which are not reimbursed into Second Resolution Bonds as defined in paragraph (c) on page 3 above and/or (ii) to substitute "cash collateral" for any collateral then pledged. If MAC elects to convert such advances and matured reimbursement obligations into Second Resolution Bonds, such Second Resolution Bonds shall be delivered to Citibank within three days (provided that one such day will be a business day) of MAC's receipt of such notice from Citibank. If MAC shall choose to substitute "cash collateral," such "cash collateral" shall be cash and/or United States government/agency obligations. During the letter of credit period, such United States government/agency obligations will have maturities no greater than five years, and during the term loan, shall mature serially or amortize over the then-remaining life of the loan. If MAC elects to sell any Bonds pledged as collateral to enable MAC to substitute cash for such Bonds, such Bonds must be sold the same day as such notice is received by MAC from Citibank, and the cash received from such sale must be pledged as cash collateral within five business days after such sale; in all other cases such substitution shall be made on the same day as such notice is received by MAC from Citibank. If MAC shall fail to make such conversion or substitution, then Citibank, as agent for MAC, may sell Bonds and hold the proceeds as cash collateral. If a bill shall be filed
in the Legislature with the acquiescence of MAC and/or the Governor of the State of New York permitting MAC to file a petition in bankruptcy, then without limiting Citibank's right to treat any other event as an extraordinary event, Citibank may treat such filing as an extraordinary event. The rights hereunder may be exercised during the letter of credit period and the term loan period and shall be independent of any rights of Citibank under paragraph (c) on page 3 above.

Representations and Warranties:

Representations and warranties will be substantially those in the Series 1 Agreement.

Covenants:

Covenants will be substantially those in the Series 1 Agreement and will include, while not being limited to, the following:

(1) On and after the effective date of this facility, MAC will not (a) sell any additional Series 1 commercial paper and (b) will not sell any Series 3 commercial paper which would result in more than an aggregate of $100 million of commercial paper outstanding under this facility and under the Series 1 Agreement.

(2) Upon issuance of commercial paper on which payment is to be made under this facility, MAC will not increase its existing combined outstandings of commercial paper and bank loans, other than under the Series 2 Agreement without Citibank's written consent.

(3) MAC will not sell Series 3 commercial paper with maturities in excess of the shorter of 270 days or the remaining tenor of the letter of credit.
(4) MAC will not have outstanding Series 3 commercial paper with a maturity value in excess of the maximum amount of the letter of credit, less the total of any matured reimbursement obligations and any outstanding advances. It is understood that MAC intends to issue Series 3 commercial paper only against payment and that such payment will secure MAC's obligations with respect to matured reimbursement obligations and outstanding advances. For purposes of the covenant referred to in this paragraph, the total of any matured reimbursement obligations and any outstanding advances shall be decreased by the amount of any such payment received by MAC but not yet paid to Citibank.

(5) There will be no increase in MAC's statutory debt limitation and MAC 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 Series 3 commercial paper), (2) under the Series 2 Agreement (including the related sale of Series 2 commercial paper), (3) First Resolution Bonds and Second Resolution Bonds, including refundings thereof, (4) short-term indebtedness described in Section 4.02(d) of the Series 1 Agreement, or (5) as may otherwise be authorized by MAC for the purpose of refunding outstanding indebtedness, provided that the rights of the holders of such refunding obligations are not prior to the rights of Citibank under this facility.

(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 in its coverage computations under its Second General Bond Resolution, debt service on Second Resolution Bonds issuable to Citibank under this commitment, as if issued in the full amount of this commitment, whether or not so issued.

(8) Financial and other covenants in the Bond Purchase Agreement dated November 15, 1978 will be incorporated into the documentation.

(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 and the Series 2 Agreement.

(10) In connection with a termination of this facility, to the extent MAC has pledged to Citibank cash and/or United States government/agency obligations for the full amount of Series 3 commercial paper then outstanding (and thereafter no additional Series 3 commercial paper shall be issued), any covenants prohibiting the sale of commercial paper under a different bank facility will cease to be in effect.

Events of Default: To include the failure to pay when due to Citibank any amount of principal, interest or fees; failure to perform or observe any other term, covenant or agreement in the legal documentation (subject to agreed-upon notice and cure periods); any representation or warranty being incorrect or misleading when made; Citibank ceases to have a pledge of the Bonds prior to all liens, or MAC, The City of New York or the State of New York shall so state in writing; the Events of Default in the First
and Second Bond Resolutions; the events of default in the Series 1 and Series 2 Agreements; cross-default with other debt obligations; MAC's inability to pay its debts generally; any bankruptcy proceeding is instituted by or against MAC (following any legislative change); any necessary governmental authorization or approval necessary to enable MAC to comply with its obligations under this facility ceases to be in full force and effect for any reason; failure to deliver or substitute collateral; failure to deliver Second Resolution Bonds at Citibank's request for all or part of the amount of the term loan. If an event of default shall occur, Citibank may, by notice to MAC (i) terminate MAC's right to issue Series 3 commercial paper, (ii) require acceleration of the maturity of the Series 3 commercial paper issued and outstanding on the date of such notice, and (iii) declare all amounts payable to Citibank under this facility immediately due and payable, whereupon MAC shall forthwith pay all such amounts to Citibank.

Series 1 Agreement: Notwithstanding the provisions of Section 1.04 of the Series 1 Agreement, after the effective date of this facility the amount of the Commitment under the Series 1 Agreement shall be reduced on each date on which any Series 1 commercial paper is redeemed by the amount of the Series 1 commercial paper so redeemed without any notice by MAC to Citibank and without regard to the provisions of clauses (b) and (c) of such section, but not below the amount specified in clause (a) of such section. After the effective date of this facility and at such time as there is no longer outstanding any Series 1 commercial paper, the Series 1 Agreement shall be deemed terminated.
Legal and
Transaction
Expenses:

Upon such documentation as MAC may reasonably request, all reasonable costs and expenses incurred by Citibank relating to the preparation and execution of appropriate documentation will be paid by MAC, including all reasonable fees and out-of-pocket expenses of Messrs. Shearman & Sterling, counsel to the Bank.

The terms and conditions of this commitment are not limited to the above terms and conditions. In the event that it proves simpler and more efficient to issue individual evidences of the letter of credit to each holder of Series 3 commercial paper, the documentation will reflect such change. 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 July 11, 1983, the date this commitment (if not accepted on or prior thereto) will expire.

Sincerely,

CITIBANK, N.A.

By: [Signature]
Richard F. Kezer
Senior Vice President

Accepted:

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By: [Signature]
T. Dennis Sullivan, II
Executive Director

Date: July 11, 1983
Alternate Base Rate III:

ABR III is defined as the higher of:
(a) the rate of interest announced publicly by Citibank in New York, New York from time to time as Citibank's base rate, or (b) the sum (adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent) of (i) 1/2 of one percent per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 365 or 366 days, as the case may be) being determined weekly by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any marginal reserve requirement) for Citibank in respect of liabilities consisting of or including (among other liabilities) three-month U.S. dollar nonpersonal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then
current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank, N.A. in the United States.
11 July 1983

Mr. Fred Werblow, Partner
Price Waterhouse
153 East 53 Street
New York, NY 10022

Dear Fred:

Just a brief note to express my thanks for lunch today. I thoroughly enjoyed the opportunity to meet you and Steve, and I look forward to working with you in the days and months ahead.

With best wishes,

Sincerely,

T. Dennis Sullivan II
Executive Director

TDS:dnd
11 July 1983

Mr. Richard F. Kezer
Senior Vice President
Citibank, N.A.
55 Water Street
New York, NY 10043

Dear Mr. Kezer:

This letter is intended to confirm an agreement relating to the
annual facility fee payable pursuant to Section 1.03(b) of the
Revolving Credit and Term Loan Agreement dated as of June 3, 1982
(the "Series 1 Agreement") between the Municipal Assistance
Corporation For The City of New York and Citibank, N.A. The
Corporation paid $750,000 to Citibank on July 26, 1982,
representing this facility fee for the period July 26, 1982 to
July 25, 1983.

The Corporation and Citibank are presently negotiating a direct
pay letter of credit for a new commercial paper program, to be
known as the Series 3 program, which is intended to replace the
Series 1 program. It is expected that the Series 3 program will
commence on or about August 1, 1983, and the new fee for that
program will be payable on the 45th day after the actual closing
date.

Notwithstanding anything to the contrary in Section 1.03(b) of the
Series'1 Agreement, the Corporation and Citibank agree that any
Series 1 facility fee due commencing July 26, 1983 will be paid on
July 26, 1983 if the Series 3 program has not been commenced by
that date; otherwise, no additional Series 1 facility fee will be
due.

The Corporation will be liable only for a Series 1 facility fee
prorated for the period during which the Series 1 program remains
in effect after July 26, 1983. Before July 26, 1983, the
Corporation and Citibank will agree upon an estimate of the
remaining life of the Series 1 program (the "Series 1 Estimate"), and the Corporation will pay a prorated facility fee on July 26, 1983, based upon the Estimate. In addition, on the actual closing date of the Series 3 program, either: (1) the Corporation will pay any additional amount of the facility fee attributable to a period longer than the Series 1 Estimate; or (2) Citibank will reimburse the Corporation for any amount of the facility fee attributable to a period shorter than the Series 1 Estimate.

Please indicate your acceptance of this agreement by signing the enclosed copy of this letter in the space provided below.

Sincerely,

[Signature]

Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK:ndd

Accepted By: [Signature]

Date: July 11, 1983
6 July 1983

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 Special Account.

You were instructed to transfer on July 6, 1983, $19,523.63 from the Corporation's Special Account 093793 to the Corporation's Payment Account #759515 at Citibank, N.A.

For our information, $18,684.43 of this amount was used to pay interest on commercial paper coming due and $839.20 was used to pay principal.

Sincerely,

[Signature]

Steven J. Kantor
Deputy Executive Director and Treasurer

SJK:dnd

cc: Fran Higgins
Bill Jennings
Administrative Files
5 July 1983

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 Special Account.

You were instructed to transfer on July 5, 1983, $49,327.79 from the Corporation's Special Account 093793 to the Corporation's Payment Account #759515 at Citibank, N.A.

For our information, $47,263.39 of this amount was used to pay interest on commercial paper coming due and $2,064.40 was used to pay principal.

Sincerely,

[Signature]

Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK:dn'd

cc: Fran Higgins
    Bill Jennings
    Administrative Files
Date: 5 July 1983
To: Dennis Sullivan
From: Steve Weinstein
Re: Pending Matters

Following is a list of subjects which are presently pending in the office or which should be addressed within the next few months:

Start of Series 3 Commercial Paper Program (August 1)
Execution of Master Repurchase Agreements (July)
Review of Capital Reserve Fund Requirements (July)
Amendment of General Resolutions as to Valuation (effective July 1)
Development of "Refunding Savings Reserve Fund" Proposal (August)
Refinement of Financing/Refunding Plans (August)
Discussion of Budgeting/Accounting/Auditing Issues (July)
Publication of Fourth Quarterly (August 15)
Publication of Annual Report (September 29)
Annual Meeting (September 29)
Implementation of Entertainment/Reimbursement Guidelines (July)
Bond Sale (September)
Publication of First Quarterly (November 14)
Bond Sale (November or December)
Purchases of City Bonds and Payments to City (Periodically)
1 July 1983

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 Special Account.

You were instructed to transfer on July 1, 1983, $33,889.01 from the Corporation's Special Account 093793 to the Corporation's Payment Account #759515 at Citibank, N.A.

For our information, $33,005.41 of this amount was used to pay interest on commercial paper coming due and $883.60 was used to pay principal.

Sincerely,

[Signature]
Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK: dnd

cc: Fran Higgins
Bill Jennings
Administrative Files
1 July 1983

Mr. Rick Lancia  
Vice President  
U.S. Trust Company  
45 Wall Street  
New York, NY 10005

Ladies and Gentlemen:

From time to time, we may enter into certain repurchase transactions with you, pursuant to which we purchase from you specific securities and you agree to repurchase the same securities at a specified later date.

Appendix 1 attached to this letter sets forth the terms and conditions which shall govern each such repurchase transaction. The confirmation of each such repurchase transaction shall specify the securities included and shall set forth the purchase price and the repurchase price for those securities, which terms shall be in accordance with investment instructions furnished by us to United States Trust Company of New York. That confirmation, together with these terms and conditions, shall constitute a binding agreement between us.

Please acknowledge your acceptance of the foregoing by signing and returning the enclosed copy of this letter, together with the attached Appendix 1.

Sincerely,

Municipal Assistance Corporation  
For The City of New York

By: ____________________________

Agreed and accepted this  
______ day of ________, 198__:

(Name of Firm)

By: ____________________________
1 July 1983

UNITED STATES TRUST COMPANY
OF NEW YORK
45 Wall Street
New York, New York 10005

Att: Malcolm J. Hood
Senior Vice President

Gentlemen:

The following employees of the Municipal Assistance Corporation For The City of New York are authorized to issue oral instructions for the transfer of monies or the investment of monies of the Corporation:

T. Dennis Sullivan II, Executive Director
Steven J. Kantor, Deputy Executive Director
and Treasurer

Frances N. Higgins, Short-Term Investment Officer

This list will be revised as necessary.

Sincerely,

Steven J. Kantor
Deputy Executive Director
and Treasurer

SJK/dnd