

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Minutes of the Meeting
of the Board of Directors

A meeting of the Board of Directors of MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), was held at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York on July 1, 1975 at 9:30 o'clock in the forenoon.

Attendance and Organization

The following Directors of the Corporation were present:

Thomas D. Flynn, Chairman
Francis J. Barry
John A. Coleman

The following Representatives were present:

Edward M. Kresky
Leonard Nadel
Arthur J. Quinn
M. Peter Schweitzer
Robert W. Seavey

Also present by invitation of the Board were:

John S. Tamagni of Lazard Freres & Company, Financial Advisor to the Corporation, Raymond Shipman of New York Telephone Company, Allen L. Thomas, Frederick R. Cummings, Jr., and David M. Rubenstein of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation.

Mr. Flynn served as Chairman of the meeting and, at the request of the Chairman, Mr. Shipman served as Secretary of the meeting. The Chairman ordered that Waivers of Notice of the meeting, signed by each of the Directors, and by each of the Representatives whose designation had been made known to the Corporation, be annexed to the minutes of the meeting.

The Chairman invited Mr. Franklin P. Smeal of Morgan Guaranty Trust Company, and John H. Gutfreund and Gerdale Horowitz of Salomon Brothers to review for the benefit of those present the results of the underwriting teams' tours that took place the previous week, the rationale for the pricing of the securities and the current status of the bond sales.

Mr. Smeal and Mr. Gutfreund reported that the underwriting teams on their tours throughout the country met with a very cool reception with most questions centering on what changes were going to take place within the City of New York's budgetary procedures. Both representatives stressed that the financial communities outside of New York City were looking for some visible indication that positive changes were going to take place in the financial administration of the City government. It was explained to those present that as a result of the reception received by the underwriting teams, it was felt that prices had to be so constructed as to insure that this first issue of securities would be a success, looking forward to the fact that additional securities will be issued


in the very near future. They reported that as of nine o'clock that morning, \$900 million of the entire issue had been sold. They expressed optimism that the entire issue would be sold out with a possibility that an opportunity might present itself to increase the issue by another \$250 million.

The Chairman reviewed for those present the past activities of the Board of Directors, stressing the fact that the Board had been fully occupied full time on those details relating to the first issue of securities because of the new money requirements of the City and the time frame within which such funds had to be raised.

Mr. Nadel raised a question as to whether any work had been done in searching out and employing a full-time Executive Director. The Chairman stated that, with the approval of the Board, he had asked a member of his firm to interview three outside executive search firms. He stated that shortly he would be in a position to present the results of these interviews in anticipation that following Board discussion, one of these firms would be employed to locate possible candidates for the position of Executive Director.

Adjournment

There being no further business to come before the meeting, it was, on motion, adjourned.

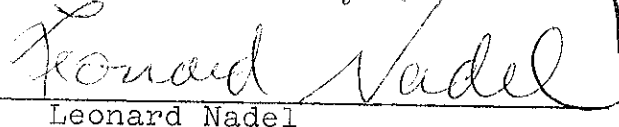

Raymond Shipman,
Secretary of the Meeting

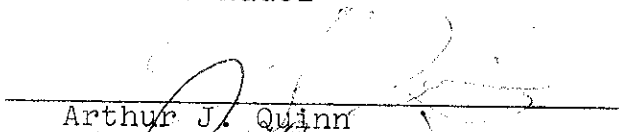
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Waiver of Notice of Special Meeting of Directors

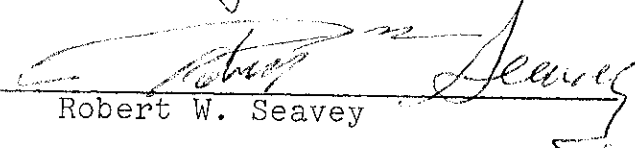
The undersigned, being Representatives to the Board of Directors of MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), hereby waive all notice of the time, place and purposes of a special meeting of the Board of Directors of the Corporation, to be held at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, 345 Park Avenue, New York, New York, on July 1, 1975 at 9:00 o'clock in the forenoon; and hereby consent to the transaction thereat of such business as may come before the meeting.


Edward M. Kresky


Leonard Nadel


Arthur J. Quinn

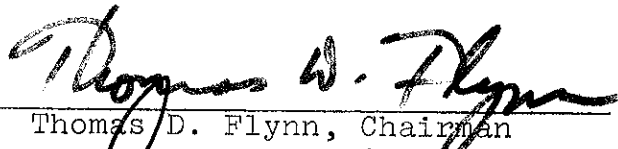

M. Peter Schweitzer


Robert W. Seavey

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FOR THE CITY OF NEW YORK

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Thomas D. Flynn, Chairman



Francis J. Barry



John A. Coleman

William M. Ellinghaus

George D. Gould

Simon H. Rifkind

Felix G. Rohatyn

Donna E. Shalala

Robert C. Weaver

PLAN OF ACTION FOR THE CITY OF NEW YORK
TO RESTORE INVESTOR CONFIDENCE IN CITY SECURITIES

1. Adopt immediately--i.e., effective July 1, 1975--the State's method of accounting and reporting. The MAC legislation requires that this be done as soon as practicable, and in any event not later than the City's fiscal year ending June 30, 1978.
2. Confirm publicly that all estimates and assumptions of any significance in the budget for the current year are realistic and feasible of attainment.
3. Confirm that real estate and all other taxes are stated in the budget at amounts which the City will actually realize. This will involve the setting up of reserves, if necessary, against these taxes to reduce them to their net realizable value.
4. Confirm that revenues from State and Federal aid be realistically stated and be counted as revenues only in the fiscal year to which they properly belong.
5. Make a significant start to transfer "expense items" from the Capital Budget to the Expense Budget.
6. Announce publicly that an audit will be undertaken by the State Comptroller or one or more firms of independent public accountants beginning with the current fiscal year.
7. Make a commitment that there will be full and fair disclosure of financial information, including balance sheets, revenue and expense statements, Capital Budgets and other pertinent data with respect to the operations of the City in connection with all new issues of City securities.
8. Develop promptly a unified borrowing plan for both the City and the Municipal Assistance Corporation with respect to long- and short-term borrowing requirements for the 1975-1976 fiscal year.
9. Make a commitment to disclose the amount of the City's short-term borrowings presently being rolled over and envisage a plan of how this refinancing can be substantially reduced and eliminated over the next three to five years with the advent of Big MAC.
10. Make a commitment that the City will specifically identify the State of Federal aid against which it is borrowing.

PLAN OF ACTION FOR THE CITY OF NEW YORK
TO RESTORE INVESTOR CONFIDENCE IN CITY SECURITIES

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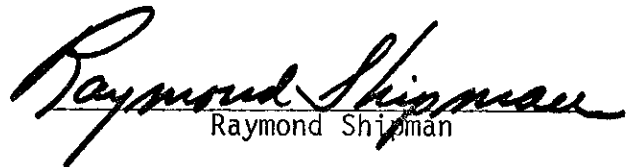
11. Make a commitment that the City will present a plan identifying tax and revenue anticipation notes issued against Federal, State or City funds which are not received until the following year in which TANS and RANS are issued. The City should also indicate a plan whereby this practice could be reduced or eliminated.

STATE OF NEW YORK)
COUNTY OF NEW YORK)

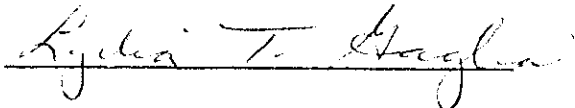
RAYMOND SHIPMAN, being duly sworn, deposes and says:

1. I am the Assistant Secretary of MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation").

2. On the 25th of June, 1975, I mailed a notice of a Special meeting of the Board of Directors in the form annexed hereto to each of the Corporation's directors and representatives as of such date, by depositing the same, securely sealed in postpaid wrappers, in a post office box regularly maintained by the United States Government at 42nd Street & Avenue of the Americas, New York, New York, addressed to each of said directors at their addresses as the same appear on the records of the Corporation.


Raymond Shipman

Subscribed and sworn to before
me this 2nd day of July, 1975.

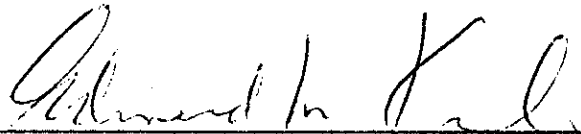


LYDIA T. GAGLIA
Notary Public, State of New York
No. 6442510
Qualified in Kings County
Cert. Filed with New York Co. Clks.
Commission Expires March 30, 1976

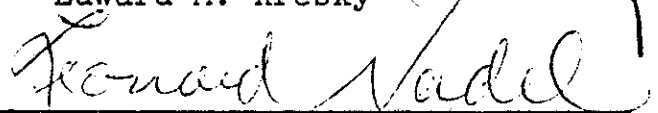
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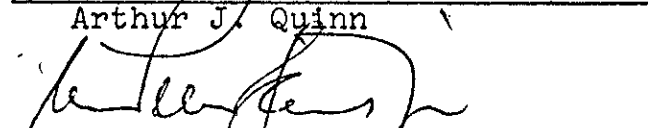
Edward M. Kresky



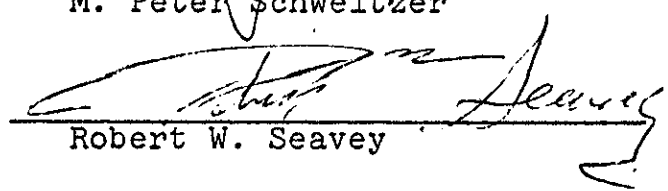
Leonard Nadel



Arthur J. Quinn



M. Peter Schweitzer



Robert W. Seavey

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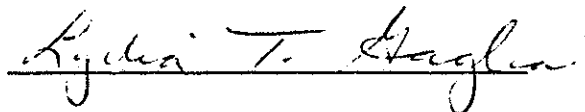
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