

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

Minutes of the Meeting of 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 2, 1975 at 10:30 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  
George D. Gould  
Felix G. Rohatyn  
Donna E. Shalala  
Robert C. Weaver

constituting a quorum of the Board. W. M. Ellinghaus and Simon H. Rifkind, members of the Board, were absent.

The following Representatives were present:

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

Also present by invitation of the Board were:  
John S. Tamagni of Lazard Freres & Co., Financial Adviser  
to the Corporation, David Rochat of Donaldson, Lufkin &  
Jenrette, Inc., Robert Berliner of Arthur Young & Co.,  
Raymond Shipman of New York Telephone Company and Allen L.  
Thomas, Frederick R. Cummings, Jr., and David M. Rubenstein  
of Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel  
to the Corporation, and Donald Robinson and Richard Sigal of  
Hawkins, Delafield & Wood, Bond 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.

Report on Management of Corporation's Operating Expenses

Ms. Shalala reported on discussions that she had had  
with the office of the State Comptroller with respect to the  
organization of a system of accounting for the Corporation. She  
also reported that the Office of the Comptroller had offered to  
assume the job of administering the payroll of the Corporation  
until October, but had stated that the Corporation must itself  
assume the job of administering its other internal financial  
matters.

Adoption of General Bond Resolution and  
1975 Series A Resolution

The Chairman stated that it was necessary for the Board to adopt a General Bond Resolution and a 1975 Series A Resolution in connection with the Corporation's sale and issuance of its 1975 Series A Bonds. Copies of forms of the General and Series Resolutions were distributed to the members of the Board and the Representatives and ordered annexed to the minutes of the meeting. The Chairman requested Mr. Robinson to review for the Board the provisions of the Resolutions.

Mr. Robinson reviewed the form of General Bond Resolution with the Board and the Representatives Article by Article. Among other things, he explained that the General Bond Resolution contained general provisions with respect to the issuance and sale by the Corporation of its Bonds, including the establishment of the Debt Service Fund and the Capital Reserve Fund (the "Funds"), the creation of a first lien on behalf of all holders of the Bonds in all monies and securities paid into such Funds, the events of default and remedies of holders of the Bonds, the establishment of the terms and conditions under which the Bonds are redeemable, the appointment and specification of duties of the Trustee and Paying Agents and the creation of certain covenants of the Corporation. Mr. Robinson explained further that, under Section 801 of the General Bond Resolution, United States Trust Company of

New York would be appointed Trustee with respect to the Bonds.

Mr. Robinson then reviewed, Article by Article, the Series Resolution, including authorization of the issuance of \$1,000,000,000 principal amount of 1975 Series A Bonds of the Corporation. He further noted that Section 212(a) of the Series Resolution approved the Bond Purchase Agreement dated July 2, 1975, among the Corporation and the underwriters named therein, and authorized the Chairman to execute the Bond Purchase Agreement on behalf of the Corporation.

Copies of the Bond Purchase Agreement were distributed to the meeting and a copy be annexed to the minutes.

Mr. Robinson further noted that Section 212(b) of the Series Resolution ratified, confirmed and approved the preliminary Official Statement of the Corporation dated June 24, 1975, and the delivery thereof to prospective purchasers of the Bonds and authorized the Chairman to permit the distribution of the final Official Statement dated July 2, 1975. The Chairman ordered that a proof dated July 2, 1975 of the final Official Statement be annexed to the minutes and copies were distributed to the meeting.

The Chairman noted that under Section 208 of the Series Resolution, First National City Bank, The Northern Trust Company and


Bank of America National Trust and Savings Association were named as Paying Agents for the Corporation.

The Chairman then requested that Mr. Thomas review with the Board and the Representatives the proof dated July 2, 1975 of the final Official Statement. Mr. Thomas then discussed the proof, noting among other things the changes that had been made in the Official Statement which was approved at the meeting of the Finance Committee of the Board held on June 24, 1975. At the request of the Chairman, Mr. Thomas then reviewed with the Board and the Representatives the Bond Purchase Agreement on a Section by Section basis.

After discussion of the General and the Series Resolutions, each was, on motion duly made, seconded and unanimously adopted in the form presented to the meeting and ordered annexed to the minutes.

Adjournment

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

  
Raymond Shipman,  
Secretary of the Meeting

STATE OF NEW YORK )  
                          )  
                          )  
COUNTY OF NEW YORK )

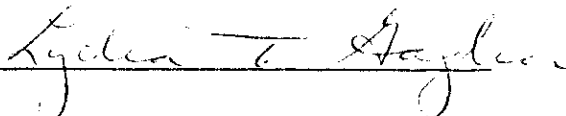
RAYMOND SHIPMAN, being duly sworn, deposes and says:

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 30th 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

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

Waiver of Notice of Special Meeting of Directors

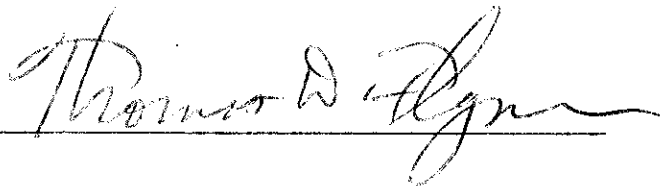
The undersigned, being a Director of MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the "Corporation"), hereby waive all notice of time, place and purposes of a special 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 2, 1975 at 10:30 o'clock in the forenoon; and hereby consent to the transaction thereat of such business as may come before the meeting.

Julio Rohatyn

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FOR THE CITY OF NEW YORK

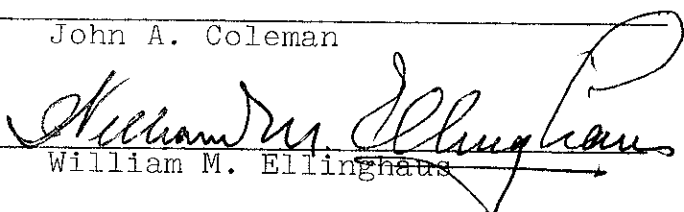
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John A. Coleman

  
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William M. Ellinghaus

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George D. Gould

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Simon H. Rifkind

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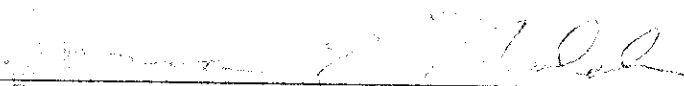
  
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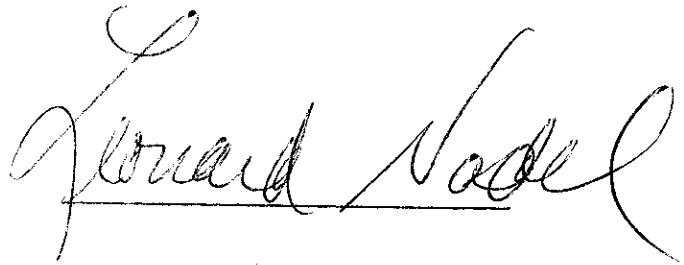
  
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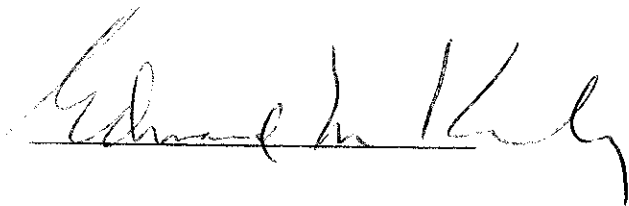
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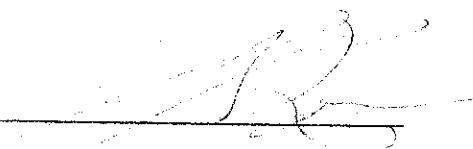
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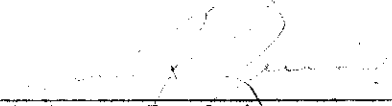
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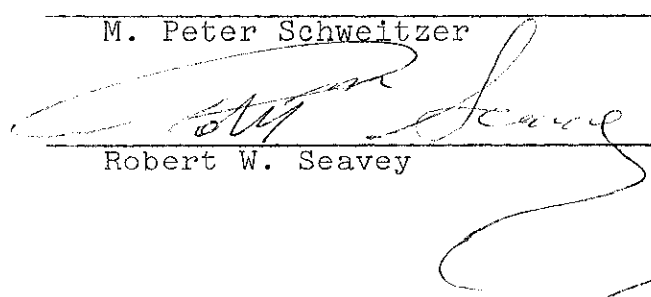
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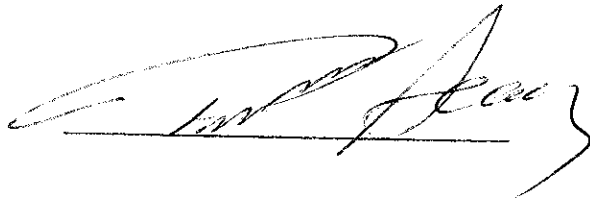
  
\_\_\_\_\_  
Robert W. Seavey



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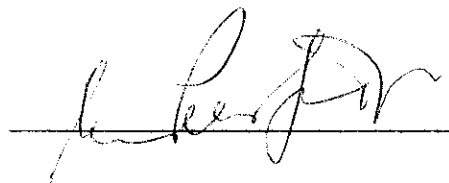
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A handwritten signature in black ink, appearing to be "W. H. ...", written over a horizontal line. The signature is stylized and somewhat cursive.

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A handwritten signature in cursive script, appearing to read "L. R. J.", is written over a horizontal line.

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**MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK**

**GENERAL BOND RESOLUTION**

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*Adopted July 2, 1975*

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**MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK**

**GENERAL BOND RESOLUTION**

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## GENERAL BOND RESOLUTION

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York as follows:

### ARTICLE I

#### DEFINITIONS AND STATUTORY AUTHORITY

101. *Definitions.* The following terms shall, for all purposes of this Resolution, except as otherwise defined, have the following meanings:

“Act” shall mean the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law, both as amended to the date of adoption of this General Bond Resolution.

“Authorized Newspaper” shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

“Authorized Officer” shall mean any member of the Corporation, its Treasurer, Secretary, any Assistant Secretary, its Executive Director, and any other person authorized by resolution of the Corporation to perform the act or sign the document in question.

“Board” shall mean the Board of Directors of the Corporation, the members of which are appointed and qualified pursuant to the Act.

“Bond” or “Bonds” shall mean any Bond or the issue of Bonds, as the case may be, established and created by this Resolution and issued pursuant to a Series Resolution.

“Bondholders” or “Holder of Bonds” or “Holder” (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and “Holder” (when used with reference to coupons) shall mean any person who shall be the bearer of such coupons.



“Capital Reserve Fund” means the fund by that name established by Section 602.

“Capital Reserve Fund Requirement” shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 5 of Section 3036 of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

“Chairman” shall mean the Chairman of the Board of the Corporation.

“City” shall mean The City of New York.

“Corporation” shall mean the 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 created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Corporation.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Corporation (who may be counsel to the Corporation); provided, however, that for the purposes of Article II of this Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to the Corporation) selected by the Corporation.

“Debt Service Fund” means the fund by that name established by Section 602.

“Fiduciary” or “Fiduciaries” shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“Governor” shall mean the Governor of the State.

“Mayor” shall mean the Mayor of the City.

“Notes” shall mean any obligations issued by the Corporation, other than Bonds or Other Obligations, within the limitations set forth

under Section 202 hereof, the principal of and interest on which is payable from the Debt Service Fund.

“Operating Expenses” shall mean the Corporation’s expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant’s services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or this Resolution or otherwise.

“Operating Fund” shall mean the fund by that name established by Section 602.

“Other Obligations” shall mean any obligations, other than Bonds or Notes, issued by the Corporation, in contemplation of the issuance of Bonds or Notes, with the limitations set forth under Section 202 hereof, the interest on which is payable from the Debt Service Fund.

“Outstanding,” when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of this Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401.

“Paying Agent” for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and

delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution and the Series Resolution pursuant to which the same was issued.

“Refunding Bonds” shall mean all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 203.

“Resolution” shall mean this General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof.

“Revenues” shall mean all payments to the Corporation pursuant to Section 3036 of the Act except payments to the Corporation for credit to the Operating Fund.

“Sales Tax” shall mean the sales and compensating use taxes imposed by Section 1107 of Article 28 of the Tax Law of the State.

“Serial Bonds” shall mean the bonds so designated in a Series Resolution.

“Series of Bonds” or “Bonds of a Series” or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

“Series Resolution” shall mean a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof adopted by the Corporation in accordance with Article X.

“Sinking Fund Installment” shall mean as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required by a Series Resolution, pursuant to which such Bonds were issued, to be paid at all events by the Corporation on a single future February 1 for the retirement of any Outstanding Bonds of said Series which mature after said future February 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future February 1 is deemed to be the date when a Sinking Fund Install-

ment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

“State” shall mean the State of New York.

“Stock Transfer Tax” shall mean the tax on the sale or transfer of stock or other certificates imposed by Sections 270 and 270-a of Article 12 of the Tax Law of the State.

“Supplemental Resolution” shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the Corporation in accordance with Article X.

“Term Bonds” shall mean the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

“Trustee” shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Resolution, refer to this Resolution.

102. *Authority for this Resolution.* This General Bond Resolution is adopted pursuant to the provisions of the Act.

103. *Resolution to Constitute Contract.* In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Corporation and the Holders from time to time of the Bonds and coupons; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Corporation shall be for the equal benefit, protection and security of the

Holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided in or permitted by this Resolution.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS AND LIMITATIONS ON ISSUANCE OF NOTES AND OTHER OBLIGATIONS

201. *Authorization of Bonds.* There is hereby established and created an issue of Bonds of the Corporation to be known and designated as "Bonds," which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all of the Bonds issued pursuant to this Resolution. The Bonds shall be general obligations of the Corporation payable out of any revenues of the Corporation and are additionally secured by the pledge effected pursuant to Section 601 hereof.

The Notes, Bonds or Other Obligations of the Corporation shall not be a debt of either the State or The City, and neither the State nor The City shall be liable thereon, nor shall they be payable out of any funds other than those of the Corporation; and such Notes, and Bonds or Other Obligations shall contain on the face thereof a statement to such effect.

Any provision hereof relating to taxes imposed under Article 12 or Section 1107 of the Tax Law of the State (such taxes herein defined as the Stock Transfer Tax and Sales Tax, respectively), or the funds created by Sections 92-b and 92-d of the State Finance Law (such funds being the funds into which the Stock Transfer Tax and Sales Tax are paid) shall be deemed executory only to the extent of the moneys available to the State in such funds from time to time and no liability on account thereof shall be incurred by the State beyond the moneys available in such funds.

202. *Provisions for Issuance of Bonds and Limitations on Issuance of Notes and Other Obligations.* 1. The issuance of the Bonds shall be

authorized by a Series Resolution or Series Resolutions of the Corporation adopted subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall, in addition to the title "Bonds," contain an appropriate Series designation.

Each Series Resolution authorizing the issuance of a Series of Bonds shall also specify:

- (1) The authorized principal amount of said Series of Bonds;
- (2) The purposes for which such Series of Bonds are being issued, which shall be purposes authorized by the Act, as then in effect;
- (3) The date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of said Series;
- (4) The interest rate or rates, or the manner of determining such rate or rates of the Bonds of said Series, and the interest payment dates therefor;
- (5) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series, provided that each Bond shall be of the denomination of \$5,000 (or such lesser amount as shall be specified in the Series Resolution) or a multiple thereof not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified;
- (6) The Paying Agent or Paying Agents and, subject to the provisions of Section 802, the place or places of payment of the principal, Sinking Fund Installments, if any, and Redemption Price, if any, of and interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the Corporation adopted prior to authentication and delivery of such Series of Bonds in accordance with the provision of Section 802;
- (7) The Redemption Price or Redemption Prices, if any, and, subject to Article IV, the redemption terms, if any, for the Bonds of such Series;
- (8) If so determined by the Corporation, provisions for the sale of the Bonds of such Series;

(9) The form or forms of the Bonds of such Series and the coupons to be attached to the coupon Bonds, if any, of such Series and of the Trustee's certificate of authentication;

(10) The officer or employee of the Corporation directed to attest by manual or facsimile signature, the seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced on the Bonds of such Series; and

(11) Any other provisions deemed advisable by the Corporation, not in conflict with the provisions of this Resolution.

2. All (but not less than all) of the Bonds of such Series shall be executed by the Corporation for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of:

(1) A Counsel's Opinion dated as of the date of such delivery by the Trustee to the effect that (i) the Corporation has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution (with such approvals as may be required by the Act as so amended), and the Resolution has been duly and lawfully adopted by the Corporation and such approvals given, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (iii) the Bonds of such Series are valid and binding obligations of the Corporation as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;

(3) A copy of the Series Resolution authorizing such Bonds, certified by an Authorized Officer of the Corporation;

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Corporation stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution; and

(5) Such further documents, moneys and securities as are required by the provisions of this Section 202, and Section 203, or Article X or any Supplemental Resolution adopted pursuant to Article X.

3. No Series of Bonds other than the first Series of Bonds issued under the Resolution shall be authenticated and delivered by the Trustee and no Notes or Other Obligations will be issued by the Corporation except upon receipt by the Trustee of:

(1) A certificate by the New York State Commissioner of Taxation and Finance setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Sales Tax and Stock Transfer Tax, and such other taxes, which as of the date of issuance of any such Series of Bonds, Notes or Other Obligations, are levied and collected by New York State and are payable into the special account in the Municipal Assistance Tax Fund established for the Corporation.

Where the amount for such 12 consecutive calendar months is greater than the revenue expected by said Commissioner for the next succeeding 12 months from such Sales Tax, Stock Transfer Tax and such other taxes, the certificate shall set forth the estimated amount which is expected to be levied and collected in such next succeeding 12 months and paid into such special account. Any distortion for any such prior 12 consecutive month period occasioned by a change in payment dates, prepayments, and late payments of such Sales Tax, Stock Transfer Tax or such other taxes shall be taken into account in such certification by increasing or decreasing the estimated amount of Sales Tax, Stock Transfer Tax or such other taxes to be levied and collected. In the event the Sales Tax or such other taxes have not been in effect for 12 calendar months



said Commissioner shall use, respectively, collections of the sales and compensating use taxes previously imposed by the City or collections of the tax similarly based to the other taxes referred to above if such tax was previously imposed by the City, as the amount to be certified in lieu of actual collections of the Sales Tax or other taxes, for those months the Sales Tax or other taxes were not in effect;

(2) A certificate by an Authorized Officer setting forth (a) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including such Series, and the principal of and interest on Notes, and the interest on Other Obligations for each Fiscal Year and (b) the aggregate amount of Operating Expenses as estimated by an Authorized Officer for the current Fiscal Year;

(3) A certificate by an Authorized Officer stating that the amounts set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 2 times such aggregate amount set forth in 2(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above; and

(4) A certificate by an Authorized Officer stating that the amount of Sales Tax collections or the amount to be certified in lieu of such collections set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 1.50 times the aggregate amount set forth in (2)(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above.

Provided further that prior to the issuance of any Notes or Other Obligations, the Trustee shall receive, in conjunction with the certificate hereinbefore referred to, a certificate of an Authorized Officer identifying such securities as either Notes or Other Obligations and setting forth the terms and provisions thereof, including the date or dates of payment of principal and interest on the Notes and the date or dates of payment of the interest on the Other Obligations and stating that such date or dates and amounts of payments due for principal and interest on the Notes to be issued or interest on the Other Obligations to be issued have not been so scheduled as to mate-

rially adversely affect the ability of the Corporation to pay the principal of or interest on its Outstanding Bonds when due or the coverages set forth hereinbefore as affected by the quarterly payments provided for in Section 607 hereof.

203. *Provisions for Refunding Bonds.* (1) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. No part of a Series of Bonds may be refunded if the Bonds being refunded bear interest at a rate lower than the Bonds of such Series not being refunded. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(2) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 202) of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in Section 1401 to the Holders of the Bonds and coupons being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection 2 of Section 1401 and any moneys required pursuant to said subsection 2, which direct obligations of the

United States of America and moneys shall be held in trust and used only as provided in said subsection 2; and

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 203.

204. *Additional Obligations.* The Corporation reserves the right to issue bonds, notes or any other obligations, other than Bonds, Notes or Other Obligations, under another and separate resolution so long as the same are not entitled to a charge or lien or right prior or equal to the charge or lien created by, or prior or equal to the rights of the Corporation and Holders of the Bonds provided by, this Resolution and the Act, or with respect to the monies pledged under the Resolution or with respect to proceeds from the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act.

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF BONDS

301. *Medium of Payment; Form and Date.* The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds of each Series shall be issued in the form of coupon Bonds, registrable as to principal only, or in the form of fully registered Bonds without coupons, or in both such forms.

Coupon Bonds of each Series shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Coupon Bonds of each Series shall bear interest from their date, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. Registered Bonds of each Series issued prior to the first interest payment date thereof shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Registered Bonds issued on or subsequent to the first interest payment date thereof shall be dated as of the date six months preceding the interest payment date next following the date of delivery thereof,

unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the registered Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Registered Bonds of each Series shall bear interest from their date.

For all purposes of the Act relating to or dealing with the date of the Bonds, registered Bonds of any Series shall be deemed to be dated as of the date specified for the Bonds of such Series in the Series Resolution authorizing the issuance thereof.

All Bonds of each Series shall mature on February 1 of each year in which a maturity is fixed by a Series Resolution. Interest on all Bonds of each Series, except the first installment of interest due on the Bonds of a Series, shall be payable semi-annually on February 1 and August 1 of each year in which an installment of interest becomes due as fixed by a Series Resolution. The first installment of interest due on the Bonds of a Series may be for such period as the Corporation shall fix by Series Resolution provided that the due date thereof shall be February 1 or August 1.

302. *Legends.* The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Corporation prior to the delivery thereof.

303. *Execution and Authentication.* (1) The Bonds shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or a facsimile signature of such officer or employee of the Corporation as shall be authorized and directed pursuant to the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds

may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond of a Series may be signed and sealed on behalf of the Corporation by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Corporation, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(2) The coupons to be attached to the coupon Bonds of each Series shall be signed by the facsimile signature of the present or any future Chairman of the Corporation, or in such other manner as may be required by law, and the Corporation may adopt and use for that purpose the facsimile signature of any person or persons who shall have been Chairman of the Corporation at any time on or after the date of the Bonds of such Series, notwithstanding that he may not have been such Chairman at the date of any such Bond or may have ceased to be such Chairman at the time when any such Bond shall be actually authenticated and delivered.

(3) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Series Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Bond and no coupon thereunto appertaining shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Corporation shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

(4) Except as otherwise provided in Section 309, the Trustee, before authenticating and delivering any coupon Bonds, shall cut off, cancel and destroy all matured coupons thereto attached, except matured coupons for which payment in full has not been provided; provided, however, that when coupon Bonds are issued in exchange for registered Bonds of any Series upon which interest is in default, as shown by the records of the Trustee, such coupon Bonds shall have attached thereto

all coupons maturing after the date to which interest has been paid in full, as shown by the records of the Trustee, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

304. *Interchangeability of Bonds.* Coupon Bonds, upon surrender thereof at the corporate trust office of the Trustee with all unmatured coupons attached, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any of the authorized denominations.

Registered Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity with appropriate coupons attached, or of registered Bonds of the same Series and maturity of any other authorized denominations.

305. *Negotiability, Transfer and Registry.* All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Corporation shall maintain and keep, at the corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Corporation shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Corporation shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

306. *Transfer and Registration of Coupon Bonds.* All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 306. Any coupon Bond may be registered as to principal on the books of the Corporation at the corporate trust office of the Trustee, upon presentation

thereof at said office and the payment of a charge sufficient to reimburse the Corporation or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

As to any coupon Bond registered as to principal other than to bearer the person in whose name the same shall be registered upon the books of the Corporation may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal or Redemption Price, if any, of such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Corporation, the Trustee and any Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal other than to bearer, or the person in whose name any coupon Bond for the time being shall be registered upon the books of the Corporation, as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons, and neither the Corporation, nor the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee and each Paying Agent harmless from

and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

307. *Transfer of Registered Bonds.* Each registered Bond shall be transferable only upon the books of the Corporation, which shall be kept for the purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the Corporation shall issue in the name of the transferee a new registered Bond or Bonds or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and Series and maturity as the surrendered Bond.

The Corporation and the Trustee may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

308. *Regulations with Respect to Exchanges and Transfers.* In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may make a charge sufficient to re-



imburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new coupon Bond or registered Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an Operating Expense. The Corporation shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

309. *Bonds Mutilated, Destroyed, Stolen or Lost.* In case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like Series, maturity and principal amount as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost, upon filing with Corporation evidence satisfactory to the Corporation and the Trustee that such Bond and attached coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and the Trustee may incur in connection therewith. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Corporation.

310. *Preparation of Definitive Bonds; Temporary Bonds.* The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in Section 303, and upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the

same provisions, limitations and conditions as the definitive coupon Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds (which may be registrable as to principal and interest), substantially of the tenor of the definitive coupon Bonds in lieu of which such temporary Bond or Bonds are issued, but with or without coupons, in authorized denominations or any whole multiples thereof authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds in bearer form shall be payable only upon the presentation and surrender of the coupons therefor attached thereto or, if no coupons for such interest are attached thereto, then only upon presentation of such temporary Bonds for notation thereon of the payment of such interest. The Corporation at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee of such temporary Bonds, with all unmatured coupons, if any, and all matured coupons, if any, for which no payment or only partial payment has been provided, attached, for exchange and the cancellation of such surrender temporary Bonds and coupons, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive coupon Bonds, with appropriate coupons attached, or, at the option of the Holder, definitive registered Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

#### ARTICLE IV REDEMPTION OF BONDS

401. *Privilege of Redemption and Redemption Price.* Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.

402. *Redemption at the Election or Direction of the Corporation.* In the case of any redemption of Bonds other than as provided in Section 403, the Corporation shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Resolution and any Series Resolution) and of the monies to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, the Trustee, if it holds the monies to be applied to the payment of the Redemption Price, or otherwise the Corporation, shall, prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other monies, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The Corporation shall promptly notify the Trustee in writing of all such payments made by the Corporation to a Paying Agent.

403. *Redemption Other Than at Corporation's Election or Direction.* Whenever by the terms of this Resolution the Trustee is required to redeem Bonds other than at the election or direction of the Corporation, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, together with interest accrued to the redemption date, to itself and the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, the provisions of Section 605.

404. *Selection of Bonds to Be Redeemed by Lot.* In the event of redemption of less than all of the Outstanding Bonds of like Series and maturity, the Trustee shall assign to each such Outstanding registered Bond of the Series and maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest

denomination of the coupon Bonds of such Series and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers of all such coupon Bonds then Outstanding and the numbers assigned to such registered Bonds as many numbers as, at such unit amount equal to the lowest denomination of coupon Bonds of such Series for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (a) individually or (b) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination of the coupon Bonds of such Series, by the numbers assigned thereto as in this Section 404 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the coupon Bonds bearing the numbers so selected and the registered Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such registered Bond of a denomination of more than the lowest denomination of the coupon Bonds of such Series shall be redeemed as shall equal the lowest denomination of the coupon Bonds of such Series for each number assigned to it and so selected.

405. *Notice of Redemption.* When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is required by this Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Corporation, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state

that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication once a week for at least two (2) successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. In case, by reason of the temporary or permanent suspension of publication of any newspaper, or by reason of any other cause, it shall be impossible to make publication of any required notice as herein provided, then such publication or other notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice, provided that such publication or other notice shall, so far as may be possible, approximate the terms and conditions of the publication in lieu of which it is given. The Trustee shall also mail a copy of such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

406. *Payment of Redeemed Bonds.* Notice having been given by publication in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds registered other than to bearer presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to the redemption date, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If there

shall be drawn for redemption less than all of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, monies for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said monies shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## ARTICLE V

### CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

501. *Application of Certain Proceeds.* (1) The Corporation shall apply the amount of the proceeds derived from the sale of each Series of Bonds as shall be specified in the Series Resolution authorizing such Series.

(2) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Debt Service Fund. The amount received as a premium over the principal amount of such Series of Bonds, if any, upon the delivery of such Series shall be applied as provided in the Series Resolution authorizing such Series.

## ARTICLE VI

### ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

601. *The Pledge Effected by the Resolution.* The proceeds of sale of the Bonds, the Revenues, and all funds (other than the Operating Fund) established by the Resolution, and other monies and securities referred to herein (other than monies and securities in the Operating

Fund) are hereby pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, provided, however, nothing aforesaid shall be construed to preclude, subject to the provisions of Section 605 and Section 607, the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure the payment of principal of and interest on Notes and interest on Other Obligations. This pledge shall be valid and binding from and after the time of adoption of this Resolution, and the proceeds of sale of the Bonds, the Revenues as received by the Corporation, all funds and other monies and securities herein pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof.

602. *Establishment of Funds.* The following funds are hereby established:

- (1) Operating Fund, to be held by the Corporation,
- (2) Debt Service Fund, to be held by the Trustee,
- (3) Capital Reserve Fund, to be held by the Trustee.

603. *Application of Payments.* The payments received in accordance with subdivision 1 of Section 3036 of the Act shall be applied to the Operating Fund, the Debt Service Fund and to the Capital Reserve Fund in accordance with certificates of the Chairman pursuant to which the payment is made, provided, however, that if the amount of the payment is less than the amount certified, the payment shall be applied pro rata to the respective Funds on the basis of the respective amounts certified. No Revenues received as such payments shall be deposited in the Operating Fund.

604. *Operating Fund.* The Corporation shall pay out of the Operating Fund the amounts required for the payment of Operating Expenses.

605. *Debt Service Fund.*

1. The Trustee shall on or before the business day preceding each interest payment date for any of the Bonds or any of the outstanding Notes pay, out of the amounts then held in the Debt Service Fund, to

itself and the Paying Agents, the amounts respectively required for the payment of principal, Sinking Fund Installments, if any, and Redemption Price of, if any, and interest on any Bonds or Notes due and payable on such date, and shall at the direction of an Authorized Officer pay to itself or the Paying Agents or paying agents for payment of interest on Other Obligations such amount as shall be necessary, in the opinion of the Corporation, to pay such interest on Other Obligations becoming due and payable and such amounts so paid out shall be irrevocably pledged to and applied to such payments; provided, however, in the event that amounts are withdrawn from the Capital Reserve Fund pursuant to paragraph 2 of this Section and deposited in the Debt Service Fund, such amounts shall be used only for the purpose of paying principal of and interest on the Bonds.

2. In the event that on the business day preceding any interest payment date, the amount in the Debt Service Fund shall be less than the amounts respectively required for payment of interest on the Outstanding Bonds and for the payment of the principal and Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such interest payment date, the Trustee shall withdraw from the Capital Reserve Fund and deposit into the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payment or payments.

3. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 403 hereof on such due date, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Term Bonds of such Series and maturity. The Trustee shall so call such Term Bonds for redemption whether or not it then has monies in the Debt Service Fund sufficient to pay the applicable principal amount thereof, together with interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on the day preceding each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

4. The Corporation may, at any time subsequent to the second day of February of any year but in no event less than forty-five (45) days prior to the succeeding first day of February on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with



monies in the Debt Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment and any Term Bonds so purchased prior to the first day of February shall be cancelled by the Trustee and the aggregate principal amount of the Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such first day of February.

606. *Capital Reserve Fund.*

1. The Corporation shall deposit into the Capital Reserve Fund (i) all monies paid to the Corporation pursuant to subdivisions 1 and 4 of Section 3036 of the Act for the purpose of maintaining or restoring the amount in the Capital Reserve Fund to the amount of the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by Series Resolution; and (iii) any other monies which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

2. Monies and securities held for the credit of the Capital Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of paragraph 2 of Section 605. At any time after December 31, 1980, monies and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement, upon direction of the Corporation, may be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund.

3. In order further to assure the maintenance of the Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement and in compliance with the requirements of subdivision 4 of Section 3036 of the Act, the Chairman shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State (with a copy to the Trustee) his certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. All monies received by the Corporation from the State pursuant to any such certification, in accordance with the provisions of subdivision 4 of Section 3036 of the Act, as amended, shall be deposited in the Capital Reserve Fund, as required by paragraph 1 of this Section 606.

607. *Certificate to the State Comptroller and to the Mayor of The City of New York.* In order to assure the maintenance of the Operating Fund, the Debt Service Fund and the Capital Reserve Fund, not less than one hundred and twenty days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year) (but not later than July 1, 1975 for the Fiscal Year ending June 30, 1976), the Chairman shall certify to the State Comptroller and to the Mayor (with a copy to the Trustee) a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Debt Service Fund to pay all interest on and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds or Notes maturing or otherwise coming due during such Fiscal Year and the interest on Other Obligations maturing or otherwise becoming due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the obligations of the Corporation, including the Bonds, each quarterly payment (to be made on or before April 12, June 30, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification, shall be an amount, after taking into account monies then in the Debt Service Fund and available for the purposes of such Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds, Notes or Other Obligations the interest on which is payable from the Debt Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds, Notes and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of which such quarterly period is a part. If any increase shall occur in the cash requirements specified above, or if payments are

required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor (with a copy to the Trustee). The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds or Notes, or interest on Other Obligations, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

## ARTICLE VII

### SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

701. *Security for Deposits.* All monies held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the Corporation and the Holders of the Bonds by direct obligations of the State or of the United States of America or obligations the principal and interest of which are guaranteed by the State or the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such monies is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any monies which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such monies.

702. *Investment of Funds and Accounts Held by the Trustee.*

(1) Monies in the Debt Service Fund and the Capital Reserve Fund shall, as nearly as may be practicable, be invested by the Trustee

upon direction of the Corporation in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the Corporation in issuing such direction shall take into consideration the dates and times when monies in such Fund will be required for the purposes of this Resolution) in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any bond, debenture, note, participation or other similar obligation issued by any of the following Federal agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration and Export-Import Bank, (c) if permitted by law, any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association, and (d) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State treasury. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with but in no event later than the times at which monies in the Debt Service Fund and Capital Reserve Fund will be required for the purposes in this Resolution provided.

(2) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(3) In computing the amount in any fund or account held by the Trustee under the provisions of this Resolution, excepting the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at the cost or market price thereof, whichever is lower, inclusive of accrued interest. In computing the amount of the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at par if purchased at par or at Amortized Value if purchased at other than par. Amortized Value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by

dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium and adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation on any particular date shall include the amount of interest then earned or accrued to such date on any monies or investments in the Capital Reserve Fund.

(4) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Corporation in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

(5) In lieu of the investments of monies in obligations authorized in paragraph (1) above, the Trustee shall, to the extent permitted by the Act then in effect, upon direction of the Corporation in writing, signed by an Authorized Officer, deposit monies from any fund or account held by the Trustee under the terms of this Resolution, in interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no monies in such funds or accounts shall be so deposited unless the recipient of such deposit shall certify in writing to the Corporation and the Trustee, upon the making of each such deposit or arrangement, that the interest to be earned thereon will be in excess of the interest, income or increment that would be earned by the investment of such monies in accordance with the requirements of paragraph (1) above in direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State at the then current mar-

ket prices; provided further, that each such interest-bearing time deposit or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

(6) No part of the proceeds of any Series of Bonds or any other funds of the Corporation shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in subsection (d)(2) of section 103 of the Internal Revenue Code of 1954 [Title 26 of the United States Code] as then in effect and to be subject to treatment under subsection (d)(1) of said section as an obligation not described in subsection (a) of said section.

703. *Liability of Trustee for Investments.* The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made.

## ARTICLE VIII

### THE TRUSTEE AND THE PAYING AGENTS

801. *Appointment and Acceptance of Duties of Trustee.* United States Trust Company of New York, in the City, County and State of New York, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the Corporation.

802. *Appointment and Acceptance of Duties of Paying Agents.* The Corporation shall appoint one or more Paying Agents for the Bonds of any Series in the Series Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of

the Corporation adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the Corporation and the Trustee.

The corporate trust offices of the Paying Agents are hereby designated as the respective agencies of the Corporation for the payment of the interest on and principal or Redemption Price of the Bonds, except that interest on all registered Bonds and the principal and Redemption Price of all registered Bonds and of all coupon Bonds registered as to principal shall be payable at the corporate trust office of the Trustee.

803. *Responsibilities of Trustee and Paying Agents.* The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or coupons issued hereunder or in respect of the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any monies paid to the Corporation. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others.

804. *Evidence on Which Fiduciaries May Act.* The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Corporation to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.

805. *Compensation.* The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.



806. *Permitted Acts and Functions.* The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

807. *Resignation of Trustee.* The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the Corporation and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 809, in which event such resignation shall take effect immediately on the appointment of such successor.

808. *Removal of Trustee.* The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation.

809. *Appointment of Successor Trustee.* In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Corpo-

ration written notice, as provided in Section 807, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 809 in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York, or a national banking association doing business and having its principal office in such State, and having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

810. *Transfer of Rights and Property to Successor Trustee.* Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Corporation, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

811. *Merger, Conversion or Consolidation.* Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any states of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

812. *Resignation or Removal of the Paying Agents and Appointment of Successors.* Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the Corporation and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Corporation. Any successor Paying Agent shall be appointed by the Corporation and (subject to the requirements of Section 903) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having a capital and surplus aggregating at least Three Million Dollars (\$3,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

## ARTICLE IX

### COVENANTS OF THE CORPORATION

The Corporation covenants and agrees with the Holders of the Bonds and coupons as follows:

901. *Payment of Bonds.* The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any,

of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds. All such payments, to the extent not paid when due and payable, shall continue to be due and payable and, accordingly, shall be deemed to be becoming due until the same shall be paid.

902. *Extension of Payment of Bonds and Coupons.* The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest by the purchase or funding of such Bonds, coupons or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default under this Resolution to the benefit of this Resolution or to any payment out of any assets of the Corporation or the funds (except funds held in trust for the payment of particular Bonds, coupons or claims for interest pursuant to this Resolution) held by the Trustee or any Paying Agent, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing herein shall be deemed to limit the right of the Corporation to issue Bonds of a Refunding Issue as provided in Section 203 and such issuance shall not be deemed to constitute an extension of maturity of Bonds or the time of payment of any of the coupons or claims for interest.

903. *Offices for Payment and Registration of Bonds and Coupons.* The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York where Bonds and coupons may be presented for payment. The Corporation may pursuant to a Series Resolution or pursuant to resolution adopted in accordance with Section 802 designate an additional Paying Agent or Paying Agents where Bonds and coupons of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds may be

presented for registration, transfer or exchange and the Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

904. *Further Assurances.* At any and all times the Corporation shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, Revenues and other monies, securities and funds hereby pledged or assigned, or intended so to be, or which the Corporation may hereafter become bound to pledge or assign. The Corporation further covenants that it shall cause the Chairman to make and deliver the certificates referred to in sub-section 3 of Section 606 and Section 607 hereof at the times required therein and shall cause the amounts received to be deposited in the appropriate Funds, respectively.

905. *Power to Issue Bonds and Make Pledges.* The Corporation is duly authorized pursuant to law to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues and other monies, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Revenues and other monies, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

906. *Agreement of the State.* In accordance with the provisions of Section 3015 of the Act, the Corporation hereby includes in this Resolution the pledge of and agreement with the Holders of the Bonds that the State will not limit or alter the rights vested pursuant to the Act in the Corporation to fulfill the terms of any agreements made with

Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged.

907. *Creation of Liens.* The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund, and shall not create or cause to be created any lien or charge prior to the Bonds on revenues, monies and securities in the Debt Service Fund.

908. *Accounts and Reports.* The Corporation shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made for its transactions relating to all Funds established by this Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than five per cent (5%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

909. *General.* The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the Act as then in effect and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State of New York and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Corporation, shall be within every debt and other limit prescribed by the laws of said State.

If the Corporation shall exercise its power to limit the implementation of the conditions set forth in Section 3038 of the Act or thereafter to permit such conditions to be further limited, any such action shall be taken by resolution of the Board. When so acting the Board shall make a determination that any such limitation is not so substantial as effectively to constitute a waiver of any of the conditions in Section 3038, or shall make a determination that the conditions shall impose a further condition on the City which determination shall be conclusive and binding upon the holders of the Bonds and the Trustee. A copy

of such resolution shall promptly be delivered to the Trustee and to the Governor, the State Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council and the City Comptroller and promptly be published by the Corporation.

## ARTICLE X

### SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

1001. *Modification and Amendment Without Consent.* Notwithstanding any other provisions of this Article X, or Article XI, the Corporation may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Resolution;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Resolution;

(5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution, of the Revenues or of any other monies, securities or funds;

(6) To modify any of the provisions of this Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adop-

tion of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(7) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

1002. *Supplemental Resolutions Effective With Consent of Bondholders.* The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI hereof, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

1003. *General Provisions Relating to Series Resolutions and Supplemental Resolutions.* This Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the Corporation to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Corporation when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying



on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Corporation without the written consent of the Trustee or Paying Agent affected thereby.

## ARTICLE XI

### AMENDMENTS OF RESOLUTIONS

1101. *Powers of Amendment.* Any modification or amendment of this Resolution and of the rights and obligations of the Corporation and of the Holders of the Bonds and coupons hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102, (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (c) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected

by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds and coupons of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Resolution.

1102. *Consent of Bondholders.* The Corporation may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Corporation to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1102 provided. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such

consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1102 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1301. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Corporation and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the Corporation by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The Corporation shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Trustee, each Paying Agent and the Holders of all Bonds and coupons at the expiration of thirty (30) days after the filing with the

Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Corporation, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1103. *Modifications by Unanimous Consent.* The terms and provisions of this Resolution and the rights and obligations of the Corporation and of the Holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption and filing with the Trustee by the Corporation of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required.

1104. *Mailing and Publication.* (1) Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Corporation, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee within two (2) years preceding such mailing an address for notices, and (iii) to the Trustee.

(2) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

1105. *Exclusion of Bonds.* Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Resolution, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent

or other action taken under this Resolution, the Corporation shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

1106. *Notation on Bonds.* Bonds delivered after the effective date of any action taken as in Article X or this Article XI provided may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Corporation to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

## ARTICLE XII

### DEFAULTS AND REMEDIES

1201. *Trustee to Exercise Powers of Statutory Trustee.* The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 3017 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 3017 of the Act is hereby abrogated in accordance with the provision of subdivision 2(g) of Section 3012 of the Act.

1202. *Events of Default* Each of the following events is hereby declared an "event of default," that is to say; if

(a) the Corporation shall default in the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036 of the Act, or the State Comptroller shall fail to pay to the Corporation, as and

when required by such Section, for deposit in the Capital Reserve Fund, the Debt Service Fund or the Operating Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund or the Debt Service Fund the amount or amounts received by the Corporation for deposit in such Funds, respectively; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 3 and 4 of Section 3036 of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund the amount or amounts received by the Corporation for deposit in such Fund; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either 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 the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such 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 the date of this Resolution; or

(g) the State shall fail to maintain the existence of either the special account for the Corporation in the municipal assistance tax fund established pursuant to Section 92-d of the State Finance Law or the stock transfer fund established by Section 92-b of said Law.

1203. *Remedies.* (1) Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202, the Trustee shall proceed, or upon the happening and continuance of any

event of default specified in paragraphs (c), (d), (e), (f) or (g) of Section 1202, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(e) in accordance with the provisions of the Act, to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

1204. *Priority of Payments After Default.* In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal



and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

The provisions of this Section 1204 are in all respects subject to the provisions of Section 902.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid coupon or any Bond unless such coupon or such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

1205. *Termination of Proceedings.* In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1206. *Bondholders' Direction of Proceedings.* Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

1207. *Limitation on Rights of Bondholders.* No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in

the manner herein provided and for the benefit of all Holders of the Outstanding Bonds and coupons. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the Corporation shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof and the coupons pertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in this Section 1207, or any other provision of this Resolution, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

1208. *Possession of Bonds by Trustee Not Required.* All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds and coupons, subject to the provisions of this Resolution.

1209. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such

remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

1210. *No Waiver of Default.* No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

1211. *Notice of Event of Default.* The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, Sinking Fund Installment, or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Operating Fund, the Debt Service Fund or the Capital Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

### ARTICLE XIII

#### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

1301. *Evidence of Signatures of Bondholders and Ownership of Bonds.* Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution to be

signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or, in the case of coupon Bonds, by any bank, trust company, or other depository of such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Bondholder or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or verified, of an officer of any bank, trust company, or other depository, or of any notary public, or other officer authorized to take acknowledgements. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the holding of coupon Bonds by any Bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered as to principal other than to bearer) may be proved by a certificate executed by an officer of any bank, trust company, or other depository, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibited to such bank, trust company, or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice of the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the registry books kept by the Trustee under the provisions of this Resolution.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done or suffered to be done by the Corporation, the Trustee or any Paying Agent in pursuance of such request or consent.

## ARTICLE XIV

## DEFEASANCE

1401. *Defeasance.* 1. If the Corporation shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Corporation, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not

by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

3. Anything in the Resolution to the contrary notwithstanding, any monies held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Fiduciary at such date, or for six years after the date of deposit of such monies if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Corporation, be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Corporation for the

payment of such Bonds and coupons; provided, however, that before being required to make any such payment to the Corporation, the Fiduciary shall, at the expense of the Corporation, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such monies then unclaimed will be returned to the Corporation.

## ARTICLE XV

### MISCELLANEOUS

1501. *Preservation and Inspection of Documents.* All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Corporation, the Trustee or any Paying Agent and after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of Outstanding Bonds and their agents and representatives, any of whom may make copies thereof.

1502. *Parties of Interest.* Nothing in this Resolution or in any Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Corporation, Trustee, Paying Agents and the Holders of the Bonds and coupons pertaining thereto any rights, remedies or claims under or by reason of this Resolution or any Series Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Series Resolution contained by or on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, Trustee and Paying Agents and the Holders from time to time of the Bonds and the coupons pertaining thereto.

1503. *No Recourse Under Resolution or on Bonds.* All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and



not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the Corporation or any natural person executing the Bonds.

1504. *Severability.* If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Resolution on the part of the Corporation, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

1505. *Headings.* Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

1506. *Conflict.* All resolutions or parts of resolutions or other proceedings of the Corporation in conflict herewith be and the same are repealed insofar as such conflict exists.

1507. *Effective Date.* This Resolution shall take effect immediately upon its adoption. Any resolutions of the Corporation authorizing the issuance of notes of the Corporation and the establishment of a debt service fund is hereby rescinded effective upon payment in full of such notes.

**NEW ISSUE**

*In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 1975 Series A Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.*

**\$1,000,000,000**

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**  
**(A Corporate Governmental Agency and Instrumentality of the State of New York)**

**1975 SERIES A BONDS**

**Dated July 1, 1975**

**Due February 1, as shown below**

Principal and interest on the 1975 Series A Bonds (payable on February 1, 1976 and August 1, 1976 and semi-annually thereafter)

**SUPPLEMENT DATED JULY 7, 1975 TO OFFICIAL STATEMENT DATED JULY 2, 1975**

On July 3, 1975, an individual purporting to be a taxpayer of The City of New York brought an action seeking, among other things, a declaratory judgment determining that the establishment of the Corporation, its sale of debt obligations and transfer of the proceeds to the City are illegal and unconstitutional procedures, together with an injunction prohibiting continuation of such acts. On July 4, 1975, the plaintiff served a notice of discontinuance of the action, without prejudice to his right to reinstitute his claim.

Hawkins, Delafield & Wood, Bond Counsel for the Corporation, have rendered their opinion that if such action were reinstated the Corporation, as to any relief sought by the plaintiff against the Corporation in such action, which is without merit as to the Corporation, would prevail in any final adjudication of the issues in such action, and that no final adjudication would in any way affect the validity of the 1975 Series A Bonds or the pledge or application of any revenues, monies or securities provided for the payment of the Bonds or Notes of the Corporation, the existence or powers of the Corporation, or the application of the proceeds of such Bonds as contemplated by the final Official Statement of the Corporation issued in connection with such Bonds. Paul, Weiss, Rifkind, Wharton & Garrison, general and litigation counsel for the Corporation, are also of the opinion that the complaint is without merit as to the claim therein asserted against the Corporation and that, if the claim asserted in the complaint against the Corporation were reinstated, the Corporation would prevail in any final adjudication.

by Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Certain legal matters will be passed on by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Certain legal matters will be passed on for the Underwriters by their Counsel, White & Case, New York, New York. It is expected that the 1975 Series A Bonds in definitive form will be available for delivery on or about July 8, 1975.

July 2, 1975.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from such Corporation and from other sources which are believed to be reliable but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of said Corporation since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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**Lazard Frères & Co.—Financial Advisor**

**Official Statement**

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**A Corporate Governmental Agency and Instrumentality of**

**The State of New York**

**Relating to**

**\$1,000,000,000**

**1975 Series A Bonds**

**INTRODUCTION**

This Official Statement of the Municipal Assistance Corporation For The City of New York (the "Corporation") is provided for the purpose of setting forth information concerning the Corporation in connection with the sale of its \$1,000,000,000 1975 Series A Bonds (the "1975 Series A Bonds"). The 1975 Series A Bonds are to be issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, (the "Act"), being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the general bond resolution (the "General Bond Resolution") of the Corporation and the series resolution (the "1975 Series A Resolution") of the Corporation authorizing the 1975 Series A Bonds. (The General Bond Resolution and the 1975 Series A Resolution are sometimes collectively referred to herein as the "Resolutions.") The Attorney General of the State of New York has issued an opinion that the Act has been validly enacted and has become law in accordance with the Constitution and laws of the State of New York (the "State").

The 1975 Series A Bonds will constitute the first issue of bonds of the Corporation. The 1975 Series A Bonds, together with all bonds that may be issued hereafter under the General Bond Resolution (herein collectively referred to as the "Bonds"), are general obligations of the Corporation payable out of any revenues of the Corporation and are secured by an equal charge and a first lien on all monies and securities in the Corporation's Debt Service Fund and Capital Reserve Fund established under the General Bond Resolution. (See "The Corporation—General", "Provisions for Payment of the Bonds" and "Summary of Certain Provisions of the General Bond Resolution.")

The 1975 Series A Bonds are being issued to provide monies (i) to be paid to The City of New York (the "City") to enable it to pay operating expenses of the City and maturing short-term obligations of the City (see "Functions of the Corporation with Respect to the City") and (ii) to prepay or repay the notes outstanding of the Corporation at the time of issuance of the Bonds in the amount of \$275,000,000 (see "The Corporation—Initial Borrowing and Purchase of City Obligations"). Nine banks which are Underwriters of the 1975 Series A Bonds hold the notes referred to in (ii) above which will be prepaid from a portion of the proceeds of this offering. In addition, certain banks and other Underwriters hold maturing short-term obligations of the City referred to in (i) above which may be paid in part by the proceeds of this offering being paid to the City. Additional series of Bonds or certain notes of the Corporation in such amount as may be authorized by the then applicable law may be issued by the Corporation subject to the limitations imposed by the General Bond Resolution (see "Summary of Certain Provisions of the General Bond Resolution—Additional Bonds and Notes").

Pursuant to the Act, the Corporation is authorized to borrow up to an aggregate of \$3,000,000,000 and to pay or lend the proceeds of such borrowing to the City and to exchange the Corporation's obligations for obligations of the City. The Corporation anticipates that it will issue and sell up to an additional \$2,000,000,000 of its Bonds in the near future. Under the Act, to the extent that the proceeds of the Bonds

are paid to the City to enable it to pay operating expenses, such payment will be evidenced by obligations of the City delivered to the Corporation (see "Functions of the Corporation with Respect to the City—Powers of the Corporation").

The Corporation believes that the financing requirements of the City substantially exceed amounts that the Corporation is at present authorized to borrow and there can be no assurance that additional amounts required by the City for operating expenses and the payment of its debt obligations as they mature will be available through the Corporation or otherwise (see "Summary of Certain Provisions of the General Bond Resolution—Additional Bonds and Notes"). The City has informed the Corporation that as at June 30, 1975, it had outstanding an aggregate of \$5,609,000,000, in debt obligations maturing within 12 months of such date and \$6,697,000,000, in debt obligations maturing in more than 12 months of such date. The Corporation has also been informed by the City that from March 31, 1975, through June 30, 1975, State advances and voluntary prepayments of certain real estate taxes in the aggregate amount of \$935,000,000 were applied toward the redemption of short-term obligations of the City.

Amendments to the State Tax Law (the "Tax Law") adopted in June 1975, impose State sales and compensating use taxes within the City (the "Sales Tax") and suspend the power of the City to adopt local laws for, and the actual imposition of, such types of taxes. Both the imposition of the Sales Tax and the suspension of the City's taxing powers take effect July 1, 1975. Amendments to the State Finance Law, also adopted in June 1975, provide for the establishment of a Municipal Assistance Tax Fund (the "Municipal Assistance Tax Fund") and, within such Fund, a special account for the benefit of the Corporation (the "Special Account"). The Special Account will include the revenues derived from the Sales Tax, less such amount as the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing the Sales Tax.

Subject to annual appropriation by the State Legislature, amounts of Sales Tax collected and deposited in the Special Account are to be paid to the Corporation at such times and in such amounts as are annually certified by the Chairman of the Corporation (the "Chairman") as necessary to fund the Corporation's Debt Service Fund, Capital Reserve Fund and Operating Fund at the levels required by the Act. Such certification, which may be revised, is to be made not less than 120 days prior to the beginning of the Corporation's fiscal year. The State Legislature has made such an appropriation of the Sales Tax beginning July 1, 1975, but it is not bound or obligated to make such appropriations in the future. (See "Provisions for Payment of the Bonds—Sales Tax.")

The amount that will be required to fund the Debt Service Fund in any fiscal year is the amount needed to pay all interest on and principal of, and sinking fund installments as well as any redemption premium on, the Corporation's outstanding Bonds and "Notes" and interest on "Other Obligations" (each as defined in the General Bond Resolution) maturing or otherwise coming due during that fiscal year (see "Provisions for Payment of the Bonds"). The amount that will be required to fund the Capital Reserve Fund is a fixed percentage of the amount of principal of and interest on the Corporation's outstanding Bonds maturing or otherwise coming due during a specified calendar year, including for such purpose any unpaid amounts of such principal and interest owing in respect of prior calendar years. The Corporation is not obligated to maintain any amount in the Capital Reserve Fund in 1975 or 1976; thereafter, however, the fixed percentages are 25% for 1977, 50% for 1978, 75% for 1979 and 100% for 1980 and every calendar year thereafter. In the event that the amounts in the Special Account shall at any time be less than the amount certified by the Chairman as referred to in the previous paragraph, an amount equal to the deficiency in the Special Account will be transferred, subject to annual appropriation by the State Legislature, to the Special Account from a Stock Transfer Tax Fund (the "Stock Transfer Tax Fund"). Such Fund consists of the revenues derived from the tax imposed pursuant to the Tax Law on sales or transfers of stock and certain other certificates (the "Stock Transfer Tax").

The Corporation has no taxing power. The Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Bonds.

For a more complete description of the funds to be used to pay the principal of, and redemption premium, if any, and interest on, the Bonds, see "Provisions for Payment of the Bonds."

For information concerning the arrangements for the purchase of the Bonds by the Underwriters, see "Underwriting Arrangements."

## THE CORPORATION

### General

The Corporation, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, was created in June 1975, by the Act, for the purposes of assisting the City in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City. To carry out such purposes, the Corporation is empowered, among other things, to issue and sell bonds and notes and to pay or lend funds received from such sale to the City and to exchange the Corporation's obligations for obligations of the City. For information as to the powers of the Corporation, see "Functions of the Corporation with Respect to the City—Powers of the Corporation."

The Act empowers the Corporation to issue bonds and notes in an aggregate principal amount not to exceed \$3,000,000,000, excluding bonds and notes issued to refund outstanding bonds and notes, subject to adjustment if any bonds or notes are issued by the New York City Stabilization Reserve Corporation. It is anticipated that, upon the completion of this offering, the Stabilization Reserve Corporation will not have issued any bonds or notes and that its existence will terminate.

The Act provides that no bond or note of the Corporation shall mature more than 15 years from the date of the original issue of such bond or note, and that no such bond or note shall be issued later than June 10, 1980, unless such bond or note is a renewal or refunding of an outstanding bond or note.

The Act requires the Corporation to create a debt service fund (the "Debt Service Fund") for the purpose of providing, subject to agreements with holders of bonds or notes, for the payment of the debt service on the outstanding bonds and notes of the Corporation. The Act also requires the Corporation to create and establish a capital reserve fund (the "Capital Reserve Fund") to be used solely (except as described under "Provisions for Payment of the Bonds") for the payment of the principal of bonds of the Corporation as such bonds mature or otherwise become due, the purchase of bonds of the Corporation, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. The General Bond Resolution provides for a debt service coverage certificate to be filed with the Trustee prior to the issuance of additional Bonds or Notes and prior to the issuance of Other Obligations on which interest is payable from the Debt Service Fund and further provides that no principal or redemption premium of or interest on such Notes or such Other Obligations may be paid from any monies on deposit in the Capital Reserve Fund. For a more complete description of the funds to be used to pay the principal of and redemption premium, if any, and interest on the Bonds, see "Provisions for Payment of the Bonds."

For information as to the Board of Directors of the Corporation and related matters, see "Management."

### Initial Borrowing and Purchase of City Obligations

Pursuant to resolutions adopted on June 10, 1975, the Corporation entered into a Loan Agreement, dated as of June 11, 1975, pursuant to which notes of the Corporation in aggregate principal amount of \$100,000,000 were sold at par to a group of 11 banks, nine of which are also Underwriters of this issue of Bonds. Such notes bear an interest rate of  $5\frac{3}{4}\%$  and mature on September 9, 1975. The Corporation used the \$100,000,000 received from such sale to purchase, on June 11, 1975, \$100,000,000 of tax anticipation notes of the City. Such tax anticipation notes bear an interest rate of  $5\frac{3}{4}\%$  and mature on September 9, 1975. The notes of the Corporation and accrued interest will be prepaid from a portion of the proceeds of this issue.

In addition, on July 7, 1975, the Corporation expects to sell \$175,000,000 in aggregate principal amount of its notes at par to a group of 11 banks, nine of which are also Underwriters of this issue of

Bonds. Such notes are expected to bear interest at the rate of 5¾% and will be repaid from the proceeds of this issue on or about July 8, 1975.

### **Repayable State Appropriation**

The State has appropriated \$3,000,000 to the Corporation to provide the Corporation with the funds needed to meet its initial operating costs. The Corporation has agreed to repay to the State, without interest out of its Operating Fund, any amount of such appropriation which it expends. No portion of the proceeds of this issue will be applied to such repayment.

## **PROVISIONS FOR PAYMENT OF THE BONDS**

### **General**

The Bonds will be general obligations of the Corporation payable out of any revenues of the Corporation. The Bonds are entitled to a first lien created by the pledge under the General Bond Resolution of all monies and securities paid into the Debt Service Fund and the Capital Reserve Fund. Such monies and securities include each of the following (i) all amounts received by the Corporation from the State as payments from the Municipal Assistance Tax Fund (see "Municipal Assistance Tax Fund") for deposit in the Debt Service Fund and in the Capital Reserve Fund; (ii) all other amounts received by the Corporation from the State as payments for deposit in the Capital Reserve Fund (pursuant to the certification annually on or before December 1, by the Chairman to the Governor and the State Director of the Budget, of the sums necessary to restore the Capital Reserve Fund to the required amount, see "Restoration of Capital Reserve Fund"); and (iii) any income or interest earned as a result of investments of such amounts so deposited in such Funds. The first lien referred to above is subject only to the provisions of the General Bond Resolution requiring the application of the amounts in the Debt Service Fund and the Capital Reserve Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and permitting the application of amounts in the Debt Service Fund to the payment, when due, of the principal and interest on Notes and interest on Other Obligations of the Corporation as provided in the General Bond Resolution. In connection with such permitted application of funds in the Debt Service Fund, the Corporation may grant an equal lien on all monies and securities in the Debt Service Fund to secure payment of principal of and interest on Notes and interest on Other Obligations. (See "Summary of the Provisions of the General Bond Resolution—Additional Bonds and Notes.")

Payment of the amounts referred to in clause (i) above will be subject to the certification, not less than 120 days before the beginning of each fiscal year, or thereafter if revision is required, by the Chairman to the State Comptroller and to the Mayor of the City (the "Mayor"), of a schedule setting forth the cash requirements of the Corporation for such fiscal year and the time or times when such cash is required. The certification is required to include the total amount required to be deposited in the Debt Service Fund to pay all interest and all principal of and redemption premium, if any, on Bonds and Notes maturing or otherwise coming due during such fiscal year and interest on Other Obligations becoming due in such fiscal year and the total amount required to be deposited in the Capital Reserve Fund during such fiscal year in order to maintain the Capital Reserve Fund at the required amount. The required amount of the Capital Reserve Fund is calculated on the basis of a fixed percentage of principal and interest maturing or otherwise becoming due during a specified calendar year on all Bonds of the Corporation outstanding including for such purpose any unpaid amounts of principal and interest owing in respect of prior calendar years, with such fixed percentage being equal to 0% in 1975 and 1976 and increasing the amount of 25% in each year until 1980 at which time it will reach 100% and will remain at 100% thereafter.

Payment of the amounts referred to in clause (i) above are required to be made only if and to the extent that monies have been annually appropriated by the State Legislature from the Special Account established for the Corporation in the Municipal Assistance Tax Fund or that revenues shall have otherwise been made available therefor by the State (see "Municipal Assistance Tax Fund"). The source of monies in the Special Account is the sales and compensating use taxes imposed by Section 1107 of Article 28 of the Tax Law and, beginning with the State fiscal year commencing April 1, 1976, if required, the Stock

Transfer Tax Fund, the monies in which are derived from the tax on the sale or transfer of stock or certain other certificates imposed by Sections 270 and 270-a of Article 12 of the Tax Law. In the opinion of Bond Counsel, the State has the right and power to impose such taxes and to increase or decrease the amount of such taxes, to establish the Municipal Assistance Tax Fund, the Special Account therein and the Stock Transfer Tax Fund and to make such appropriations, but is not bound or obligated to continue the imposition of said taxes, to maintain the existence of the Municipal Assistance Tax Fund, any special account therein or the Stock Transfer Fund or to make such appropriations.

The Corporation, in accordance with the Act and pursuant to the express provisions of the General Bond Resolution, has covenanted to cause its Chairman to certify (at the time or times required) to the State Comptroller and to the Mayor the schedule setting forth the cash requirements of the Corporation for the fiscal year and the time or times when such cash is required, all as described above.

In addition to the monies that become available to the Corporation from the Special Account of the Municipal Assistance Tax Fund, or otherwise from the State, which are deposited in and subject to the aforesaid pledge of and lien upon the Debt Service Fund and Capital Reserve Fund, the Corporation may from time to time receive payments from the City of the principal of and interest on obligations of the City purchased or exchanged by the Corporation with proceeds of its bonds or notes. Unless such payments are otherwise required either for the further purchase or exchange of obligations of the City or for other corporate purposes of the Corporation, the Corporation will apply such monies to the payment of principal of and interest on obligations issued by the Corporation. The General Bond Resolution requires the Chairman, in making the certification referred to in the preceding paragraph of amounts required from the Municipal Assistance Tax Fund, for payment of the principal of or interest on the Bonds or Notes or interest on Other Obligations, to exclude from consideration any amounts payable to the Corporation in respect of obligations of the City. Such obligations of the City held from time to time by the Corporation are not subject to the lien created by the pledge under the General Bond Resolution.

Neither the Corporation nor the holders of the Bonds shall have any lien on the monies in the Special Account of the Municipal Assistance Tax Fund. Any provisions of the General Bond Resolution and the Bonds with respect to provision for payment by the State to the Corporation of the Sales Tax or the Stock Transfer Tax out of the Special Account or by transfer to the Municipal Assistance Tax Fund from the Stock Transfer Tax Fund are executory only to the extent of the monies available to the State in such Funds from time to time which monies shall have been theretofore appropriated to the Corporation and no liability on account thereof shall be incurred by the State beyond the monies available in such Funds.

The Corporation has no taxing power. The Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of the principal of or the interest or any redemption premium on the Bonds.

### **Municipal Assistance Tax Fund**

The Municipal Assistance Tax Fund has been established by the State Finance Law and will be in the custody of the State Comptroller. Within the Municipal Assistance Tax Fund, the Special Account is established for the benefit of the Corporation. The Special Account will receive the revenues from the Sales Tax, less such amount as the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing the Sales Tax. The effective date of the Sales Tax is July 1, 1975. The State Finance Law provides in effect for the annual appropriation of the Sales Tax by the Legislature (although the Legislature is not obligated or bound to make such appropriation) (i) to the Corporation in order to enable the Corporation to fulfill the terms of any agreements made with the holders of the Corporation's bonds and notes and to carry out its corporate purposes and (ii) to the City, to the extent of any balance. The Act provides that any provision therein or in any agreement by the Corporation with the holders of the Corporation's bonds and notes which relates to certain taxes, including the Sales Tax and the Stock Transfer Tax, or to certain funds, including the Municipal Assistance Tax Fund and the Special Account, shall be deemed executory



only to the extent of the monies available to the State in such Funds from time to time which monies shall have been theretofore appropriated to the Corporation and no liability on account thereof shall be incurred by the State beyond the monies in such Funds.

The Act provides that the State Comptroller shall make payments from the Special Account to the Corporation in the amount certified by the Chairman to the State Comptroller. In the event that the amounts in the Special Account which have been appropriated to the Corporation shall at any time be less than the amount certified by the Chairman, the State Finance Law provides for the transfer from the Stock Transfer Tax Fund to the Special Account of an amount equal to the deficiency. The Stock Transfer Tax Fund consists of the revenues derived from the Stock Transfer Tax. However, the State Finance Law does not authorize any appropriation of the monies in the Stock Transfer Tax Fund to the Special Account until the fiscal year of the State beginning April 1, 1976.

The State Finance Law provides that the State Comptroller shall from time to time, but in no event later than the 15th day of October, January and April and the last day of June of each fiscal year, pay to the City all revenues in the Special Account in excess of the amount which the Chairman has certified to the State Comptroller. The Sales Tax and Stock Transfer Tax are more fully described in "Sales Tax" and "Stock Transfer Tax."

Pursuant to the Act and under the General Bond Resolution, the Chairman is required, not later than February 12 in each year, and from time to time thereafter as may be necessary, to certify to the State Comptroller the amount of cash required by the Corporation in order for it to meet its obligations payable from the Debt Service Fund as they become due. Pursuant to the Act, the State Comptroller may not disburse amounts from the Special Account to the City or any other entity so long as a certified amount is required to be paid to the Corporation.

Pursuant to the Act and as provided in the General Bond Resolution, the foregoing certification procedure provides for quarterly payments to the Corporation for inclusion in the Debt Service Fund and the Capital Reserve Fund from the Special Account to be made on or before April 12, June 30, October 12 and January 12 in each year. Consequently, the first interest payment on the Bonds, due on February 1, 1976, will be paid from monies on deposit in the Debt Service Fund received from two payments into the Debt Service Fund on October 12, 1975 and January 12, 1976 from the Special Account. Thereafter, the debt service payments due on August 1 and February 1 in each fiscal year of the Corporation will be paid from monies on deposit in the Debt Service Fund received from quarterly payments into the Debt Service Fund from the Special Account which quarterly payments will aggregate the total debt service payments required to be made in such year. For additional information concerning the certification procedure, see "Summary of Certain Provisions of the General Bond Resolution."

The amount of revenues received from the Sales Tax must, upon certification by the State Commissioner of Taxation and Finance, be deposited in the Special Account, regardless of the investment results of the State Comptroller pending such deposits. The Commissioner of Taxation and Finance may invest monies in the Stock Transfer Tax Fund in accordance with the State Finance Law. However, if such amounts are needed for payment into the Special Account, the Commissioner of Taxation and Finance must pay the amount of monies needed from collections forthwith in cash into said Special Account. The State Comptroller may in his discretion invest revenues in the Special Account in obligations of the United States or of the State or in obligations the principal of and interest on which are guaranteed by the United States or by the State.

The State is not bound or obligated to continue the imposition of either the Sales Tax or the Stock Transfer Tax or to maintain the existence of the Special Account or the Stock Transfer Tax Fund or to make any appropriations of the revenues received from the Sales Tax credited to the Special Account or from the Stock Transfer Tax deposited in the Stock Transfer Tax Fund. The General Bond Resolution, however, provides that (i) the failure of the State to continue the imposition of either the Sales Tax or Stock Transfer Tax or to maintain the existence of the Special Account or the Stock Transfer Tax Fund, or (ii) the failure of the State Comptroller to pay to the Corporation for deposit in the Debt Service Fund and the Capital Reserve Fund the amount or amounts as shall be certified by the Chairman, shall each constitute an event of default with respect to the Bonds. (See "Summary of Certain Provisions of the General Bond Resolution.")

## Sales Tax

Under the Tax Law, as amended effective July 1, 1975, the Sales Tax is imposed within the City at the rate of 4 percent on (i) receipts from (a) retail sales of tangible personal property, (b) sales of certain services, (c) sales, other than sales for resale, of gas, electricity, refrigeration and steam, and of telephony and telegraphy, (d) occupancies of hotel rooms, and (e) sales of food or beverages in or by restaurants, taverns, and similar establishments and by caterers; (ii) certain admission, entertainment, cover, minimum and club charges or dues; and (iii) the use within the City of certain tangible personal property and services not otherwise subject to the Sales Tax (including compensating use tax). The Sales Tax is also imposed at the rate of 6 percent on receipts from sales of the service of providing in the City parking, garaging or storing for motor vehicles. The imposition of the Sales Tax is subject to certain limited exceptions. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the City and there can be no assurance that the historical data with respect to collections of such Tax are necessarily indicative of future receipts.

Generally, a seller of any item subject to the imposition of the Sales Tax is required to file returns on a quarterly basis. Under existing statutes and regulations, such returns and payments are due on September 20th, December 20th, March 20th and June 20th for the quarter ending on the last day of the preceding month.

Under the State Finance Law, the Sales Tax revenues payable to the Municipal Assistance Tax Fund shall be paid in accordance with the following procedure. On or before the twelfth day of each month, the State Commissioner of Taxation and Finance shall certify to the State Comptroller the amount of all Sales Tax revenues received, after deduction of administrative costs, during the prior month as a result of the Sales Tax and all interest and penalties imposed, and in addition, on or before the last day of June the State Commissioner shall certify the amount of such revenues received during the first 25 days of June, which amount shall be deposited by the State Comptroller in the Special Account. Notwithstanding the foregoing, the State Tax Commission may prorate revenue attributable to the quarter ending August 31, 1975, so as to separate from the revenue collected for that quarter the revenue collected pursuant to local legislation adopted by the City pursuant to the Tax Law prior to the effective date of the Sales Tax. The State Division of the Budget estimates that the proration of sales and compensating use taxes collected in September 1975 and certain payments for the period preceding July 1, 1975, will reduce payments to the Municipal Assistance Tax Fund by approximately \$80,000,000.

The Sales Tax imposed pursuant to the Tax Law effective July 1, 1975, is imposed on the same tax base as the sales and compensating use taxes previously imposed by the City and collected by the State. A tax on sales of certain tangible personal property and services had been imposed by the City since 1934. Such tax base does not include certain additional taxes which the City is authorized to impose. State collections of the sales and compensating use taxes imposed by the City for its last ten fiscal years prior to July 1, 1975, after deductions of the costs of administration, collection and distribution, were as follows:

### State Collections of New York City Sales and Compensating Use Taxes\*

City Fiscal Year Ending June 30	Three Months Ending:				Total
	September 30	December 31	March 31	June 30	
	(Dollars in thousands)				
1966 .....	\$ 21,774(a)	\$ 89,177	\$ 92,461	\$ 91,529	\$294,941
1967 .....	85,565	90,962	98,904	95,886	371,317
1968 .....	94,284	102,092	108,585	107,148	412,109
1969 .....	101,388	107,658	113,507	116,219	438,772
1970 .....	106,046	114,756	105,560	135,197	461,559
1971 .....	114,093	121,190	129,224	130,138	494,645
1972 .....	121,692	129,452	132,033	135,490	518,667
1973 .....	130,857	129,541	146,528	142,258	549,184
1974 .....	135,272	141,973	151,575	151,978	580,798
1975(b) .....	173,824	198,990	212,671	209,845(c)	795,330(c)

\* Figures obtained from the State Department of Taxation and Finance.

(a) The amounts collected for the quarter ending September 30, 1965, do not reflect collections for June or July. Prior to August 1965, the City administered the collection of its sales and compensating use taxes.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975 reflect the increases in the sales and compensating use taxes from three percent to four percent, effective July 1, 1974. The six percent tax on sales of certain parking services remained the same.

(c) Actual collections for the current fiscal year through May aggregated \$601,330,000. The State Division of the Budget estimates that \$194,000,000 of sales and compensating use taxes will be collected in the month of June for the quarter ended May 31, 1975.

After deductions for the cost of administration, collection and distribution, monthly collections of the sales and compensating use taxes which were imposed by the City for the City's three fiscal years prior to July 1, 1975, are shown below and indicate, among other things, the large amounts collected by the State during the months of September, December, March and June (amounts are in thousands):

(City Fiscal Year Ended June 30)\*

1973		1974		1975	
July .....	\$ 7,048	July .....	\$ 5,127	July .....	\$ 10,110
August .....	3,224	August .....	3,692	August .....	3,299
September ....	120,585	September ....	126,453	September ....	160,415
October .....	5,730	October .....	5,746	October .....	12,910
November ....	3,224	November ....	3,795	November ....	3,421
December ....	120,587	December ....	132,432	December ....	182,659
January .....	11,020	January .....	7,259	January .....	14,617
February .....	2,604	February .....	2,787	February .....	3,587
March .....	132,904	March .....	141,529	March .....	194,467
April .....	5,113	April .....	5,473	April .....	9,242
May .....	4,717	May .....	5,382	May .....	6,603
June .....	132,428	June .....	141,123	June .....	194,000(a)
Total .....	\$549,184	Total .....	\$580,798	Total .....	\$795,330

(a) Amount estimated by the State Division of the Budget to be collected in June 1975.

\* Figures obtained from the State Department of Taxation and Finance.

### Stock Transfer Tax

The Stock Transfer Tax is imposed pursuant to the Tax Law on sales, agreements to sell, memoranda of sale, and deliveries or transfers of (i) shares or certificates of stock, (ii) certificates of rights to stock, (iii) certificates of interest in property or accumulations, (iv) certificates of interest in business conducted by a trustee or trustees and (v) certificates of deposit representing any of the foregoing, made within the State. The imposition of the Stock Transfer Tax, as described, is subject to certain limited exceptions.

The level of Stock Transfer Tax receipts is related to the rate of tax imposed and the volume of transactions on the securities exchanges located in the City. Such volume has fluctuated widely so that there can be no assurance that the historical data with respect to collections of such tax is necessarily indicative of future receipts.

The Stock Transfer Tax is generally based on the number of shares sold or transferred at the following rates:

<u>Selling Price Per Share</u>	<u>Rate Per Share</u>
Less than \$5 .....	1¼¢
\$ 5 or more but less than \$10 .....	2½¢
\$10 or more but less than \$20 .....	3¾¢
\$20 or more .....	5¢
<u>Transactions Other Than Sales</u>	
Per share .....	2½¢

Non-residents of New York State are taxed on sales made within the State at a rate equal to 50 percent of the amounts shown in the table above. Where any sale, including several sales considered to constitute a single sale, made within the State and subject to the Stock Transfer Tax relates to shares or certificates of the same class and issued by the same issuer, the aggregate amount of such tax shall not exceed \$350. The Stock Transfer Tax accrues on the date of the taxable transaction.

The amounts received by the imposition of the Stock Transfer Tax are paid into the Stock Transfer Tax Fund, which is in the custody of the State Commissioner of Taxation and Finance.

Under the State Finance Law, on and after April 1, 1976, monies in the Stock Transfer Tax Fund shall, after deduction of the amount the State Commissioner of Taxation and Finance determines to be necessary for reasonable costs in the administration, collection and distribution of the Stock Transfer Tax, be paid to the extent needed into the Special Account and any balance will be paid to the City. Such payments from the Stock Transfer Tax Fund are subject to annual appropriation by the State Legislature.

The revenues derived from the Stock Transfer Tax, after deduction of the costs of administration, collection and distribution of such Tax, are shown below for the previous six City fiscal years ending June 30 based upon the various rates prevailing during the periods shown.

#### State Collections of Stock Transfer Tax\*

<u>City Fiscal Year Ending June 30</u>	<u>Three Months Ending:</u>				<u>Total</u>
	<u>September 30</u>	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	
	(Dollars in Thousands)				
1970 .....	\$56,571	\$70,509	\$58,157	\$54,732	\$239,969
1971 .....	46,563	59,170	78,864	79,769	264,366
1972 .....	62,573	65,894	85,588	78,767	292,822
1973 .....	59,405	68,993	64,658	51,731	244,787
1974 .....	43,612	59,782	47,521	38,183	189,098
1975 .....	35,756	40,214	51,363	59,674(a)	187,007

(a) Amount estimated by the State Division of the Budget.

\* Figures obtained from the State Department of Taxation and Finance.

The State Legislature is considering a revision in the applicable rates of such Tax. In addition, recent developments, including the enactment of the Securities Acts Amendments of 1975, relating to the evolution of a centralized nationwide securities market, among other things, may affect the volume of taxable securities transactions in the State. The Securities Acts Amendments of 1975 prohibit the imposition by the State of a tax on stock transfers made outside of the State and not otherwise subject to the taxing jurisdiction of the State except for the fact such transfer is recorded on the books of a transfer agent located in the State.

### Estimated Amounts Available for Debt Service and Debt Service Coverage

Assuming that the Sales Tax and the Stock Transfer Tax collections in each fiscal year subsequent to the Corporation's fiscal year ended June 30, 1975, remain at the levels of the estimated State collections of the sales and compensating use taxes imposed by the City, and the estimated stock transfer tax, for the 12-month period ended June 30, 1975 (see "Sales Tax" and "Stock Transfer Tax"), the aggregate annual amount which would be available from the Sales Tax and the Stock Transfer Tax, if needed, to pay debt service on the authorized \$3,000,000,000 of Bonds and Notes is shown below:

(Dollars in Thousands)

Estimated sales and compensating use taxes for the 12 months ending June 30, 1975 (11 months actual taxes and 1 month estimated taxes)	\$795,330*
Estimated stock transfer tax for the 12 months ending June 30, 1975 (11 months actual taxes and 1 month estimated taxes)	\$187,007**
Aggregate Annual Amount	<u>\$982,337</u>

\* The State Division of the Budget estimates that proration and tax payments allocated to the period prior to July 1, 1975, will reduce amounts payable into the Special Account in fiscal 1976 by \$80,000,000.

\*\* Stock Transfer Tax not available to the Corporation until after March 31, 1976.

The aggregate estimated annual debt service on the \$3,000,000,000 authorized Bonds, calculated on the assumption that all Bonds are being issued and bear interest at the same rates as the 1975 Series A Bonds and mature on the schedule shown below, is as follows:

(Dollars in thousands)

Year Ending Feb. 1	Serial Maturities and Sinking Fund Installments	Estimated Interest	Estimated Debt Service
1976	—	\$147,914	\$147,914
1977	\$123,720	261,023	384,743
1978	131,760	252,981	384,741
1979	140,985	243,758	384,743
1980	151,560	233,184	384,744
1981	163,305	221,438	384,743
1982	176,370	208,374	384,744
1983	190,905	193,824	384,729
1984	208,035	176,642	384,677
1985	226,755	157,919	384,674
1986	247,170	137,511	384,681
1987	270,030	114,648	384,678
1988	295,005	89,670	384,675
1989	322,290	62,382	384,672
1990	352,110	32,570	384,680

\* Interest from July 7, 1975, estimated date of delivery.

The \$982,337,000 total aggregate estimated amount available for debt service on the \$3,000,000,000 authorized Bonds would cover maximum estimated total annual debt service 2.55 times.

The \$795,330,000 estimated sales and compensating use taxes would cover maximum estimated total annual debt service on the \$3,000,000,000 authorized Bonds 2.07 times.

The interest on \$3,000,000,000 of Bonds if due on February 1, 1976, would be covered 1.98 times by the sales and compensating use taxes estimated to be available therefor after giving effect to the \$80,000,000 deduction described above.

Additional Bonds and Notes may be issued under the General Bond Resolution on a parity (except that the Notes are not secured by the Capital Reserve Fund) with the 1975 Series A Bonds, provided that, among other things, (i) collections of the Sales Tax and Stock Transfer Tax (and such other taxes which as of the date of issuance of such additional Bonds or Notes are levied and collected by the State and are payable into the Special Account) for which a history of 12 consecutive calendar months ended not more than two months prior to the date of such determination (as certified by the State Commission of Taxation and Finance), less estimated operating expenses of the Corporation, cover maximum annual debt service on all Bonds and Notes and interest on Other Obligations to be outstanding 2 times and (ii) the collections (as certified) of the Sales Tax, less such operating expenses, cover maximum annual debt service on all Bonds and Notes and interest on Other Obligations to be outstanding 1.5 times. In addition, Other Obligations of the Corporation may be issued, and the interest payable thereon may be paid on a parity with the Bonds and Notes from the Debt Service Fund, if the Corporation is able to certify upon the issuance of such obligations, that the Corporation, giving effect to the issuance of such obligations, is in compliance with (i) and (ii) above. (See "Certain Provisions of the General Bond Resolution—Additional Bonds and Notes.")

**Restoration of Capital Reserve Fund**

Additional payments may be made to the Capital Reserve Fund as a result of the following provisions of the Act:

"In order further to assure the maintenance of the capital reserve fund, there shall be annually appropriated and paid to the corporation for deposit in the capital reserve fund such sum, if any, as shall be certified by the chairman to the governor and director of the budget as necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. The chairman of the board of directors of the corporation shall, annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the sum, if any, required to restore the capital reserve fund to the amount aforesaid; and the sum or sums so certified, if any, shall be appropriated and paid to the corporation during the then current state fiscal year. . . . [F]or each of the calendar years set forth below the capital reserve fund requirement, as of any date of calculation, shall equal the percentage set forth opposite such calendar year of the amount of principal and interest maturing or otherwise becoming due during such calendar year on all bonds of the corporation outstanding on such date:

<u>Calendar Year</u>	<u>Percentage</u>
1975.....	0%
1976.....	0%
1977.....	25%
1978.....	50%
1979.....	75%
1980.....	100% . . ."

After 1980, the required amount of the Capital Reserve Fund is the amount of principal and interest maturing or otherwise becoming due in the succeeding calendar year on any bonds then to be issued and on all other bonds of the Corporation then outstanding.

The Corporation, in accordance with the Act and pursuant to the express provisions of the General Bond Resolution, has covenanted to cause its Chairman to certify on or before each December 1 to the Governor and the State Director of the Budget the sum required to restore the Capital Reserve Fund to its required amount and has agreed to certain additional requirements relating to such certification and maintenance of the Capital Reserve Fund. (See "Provisions for Payment of the Bonds—General.")

Under the State Constitution, no money may be paid out of the State Treasury or any of its funds or out of any of the funds under its management except pursuant to an appropriation by law specifying the sum appropriated, and payment thereunder shall be made within two years after passage of such law. Accordingly, the provision of the Act quoted above does not constitute an enforceable obligation or debt of the State.

In the opinion of Bond Counsel, such provision of the Act for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the State Legislature, which is empowered, but is not bound or obligated, to appropriate such amount.

## DESCRIPTION OF THE 1975 SERIES A BONDS

### General

The 1975 Series A Bonds will be dated July 1, 1975, and will bear interest therefrom, payable semi-annually on February 1 and August 1 of each year commencing February 1, 1976, at the rates, and will mature on the dates and in the amounts, set forth on the cover page of this Official Statement.

The 1975 Series A Bonds will be issued as coupon Bonds, in the denomination of \$5,000 each, registrable as to principal only on the books of the Corporation at the corporate trust office of the Trustee, or as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. Coupon Bonds and fully registered Bonds are interchangeable.

For every exchange or transfer of the 1975 Series A Bonds, the Corporation or the Trustee, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an operating expense.

### Optional Redemption

The 1975 Series A Term Bonds due February 1, 1990, are subject to redemption at the option of the Corporation, at any time on and after August 1, 1985, as a whole but not in part, at a redemption price of 102% of the principal amount thereof, plus accrued interest to the date of redemption.

### Sinking Fund Redemption

The 1975 Series A Term Bonds due February 1, 1985, and February 1, 1990, are also subject to redemption in part by lot on February 1 in each of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption thereof, from mandatory "Sinking Fund Installments" (as defined in the General Bond Resolution) which are required to be made in amounts sufficient to redeem on February 1 of each year the principal amount of such Bonds specified for each of the years shown below:

Term Bonds due February 1, 1985		Term Bonds due February 1, 1990	
Year	Amount	Year	Amount
1983 .....	\$63,635,000	1986 .....	\$ 82,390,000
1984 .....	69,345,000	1987 .....	90,010,000
1985 .....	75,585,000*	1988 .....	98,335,000
		1989 .....	107,430,000
		1990 .....	117,370,000*

\* Final Maturity.

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase with monies in the Debt Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds of the Corporation payable from such Sinking Fund Installment and apply any Term Bonds so purchased as a credit against such Sinking Fund Installment.

**Trustee**

United States Trust Company of New York has been appointed the Trustee for the 1975 Series A Bonds. Its corporate office is located at 45 Wall Street, New York, New York 10005.

**MANAGEMENT**

Under the Act, the Corporation is administered by a Board of Directors (the "Board"), consisting of nine directors. All of the directors are appointed by the Governor with the advice and consent of the State Senate; four of the directors are appointed upon written recommendation of the Mayor. The Act also provides for the appointment of representatives to the Board (the "Representatives") by certain State or City officials or bodies politic. The Representatives are entitled to receive notice of and to attend all meetings of the Board but are not entitled to vote. In addition, the State Comptroller or his representative is entitled to attend and participate in the meetings of the Board but is not entitled to vote.

The Act provides that no director (and no Representative) may be an officer or employee of the Federal government or of the State or any political subdivision thereof.

The present members of the Board, the Representatives and the officers of the Corporation, and the expiration dates of their respective terms of office are as follows:

<u>Directors</u>	<u>Expiration of Term</u>
Thomas D. Flynn, <i>Chairman</i> .....	December 31, 1977
Francis J. Barry(1) .....	December 31, 1979
John A. Coleman(1) .....	December 31, 1976
William M. Ellinghaus, <i>Secretary</i> (1)(3) .....	December 31, 1977
George D. Gould(1) .....	December 31, 1978
Simon H. Rifkind(2)(3) .....	December 31, 1979
Felix G. Rohatyn(2) .....	December 31, 1979
Donna E. Shalala, <i>Treasurer</i> .....	December 31, 1978
Robert C. Weaver .....	December 31, 1976

<u>Representatives(4)</u>	
Leonard Nadel .....	Appointed by the Speaker of the State Assembly
Arthur J. Quinn .....	Appointed by the Minority Leader of the State Assembly
Edward M. Kresky(3) .	Appointed by the President Pro-Tem of the State Senate
Robert W. Seavey .....	Appointed by the Minority Leader of the State Senate
M. Peter Schweitzer ...	Designated representative of the State Comptroller

(1) Appointed upon the written recommendation of the Mayor.

(2) Each of Messrs. Rifkind and Rohatyn, both of whom were members of the Governor's advisory panel that recommended adoption of the Act, has agreed to serve on the Board upon the understanding that he might serve only for a limited period of time during which the Governor would appoint a replacement for him. The law firm of Paul, Weiss, Rifkind, Wharton & Garrison, of which Simon H. Rifkind is a member, has been appointed by the Corporation as its General Counsel. The investment



banking firm of Lazard Frères & Co., of which Felix G. Rohatyn is a general partner, has been appointed by the Corporation as its Financial Advisor and has agreed to serve in that capacity without compensation.

(3) Bankers Trust Company, Sterling National Bank and Trust Co. and Wertheim & Co., Inc., with which Messrs. Ellinghaus, Rifkind and Kresky, respectively, are affiliated, will act as Underwriters in connection with this issuance of Bonds.

(4) Each Representative serves at the pleasure of the appointing official or body, is eligible for reappointment and holds office until his successor has been appointed. The Vice Chairman of the City Council and the City Board of Estimate (acting by majority vote) are each also entitled to appoint a Representative to the Board. The Corporation has not received notice of the appointment of a Representative by such official or by the Board of Estimate.

THOMAS D. FLYNN, *Chairman*. Mr. Flynn is a partner in Arthur Young & Company, an international accounting firm, and is Vice Chairman of its Management Committee. He will retire from his positions with Arthur Young & Company in September 1975. He served as President of the American Institute of Certified Public Accountants ("AICPA") from 1964 through 1965. In 1969, he served as Chairman of the AICPA Advisory Committee to the panel which was appointed by the President of the United States to investigate the Department of Defense. In 1970, he was the recipient of an AICPA Gold Medal Award for Distinguished Service to the Accounting Profession, the highest honor awarded by the AICPA. He has been elected by the Alumni to serve as a Trustee of Columbia University. He has been a director of National Bureau of Economic Research, Inc. since 1968, a member of its Executive Committee since 1969 and its Treasurer since 1970. He is also a trustee of American Savings Bank and Household Finance Corp., of which he is Chairman of the Audit Committee. Mr. Flynn, 62, is a resident of Sands Point, Long Island.

FRANCIS J. BARRY. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and President of Cambell & Gardiner, a brokerage firm. He is the Chairman of the New York City Council on Port Promotion and Development, of which he has been a member since 1962. From 1967 through 1972, he served as an arbitrator for the United States Division of the National Maritime Union. He was recently appointed Chairman of the Advisory Committee to the New York City Convention and Exhibition Corporation. Mr. Barry, 67, is a resident of New York City.

JOHN A. COLEMAN. Mr. Coleman is a senior partner of Adler, Coleman and Company, a member of the New York Stock Exchange, Inc. He is a former Governor and Chairman of the Board of the New York Stock Exchange, Inc. He is a director of American Broadcasting Companies, Inc. and the Alfred E. Smith Memorial Foundation and a trustee of the East River Savings Bank. He is a former director of the New York Telephone Company and Manufacturers Hanover Trust Company. He was recently appointed by the Mayor to the Temporary Commission on City Finances. Mr. Coleman, 73, is a resident of New York City.

WILLIAM M. ELLINGHAUS. Mr. Ellinghaus has been President of the New York Telephone Company since 1970. He is a director of Bankers Trust Company, Ball Corporation, J. C. Penney Company, Inc., Bristol-Myers Co. and Thiokol Chemical Corp. and a trustee of the Union Dime Savings Bank. He is Chairman of the Regional Plan Association, Vice Chairman of the New York Chamber of Commerce and Industry, a member of the Mayor's Council of Economic and Business Advisors and Chairman of Region 2 of the National Alliance of Businessmen. Mr. Ellinghaus, 53, is a resident of Bronxville, New York.

GEORGE D. GOULD. Mr. Gould is Vice Chairman of the Board of Directors of Donaldson, Lufkin & Jenrette, Inc. and Chairman of the Board of Directors and Chief Executive Officer of Donaldson, Lufkin & Jenrette Securities Corporation, a member of the New York Stock Exchange, Inc. Mr. Gould, 48, is a resident of New York City.

SIMON H. RIFKIND. Mr. Rifkind is a member of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. He is a former District Judge of the United States District Court for the Southern District of New York. He served as a member of the Board of Higher Education of The

City of New York from 1954 through 1966 and as a member of the New York State Commission on the Governmental Operations of The City of New York from 1959 through 1961. He is a director of Loews Corporation, Revlon, Inc. and Sterling National Bank & Trust Company of New York. Mr. Rifkind, 74, is a resident of New York City.

FELIX G. ROHATYN. Mr. Rohatyn is a general partner of Lazard Frères & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Engelhard Minerals & Chemicals Corporation, Howmet Corporation, International Telephone & Telegraph Corporation, Owens-Illinois, Inc., and Pfizer Inc. He is a member of the Finance Committee of the Rockefeller Brothers Fund, Inc. and of the Central Market Advisory Committee of the Securities and Exchange Commission. He is also a trustee of Middlebury College. Mr. Rohatyn, 47, is a resident of New York City.

DONNA E. SHALALA. Dr. Shalala is an Associate Professor of Political Science, Teachers College, Columbia University. She is currently on leave from her teaching position on a Guggenheim Fellowship to write a book on state revenue politics. She has published extensively in the field of the financial structure of state and local governments and the subjects of her writings include the operations of pension systems, state aid to the City and the politics of state budgeting. She has been active in New York civic affairs and serves as Vice Chairwoman of the Citizens Union. Dr. Shalala, 33, is a resident of New York City.

ROBERT C. WEAVER. Mr. Weaver has been Distinguished Professor of Urban Affairs at Hunter College since 1970. From 1966 through 1968 he was Secretary of the United States Department of Housing and Urban Development and from 1968 through 1970 was President of Bernard M. Baruch College. He is a trustee of the Metropolitan Life Insurance Co. and The Bowery Savings Bank, and is a former Chairman of the National Association for the Advancement of Colored People. Mr. Weaver, 67, is a resident of New York City.

LEONARD NADEL, *Representative*. Mr. Nadel is Senior Vice President of Abraham & Straus, a division of Federated Department Stores, Inc. He is Chairman of the Board of Trustees of Adelphi University, an Associate Trustee of Long Island Jewish Medical Center, a director of the Downtown Brooklyn Development Association and, in 1971 and 1972, was President of the Brooklyn Chamber of Commerce. Mr. Nadel, 53, is a resident of New York City.

ARTHUR J. QUINN, *Representative*. Mr. Quinn has been the President and a trustee of The New York Bank for Savings since 1969 and is a director of City Title Insurance Company, New York State Medical Care Facilities Finance Agency, and Community Funding Corporation. He is a trustee of St. John's University and Savings Bank Retirement System. Mr. Quinn, 60, is a resident of New York City.

EDWARD M. KRESKY, *Representative*. Mr. Kresky has been a Vice President of Wertheim & Co., Inc., investment bankers, since 1971. From 1965 through 1971 he served as Secretary to the Metropolitan Transportation Authority of the State. He is a member of the Board of the New York State Council on the Arts and the Council of the National Municipal League. In 1974 he was a member of the Governor's Task Force on the New York State Urban Development Corp. and, in 1972 and 1973, was a member of the Governor's Task Force on Financing Higher Education in New York State. Mr. Kresky, 50, is a resident of New York City.

ROBERT W. SEAVEY, *Representative*. Mr. Seavey is a member of the law firm of Seavey, Fingerit & Vogel, New York, New York. He has been the President of Neighborhood Developers Incorporated, a real estate development and construction firm, for the past five years. He was, from 1971 through 1974, Chairman of the Housing and Urban Development Committee of the Association of the Bar of The City of New York. Mr. Seavey, 47, is a resident of New York City.

M. PETER SCHWEITZER. Mr. Schweitzer is Chairman of the Board of Directors and Chief Executive Officer of West Chemical Products, Inc., Long Island City, New York. Prior to assuming that position

in 1974, he was Vice Chairman of the Board of Directors and a member of the Executive Committee of Kimberly-Clark, Inc. Mr. Schweitzer, 64, is a resident of New York City.

The Act provides that the directors of the Corporation, except as otherwise provided by law, may engage in private employment or in a profession or business and that they shall be deemed to be state officers for the purposes of Sections 73 and 74 of the State Public Officers Law. Notwithstanding the provisions of such law or of any other law, the Corporation or any other instrumentality of the State may purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any corporation, trust, association, partnership or other entity in which any director of the Corporation has a financial interest, direct or indirect, provided that such interest or affiliation is disclosed in the minutes of the Board of Directors of the Corporation and provided further that no director having such a financial interest or affiliation shall participate in any decision of the Board authorizing or affecting such transaction.

The State Banking Law and the Federal Banking Act of 1933 prohibit any officer, director or employee of, respectively, a bank or trust company or bank holding company (as defined in the Banking Law), or a member bank of the Federal Reserve System or bank holding company controlling such a member bank, from also serving as an officer, director or employee of a corporation which is engaged primarily in the issue, underwriting or public distribution or sale of securities, unless permission is granted under State law by the State Banking Board and, in the case of the Federal law, unless such corporation is exempted by the Federal Reserve Board from the application of such statute. Mr. William M. Ellinghaus is a director of the Corporation and a director of a bank and bank holding company subject to the Banking Law. Messrs. Ellinghaus and Rifkind are also directors of member banks of the Federal Reserve System or holding companies controlling member banks. Permission for Mr. Ellinghaus to serve as a director of the Corporation has been granted by the State Banking Board. The Federal Reserve Bank of New York has issued an opinion that the directors of member banks or holding companies controlling member banks may serve as directors of the Corporation.

Directors and Representatives serve without salary. Each director is entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a director and a per diem allowance of \$100 when rendering services as a director, subject to a maximum aggregate allowance of \$5,000 in any one fiscal year. Each Representative is entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties as a Representative, but is not entitled to a per diem allowance.

## **FUNCTIONS OF THE CORPORATION WITH RESPECT TO THE CITY**

### **Conditions**

At the time of any purchase from the City of obligations of the City, any exchange of the Corporation's bonds or notes for short-term obligations of the City or any other payment to the City of the Corporation's funds, the City is required to agree to observe and perform a number of statutory conditions, as they may be modified from time to time by the Corporation in accordance with the Act. No such modification, however, may be so substantial as effectively to constitute a waiver of the statutory conditions. The statutory conditions, as modified by the Corporation and agreed to by the City, are to remain in effect until all bonds and notes of the Corporation have been repaid or until the Corporation has accumulated in the capital reserve fund provided for in the Act or otherwise an amount equal to the principal of all its outstanding bonds and notes plus accrued interest thereon. However, the State Legislature may from time to time modify the provisions of the Act which establish the conditions with which the City must comply. Failure of the City to comply with any of the statutory conditions outlined below is not a default under the Bonds pursuant to the Resolutions.

The City is entitled, at any time, to pay the Corporation an amount which, when added to the capital reserve fund, equals the principal of all outstanding bonds and notes and accrued interest and redemption premiums, if any. If the City makes any such payment at a time when the Corporation has

outstanding bonds or notes which are not then redeemable, the City must agree to pay the Corporation on demand an amount equal to the amount, if any, by which the amount of interest on such bonds or notes exceeds the Corporation's income from the investment of its funds.

Subject to the foregoing, the statutory conditions that the City is required to observe and perform are as follows:

1. The City is to certify that (a) it is in compliance with such of the conditions, described below, as the Corporation may specify; (b) it is undertaking to comply with any of such specified conditions as the Corporation may then require; and (c) all local legislative and executive action then required to permit such compliance by the City has been taken.

2. The City is, within 90 days after the first agreement with the Corporation, to initiate steps to adopt as its method of accounting the accounting principles set forth in the State Comptroller's Uniform System of Accounts for Municipalities, as that system may be modified by the State Comptroller in consultation with the City Comptroller. The City is to complete the transition to such accounting method as promptly as is reasonably practicable thereafter, so that the audited financial statements (required by condition 3 below) provided to the Corporation for the City's fiscal year ending June 30, 1978 and for each subsequent fiscal year can be prepared in accordance with such accounting method. Because the City's adoption of the foregoing accounting method may result in substantial adjustments from its present method, the Corporation and the City are to consult, over the course of the introduction and adoption of the new method, in order to formulate a mutually acceptable method of phasing such adjustments into the new method over such reasonable period, not exceeding ten years, as the Corporation determines to be appropriate. The financial statements and other information to be furnished to the Corporation by the City during such period are to be prepared in accordance with such determination.

3. The City is to take such action as may be necessary to enable the State Comptroller, or at his election an independent certified public accounting firm retained by the City but satisfactory to the State Comptroller, to perform an annual audit and to furnish to the Corporation an annual report, beginning with the City's fiscal year ending June 30, 1978, and for each subsequent fiscal year, as to the financial statements of the City. Each such report is to be prepared in accordance with the accounting method described in condition (2) above.

4. Beginning with the City's fiscal year ending June 30, 1977, the City is to deliver a proposed expense budget to the Corporation. Such delivery is to be made concurrently with the initial submission of a proposed expense budget to the Board of Estimate and the City Council but in no event later than 45 days prior to the beginning of such fiscal year. The proposed expense budget delivered to the Corporation is to be accompanied by (a) a statement setting forth the assumptions of income and expense used in its preparation, (b) a reconciliation of the differences, if any, between such proposed expense budget and the proposed expense budget submitted to the Board of Estimate and the City Council, and (c) a certificate of the Mayor stating that such assumptions are reasonable and that operation within the proposed budget is feasible (and explaining the reasons for any differences from the proposed expense budget submitted to the Board of Estimate and City Council). The City is in each of its fiscal years to adopt and maintain an expense budget in which the total of all income items equals or exceeds the total of all expenditure items. In addition, for the City's fiscal year ending June 30, 1978, and for each of its subsequent fiscal years, the total of all income items is to equal or exceed the total of all expenditure items in each expense budget adopted by the City, after any adjustments necessary to conform to the accounting method which will be required by the Corporation as described in condition (2) above. The City is also to maintain a balanced budget in accordance with such accounting method.

5. The City is, over a period of ten fiscal years beginning with its fiscal year ending June 30, 1977, to eliminate from its capital budget those expenses that are properly includable only in its expense budget, as determined in accordance with the State Comptroller's Uniform System of

Accounts for Municipalities, as that system may be modified by the State Comptroller in consultation with the City Comptroller. The determination of which items are properly includable only in the City's expense budget is to be made in accordance with the aforesaid accounting principles regardless of any prior or subsequent act of the State Legislature otherwise classifying such items.

6. If after an expense budget has been adopted by the City, an increase in that budget is proposed, the Mayor is to submit such proposed increase to the Corporation concurrently with its submission to the Board of Estimate and the City Council. The City is to include in such submission to the Corporation a statement of the source of current income or other identifiable and currently available funds required for the payment of such increase.

7. Beginning as soon as the Corporation may specify but not later than December 1, 1975, the City Budget Director is to deliver to the Corporation, for each fiscal quarter of the City, an expenditure plan to implement the City's expense budget for such fiscal quarter. The City Budget Director is to deliver to the Corporation, within 30 days after the end of each such fiscal quarter, an operations report reflecting results of the City's operations for such fiscal quarter and stating whether the City has operated within the related expenditure plan.

8. The City is to comply in all material respects with the expenditure limitations in its budgets, except insofar as any noncompliance is the result of (i) such unanticipated circumstance occurring during such fiscal year that would permit the issuance of budget notes under the State Local Finance Law or (ii) a mandatory increase in expenditures by reason of State or Federal legislation enacted after the adoption of the City's budget for such fiscal year.

9. The City is not to permit the aggregate principal amount of its outstanding short-term obligations plus the aggregate principal amount of all the bonds and notes issued by the Corporation (less any bonds or notes of the Corporation which have been refunded or renewed and less any short-term obligations of the City then held by the Corporation) to exceed (i) \$6,100,000,000 (hereinafter the "Base Debt Limit") plus (ii) an additional amount, not exceeding 10% of the Base Debt Limit. Notwithstanding the foregoing, during the fiscal years of the City ending June 30, 1976 and 1977, such additional amount may not exceed 30% of the Base Debt Limit; during the fiscal year ending June 30, 1978, the additional amount may not exceed 25% of the Base Debt Limit; during the fiscal year ending June 30, 1979, the additional amount may not exceed 20% of the Base Debt Limit; and during the fiscal year ending June 30, 1980, the additional amount may not exceed 15% of the Base Debt Limit. In addition to the foregoing limitation, the City is not, at any date, to permit the aggregate principal amount of its outstanding short-term obligations (excluding bond anticipation notes) plus the aggregate principal amount of all bonds and notes issued by the Corporation (less any notes or bonds refunded or renewed and less any short-term obligations of the City then held by the Corporation and less any short-term obligations of the City issued and payable within the same fiscal year) to exceed \$4,500,000,000 plus, in the discretion of the Board of Directors, an additional amount not exceeding \$500,000,000.

Notwithstanding any other provision of the Act, the Corporation is not authorized to modify or waive the limitations specified in condition (9) above as to the maximum aggregate amount of short-term obligations of the City permitted to be outstanding.

Not less than 20 days prior to the issuance of any short-term obligations by the City, other than issuance to the Corporation, the City Comptroller is to notify the Corporation of the proposed issuance, specifying the amount and proposed terms thereof and the authority under which such obligations are proposed to be issued, together with the certificate of the City Budget Director specifying the proposed source of the funds for the redemption thereof. If, within ten days of such notice, the Corporation determines, after consultation with the City Comptroller and the City Budget Director, that the issuance of such obligations would violate the limitations specified above, the Corporation is to deliver to the City Comptroller a certified copy of such determination and the City Comptroller is not thereafter to issue such obligations.

### **Powers of the Corporation**

The Act authorizes the Corporation to pay to the City part or all of such amounts as the Mayor from time to time certifies to the Corporation as the amounts required by the City to enable it to pay either the principal of and interest on, at maturity, any short-term obligations of the City or certain operating expenses of the City. In lieu of making direct payments to the City, the Corporation may purchase City obligations from the City having a maturity date not later than 15 years from the original date of issue. All amounts received by the City pursuant to any payment or purchase described in this paragraph must, in the case of amounts to be used for the payment of short-term City obligations, be held in trust for such purpose by the City and, in the case of amounts to be used for the payment of operating expenses by the City, be used to pay such operating expenses.

The Act provides that the outstanding amounts paid to the City for operating expenses in the manner described in the previous paragraph shall not exceed \$1,725,000,000 and shall be evidenced by obligations issued by the City. Not more than an aggregate of \$900,000,000 of such obligations shall mature in a fiscal year succeeding the fiscal year in which issued; the balance of \$825,000,000 shall be payable in the fiscal year in which issued. The City is obligated to apply to welfare or public education purposes as to which State assistance advances have been or will be advanced to the City, not less than \$750,000,000 of the amounts received for operating expenses that are evidenced by obligations of the City maturing in a fiscal year succeeding the fiscal year in which issued.

In addition to granting the Corporation the power to make the payments and purchases described in the two immediately preceding paragraphs, the Act authorizes the Corporation to issue its bonds or notes in exchange for short-term obligations of the City as provided therein, provided that the principal amount of the Corporation's bonds or notes issued in any such exchange shall not exceed the principal amount of such short-term obligations of the City and accrued interest thereon at the stated rate to the date of such exchange. Upon receipt of the short-term obligations of the City in any such exchange, the Corporation is permitted by the Act to deliver such short-term obligations to the City, which will thereupon cancel such obligations without making any payment of principal amount or accrued interest thereon, and the City shall have no further liability with respect to the obligations so cancelled. The Act, however, prohibits the Corporation from delivering to the City for cancellation bond anticipation notes of the City received in any such exchange unless the City pays the principal amount and accrued interest thereon or pays accrued interest and exchanges such bond anticipation notes for other bond anticipation notes of the City in equal principal amounts and at not less than the same interest rate, in refunding or renewal thereof.

The Act further prohibits the Corporation from making the payments to or purchases from or exchanging any of its bonds or notes for short-term obligations of, the City, as described above, unless the City shall have agreed to observe and perform the conditions described above under the caption "Conditions", subject to such modifications as are described therein and as the Corporation may then approve. In addition, no such exchange of obligations may be made unless the Board shall have determined that the terms of such exchange will not prejudice the rights of holders of other bonds and notes of the City.

In connection with the Corporation's purchase of \$100,000,000 principal amount of the City's tax anticipation notes on June 11, 1975, referred to under the caption "The Corporation—Initial Borrowing and Purchase of City Obligations", the Corporation received a certificate of the Mayor stating that the City agreed to observe the statutory conditions outlined above, subject to permitted modifications.

### **Review by the Corporation**

In order to determine whether the City has taken or is taking action to comply with the conditions specified above, the Corporation is authorized to conduct a review of the records, accounts, budgets, forecasts, projections and other relevant materials of the City. The City is to make available for such review all of its books and records and is to furnish copies of all financial statements, budgets, forecasts, pro-

jections, information or corrective action taken by the City in response to any notices from the Corporation. The City is to make its officers and employees available to and is otherwise to cooperate with the persons conducting any such review for the Corporation.

### **Action by the Corporation**

The proposed expense budgets (including related revenue estimates) and the proposed modifications thereof, the reports on expense items in the capital budget, and the expenditure plans and operations reports, all of which are to be submitted to the Corporation as set forth under the caption "Conditions", are to be reviewed by the Corporation's staff or designee promptly upon receipt.

If within 45 days after the receipt of the above information, the Board of Directors of the Corporation determines (a) that, in its judgment, the City's expense budget will not be balanced, either by its terms or because income is overestimated or expenditures are underestimated therein, or that a report of proposed modifications indicates that as a result thereof the expense budget would not be balanced, or (b) that one or more of the other conditions described above under the caption "Conditions" has not been met or will not be met, then the Corporation shall promptly notify the Mayor of such determination and shall review with him the manner in which corrective action may be taken in order to balance the expense budget or comply with such other conditions.

In the event that the Board of Directors of the Corporation (a) determines, following such review with the Mayor, that the corrective action necessary to balance the budget or cause compliance with such other conditions will not be taken, (b) determines, as a result of a review made pursuant to the authority discussed above under the caption "Review by the Corporation", that the City is not in compliance with any of the conditions specified above under the caption "Conditions" or that any representation or undertaking contained in any certificate delivered pursuant to the requirements discussed above is materially incorrect or has not been complied with in all material respects or (c) agrees to any limitation of the implementation of the requirements discussed above under the caption "Conditions", then the Corporation is to certify promptly a copy of such determination or modification to the Governor, the State Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council and the City Comptroller and is to disclose such determination or modification to the public.

The foregoing actions are not to be exclusive and the Corporation is to have and may exercise all other rights and remedies provided by law.

### **SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION**

Following is a summary of certain provisions of the General Bond Resolution. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the General Bond Resolution, to which reference is hereby made and copies of which are available from the Corporation.

#### **Certain Defined Terms**

"Capital Reserve Fund" shall mean the Fund by that name established by Section 602(3) of the Resolution.

"Capital Reserve Fund Requirement" shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 5 of Section 3036 of the Act, including, as provided in Section 901 of the General Bond Resolution for such purposes, any unpaid and matured amounts of principal and interest on the Bonds or such larger amounts as may hereafter be authorized pursuant to the Act as amended from time to time.

"Debt Service Fund" shall mean the Fund by that name established by Section 602(2) of the Resolution.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

"Notes" shall mean any obligations issued by the Corporation, other than Bonds or Other Obligations within the limitations set forth under Section 202 (see "Additional Bonds and Notes") of the Resolution and the principal of and interest on which is payable from the Debt Service Fund.

"Operating Expenses" shall mean the Corporation's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or the Resolution or otherwise.

"Operating Fund" shall mean the Fund by that name established by Section 602(1) of the Resolution.

"Other Obligations" shall mean any obligations, other than Bonds or Notes, issued by the Corporation, in contemplation of the issuance of Bonds or Notes, within the limitations set forth under Section 202 (see "Additional Bonds and Notes") of the Resolution, the interest on which is payable from the Debt Service Fund.

"Outstanding", when used with reference to Bonds, other than Bonds referred to in Section 1105 of the Resolution, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV of the Resolution provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106 of the Resolution, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401 of the Resolution.

"Paying Agent" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series Resolution pursuant to which the same was issued.

"Resolution" or "General Bond Resolution" shall mean the General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

"Revenues" shall mean all payments to the Corporation pursuant to Section 3036 of the Act except payments to the Corporation for credit to the Operating Fund.

"Serial Bonds" shall mean the bonds so designated in a Series Resolution.

"Series of Bonds" or "Bonds of a Series" or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

"Series Resolution" shall mean a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions thereof adopted by the Corporation in accordance with Article X of the Resolution.

"Sinking Fund Installment" shall mean as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required by a Series Resolution, pursuant to which such Bonds were issued, to be paid at all events by the Corporation on a single future February 1 for the retirement of any Outstanding Bonds of said Series which mature



after said future February 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future February 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"State" shall mean the State of New York.

"Supplemental Resolution" shall mean a resolution supplemental to or amendatory of the Resolution, adopted by the Corporation in accordance with Article X of the Resolution.

"Term Bonds" shall mean the bonds so designated in a Series Resolution and redeemable from Sinking Fund Installments.

"Trustee" shall mean the bank or trust company appointed pursuant to Section 801 of the Resolution to act as trustee under the Resolution, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

### **Authorization of Bonds**

The Resolution creates an issue of Bonds which are general obligations of the Corporation payable out of any revenues of the Corporation and are additionally secured by the pledge of the revenues of the Corporation and the moneys and securities in the Debt Service Fund and Capital Reserve Fund as described in the caption "Provisions for Payment of the Bonds."

*(Resolution, Section 201)*

### **Additional Bonds and Notes**

No Series of Bonds other than the first Series of Bonds issued under the Resolution shall be authenticated and delivered by the Trustee and no Notes or Other Obligations will be issued by the Corporation except upon receipt by the Trustee of:

(1) A certificate by the New York State Commissioner of Taxation and Finance setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Sales Tax and Stock Transfer Tax, and such other taxes, which as of the date of issuance of any such Series of Bonds, Notes or Other Obligations, are levied and collected by the State and are payable into the special account in the Municipal Assistance Tax Fund established for the Corporation.

Where the amount for such 12 consecutive calendar months is greater than the expected revenue for the next succeeding 12 months from such Sales Tax, Stock Transfer Tax and such other taxes, the certificate shall set forth the estimated amount which is expected to be levied and collected in such next succeeding 12 months and paid into such special account. Any distortion for any such prior 12 consecutive month period occasioned by a change in payment dates, prepayments and late payments of such Sales Tax, Stock Transfer Tax or certain other taxes shall be taken into account in such certification by increasing or decreasing the estimated amount of Sales Tax, Stock Transfer Tax or such other taxes to be levied and collected. In the event the Sales Tax or such other taxes have not been in effect for 12 calendar months said Commissioner shall use, respectively, collections of the sales and compensating use taxes previously imposed by the City or collections of the tax similarly based to the other taxes referred to above if such tax was previously imposed by the City, as the amount to be certified in lieu of actual collections of the Sales Tax or other taxes, for those months the Sales Tax or other taxes were not in effect;

(2) A certificate by an authorized officer setting forth (a) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including such Series, and the principal of and interest on Notes, and the interest on Other Obligations for each Fiscal Year and (b) the aggregate amount of Operating Expenses as estimated by an authorized officer for the current Fiscal Year;

(3) A certificate by an authorized officer stating that the amounts set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be a least 2 times such aggregate amount set forth in 2(a) above for each Fiscal Year set forth pursuant to paragraph 2(a) above; and

(4) A certificate by an authorized officer stating that the amount of Sales Tax collections or the amount to be certified in lieu of such collections set forth pursuant to paragraph (1) above after deducting the Operating Expenses set forth pursuant to paragraph (2)(b) above, will be at least 1.50 times the aggregate amount set forth in (2)(a) above for each Fiscal Year set forth pursuant to paragraph (2)(a) above.

Provided further that prior to the issuance of any Notes or Other Obligations, the Trustee shall receive, in conjunction with the certificate hereinbefore referred to, a certificate of an authorized officer identifying such securities as either Notes or Other Obligations, the date or dates of payment of principal and interest on the Notes and the date or dates of payment of the interest on the Other Obligations and stating that such date or dates and amounts of payments due for principal and interest on the Notes to be issued or interest on the Other Obligations to be issued have not been so scheduled as to materially adversely affect the ability of the Corporation to pay the principal of or interest on its Outstanding Bonds when due or the coverages set forth hereinbefore as affected by the quarterly payments provided for in Section 607 of the General Bond Resolution.

*(Resolution, Section 202)*

#### **The Pledge Effected by the Resolution**

The proceeds of sale of the Bonds, the Revenues, and all Funds (other than the Operating Fund) established by the Resolution, and other monies and securities referred to therein are pledged for the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes (including the payment from the Debt Service Fund of principal of and interest on Notes and the payment of interest on Other Obligations of the Corporation) and on the terms and conditions set forth in the Resolution; provided, however, nothing aforesaid shall be construed to preclude, subject to the provisions of Section 607, the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure the payment of principal of and interest on Notes and interest on Other Obligations.

*(Resolution, Section 601)*

#### **Establishment of Funds**

The Resolution establishes the following Funds:

- (1) Operating Fund, to be held by the Corporation;
- (2) Debt Service Fund, to be held by the Trustee; and
- (3) Capital Reserve Fund, to be held by the Trustee.

*(Resolution, Section 602)*

#### **Application of Payments**

Any payments as received by the Corporation in accordance with subdivision 1 of Section 3036 of the Act shall be applied to the Operating Fund, the Debt Service Fund and the Capital Reserve Fund in accordance with the certification of the Chairman of the Corporation pursuant to which such payment is made. If the amount of any payment received is less than the amount so certified, such amount shall be applied *pro rata* to the respective Funds on the basis of the amounts as certified.

*(Resolution, Section 603)*

## **Debt Service Fund**

1. The Trustee shall, on or before the business day preceding each interest payment date for any Bonds or any outstanding Notes, pay, out of the amounts then held in the Debt Service Fund, to itself and the Paying Agents, the amounts respectively required for the payment of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of, and interest on, any such Bonds or Notes due and payable on such date and shall at the direction of an authorized officer of the Corporation pay to itself or the Paying Agents or paying agents for such Other Obligations for payment of interest on Other Obligations such amount as shall be required, in the opinion of the Corporation, to pay such interest on Other Obligations becoming due and payable and any such amounts so paid out shall be irrevocably pledged to and applied to such payments.

2. In the event that on the business day preceding any interest payment date, the amount in the Debt Service Fund shall be less than the amounts respectively required for payment of interest on the Outstanding Bonds and for the payment of the principal and Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such interest payment date, the Trustee shall withdraw from the Capital Reserve Fund (if such amounts are on deposit therein) and deposit into the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payment or payments.

3. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 403 of the Resolution, on such due date, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Term Bonds of such Series and maturity. The Trustee shall so call such Term Bonds for redemption whether or not it then has monies in the Debt Service Fund sufficient to pay the applicable principal amount thereof, together with interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on the day preceding each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

4. The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due but in no event less than 45 days prior to such date, direct the Trustee to purchase, with monies in the Debt Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds of the Corporation payable from such Sinking Fund Installment and apply any Term Bonds so purchased as a credit against such Sinking Fund Installment.

*(Resolution, Section 605)*

## **Capital Reserve Fund**

1. The Corporation shall deposit into the Capital Reserve Fund: (i) all monies paid to the Corporation pursuant to subdivisions 1 and 4 of Section 3036 of the Act for the purpose of maintaining or restoring the amount in such Fund to the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by a Series Resolution authorizing the issuance thereof, and (iii) any other monies which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

2. Monies and securities held for the credit of the Capital Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of paragraph 2 of Section 605 of the Resolution. At any time after December 31, 1980, monies and securities in the Capital Reserve Fund in excess of its Requirement, upon direction of the Corporation, may be deposited to the credit of the Debt Service Fund.

3. In order to assure the maintenance of the Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement and in compliance with the requirements of subdivision 4 of Section 3036 of the Act, the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State said Chairman's certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement. All monies received by the Corporation from the State pursuant to any such certification, in accordance with the provisions of subdivision 4 of Section 3036 of the Act, as amended, shall be deposited in the Capital Reserve Fund, as required by paragraph 1 of Section 606 of the Resolution.  
(Resolution, Section 606)

#### **Maintenance of Certain Funds**

In order to assure the maintenance of the Operating Fund, the Debt Service Fund and the Capital Reserve Fund, not less than one hundred and twenty days before the beginning of each Fiscal Year (but not later than July 1, 1975 for the Fiscal Year ending June 30, 1976), the Chairman of the Corporation shall certify to the State Comptroller and to the Mayor a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to be deposited in the Capital Reserve Fund during such Fiscal Year in order to maintain the Capital Reserve Fund at the level required in accordance with subdivision 5 of Section 3036 of the Act; (ii) the amounts required to be deposited in the Debt Service Fund to pay all interest on, and all payments of principal, Sinking Fund Installments, if any, and Redemption Price, if any, of Bonds and Notes maturing or otherwise coming due during such Fiscal Year and the interest on Other Obligations maturing or otherwise becoming due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, such Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor. The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds or Notes of interest on Other Obligations, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation. (See "Municipal Assistance Tax Fund"). In order further to secure the obligations of the Corporation, including the Bonds, each quarterly payment (to be made on or before April 12, June 30, October 12 and January 12) by the State Comptroller to the Corporation in accordance with the certification shall be an amount, after taking into account monies then in the Debt Service Fund and available for purposes of the Debt Service Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds, Notes or Other Obligations the interest on which is payable from the Debt Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds, Notes and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the fiscal year of the Corporation of which such quarterly period is a part.  
(Resolution, Section 607)

#### **Payment of Bonds**

The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner set

forth in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds. The Corporation covenants that it shall cause the Chairman to make and deliver the certificates referred to in Sections 606 and 607 of the Resolution.

*(Resolution, Section 901)*

#### **Office for Servicing Bonds**

The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds and coupons may be presented for payment, registration, transfer or exchange. The Corporation has appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The Series Resolution provides for three Paying Agents, one of which is in New York.

*(Resolution, Section 903)*

#### **Power to Issue Bonds and Make Pledges**

The Corporation is duly authorized pursuant to law to create and issue the Bonds and to adopt the Resolution and to pledge the revenues, monies and securities in the Debt Service Fund and the Capital Reserve Fund purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. The revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

*(Resolution, Section 905)*

#### **Agreement of the State**

In accordance with the provisions of Section 3015 of the Act, the Corporation has included in the Resolution a pledge and agreement with the Holders of the Bonds that the State will not limit or alter the rights vested pursuant to the Act in the Corporation to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged.

*(Resolution, Section 906)*

#### **Creation of Liens**

The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, moneys and securities in the Capital Reserve Fund and shall not create or cause to be created any lien or charge prior to the Bonds on the revenues, moneys and securities in the Debt Service Fund.

*(Resolution, Section 907)*

#### **Additional Obligations**

The Corporation reserves the right to issue bonds, notes or any other obligations other than Bonds, Notes or Other Obligations under another and separate resolution so long as the same are not prior or

equal to the charge or lien created by, or to the rights of the Corporation and Holders of the Bonds provided by the Resolution and the Act, on or to the monies pledged under the Resolution or payable to the Corporation from the sources set forth in the Act.

*(Resolution, Section 204)*

### **Events of Default**

The Resolution provides that it shall constitute an "event of default" if:

(a) the Corporation shall default in the payment of the principal or Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036 of the Act, or the State Comptroller shall fail to pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund, the Debt Service Fund or the Operating Fund any amount or amounts as shall be certified by the Chairman of the Corporation pursuant to such provisions of the Act; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 3 and 4 of Section 3036 of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) or (c) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either 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 the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such 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 the date of the Resolution; or

(g) the State shall fail to maintain the existence of either the Special Account or the Stock Transfer Fund.

*(Resolution, Section 1202)*

### **Remedies**

The Resolution vests the Trustee with all rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 3017 of the Act and the right of Bondholders to appoint a trustee pursuant to such Section of the Act is thereby abrogated in accordance with the provision of subdivision 12(g) of Section 3012 of the Act.

*(Resolution, Section 1201)*

(1) Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202 of the Resolution, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (c), (d), (e), (f) or (g) of said Section, the

Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such one or more of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or

(e) in accordance with the provisions of the Act and including the requirement for 30 days notice to the Governor, the Corporation and the Attorney General of the State, declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, unpaid and due under such Bonds from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of the Resolution or a Series Resolution or the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

*(Resolution, Section 1203)*

#### **Priority of Payments After Default**

In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

*(Resolution, Section 1204)*

### **Series Resolutions and Supplemental Resolutions**

A Series Resolution or Supplemental Resolution of the Corporation may be adopted at any time or from time to time, for any one or more of the following purposes: to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; to confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Revenues or of any other monies, securities or funds; to modify any of the provisions of the Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or, with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

*(Resolution, Section 1001)*

Any of the provisions of the Resolution hereinbefore stated may be amended by a Supplemental Resolution, with the written consent (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (c) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms,



not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 1101 of the Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

*(Resolution, Section 1101)*

Any term or provision of the Resolution and the rights and obligations of the Corporation and of the Holders of the Bonds and coupons thereunder may be modified or amended with the consent of the Holders of all of the Bonds then Outstanding.

*(Resolution, Section 1103)*

### **Investment of Funds**

Moneys in the Debt Service Fund and the Capital Reserve Fund and the proceeds of Bonds shall be invested or deposited at the direction of the Corporation in the manner provided for in the Resolution.

*(Resolution, Section 702)*

### **Defeasance**

1. If the Corporation shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied.

2. Bonds or coupons or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the Trustee or any Paying Agent (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph one above. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in such paragraph one above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with Section 1401 of the Resolution and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or monies

deposited with the Trustee pursuant to Section 1401 of the Resolution nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment as received by the Trustee, shall be paid over to the Corporation free and clear of any trust, lien or pledge.

*(Resolution, Section 1401)*

### **AGREEMENT OF THE STATE OF NEW YORK**

The State has pledged to and agreed with the holders of the Bonds that the State will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with holders of Bonds, or in any way impair the rights and remedies of such holders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged and in accordance with the authority granted to the Corporation pursuant to Section 3015 of the Act, the Corporation has included such pledge in the General Bond Resolution.

Such pledge and agreement does not, among other things, bind or obligate the State to appropriate funds for the payment of principal of or premium, if any, or interest on the Bonds. See "Provisions for Payment of the Bonds—Restoration of Capital Reserve Fund".

### **LEGAL INVESTMENT**

The Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State. Pursuant to the Act the Bonds may be deposited with, and may be received, by all public officers and bodies of the State and all political subdivisions thereof and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

### **APPROVAL OF LEGALITY**

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Simon H. Rifkind, a director of the Corporation, is a member of such firm. Certain matters will be passed upon for the Underwriters by their counsel, White & Case, New York, New York. The approving opinion of Bond Counsel to the Corporation will be in the form attached to this Official Statement as Exhibit A. The Attorney General of the State has issued an opinion that the Act has been validly enacted and has become law in accordance with the Constitution and laws of the State.

## TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is exempt from Federal income taxes, and at all times shall be free from State and City personal income taxes.

## UNDERWRITING ARRANGEMENTS

The Corporation has been advised by the Underwriters as follows:

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Bonds from the Corporation at an aggregate discount of \$7,944,500 from the initial public offering prices set forth on the cover page. The Underwriters' obligations are subject to certain conditions. The public offering prices may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Of the aggregate amount of Bonds offered by this Official Statement, approximately \$650,000,000 has been sold to institutional investors located in the City of New York with the understanding that they will not reoffer such Bonds for a period of 90 days following completion of the sale of the Bonds.

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Lazard Frères & Co., New York, N. Y., is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, a director of the Corporation, is a general partner of such firm.

The references herein to the Act, the Tax Law, the State Finance Law and the Resolutions are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, such Laws and the Resolutions for full and complete statements of such provisions. Copies of the Act and the Resolutions are available at the office of the Corporation.

The delivery of this Official Statement by its Chairman has been duly authorized by the Corporation.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

THOMAS D. FLYNN,  
*Chairman*

EXHIBIT A

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

Municipal Assistance Corporation  
For The City of New York  
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of \$1,000,000,000 Bonds, 1975 Series A (the "1975 Series A Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State"), constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act").

The 1975 Series A Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation (the "General Bond Resolution") and the 1975 Series A Resolution (the "Series Resolution"), each adopted July 2, 1975. Said resolutions are herein collectively called the "Resolutions."

The 1975 Series A Bonds are part of an issue of bonds of the Corporation (the "Bonds") which the Corporation has established and created under the terms of the General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the General Bond Resolution or as may be limited by law. The 1975 Series A Bonds are being issued for the purpose of providing funds (i) to The City of New York, New York ("The City") to enable The City to pay certain of its operating expenses and the principal of and interest on certain of its short term obligations and (ii) to pay notes of the Corporation.

The Corporation is authorized to issue Bonds, in addition to the 1975 Series A Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1975 Series A Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Bond Resolution.

The 1975 Series A Bonds are dated July 1, 1975, except as otherwise provided in the Resolutions with respect to fully registered 1975 Series A Bonds and will mature on the dates and will bear interest, payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<u>February 1,</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest Rate</u>
1977 .....	\$ 41,240,000	6½%
1978 .....	43,920,000	7
1979 .....	46,995,000	7½
1980 .....	50,520,000	7¾
1981 .....	54,435,000	8
1982 .....	58,790,000	8¼
1985 .....	208,565,000	9
1990 .....	495,535,000	9¼

The 1975 Series A Bonds are issued either in coupon form in the denomination of \$5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of \$5,000 or an integral multiple of \$5,000. Coupon and fully registered 1975 Series A Bonds are interchangeable as provided in the Resolutions. Coupon 1975 Series A Bonds are lettered A and fully registered 1975 Series A Bonds are lettered AR, in each case followed by the last two digits of the year in which each of such 1975 Series A Bonds matures and its number. Coupon 1975 Series A Bonds are numbered consecutively from one upward for each year of maturity and fully registered 1975 Series A Bonds are numbered consecutively from one upward in order of issuance for each year of maturity.

The 1975 Series A Bonds maturing on or prior to February 1, 1982, are not subject to redemption.

The 1975 Series A Bonds maturing on February 1, 1985 and on February 1, 1990 are subject to redemption, in part by lot and upon such notice, as provided in the Resolutions by operation of the Debt Service Fund through application of mandatory Sinking Fund Installments as defined in the General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 1975 Series A Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption.

The 1975 Series A Bonds maturing February 1, 1990 are also subject to redemption at the option of the Corporation, at any time on or after August 1, 1985 as a whole but not in part and upon such notice as provided in the Resolutions at the redemption price of 102% of the principal amount thereof, plus accrued interest to the date of redemption.

Chapters 168 and 169 of the Laws of 1975 each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provides, among other things, for the insertion of the Act in the Public Authorities Law creating the Corporation as aforesaid, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1975 Series A Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance tax fund (the "Assistance Fund") and a special account for the Corporation within the Assistance Fund (the "Special Account"), adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the "Sales Tax"), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Account together with, after deducting such costs, such amounts, beginning with the fiscal year of the State commencing April 1, 1976, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by sections 270 and 270-a of Article 12 of the Tax Law (the "Stock Transfer Tax") are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority to adopt the Resolutions, to issue the Bonds including the 1975 Series A Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1975 Series A Bonds. Under the laws of the State, including the Constitution of the State, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys and securities is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Debt Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subjected to the pledge and lien created by the Resolutions.
3. The 1975 Series A Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The 1975 Series A Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, and are entitled, together with additional Bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Act.
4. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.
5. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Act, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such capital reserve fund requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Assistance Fund into which is paid the Sales Tax and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.
6. The 1975 Series A Bonds do not constitute a debt either of the State or The City, and neither the State nor The City shall be liable thereon, nor shall the 1975 Series A Bonds be payable out of any funds other than those of the Corporation.
7. The State has the good right and lawful authority:
  - (a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;

(c) to establish the Stock Transfer Tax Fund, the Assistance Fund and the Special Account within the Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or account;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Assistance Fund and commencing with the fiscal year of the State commencing April 1, 1976 from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolution and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

8. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Assistance Fund.

9. Under existing statutes and court decisions, interest on the 1975 Series A Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

10. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series A Bonds.

11. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1975 Series A Bonds, and the execution and delivery of the 1975 Series A Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1975 Series A Bond numbered A77-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[To BE SIGNED, HAWKINS, DELAFIELD & WOOD]

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**1975 SERIES A BONDS**

**BOND PURCHASE AGREEMENT**

July 2, 1975

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
SALOMON BROTHERS  
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)  
FIRST NATIONAL CITY BANK  
KIDDER, PEABODY & CO. INCORPORATED  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
BANKERS TRUST COMPANY  
CHEMICAL BANK  
THE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & Co.  
HALSEY, STUART & Co. INC.  
MANUFACTURERS HANOVER TRUST COMPANY  
MARINE MIDLAND MUNICIPALS Co.  
SMITH, BARNEY & Co. INCORPORATED  
As Representatives of the Underwriters

c/o Morgan Guaranty Trust Company of New York  
23 Wall Street  
New York, New York 10015

Gentlemen:

Subject to the terms and conditions herein, the undersigned, Municipal Assistance Corporation For The City of New York (the "Corporation"), hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the "Underwriters"), for whom you are acting as Representatives, with respect to the purchase, jointly and severally, from the Corporation, and the sale by the Underwriters of \$1,000,000,000 aggregate principal amount of the Corporation's 1975 Series A Bonds, consisting of \$295,900,000 aggregate principal amount of bonds maturing serially through February 1, 1982 (the "Serial Bonds"), and \$208,565,000 aggregate principal amount of bonds maturing on February 1, 1985 and \$495,535,000 aggregate principal amount of bonds maturing on February 1, 1990 (collectively, the "Term Bonds"; the Serial Bonds and the Term Bonds being herein sometimes collectively called the "Bonds"), which the Underwriters herein agree to purchase and which are to be issued pursuant to the General Bond Resolution and the 1975 Series A Resolution, both adopted by the board of directors of the Corporation on July 2, 1975 (collectively, the "Resolution").

**SECTION 1. *Representations and Agreements of the Corporation.***

The Corporation hereby represents to and agrees with each of the Underwriters that:

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal



Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York, and herein called the "Act") its corporate purposes being to assist The City of New York (the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City; and the Act has been validly adopted and is in full force and effect.

(b) A specimen Bond, a copy of this Agreement executed by the Corporation, a copy of the Resolution certified by an appropriate officer of the Corporation and a definitive copy of the Official Statement of the Corporation with respect to the Bonds (the "final Official Statement") shall be delivered to you at or prior to the Closing Time (hereinafter defined).

(c) The information concerning the Corporation in the final Official Statement is true as of the date thereof in all material respects. With respect to the Corporation, the final Official Statement as of its date does not contain any untrue statement of any material fact (or omit any statement of a material fact necessary to make the final Official Statement, and the statements and information therein contained, not misleading).

(d) The Corporation will apply the proceeds from the sale of the Bonds substantially as set forth in the Resolution and the final Official Statement.

(e) When delivered to and paid for by the Underwriters in accordance with the terms of this Agreement and the Resolution, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Resolution.

(f) The Corporation agrees to cooperate with the Underwriters to qualify the Bonds for offer and sale under the securities or "blue sky" laws of such jurisdictions in the United States as the Underwriters may request (it being understood that nothing herein shall require the Corporation to qualify as a foreign corporation or as a dealer in securities or to execute any consent to service of process).

(g) There is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending (or to the knowledge of the Corporation threatened) against the Corporation, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the transactions contemplated by this Agreement or by the final Official Statement, or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Bonds or the validity of the Bonds, the Resolution, this Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated hereby or by the final Official Statement.

(h) The execution, delivery and receipt of the final Official Statement, this Agreement, the Bonds and the Resolution, under the circumstances contemplated hereby and by the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

(i) Any certificate signed by any officer of the Corporation and delivered to the Underwriters shall be deemed a representation by the Corporation to each of the Underwriters as to the truth of the statements therein made.

## SECTION 2. *Purchase, Sale and Delivery of the Bonds.*

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the

Underwriters, jointly and severally, agree to purchase from the Corporation, the Bonds for an aggregate purchase price of \$982,343,024.44, plus accrued interest from July 1, 1975 to the date of payment and delivery. The Bonds shall be issued under and secured by the Resolution, to the extent therein provided. The Bonds shall mature and bear the interest rates and the Term Bonds shall have such sinking fund provisions and be subject to redemption as set forth in the final Official Statement. Payment for the Bonds shall be made by certified or official bank check or checks, in immediately available funds, payable to the order of the Corporation, at the Closing Time, at the offices of Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, New York 10015. The Closing Time shall be 10:00 A.M., New York time, on July 8, 1975, or such other time and place as may be provided in accordance with the provisions of Section 9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Bonds shall be delivered in definitive form, as coupon Bonds in the denomination of \$5,000 registrable as to principal only, or Bonds registered as to principal and interest in the denomination of \$5,000 or any integral multiple thereof, and shall be available for examination by the Underwriters a reasonable period prior to the Closing Time.

### SECTION 3. *Conditions of the Underwriters' Obligations.*

The Underwriters' obligations hereunder shall be subject to the performance by the Corporation of its obligations and agreements to be performed hereunder at or prior to the Closing Time, to the accuracy of and compliance with the representations and agreements of the Corporation contained herein, as of the date hereof and as of the Closing Time, and to the following conditions:

(a) At the Closing Time you shall receive as Representatives of the Underwriters:

(1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (a) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, in the form attached hereto as Exhibit A, (b) Hawkins, Delafield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B and C, (c) the Attorney General of the State of New York, in the form attached hereto as Exhibit D, and (d) the Corporation Counsel of the City, in the form attached hereto as Exhibit E; in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as White & Case, counsel for the Underwriters, shall reasonably approve.

(2) An opinion of White & Case, counsel for the Underwriters, dated the Closing Time, with sufficient copies for each Underwriter, satisfactory in form and substance to the Representatives of the Underwriters, with respect to the creation and existence of the Corporation, the adoption of the Resolutions, the authorization and issuance of the Bonds, the authorization, execution and delivery by the Corporation of this Agreement, the exemption of the offering and sale of the Bonds from the registration requirements of the Securities Act of 1933, as amended, the exemption of the Resolutions from the qualification requirements of the Trust Indenture Act of 1939, as amended, and such other related matters as the Representatives of the Underwriters may reasonably request; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(3) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, to the effect that (i) each of the representations of the Corporation set forth in Section 1 hereof is true, accurate and complete in all material respects as though made with respect to and as of the Closing Time; (ii) each of the agreements of the Corporation set forth in Section 1 hereof to be complied with at or prior to the Closing Time has been complied with as of such time; and (iii) the Bonds and the Resolution conform in all material respects to the description thereof in the final Official Statement.

(4) A certificate, reasonably satisfactory in form to you, as Representatives of the Underwriters, of the Commissioner of Taxation and Finance of the State of New York to the effect

that the information set forth in the final Official Statement under the caption "Provisions for Payment of the Bonds" with respect to collections of sales and compensating use taxes and the stock transfer tax and a certificate of the New York State Division of the Budget to the effect that the estimates set forth in the final Official Statement under the caption "Provisions For Payment of the Bonds" with respect to estimated collections of sales and compensating use taxes and the stock transfer tax are true, accurate and complete in all material respects.

(5) Such additional certificates, instruments and other documents as you, as Representatives of the Underwriters, may reasonably request to evidence the truth and accuracy, as of the Closing Time, of the representations of the Corporation herein contained and of the final Official Statement, and the due performance and satisfaction by the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it in connection with the transactions contemplated hereby or by the final Official Statement.

(b) The market prices of the Bonds, or the market prices of general credit or revenue obligations issued by states or political subdivisions thereof, or the market prices of such revenue obligations of the character of the Bonds, shall not (in the reasonable opinion of the Underwriters) have been materially adversely affected by reason of the fact that between the date hereof and the Closing Time

(i) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or introduced and favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or

(ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, or

(iii) an order, ruling or regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service and published in the Federal Register,

with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Bonds, or

(iv) there shall have been a material adverse change in the national financial economic situation in the United States and there shall have occurred (A) the closing other than in the ordinary course of business of the New York Stock Exchange, Inc. or (B) the general suspension of trading on the New York Stock Exchange, Inc. or (C) the establishment of a general banking moratorium by Federal or New York State authorities.

(c) No order, decree or injunction of any court of competent jurisdiction, and no order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, and no legislation shall have been enacted by the Congress, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the final Official Statement.

(d) The Government of the United States shall not have made any declaration of war and the United States shall not have become engaged in any intercontinental ballistic or atomic warfare, or other major military hostilities (exclusive of civil war, insurrection or rebellion).

(e) The Office of the Comptroller of the Currency shall have advised the Underwriters who may be subject to its jurisdiction that they are authorized under applicable laws to underwrite the Bonds, and the Underwriters shall use their reasonable best efforts to obtain such authorization.

(f) The Comptroller of the State of New York shall have approved in writing the sale of the Bonds and the terms thereof as provided in this Agreement.

SECTION 4. *Conditions of the Corporation's Obligation.*

The Corporation's obligations hereunder, other than pursuant to Sections 5, 7 and 10 hereof, are subject to:

- (a) the performance by the Underwriters of their obligations hereunder;
- (b) the satisfaction of the conditions set forth above in (c), (e) and (f) of Section 3 hereof; and
- (c) the receipt at the Closing Time of the opinions described in Sections 3(a)(1) and 3(a)(2) hereof.

SECTION 5. *Deposit.*

The Corporation hereby acknowledges receipt of a certified or bank cashier's check payable to the order of the Corporation in New York Clearing House funds in the amount of \$5,000,000. In the event of the failure of the Corporation to deliver the Bonds at the Closing Time or if the Corporation shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Agreement (unless waived by the Underwriters), or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, such check shall be returned to the Representatives. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept delivery and pay for the Bonds at the Closing Time as herein provided, such check shall be retained by the Corporation as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as otherwise provided in this Agreement, no party shall have any further right against any other hereunder.

SECTION 6. *Representations and Agreements to Survive Delivery.*

All representations and agreements of the Corporation shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or any person who controls any Underwriter, and shall survive delivery of the Bonds to the Underwriters.

SECTION 7. *Payment of Expenses.*

The Corporation shall pay all costs and expenses incident to the performance of its obligations under this Agreement including all expenses incident to the delivery of the Bonds to the several Underwriters, the fees and expenses of Bond Counsel and General Counsel for the Corporation, the costs and expenses incident to the preparing and printing of this Agreement, the Official Statement, the Resolution and related documents, and expenses incurred in connection with any securities or "blue sky" law qualifications and the preparation of a memorandum with respect thereto and for any fees charged by investment rating agencies for the rating of the Bonds, it being understood that, except as provided in this Section 6, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel and any advertising connected with any offering of the Bonds by them; provided however that the Corporation shall have no obligation under this Section 6 if the Corporation is not obligated under this Agreement pursuant to Section 4(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.

SECTION 8. *Use of Preliminary and Final Official Statement.*

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Bonds the preliminary Official Statement dated June 24, 1975, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Bonds. Each Underwriter agrees, in connection with the sale of Bonds by such Underwriter, that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement.

SECTION 9. *Default of Underwriters.*

If the Underwriters shall default in their obligation to purchase the principal amount of Bonds herein agreed to be purchased, and if the Representatives at such time shall notify the Corporation that such

default is the result of a failure on the part of one or more of the Underwriters to comply with its or their obligations, then either the Representatives or the Corporation shall have the right to postpone the Closing Time for a single period of not more than three business days (and the Representatives with the consent of the Corporation shall have the right to postpone the Closing Time for an additional single period of seven days) in order that necessary changes and arrangements may be effected by the Representatives and the Corporation to have the Underwriters which shall not have so failed, or one or more other underwriters, take up, in such proportions as the Underwriters may agree and upon the terms herein set forth, the participations of the Underwriter or Underwriters which failed to comply with its or their obligations, whereupon this Agreement shall be carried out accordingly at such postponed Closing Time. The provisions of this Section 9 shall not in any way affect the joint and several obligations of the Underwriters to take up and pay for all of the Bonds or any liability to the Corporation arising out of any failure so to do, or the liability of any Underwriter or Underwriters which failed to comply with its or their obligations to the Underwriters which have not so failed.

#### SECTION 10. *Indemnification.*

To the extent it may legally do so, the Corporation agrees to indemnify and hold harmless each of the Underwriters and each person, if any, who controls any Underwriter against any and all losses, claims, damages and liabilities (i) arising out of any untrue statement of a material fact contained in the final Official Statement or the omission therefrom of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Corporation. In case any claim shall be made or action brought against any Underwriter or person controlling such Underwriter based upon the final Official Statement as aforesaid, in respect of which indemnity may be sought against the Corporation, such Underwriter shall promptly notify the Corporation in writing setting forth the particulars of such claim or action and the Corporation shall assume the defense thereof including the employment of counsel, satisfactory to the Representatives of the Underwriters, and the payment of all expenses. Any Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless the employment, and payment by the Corporation, of such counsel has been specifically authorized by the Corporation.

#### SECTION 11. *Parties in Interest.*

This Agreement has been and is made solely for the benefit of the Underwriters and the Corporation and their respective successors, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Corporation, and officials of the Corporation, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The terms "successors" and "assigns" shall not include any purchaser of Bonds from any Underwriter merely because of such purchase.

Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or to the funds created by Sections 92-b and 92-d of the State Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

#### SECTION 12. *Notice.*

All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at 1350 Avenue of the Americas, New York, New York 10019, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022,

and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives of the Underwriters at the address set forth above.

SECTION 13. *Representation.*

In all dealings under this Agreement the Corporation shall be entitled to act and rely upon any statement, request, notice or agreement made or entered into by you jointly, or by Morgan Guaranty Trust Company of New York or Salomon Brothers on behalf of you as the Representatives, as having been duly made or entered into on behalf of each of the Underwriters.

SECTION 14. *Applicable Law.*

This Agreement shall be governed by the laws of the State of New York and may not be assigned by the Corporation or the Underwriters.

If the foregoing is in accordance with the Underwriters' understanding of the agreement between the Corporation and the Underwriters, kindly sign and return to the Corporation the enclosed duplicate hereof, whereupon it will constitute a binding agreement between the Corporation and the Underwriters in accordance with its terms.

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION FOR THE  
CITY OF NEW YORK

[SEAL]

By /s/ THOMAS D. FLYNN

Attest:

By /s/ RAYMOND G. SHIPMAN

Accepted and confirmed as of the date first  
above written:

MORGAN GUARANTY TRUST COMPANY OF  
NEW YORK  
SALOMON BROTHERS  
THE CHASE MANHATTAN BANK (NATIONAL  
ASSOCIATION)  
FIRST NATIONAL CITY BANK  
KIDDER, PEABODY & Co. INCORPORATED  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
BANKERS TRUST COMPANY

By MORGAN GUARANTY TRUST COMPANY OF  
NEW YORK

By /s/ FRANK P. SMEAL

CHEMICAL BANK  
THE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & Co.  
HALSEY, STUART & Co. INC.  
MANUFACTURERS HANOVER TRUST COMPANY  
MARINE MIDLAND MUNICIPALS Co.  
SMITH, BARNEY & Co. INCORPORATED  
on behalf of themselves and the other Under-  
writers named in Schedule I hereto.

## SCHEDULE I

### To Bond Purchase Agreement between Municipal Assistance Corporation For The City of New York and the Underwriters referred to therein

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#### UNDERWRITERS

Morgan Guaranty Trust Company of New York	Fahnestock & Co.
Salomon Brothers	Girard Bank
The Chase Manhattan Bank, N.A.	Harris, Upham & Co., Inc.
First National City Bank	F. S. Moseley, Hallgarten, Estabrook, Inc.
Kidder, Peabody & Co. Incorporated	National Bank of North America
Merrill Lynch, Pierce, Fenner & Smith Incorporated	North Carolina National Bank
Bankers Trust Company	The Philadelphia National Bank
Chemical Bank	R. W. Pressprich & Co., Incorporated
The First Boston Corporation	Shields Model Roland Incorporated
Goldman, Sachs & Co.	Southeast First National Bank of Miami
Halsey, Stuart & Co. Inc.—Affiliate of Bache & Co. Incorporated	Stephens, Inc.
Manufacturers Hanover Trust Company	Thomson & McKinnon Auchincloss Kohlmeier Inc.
Marine Midland Municipals Co.	Van Kampen Wauterlek & Brown, Inc.
Smith, Barney & Co. Incorporated	Adams, Harkness & Hill, Inc.
Bank of America NT & SA	Adams, McEntee & Company
Bear, Stearns & Co.	Altgelt & Company, Incorporated
A. G. Becker & Co. Municipal Securities Incorporated	Baker, Watts & Co.
Blyth Eastman Dillon & Company Inc.	Banco Popular de Puerto Rico
Dillon, Read Municipals—Division of Dillon, Read & Co., Inc.	Boland, Saffin, Gordon & Sautter
Drexel Burnham & Co. Incorporated	Butcher & Singer
First Pennco Securities Inc.	Langdon P. Cook & Co., Inc.
Hornblower & Weeks-Hemphill, Noyes Incorporated	Craigie, Mason-Hagan, Inc.
E. F. Hutton & Company, Inc.	Dain, Kalman & Quail, Incorporated
Kuhn, Loeb & Co.	Douglas & Co. Municipals, Inc.
Lehman Brothers Incorporated	Edwards & Hanly
Loeb, Rhoades & Co.	Ernst & Co.
W. H. Morton & Co.—Division of American Express Co.	European-American Bank & Trust Company
The Northern Trust Company	Faulkner, Dawkins & Sullivan, Inc.
Paine, Webber, Jackson & Curtis, Incorporated	Ferris & Company, Incorporated
Reynolds Securities Inc.	First of Michigan Corporation
L. F. Rothschild & Co.	First Union National Bank of North Carolina
Shearson Hayden Stone Inc.	George B. Gibbons & Company, Incorporated
Weeden & Co. Incorporated	Scott, Gorman Municipals, Inc.
Wertheim & Co., Inc.	Chester Harris & Co., Inc.
White, Weld & Co. Incorporated	William R. Hough & Co.
Dean Witter & Co., Incorporated	Howard, Weil, Labouisse, Friedrichs Incorporated
Allen & Company	Johnston, Lemon & Co. Inc.
American Securities Corp.	Lebenthal & Co. Inc.
Barr Brothers & Co. Inc.	Manufacturers and Traders Trust Company
J. C. Bradford & Co.	Matthews & Wright, Inc.
Alex. Brown & Sons	McDonald & Company
The Connecticut Bank & Trust Company	McLiney and Company
Ehrlich-Bober & Co., Inc.	Moore & Schley, Cameron & Co.
	National City Bank of Cleveland

## UNDERWRITERS—(Continued)

O'Neill & Feldman, Inc.  
Park, Ryan, Inc.  
Piper, Jaffray & Hopwood Incorporated  
William E. Pollock & Co., Inc.  
Prescott, Ball & Turben  
Provident National Bank  
Rand & Co., Inc.  
T. J. Raney & Sons, Inc.  
Rauscher Pierce Securities Corporation  
Reinholdt & Gardner  
The Robinson-Humphrey Company, Inc.  
Roosevelt & Cross, Inc.  
Herbert J. Sims & Co., Inc.  
SoGen-Swiss International Corporation  
Sterling, Grace Municipal Securities Corp.  
Stern Brothers & Co.  
Spencer Trask & Co. Incorporated  
Underwood, Neuhaus & Co., Incorporated  
Wheat, First Securities, Inc.  
Wood Walker/Legg Mason  
Warren W. York & Company, Inc.  
Advest Co.  
AP&H Securities Corp.  
The Atlantic National Bank of Jacksonville  
Bank of Virginia  
Baird, Patrick & Co.  
George K. Baum & Company  
Carleton D. Beh Co.  
Bevill Bresler & Schulman, Incorporated  
Birmingham Trust National Bank  
Boenning & Scattergood, Inc.  
Bruns, Nordeman, Rea & Co.  
Carolan & Co., Inc.  
Central Bankshares of the South, Inc.  
The Cherokee Securities Company  
The Chicago Corporation  
Colin, Hochstin Co.  
Julien Collins & Company  
Connors & Co., Inc.  
Gilbert Coogan & Co.  
Cowen & Co.  
Cutter, Bennett Securities Corp.  
Shelby Cullom Davis & Co.  
DeHaven & Townsend, Crouter & Bodine  
Dern & Co., Incorporated  
W. Dobbs & Co., Inc.  
Doft & Co., Inc.  
Dolphin & Bradbury  
A. Webster Dougherty & Co.  
Dupree & Company  
A. G. Edwards & Sons, Inc.  
Elkins, Stroud, Suplee & Co.  
Ergood & Co.  
The Fidelity National Bank  
Fidelity Union Trust Co.  
First Albany Corp.  
First & Merchants National Bank  
First Southwest Company  
Fulton Reid & Staples, Inc.  
Gibralco Inc.  
Gibraltar Securities Co.  
Glickenhau & Co.  
Gruntal & Co.  
Hamilton/Cooke & Co.  
J. B. Hanauer & Co.  
Hanauer, Stern & Company  
R. H. Heineman & Co., Inc.  
Paul M. Henry Municipals  
Herzfeld & Stern  
Hibbard, O'Connor & Weeks, Inc.  
J. J. B. Hilliard, W. L. Lyons & Co.  
Horner, Barksdale & Co.  
Interstate Securities Corporation  
Janney, Montgomery Scott, Inc.  
Jessup Lamont Municipal Securities  
Johnson, Lane, Space, Smith & Co., Inc.  
Josephthal & Co.  
Kirkpatrick, Pettis, Smith, Polian Inc.  
Kormendi, Byrd Brothers, Inc.  
Ladenburg, Thalmann & Co. Inc.  
Magnus & Company  
Manley, Bennett, McDonald & Co.  
Marshall and Meyer, Inc.  
A. E. Masten & Co. Incorporated  
C. S. McKec & Co., Inc.  
E. F. Miller Municipals, Inc.  
Moore, Leonard & Lynch Inc.  
Morgan, Olmstead, Kennedy & Gardner Incorporated  
Murch & Co., Inc.  
National Commercial Bank & Trust Co.  
The National Shawmut Bank of Boston  
Leo Oppenheim & Company, Inc.  
J. A. Overton & Co.  
Charles G. Peelor & Co., Inc.  
Pierce, Wulbern, Murphey, Inc.  
D. A. Pincus & Co.  
Poole & Co.  
Quinn & Co., Inc.  
Samuel A. Ramirez & Co., Inc.  
Rand, McKay & Lyon, Inc.  
Raymond, James & Associates, Inc.



**UNDERWRITERS—(Continued)**

Riviere Securities Corporation  
Roose, Wade & Company  
Ryan, Sutherland & Co., Inc.  
Sage, Ruddy & Co., Inc.  
Schaffer, Necker & Co.  
Scharff & Jones, Incorporated  
Donald Sheldon & Co., Inc.  
Simmons First National Bank  
Sterling National Bank & Trust Co.  
Stern, Lauer & Co.  
Sterne, Agee & Leach, Inc.  
Third National Bank In Nashville

Thomas & Co., Inc.  
Tollner & Bean, Inc.  
Tripp & Co., Inc.  
UMIC, Inc.  
R. D. White & Company  
A. Duncan Williams, Inc.  
Wilson White, Belf, Lake, Rochlin & Co.  
Young, Moore & Company  
Zahner and Company  
A. W. Zucker & Co.  
Zuckerman, Smith & Co.

**EXHIBIT A**  
**to**  
**Bond Purchase**  
**Agreement**

**PAUL, WEISS, RIFKIND, WHARTON & GARRISON**  
345 PARK AVENUE  
NEW YORK, N. Y. 10022

TELEPHONE (212) 644-8000  
TELECOPIER (212) 644-8202

CABLE: LONGSIGHT, N. Y.  
TELEX 12-7831

RANDOLPH E. PAUL (1946-1956)  
LOUIS S. WEISS (1927-1950)

JOHN F. WHARTON  
LLOYD K. GARRISON  
ROBERT E. SAMUELS  
COUNSEL

WRITER'S DIRECT DIAL NUMBER

July 10, 1975

SIMON H. RIFKIND  
HOWARD A. SEITZ  
ADRIAN W. DEWIND  
MORRIS B. ABRAM  
MORDECAI ROCHLIN  
PAUL J. NEWLON  
JOSEPH S. ISEMAN  
JAMES B. LEWIS  
THEODORE C. SORENSEN  
MARTIN KLEINBERG  
RICHARD H. PAUL  
NORMAN ZELENKO  
JOHN E. MASSENGALE  
JAY H. TOPKIS  
EDWARD N. COSTIKYAN  
ROBERT H. MONTGOMERY, JR.  
JOHN C. TAYLOR, 3<sup>RD</sup>  
BERNARD H. GREENE  
ERNEST RUBENSTEIN  
ALLAN B. ECHER  
STUART ROBINOWITZ  
JAMES L. PURCELL  
ARTHUR KALISH  
DAVID T. WASHBURN  
BERNARD FINKELSTEIN  
ARTHUR L. LIMAN  
SEYMOUR HERTZ  
WALTER F. LEINHARDT  
GERALD D. STERN  
ANTHONY B. KUKLIN  
MARTIN LONDON  
DAVID C. BRODHEAD  
PETER R. HAJE  
LEONARD V. QUIGLEY  
ALLAN BLUMSTEIN  
NEALE M. ALBERT  
JAY GREENFIELD  
KEVIN J. O'BRIEN  
ALFRED D. YOUNGWOOD  
DONALD F. MOORE  
JOSEPH E. BROWDY  
SIDNEY S. ROSDEITCHER  
ROBERT L. LAUFER  
ALLEN L. THOMAS  
PETER L. FELCHER  
MARK H. ALCOTT  
JOHN P. MCENROE  
PETER J. ROTHENBERG  
DANIEL P. LEVITT \*  
JUDITH R. THOYER

\* MEMBER D. C. BAR ONLY

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
SALOMON BROTHERS  
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)  
FIRST NATIONAL CITY BANK  
KIDDER, PEABODY & Co. INCORPORATED  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
BANKERS TRUST COMPANY  
CHEMICAL BANK  
THE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & Co.  
HALSEY, STUART & Co. INC.  
MANUFACTURERS HANOVER TRUST COMPANY  
MARINE MIDLAND MUNICIPALS Co.  
SMITH, BARNEY & Co. INCORPORATED  
As Representatives of the Underwriters

c/o Morgan Guaranty Trust Company of New York  
23 Wall Street  
New York, New York 10015

Dear Sirs:

We have been requested by our client, 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"), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated July 2, 1975 (the "Agreement"), by and among the Corporation and each of you as purchasers, and the issuance and sale to you thereunder of the Corporation's \$1,000,000,000 principal amount of 1975 Series A Bonds (the "Bonds").

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law (the "Act"), the final Official Statement of the Corporation, dated July 2, 1975, with respect to the Bonds, the By-laws of the Corporation, records of its corporate proceedings, including the General Bond Resolution and the 1975 Series A Resolution each adopted by the Board of Directors of the Corporation on July 2, 1975 (the "Resolutions"), and the Agreement and the exhibits attached thereto, and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed.

Based on the foregoing, we are of the opinion that :

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement, to adopt the Resolutions and to issue and sell the Bonds thereunder.

2. Under the Act, it is a purpose of the Corporation to assist The City of New York (hereinafter called the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City.

3. The execution and delivery of, and the performance of the obligations under, the Agreement and the issuance of the Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement constitutes the legal, valid and binding agreement of the Corporation enforceable in accordance with its terms. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for, or filing or recording of, the Resolutions is required.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Resolutions.

5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Bonds and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

6. Except with respect to the claim asserted in the complaint in the action entitled *Robert Sasso v. The City of New York, et al.* discussed in our opinion dated July 7, 1975, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or by the final Official Statement, or which in any way would adversely affect provisions for the payment of principal or interest on the Bonds or the validity of the Bonds, the Resolutions, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement or the final Official Statement.

7. The issuance and sale to you of the Bonds, pursuant to and as contemplated by the Agreement and the final Official Statement, is exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Bonds pursuant to the Trust Indenture Act of 1939, as amended.

8. To the best of our knowledge, the final Official Statement does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the final Official Statement, and the statements and information therein contained, not misleading.

9. The statements set forth in the final Official Statement under the headings "Functions of the Corporation with Respect to the City" and "Agreement of the State of New York" are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws, upon the validity, binding effect or enforceability of the Resolutions, the Agreement or the Bonds are rendered in reliance upon the opinion of Hawkins, Delafield & Wood, Bond Counsel to the Corporation, of even date herewith addressed to the Corporation and delivered to you in accordance with the Agreement, and, although we have made no independent investigation with respect thereto, such opinion is in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,

*Paul, Weiss, Rifkind, Wharton & Garrison*

**EXHIBIT B**  
**Agreement**  
**to**  
**Bond Purchase**

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

July 10, 1975

Municipal Assistance Corporation  
For The City of New York  
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of \$1,000,000,000 1975 Series A Bonds (the "1975 Series A Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act").

The 1975 Series A Bonds are authorized and issued under and pursuant to the Act and a General Bond Resolution of the Corporation (the "General Bond Resolution") and the 1975 Series A Resolution (the "Series Resolution"), each adopted July 2, 1975. Said resolutions are herein collectively called the "Resolutions."

The 1975 Series A Bonds are part of an issue of bonds of the Corporation (the "Bonds") which the Corporation has established and created under the terms of the General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the General Bond Resolution or as may be limited by law. The 1975 Series A Bonds are being issued for the purpose of providing funds (i) to The City of New York, New York ("The City") to enable The City to pay certain of its operating expenses and the principal of and interest on certain of its short term obligations and (ii) to pay notes of the Corporation.

The Corporation is authorized to issue Bonds, in addition to the 1975 Series A Bonds, only upon the terms and conditions set forth in the General Bond Resolution and such Bonds, when issued, shall with the 1975 Series A Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Bond Resolution.

The 1975 Series A Bonds are dated July 1, 1975, except as otherwise provided in the Resolutions with respect to fully registered 1975 Series A Bonds and will mature on the dates and will bear interest, payable February 1, 1976 and August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year at the respective rates per annum, shown below:

<u>February 1,</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest Rate</u>
1977 .....	\$ 41,240,000	6½%
1978 .....	43,920,000	7
1979 .....	46,995,000	7½
1980 .....	50,520,000	7¾
1981 .....	54,435,000	8
1982 .....	58,790,000	8¼
1985 .....	208,565,000	9
1990 .....	495,535,000	9¼

The 1975 Series A Bonds are issued either in coupon form in the denomination of \$5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of \$5,000 or an integral multiple of \$5,000. Coupon and fully registered 1975 Series A Bonds are interchangeable as provided in the Resolutions. Coupon 1975 Series A Bonds are lettered A and fully registered 1975 Series A Bonds are lettered AR, in each case followed by the last two digits of the year in which each of such 1975 Series A Bonds matures and its number. Coupon 1975 Series A Bonds are numbered consecutively from one upward for each year of maturity and fully registered 1975 Series A Bonds are numbered consecutively from one upward in order of issuance for each year of maturity.

The 1975 Series A Bonds maturing on or prior to February 1, 1982, are not subject to redemption.

The 1975 Series A Bonds maturing on February 1, 1985, and on February 1, 1990, are subject to redemption, in part, by lot and upon such notice, as provided in the Resolutions, by operation of the Debt Service Fund through application of mandatory Sinking Fund Installments as defined in the General Bond Resolution and in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each 1975 Series A Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption.

The 1975 Series A Bonds maturing February 1, 1990, are also subject to redemption at the option of the Corporation, at any time on or after August 1, 1985, as a whole but not in part, and upon such notice as provided in the Resolutions, at the redemption price of 102% of the principal amount thereof, plus accrued interest to the date of redemption.

Chapters 168 and 169 of the Laws of 1975 each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provides, among other things, for the insertion of the Act in the Public Authorities Law creating the Corporation as aforesaid, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the 1975 Series A Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance tax fund (the "Assistance Fund") and a special account for the Corporation within the Assistance Fund (the "Special Account"), adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the "Sales Tax"), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Account together with, after deducting such costs, such amounts, beginning with the fiscal year of the State commencing April 1, 1976, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by sections 270 and 270-a of Article 12 of the Tax Law (the "Stock Transfer Tax") are deposited.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority to adopt the Resolutions, to issue the Bonds including the 1975 Series A Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the 1975 Series A Bonds. Under the laws of the State, including the Constitution of the State, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys and securities is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Debt Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subjected to the pledge and lien created by the Resolutions.

3. The 1975 Series A Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The 1975 Series A Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, and are entitled, together with additional Bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Act.

4. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Act, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such capital reserve fund requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Assistance Fund into which is paid the Sales Tax and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

6. The 1975 Series A Bonds do not constitute a debt either of the State or The City, and neither the State nor The City shall be liable thereon, nor shall the 1975 Series A Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes;

(c) to establish the Stock Transfer Tax Fund, the Assistance Fund and the Special Account within the Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or account;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Assistance Fund and commencing with the fiscal year of the State commencing April 1, 1976 from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolution and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

8. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Assistance Fund.

9. Under existing statutes and court decisions, interest on the 1975 Series A Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

10. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series A Bonds.

11. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the 1975 Series A Bonds, and the execution and delivery of the 1975 Series A Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed 1975 Series A Bond numbered A77-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

*Hawkins, Delafield & Wood*



**EXHIBIT C**  
**to**  
**Bond Purchase**  
**Agreement**

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

July , 1975

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
SALOMON BROTHERS  
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)  
FIRST NATIONAL CITY BANK  
KIDDER, PEABODY & CO. INCORPORATED  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
BANKERS TRUST COMPANY  
CHEMICAL BANK  
THE FIRST BOSTON CORPORATION  
GOLDMAN, SACHS & Co.  
HALSEY, STUART & Co. INC.  
MANUFACTURERS HANOVER TRUST COMPANY  
MARINE MIDLAND MUNICIPALS Co.  
SMITH, BARNEY & Co. INCORPORATED

As representatives of the several Underwriters  
named in Schedule I of the Bond Purchase  
Agreement dated July 2, 1975 with the  
Municipal Assistance Corporation For The  
City of New York.

c/o Morgan Guaranty Trust Company of New York  
23 Wall Street  
New York, New York 10015

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to the authorization and issuance of the Corporation's 1975 Series A Bonds (the "Bonds"), dated July 1, 1975 and authorized by the General Bond Resolution, adopted by the Corporation on July 2, 1975, and the 1975 Series A Bond Resolution, adopted July 2, 1975. The Opinion is being rendered in connection with the delivery of the Bonds to Morgan Guaranty Trust Company of New York on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement for the Bonds (the "Bond Purchase Agreement") by and between you, as representatives of said Underwriters, and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the Corporation in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Corporation relating to the authorization, execution and delivery of the Bond Purchase Agreement, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Bonds dated July 2, 1975 (the "Official Statement").

In connection with the sale of the Bonds, at the request of the Corporation, we participated and assisted as bond counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PROVISIONS FOR PAYMENT OF THE BONDS (other than the statistical and financial information and other information under the headings "State Collections of New York City Sales and Compensating Use Taxes", "State Collections of Stock Transfer Tax" and "Estimated Amounts Available for Debt Service and Debt Service Coverage"), DESCRIPTION OF THE 1975 SERIES A BONDS, SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION, and AGREEMENT OF THE STATE OF NEW YORK are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no-litigation of the Corporation including statements to the effect that, except as noted therein, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Bonds or the existence or powers of the Corporation, or the application of the proceeds of the sale of such Bonds as contemplated by the Official Statement. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation, except as noted therein. In so acting, we have necessarily assumed the correctness and completeness of the statements and material set forth therein. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information and other information set forth in the headings excluded above, as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussions, inquiries and conferences, referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are further of the opinion that the Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a binding agreement of, the Corporation, enforceable in accordance with its terms.

Very truly yours,

**EXHIBIT D**  
**To Bond**  
**Purchase Agreement**

**PROPOSED OPINION**

STATE OF NEW YORK  
DEPARTMENT OF LAW  
ALBANY 12224

LOUIS J. LEFKOWITZ  
ATTORNEY GENERAL

July , 1975

DR. DONNA E. SHALALA  
Treasurer  
Municipal Assistance Corporation  
For The City of New York  
New York, New York

Dear Dr. Shalala :

This is to acknowledge receipt of your letter of , 1975, enclosing the transcript of proceedings of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation") together with other documents relating to the authorization, sale and issuance of the bonds hereinafter referred to in the principal amount of \$1,000,000,000 by the Corporation.

You have requested my opinion regarding the validity of such issue as well as other subsidiary and collateral questions, all of which are considered below.

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation, created pursuant to chapters 168 and 169 of the Laws of 1975 (herein referred to as the "Acts").

Such bonds are designated "Municipal Assistance Corporation For The City of New York, 1975 Series A Bonds", are issued under and pursuant to section 3012 and other related provisions of the Public Authorities Law, as added by chapters 168 and 169 of the Laws of 1975, to provide moneys to be paid to The City of New York, to enable it to pay operating expenses of The City and maturing obligations of the City, and to pay certain notes of the Corporation. Such bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum shown below:

<u>Maturity Date</u> <u>February 1</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>
1977 .....	\$ 41,240,000	6½%
1978 .....	43,920,000	7
1979 .....	46,995,000	7½
1980 .....	50,520,000	7¾
1981 .....	54,435,000	8
1982 .....	58,790,000	8¼
1985 .....	208,565,000	9
1990 .....	495,535,000	9¼

Such bonds are dated July 1, 1975. Interest on such bonds is payable semi-annually February 1 and August 1 in each year, with the first interest payment due February 1, 1976. The bonds are issued as coupon bonds in the denomination of \$5,000, registrable as to principal only, or as fully registered bonds

registrable as to both principal and interest, dated as provided in the resolutions, in the denominations of \$5,000, or any integral multiple thereof. Both types of bonds are to be numbered and lettered as provided in said resolutions, and are interchangeable in accordance with the provisions of such resolutions, which set forth in full the form of each type of authorized bond.

I have examined the Constitution and statutes of the State of New York, including the statutes creating the Corporation, together with a record of proceedings relating to the issuance of the bonds, including the official statement, certified copies of such resolutions, and other documents relating to the issuance of such bonds, and such other documents as I have deemed necessary for the opinion set forth herein.

Based on the foregoing, it is my opinion that :

1. Article 10 of the Public Authorities Law of the State of New York, and the amendments to the Tax Law and the State Finance Law, added by chapter 168 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal sales and compensating use tax; and to amend the state finance law, in relation to the municipal assistance tax fund", and Title III of Article 10 of the Public Authorities Law and the amendments to the State Finance Law and the New York City Stabilization Reserve Corporation Act, added by chapter 169 of the Laws of 1975, entitled "An Act to amend the public authorities law, in relation to creating the municipal assistance corporation for the city of New York; to amend the state finance law, in relation to bonds and notes of such corporation; and to amend the public authorities law, in relation to the termination of the authority and existence of the New York city stabilization reserve corporation", were introduced in the New York State Legislature on June 9, 1975 (S6701-A8599, and S6702-A8600, respectively), passed in both Senate and Assembly on June 9, 1975, on a Message of Necessity from the Governor and a Home Rule Message from The City of New York, and approved by the Governor on June 10, 1975. The passage of these bills conforms to the provisions of Article III, § 14 and Article IX, § 2 of the Constitution of the State of New York. I conclude, therefore, that the Acts have been validly enacted and have become law upon the Governor's approval in accordance with the Constitution and laws of the State of New York and are in full force and effect.

2. The execution, delivery and performance by the Corporation of, and compliance with the resolutions and the 1975 Series A Bonds, if performed as provided in the resolutions and in the Bonds, will not result in a violation of or be in conflict with any term or provision of the Acts or any other applicable law, including the Constitution of the State of New York, or regulation of the State of New York.

3. The carrying out of the actions and transactions authorized or mandated by the legislation referred to in paragraph 1 above, in accordance with the respective provisions thereof, will not result in a violation of or be in conflict with any term or provision of applicable law, including the Constitution of the State of New York, or applicable regulation.

4. The Corporation has the right and power under the Acts to adopt such resolutions, and such resolutions have been duly and lawfully adopted by the Corporation, are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, and no other authorization for the resolutions is required; and such resolutions create the valid pledge which they purport to create of the revenues, moneys and securities in the Debt Service Fund and Capital Reserve Fund established by the General Bond Resolution and other moneys and securities referred to therein, subject to the application thereof to the purposes and on the terms and conditions permitted by such resolutions. All revenues, moneys and securities, as and when received in the Debt Service Fund and the Capital Reserve Fund in accordance with the resolutions, will be validly subjected to the pledge and lien created by the resolutions.

5. The 1975 Series A Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Acts, and in accordance

with the resolutions. The 1975 Series A Bonds are valid and binding general obligations of the Corporation payable as provided in the resolutions, are enforceable in accordance with their terms, respectively, and the terms of the resolutions, and are entitled, together with additional bonds issued under the General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the General Bond Resolution and of the Acts.

6. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and State Budget Director his certificate stating such sum, if any, as shall be necessary to restore the amount in such Capital Reserve Fund to an amount equal to the capital reserve fund requirement under the General Bond Resolution. Subdivision 4 of Section 3036 of the Public Authorities Law, providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the State Legislature, which is empowered, but is not bound or obligated, to appropriate such amount.

7. Pursuant to the Acts and the General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 of the Public Authorities Law, for deposit in the funds established by the General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Debt Service Fund to pay all interest and all principal and redemption premium, if any, on notes and bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund Requirement. Said subdivision provides for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Municipal Assistance Tax Fund into which is paid the Municipal Sales and Compensating Use Taxes and, to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of such payments to the Corporation are subject to annual appropriation for such purpose by the State Legislature which is empowered, but is not bound or obligated, to appropriate the amount so certified by the Chairman, as aforesaid.

8. The 1975 Series A Bonds do not constitute a legally enforceable obligation upon the part of either the State or the City, nor create a debt on behalf of either the State or the City, and neither the State nor the City shall be liable thereon, nor shall the 1975 Series A Bonds be payable out of any funds other than those of the Corporation.

9. The State has the good right and lawful authority :

(a) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Tax Law of the State of New York ;

(b) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes ;

(c) to establish the Stock Transfer Tax Fund, the Municipal Assistance Tax Fund and the Special Account within the Municipal Assistance Tax Fund but the State is not bound or obligated to maintain the existence of said funds or account ;

(d) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Account for the Corporation in the Municipal Assistance Tax Fund and commencing with the fiscal year ending March 31, 1977 from the Stock Transfer Tax Fund, in amounts sufficient to enable the Corporation to fulfill the terms of the resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations.

10. Neither the Corporation nor the holders of the Bonds have or will have a lien on the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Account for the Corporation in the Municipal Assistance Tax Fund.

11. Under existing statutes and court decisions, interest on the 1975 Series A Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

12. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the 1975 Series A Bonds.

Very truly yours,

[To BE SIGNED LOUIS J. LEFKOWITZ]

*Attorney General*

**EXHIBIT E**  
**to**  
**Bond Purchase**  
**Agreement**

[LETTERHEAD OF CORPORATION COUNSEL]

July .., 1975

Municipal Assistance Corporation  
for the City of New York  
New York, N. Y.

Dear Sirs:

I have examined a Bond Purchase Agreement (the "Agreement") dated as of July .., 1975 among the Municipal Assistance Corporation for the City of New York (the "Corporation") and the Underwriters named in Schedule I thereto; the provisions therein for the issuance and delivery of certain bonds (the "Bonds") by the Corporation; Titles I, II and III of Article 10 of the Public Authorities Law, as amended, and the amendments to the Tax Law and the State Finance Law added by a chapter of the laws of 1975, entitled "An Act to amend the public authorities law, in relation to municipal assistance corporations; to amend the tax law, in relation to the municipal assistance sales and compensating use tax; and to amend the state finance law in relation to the municipal assistance tax fund" (the "legislation"); and the procedures followed in issuance and delivery by the City to the Corporation of certain obligations of the City (the "City Obligations") as contemplated by the Official Statement of the Corporation dated July .., 1975 relating to the Bonds.

It is my opinion that (i) any and all action by the City necessary to the valid enactment of the legislation has been duly taken; (ii) the execution, delivery and performance of, and compliance with, all of the terms and provisions of the Agreement and of the Bonds by the Corporation will not result in a violation of or be in conflict with any term or provision of any existing law, including the Charter of The City of New York, of the Administrative Code of The City of New York or of the Constitution of the State of New York which is applicable to The City of New York, or applicable regulation; (iii) the carrying out of the actions and transactions authorized or mandated by the legislation in accordance with the respective provisions thereof will not result in a violation of or be in conflict with any term or provision of applicable law, including any term or provision of the Constitution of the State of New York applicable to The City of New York, or applicable regulation, or of any outstanding obligation of the City for borrowed money; and (iv) the City Obligations have been duly authorized, executed, delivered and issued and constitute valid and binding obligations of The City of New York in accordance with their terms.

Sincerely,

[TO BE SIGNED W. BERNARD RICHLAND]  
*Corporation Counsel*

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MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

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**1975 Series A Resolution**

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Authorizing  
\$1,000,000,000  
1975 SERIES A BONDS

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Adopted July 2, 1975

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MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

1975 SERIES A RESOLUTION AUTHORIZING \$1,000,000,000  
1975 SERIES A BONDS

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1975 SERIES A RESOLUTION AUTHORIZING  
\$1,000,000,000 1975 SERIES A BONDS

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. *1975 Series A Resolution.* This Resolution is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on July 2, 1975, entitled "General Bond Resolution".

SECTION 102. *Definitions.* (a) All terms which are defined in Section 101 of the General Bond Resolution shall have the same meanings, respectively, in this 1975 Series A Resolution Authorizing \$1,000,000,000 1975 Series A Bonds, as such terms are given in said Section 101 of the General Bond Resolution.

(b) In addition, as used in this 1975 Series A Resolution Authorizing \$1,000,000,000 1975 Series A Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*1975 Series A Bonds*" shall mean the Bonds authorized by Article II of this 1975 Series A Resolution.

"*1975 Series A Bond Proceeds Fund*" means the fund by that name established by Section 301 hereof.

"*1975 Series A Resolution*" shall mean this 1975 Series A Resolution Authorizing \$1,000,000,000 1975 Series A Bonds.

"*1975 Series A Serial Bond*" shall mean any of the 1975 Series A Bonds maturing in annual installments on or before February 1, 1982.

"*1975 Series A Term Bond*" shall mean any of the 1975 Series A Bonds maturing on February 1, 1985 and on February 1, 1990.

"*Short Term Obligations*" shall mean tax anticipation notes, revenue anticipation notes, bond anticipation notes, budget notes and urban renewal notes of the City.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this 1975 Series A Resolution, refer to the 1975 Series A Resolution.

SECTION 103. *Authority for the 1975 Series A Resolution.* This 1975 Series A Resolution is adopted pursuant to the provisions of the Act and the Resolution.

## ARTICLE II

### AUTHORIZATION, TERMS AND ISSUANCE OF 1975 SERIES A BONDS

SECTION 201. *Authorization of 1975 Series A Bonds, Principal Amount, Designation and Series.* The 1975 Series A Bonds are hereby authorized to be issued in the aggregate principal amount of \$1,000,000,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this 1975 Series A Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "1975 Series A" and each as so designated shall be entitled "1975 Series A Bond". The 1975 Series A Bonds shall consist of \$295,900,000 1975 Series A Serial Bonds and \$704,100,000 1975 Series A Term Bonds and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

SECTION 202. *Purposes.* The purposes for which the 1975 Series A Bonds are being issued are purposes authorized by the Act, as follows:

(a) Payment to the City of the amount required by the City to enable it to pay, at maturity, the principal of and interest on any Short Term Obligations, as hereinafter provided;

(b) Payment to the City of the amount required by the City to enable it to pay operating expenses of the City, as hereinafter provided; and

(c) Payment of notes, including the interest thereon, of the Corporation, as hereinafter provided.

SECTION 203. *Issue Date.* The 1975 Series A Bonds shall be dated July 1, 1975, except as otherwise provided in Section 301 of the Resolution with respect to certain registered 1975 Series A Bonds. Registered 1975 Series A Bonds issued prior to the first interest payment date thereof shall be dated July 1, 1975.

SECTION 204. *Maturities and Interest Rates.* The 1975 Series A Bonds shall mature on February 1 in each of the years and in the respective principal amounts and shall bear interest at the rates per annum as shown below:

\$295,900,000 1975 SERIES A SERIAL BONDS

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1977 -----	\$41,240,000	6½%
1978 -----	43,920,000	7
1979 -----	46,995,000	7½
1980 -----	50,520,000	7¾
1981 -----	54,435,000	8
1982 -----	58,790,000	8¼

\$704,100,000 1975 SERIES A TERM BONDS

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1985 -----	\$208,565,000	9 %
1990 -----	495,535,000	9¼

SECTION 205. *Interest Payments.* The 1975 Series A Bonds in coupon form shall bear interest from July 1, 1975, payable on February 1, 1976 and on August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year. Registered 1975 Series A Bonds shall

bear interest from their date, payable semi-annually on February 1 and August 1 in each year, provided that registered 1975 Series A Bonds dated July 1, 1975, shall bear interest from their date payable on February 1, 1976 and on August 1, 1976 and semi-annually thereafter on February 1 and August 1 in each year.

SECTION 206. *Denominations, Numbers and Letters.* The 1975 Series A Bonds shall be issued in the denomination of \$5,000 in the case of 1975 Series A Bonds in coupon form payable to bearer and in the denomination of \$5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of 1975 Series A Bonds maturing in the year of maturity of the 1975 Series A Bond for which the denomination is to be specified, with respect to fully registered 1975 Series A Bonds without coupons. The 1975 Series A Bonds in coupon form payable to bearer shall be lettered A and the 1975 Series A Bonds in fully registered form without coupons shall be lettered AR, in each case followed by the last two digits of the year in which such 1975 Series A Bond matures and the number of the 1975 Series A Bond. 1975 Series A Bonds in coupon form payable to bearer so lettered and bearing the same digits of the year of maturity shall be numbered consecutively from one (1) upwards for each such year of maturity and 1975 Series A Bonds in fully registered form so lettered and bearing the same digits of the year of maturity shall be numbered consecutively from one (1) upwards in order of issuance for each such year of maturity.

SECTION 207. *CUSIP Numbers.* The Corporation is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the 1975 Series A Bonds and to have such CUSIP numbers printed thereon.

SECTION 208. *Places of Payment and Paying Agents.* The principal and Redemption Price of, and interest on, the 1975 Series A Bonds in coupon form payable to bearer shall be payable at the corporate trust office of First National City Bank, in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of The Northern Trust Company, in the City of Chicago, State of Illinois, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, California, each being hereby appointed as a Paying Agent for the 1975 Series A Bonds, unless regis-

tered as to principal. The interest on all registered 1975 Series A Bonds and the principal and Redemption Price of all registered 1975 Series A Bonds and of all 1975 Series A Bonds issued in coupon form payable to bearer and subsequently registered as to principal, shall be payable at the corporate trust office of the Trustee.

SECTION 209. *Redemption of 1975 Series A Bonds and Terms.* The 1975 Series A Serial Bonds maturing on or prior to February 1, 1982, are not subject to redemption. The 1975 Series A Term Bonds maturing on February 1, 1985, shall not be subject to redemption prior to maturity otherwise than from mandatory Sinking Fund Installments, as hereinafter provided. The 1975 Series A Term Bonds maturing on February 1, 1990, shall be subject to redemption otherwise than from mandatory Sinking Fund Installments, as hereinafter provided, at the option of the Corporation, at any time on or after August 1, 1985, as a whole but not in part, at a Redemption Price of 102% of the principal amount of each 1975 Series A Term Bond to be redeemed, plus accrued interest to the date of redemption.

SECTION 210. *Sinking Fund Installments.* The 1975 Series A Term Bonds shall be subject to redemption, in part, by operation of the Debt Service Fund through application of Sinking Fund Installments as provided in the Resolution. The 1975 Series A Term Bonds shall be subject to such redemption beginning on February 1, 1983, and on February 1, 1986, respectively, and on each February 1 thereafter until maturity on February 1, 1985 and February 1, 1990, respectively, as herein provided, upon published notice, all as prescribed in Article IV of the Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each 1975 Series A Term Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the 1975 Series A Term Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the 1975 Series A Term Bonds, on February 1 of each of the years set forth in the following table, the amount set opposite such year in said table, and the said amount so to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the 1975 Series A Term Bonds, except that the amount set opposite

the year 1985 and the amount set opposite the year 1990, in said table, shall be payable at the respective stated maturity dates of the 1975 Series A Term Bonds:

1975 Series A Term Bonds Due February 1, 1985		1975 Series A Term Bonds Due February 1, 1990	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1983 -----	\$ 63,635,000	1986 -----	\$ 82,390,000
1984 -----	69,345,000	1987 -----	90,010,000
1985 -----	75,585,000	1988 -----	98,335,000
		1989 -----	107,430,000
		1990 -----	117,370,000

SECTION 211. *Selection by Lot.* If less than all of the 1975 Series A Bonds of a like maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. *Sale of 1975 Series A Bonds.* (a) The 1975 Series A Bonds authorized to be issued herein shall be sold to the underwriters listed on Schedule I (the "Purchasers") of the Bond Purchase Agreement, dated July 2, 1975 (the "Bond Purchase Agreement"), at an aggregate price of \$982,343,024.44 and accrued interest on the 1975 Series A Bonds from July 1, 1975, to the date of delivery thereof and payment therefor and the Chairman of the Corporation is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

(b) The Preliminary Official Statement of the Corporation with respect to the 1975 Series A Bonds, dated June 24, 1975, the distribution thereof to prospective purchasers and the use thereof by the Purchasers in connection with the offering of the 1975 Series A Bonds are hereby ratified, confirmed and approved. The Chairman of the Corporation is hereby authorized to permit the distribution of the final Official Statement dated the date hereof, in substantially the form of said Preliminary Official Statement, with such changes, omissions, insertions and revisions as he shall deem advisable and to sign and deliver such final Official Statement to the Purchasers in the name and on behalf of the Corporation.



(c) The check in the amount of \$5,000,000 received by the Corporation from the Purchasers as a good faith deposit pursuant to the terms of the Bond Purchase Agreement shall be held uncashed by the Corporation until the time of delivery of the 1975 Series A Bonds to the Purchasers at which time said check shall be returned to the Purchasers and the purchase price of the 1975 Series A Bonds shall be paid by the Purchasers, all as more fully provided in the Bond Purchase Agreement.

### ARTICLE III

#### DISPOSITION OF 1975 SERIES A BOND PROCEEDS AND ACCRUED INTEREST

SECTION 301. *Establishment of 1975 Series A Bonds Proceeds Fund.* There is hereby established the 1975 Series A Bonds Proceeds Fund to be held by the Trustee. There shall be deposited into such Fund the balance of the proceeds of sale of the 1975 Series A Bonds after deducting therefrom the amount of accrued interest received at the time of delivery of the 1975 Series A Bonds, which amount shall be deposited into the Debt Service Fund pursuant to Section 303 hereof.

SECTION 302. *Payments from 1975 Series A Bonds Proceeds Fund.* The moneys deposited in the 1975 Series A Bonds Proceeds Fund shall be expended by the Trustee only pursuant to the written order of the Corporation signed by an Authorized Officer for the following purposes:

(a) Payment to the City of the amount required by the City to enable it to pay, at maturity, the principal of and interest on any Short Term Obligations, as certified to the Corporation by the Mayor, a copy of which certification shall be attached to said written order;

(b) Payment to the City of the amount required by the City to enable it to pay operating expenses of the City, as certified to the Corporation by the Mayor, a copy of which certification shall be attached to said written order together with evidence of the receipt by the Corporation of Short Term Obligations, if required by the Act as then in effect;

(c) Payment, prior to maturity, of the \$100,000,000 Promissory Notes of the Corporation, dated June 11, 1975, and maturing

September 9, 1975, including the interest due and payable thereon to the date of payment of such Promissory Notes and surrender thereof to the Corporation; and

(d) Payment, at or prior to maturity, of the \$175,000,000 Promissory Notes of the Corporation, to be dated July 7, 1975, and to mature July 10, 1975, including the interest due and payable thereon to the date of payment of such Promissory Notes and surrender thereof to the Corporation;

provided, however, that pending expenditure of the moneys as herein directed, such moneys may be invested by the Trustee upon direction of the Corporation in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the Corporation in issuing such direction shall take into consideration the dates and times when monies in such 1975 Series A Bonds Proceeds Fund will be required for the purposes of this 1975 Series A Resolution) in obligations authorized for investment of moneys in the Debt Service Fund and the Capital Reserve Fund pursuant to the provisions of Section 702 of the General Bond Resolution or, as provided in paragraph (5) of said Section 702.

SECTION 303. *Accrued Interest.* Upon delivery of the 1975 Series A Bonds and receipt of the proceeds of sale, the Trustee shall deposit therefrom into the Debt Service Fund an amount equal to the amount of the accrued interest on the 1975 Series A Bonds from July 1, 1975, to the date of delivery of and payment for the 1975 Series A Bonds.

#### ARTICLE IV

##### FORMS AND EXECUTION OF 1975 SERIES A BONDS AND COUPONS

SECTION 401. *Form of Bonds and Coupons of 1975 Series A Bonds.* Subject to the provisions of the Resolution, the 1975 Series A Bonds in coupon form and coupons to be attached thereto and the 1975 Series A Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following form and tenor:

## (FORM OF COUPON 1975 SERIES A BOND)

No. A \_\_\_\_\_

\$5,000

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

## 1975 SERIES A BOND

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (hereinafter sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal sum of FIVE THOUSAND DOLLARS (\$5,000) on the first day of February, \_\_\_\_\_, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon from the date hereof to the date of maturity or earlier redemption of this Bond, at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum, payable on February 1, 1976 and on August 1, 1976 and semi-annually thereafter on February 1 and August 1, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but only with respect to interest due on or before the maturity of this Bond according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of First National City Bank, in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of The Northern Trust Company, in the City of Chicago, State of Illinois, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York,

as trustee under the resolution of the Corporation adopted July 2, 1975, entitled "General Bond Resolution" (herein called the "General Bond Resolution"), or its successor as trustee (herein called the "Trustee"), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the General Bond Resolution and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any revenues of the Corporation and are entitled to a first lien created by the pledge under the General Bond Resolution of all revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund (as defined therein), subject to the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure payment of principal of and interest on Notes and interest on Other Obligations (as defined in the General Bond Resolution). The General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Debt Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and the application of amounts in the Debt Service Fund to the payment, when due, of the principal of and interest on Notes and interest on Other Obligations. Pursuant to the General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Debt Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, effective April 1, 1976, if required, the stock transfer tax imposed by Sections 270 and 270-a of Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Account established within such

Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (ii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iii) investment earnings of moneys in such Funds; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds or Notes, relating to said taxes and such Municipal Assistance Tax Fund, the Special Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the General Bond Resolution is not limited except as provided in the General Bond Resolution or as may be limited by law and all Bonds issued and to be issued pursuant to the General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

This Bond is one of a series of Bonds designated "1975 Series A Bonds" (herein called the "1975 Series A Bonds"), issued in the aggregate principal amount of \$1,000,000,000 pursuant to the General Bond Resolution and the series resolution of the Corporation adopted July 2, 1975, entitled "1975 Series A Resolution Authorizing \$1,000,000,000 1975 Series A Bonds" (said resolutions being herein collectively called the "Resolutions"), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 1975 Series A Bonds, the nature,

extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1975 Series A Bonds with respect thereto and the terms and conditions upon which the 1975 Series A Bonds are issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Bond is transferable by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized in writing, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The 1975 Series A Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of registered Bonds without coupons in the denomination of \$5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of the 1975 Series A Bonds maturing in the year of maturity of the 1975 Series A

Bond for which the denomination of the 1975 Series A Bond is to be specified. Coupon 1975 Series A Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered 1975 Series A Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon the payment of such charges, if any, registered 1975 Series A Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1975 Series A Bonds, with appropriate coupons attached, or of 1975 Series A Bonds without coupons of any other authorized denominations, of the same maturity.

The 1975 Series A Bonds maturing on or prior to February 1, 1982, shall not be subject to redemption prior to maturity. The 1975 Series A Bonds maturing on February 1, 1985, and on February 1, 1990, are subject to redemption, in part, by lot as provided in the Resolutions, on February 1 in each of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on February 1 of each of the years shown below the principal amount of such 1975 Series A Bonds specified therefor:

1975 Series A Bonds maturing February 1, 1985		1975 Series A Bonds maturing February 1, 1990	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1983 -----	\$ 63,635,000	1986 -----	\$ 82,390,000
1984 -----	69,345,000	1987 -----	90,010,000
1985 -----	75,585,000	1988 -----	98,335,000
		1989 -----	107,430,000
		1990 -----	117,370,000

The 1975 Series A Bonds maturing on February 1, 1985, are not subject to redemption prior to maturity otherwise than from such mandatory Sinking Fund Installments. The 1975 Series A Bonds maturing on February 1, 1990, are subject to redemption otherwise

than from such mandatory Sinking Fund Installments, at the option of the Corporation, at any time on or after August 1, 1985, as a whole but not in part, at a Redemption Price (as defined in the General Bond Resolution) of 102% of the principal amount thereof, plus accrued interest to the date of redemption.

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, 1975 Series A Bonds of the Corporation payable from such Sinking Fund Installment and apply any 1975 Series A Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1975 Series A Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 1975 Series A Bonds or portions of the 1975 Series A Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the 1975 Series A Bonds. Notice of redemption having been given, as aforesaid, the 1975 Series A Bonds or portions thereof so called for redemption, shall become due and payable at the applicable Redemption Price herein provided, and from and after the date so fixed for redemption, interest on the 1975 Series A Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable and the coupons for interest appertaining to coupon 1975 Series A Bonds maturing subsequent to the redemption date shall be void.

The 1975 Series A Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New



York nor The City of New York shall be liable thereon, nor shall the 1975 Series A Bonds be payable out of any funds other than those of the Corporation.

This 1975 Series A Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this 1975 Series A Bond, or of any coupon appurtenant hereto, by accepting this 1975 Series A Bond or coupon shall be conclusively deemed to have agreed that this 1975 Series A Bond or coupon is fully negotiable for those purposes.

Neither the Directors of the Corporation nor any person executing the 1975 Series A Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 1975 Series A Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1975 Series A Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK has caused this 1975 Series A Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of July, 1975.

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

By \_\_\_\_\_  
*Chairman*

[SEAL]

Attest:  
\_\_\_\_\_  
*Secretary*

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1975 Series A Bonds of the Municipal Assistance Corporation For The City of New York.

\_\_\_\_\_, Trustee

By \_\_\_\_\_  
Authorized Signature

(FORM OF COUPON)

No. \_\_\_\_\_ \$ \_\_\_\_\_

Clause in bold face type appears only in coupons attached to 1975 Series A Term Bonds

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK on \_\_\_\_\_, 1, 19\_\_ (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for), will pay to bearer the amount shown hereon in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at \_\_\_\_\_

\_\_\_\_\_,  
or, at the option of the holder, at \_\_\_\_\_

\_\_\_\_\_,  
or, at the option of the holder, at \_\_\_\_\_

\_\_\_\_\_,  
upon presentation and surrender of this coupon, being the interest then due on its 1975 Series A Bond, dated July 1, 1975, No. A

By \_\_\_\_\_  
Chairman, Municipal Assistance Corporation For The City of New York

(Provisions for Registration)

(No writing below except by the Trustee as Registrar.)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Authorized Signature</u>
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## (FORM OF REGISTERED 1975 SERIES A BOND)

No. AR\_\_\_\_\_

\$\_\_\_\_\_

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  
1975 SERIES A BOND

THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (herein sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, upon presentation and surrender of this Bond, the principal sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) on the first day of February, \_\_\_\_\_, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon from the date hereof to the date of maturity or earlier redemption of this Bond, at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum, payable on February 1, 1976 and on August 1, 1976 and semi-annually thereafter on February 1 and on August 1, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the Borough of Manhattan, City and State of New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the

resolution of the Corporation adopted July 2, 1975, entitled "General Bond Resolution" (herein called the "General Bond Resolution") and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any revenues of the Corporation and are entitled to a first lien created by the pledge under the General Bond Resolution of all revenues, moneys and securities in the Debt Service Fund and the Capital Reserve Fund (as defined therein), subject to the right of the Corporation to grant an equal lien on all revenues, moneys and securities in the Debt Service Fund to secure payment of principal of and interest on Notes and interest on Other Obligations (as defined in the General Bond Resolution). The General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Debt Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds, and the application of amounts in the Debt Service Fund to the payment, when due, of the principal of and interest on Notes and interest on Other Obligations. Pursuant to the General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Debt Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, effective April 1, 1976, if required, the stock transfer tax imposed by Sections 270 and 270-a of Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (ii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iii) investment earnings of moneys in such Funds; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds

or Notes, relating to said taxes and such Municipal Assistance Tax Fund, the Special Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the General Bond Resolution is not limited except as provided in the General Bond Resolution or as may be limited by law and all Bonds issued and to be issued pursuant to the General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the General Bond Resolution.

This Bond is one of a series of Bonds designated "1975 Series A Bonds" (herein called the "1975 Series A Bonds"), issued in the aggregate principal amount of \$1,000,000,000 pursuant to the General Bond Resolution and the series resolution of the Corporation, adopted July 2, 1975, entitled "1975 Series A Resolution Authorizing \$1,000,000,000 1975 Series A Bonds" (said resolutions being herein collectively called the "Resolutions"), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the General Bond Resolution (said trustee and any successor thereto under the General Bond Resolution being herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 1975 Series A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the 1975 Series A Bonds with respect thereto and the terms and conditions upon which the 1975 Series A Bonds are issued and may be issued thereunder.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee a new registered 1975 Series A Bond or Bonds or, at the option of the transferee, a coupon 1975 Series A Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and series, maturity and interest rate as the surrendered 1975 Series A Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this 1975 Series A Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes whatsoever.

The 1975 Series A Bonds are issuable in the form of coupon bonds payable to bearer in the denomination of \$5,000 and in the form of registered bonds without coupons in the denomination of \$5,000, or an integral multiple thereof, not exceeding the aggregate principal amount of

the 1975 Series A Bonds maturing in the year of maturity of the 1975 Series A Bond for which the denomination of the 1975 Series A Bond is to be specified. Coupon 1975 Series A Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered 1975 Series A Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon the payment of such charges, if any, registered 1975 Series A Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 1975 Series A Bonds, with appropriate coupons attached, or of 1975 Series A Bonds without coupons of any other authorized denominations, of the same maturity.

The 1975 Series A Bonds maturing on or prior to February 1, 1982, shall not be subject to redemption prior to maturity. The 1975 Series A Bonds maturing on February 1, 1985, and on February 1, 1990, are subject to redemption, in part, by lot as provided in the Resolutions, on February 1 in each of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on February 1 of each of the years shown below the principal amount of such 1975 Series A Bonds specified therefor:

1975 Series A Bonds maturing February 1, 1985		1975 Series A Bonds maturing February 1, 1990	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1983 -----	\$ 63,635,000	1986 -----	\$ 82,390,000
1984 -----	69,345,000	1987 -----	90,010,000
1985 -----	75,585,000	1988 -----	98,335,000
		1989 -----	107,430,000
		1990 -----	117,370,000

The 1975 Series A Bonds maturing on February 1, 1985, are not subject to redemption prior to maturity otherwise than from such mandatory Sinking Fund Installments. The 1975 Series A Bonds ma-

turing on February 1, 1990, are subject to redemption otherwise than from such mandatory Sinking Fund Installments, at the option of the Corporation, at any time on or after August 1, 1985, as a whole but not in part, at a Redemption Price (as defined in the General Bond Resolution) of 102% of the principal amount thereof, plus accrued interest to the date of redemption.

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, 1975 Series A Bonds of the Corporation payable from such Sinking Fund Installment and apply any 1975 Series A Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the 1975 Series A Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any 1975 Series A Bonds or portions of the 1975 Series A Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the 1975 Series A Bonds. Notice of redemption having been given, as aforesaid, the 1975 Series A Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided and, from and after the date so fixed for redemption, interest on the 1975 Series A Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon 1975 Series A Bonds maturing subsequent to the redemption date shall be void.



The 1975 Series A Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the 1975 Series A Bonds be payable out of any funds other than those of the Corporation.

Neither the Directors of the Corporation nor any person executing the 1975 Series A Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 1975 Series A Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 1975 Series A Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK has caused this 1975 Series A Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK

By \_\_\_\_\_  
*Chairman*

[SEAL]

Attest:

\_\_\_\_\_  
*Secretary*

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 1975 Series A Bonds of the Municipal Assistance Corporation For The City of New York.

-----, *Trustee*

By -----  
*Authorized Signature*

[FORM OF ASSIGNMENT]

**ASSIGNMENT**

For value received the undersigned hereby sells, assigns, and transfers unto

-----  
(Please print or typewrite name and address of transferee)  
the within 1975 Series A Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

----- Attorney  
to transfer the within 1975 Series A Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: -----

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within 1975 Series A Bond in every particular, without alteration or enlargement or any change whatever.

SECTION 402. *No Recourse on 1975 Series A Bonds.* No recourse shall be had for the payment of the principal or Redemption Price of or interest on the 1975 Series A Bonds or for any claim based thereon or on the 1975 Series A Resolution against any member or officer of the Corporation or any person executing the 1975 Series A Bonds and neither the Directors of the Corporation nor any other person executing the 1975 Series A Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 403. *Execution of 1975 Series A Bonds.* Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the 1975 Series A Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the 1975 Series A Bonds.

## ARTICLE V

### MISCELLANEOUS

SECTION 501. *When Effective.* This 1975 Series A Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.