

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

Central

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

21 August 1985

Mr. Comer S. Coppie
Executive Director
NEW YORK STATE FINANCIAL CONTROL BOARD
270 Broadway
New York, New York 10007

Dear Comer:

I appreciated the opportunity to meet with you last week and to discuss issues facing the City which are of common concern to the Control Board and the Corporation. And thanks for the copy of your Corporate Calendar, which will serve as a useful reference.

I look forward to continuing the constructive relationship between our two organizations in my new capacity as Executive Director.

Sincerely,



Stephen J. Weinstein
Executive Director

SJW:vs#19



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

Comer S. Coppie
Executive Director

Chairman

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kaniclides

Stanley S. Shuman

December 22, 1983

Mr. T. Dennis Sullivan
Executive Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, NY 10048

Dear Mr. Sullivan:

We have been advised by the Director of the City of Office Management and Budget that the New York City Transit Authority (the "TA") proposed to issue and sell Grant Anticipation Notes, Series 1983 in an aggregate principal amount of \$46,225,000 at an annual interest rate of 6.20% (the "Notes"). The Notes will mature on June 1, 1984 and are general obligations of the TA. The proceeds of the Notes will be used for working capital and to repay advances for working capital made by the Metropolitan Transit Authority (the "MTA") to the TA.

Pursuant to Section 9 of the Urban Mass Transit Act of 1964, entitlement grant funds have been designated for use by the TA, among others. The MTA has agreed upon receipt, to deposit \$47,500,000 of such grant monies into a Payment Fund for the benefit the Noteholders.

The City also submitted for Control Board review and approval Modification 84-7 to the TA's Four-Year Financial Plan to reflect the TA's projections for the fiscal year ending December 31, 1983 and to accommodate the issuance and sale of the Notes. A formal submission is available at our offices.

This letter is to confirm that, pursuant to Section 7.1(f) of the Financial Emergency Act, we requested that you kindly advise us of the views of the Municipal Assistance Corporation regarding the proposal.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. H. H. H. H.", positioned below the word "Sincerely,".

FCB
h



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

Comer S. Copple
Executive Director

Chairman

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kaniclides

Stanley S. Shuman

December 19, 1983

Mr. T. Dennis Sullivan
Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, N.Y. 10048

Dear Mr. Sullivan:


We have been advised by the Director of the City Office of Management and Budget that the Housing Development Corporation ("HDC"), a covered organization within the meaning of the New York State Financial Emergency Act for the City of New York (the "Act") proposes to issue and sell tax-exempt Multi-Family Mortgage Revenue Bonds, 1983 Series C in an aggregate principal amount not to exceed \$2.5 million and at an interest rate not to exceed 1.0 percent (the "Bonds"). The Bonds will be purchased by the New York City Department of Housing Preservation and Development, using entitlement grant funds provided pursuant to Title I of the Housing and Community Development Act. The proceeds will be used for moderate rehabilitation of the Louis Morris housing project in the Bronx. A formal submission requesting Control Board approval of the bond purchase agreement and the issuance and sale of the bonds is available at our offices.

This letter is to confirm that, pursuant to Section 7.1(f) of the Act, we requested that you kindly advise us of the views of the Municipal Assistance Corporation regarding the proposal.

Sincerely,

Comer S. Copple
Executive Director

MEMORANDUM

Date: 28 November 1983
To: Dennis Sullivan
From: Steve Weinstein 
Re: State Fiscal Monitors

*File
FCS*

MUNICIPAL
ASSISTANCE
CORPORATION
FOR THE CITY
OF NEW YORK

Financial Control Board

Under State law (Section 5401 ff. of the Unconsolidated Laws), the Financial Control Board will continue to exist until July 1, 2008, or until a sooner date when there are not outstanding any Federal Guarantees of City or MAC obligations or any City or MAC debt carrying the State Covenant¹.

During its existence, however, the powers of the Board are reduced significantly to exclude periodic review and approval of City financial plans, contracts and borrowings at such time as: (1) there are no longer outstanding any Federal guarantees of City or MAC obligations; and (2) the Board determines that the City has adopted and adhered to a GAAP-balanced budget for the three preceding fiscal years; and (3) the City and State Comptrollers jointly certify that all of the City's capital and seasonal financing needs have been met through the past fiscal year and will be substantially met through the next fiscal year by the City and MAC in the "general public market" (i.e., excluding sales to Pension Funds or Financial Institutions, as specified in the statute). When all three conditions are met, the Control Period is terminated, and with it the specific review and approval powers of the Board.

Subsequently, until its expiration, the Board can reimpose a Control Period upon the happening of certain events adverse to the City's financial condition, subject to annual determination by the Board, which may be any one of the following: (1) City failure to pay debt service; (2) City deficit of more than \$100 million in any fiscal year;

-
- 1 A covenant that the State will not terminate or alter the Board or substantially impair its powers, required to be included in all bonds issued by MAC after September 28, 1978 and authorized to be included in bonds or notes issued by the City from that date to July 1, 1982.

*Municipal Assistance Corporation
For The City of New York*

28 November 1983
Dennis Sullivan
Page 2

(3) City issuance of notes in violation of statutory limits;
(4) City violation of Control Board statute; or (5) City and
State Comptroller joint certification of inability to then
make a certification as to market access (as set forth
above). Once the Board reimposes a Control Period, all of
its review and approval powers over City actions return to
their full levels.

Special Deputy Comptroller

Under a separate statute (Section 41-a of the Executive
Law), the authority of the State Comptroller to establish a
Special Deputy Comptroller and to specify duties to assist
the Control Board terminates six months after the
termination of a Control Period under the Control Board
statute. There is no provision for the reactivation of such
authority in the event that a Control Period is reimposed by
the Control Board under its statute.

MEMORANDUM

Date: 28 November 1983
To: Dennis Sullivan
From: Steve Weinstein
Re: State Fiscal Monitors

MUNICIPAL
ASSISTANCE
CORPORATION
FOR THE CITY
OF NEW YORK

Financial Control Board

Under State law (Section 5401-5420 of the Unconsolidated Laws), the Financial Control Board will continue to exist until July 1, 2008, or until a sooner date when there are not outstanding any Federal Guarantees of City or MAC obligations or any City or MAC debt carrying the State Covenant.*

During its existence, however, the powers of the Board are reduced significantly to exclude periodic review and approval of City financial plans, contracts and borrowings at such time as: (1) there are no longer outstanding any Federal guarantees of City or MAC obligations; and (2) the Board determines that the City has adopted and adhered to a GAAP-balanced budget for the three preceding fiscal years; and (3) the City and State Comptrollers jointly certify that all of the City's capital and seasonal financing needs have been met through the past fiscal year and will be substantially met through the next fiscal year by the City and MAC in the "general public market" (i.e., excluding sales to Pension Funds or Financial Institutions, as specified in the statute). When all three conditions are met, the Control Period is terminated, and with it the specific review and approval powers of the Board.

Subsequently, until its expiration, the Board can reimpose a Control Period upon the happening of certain events adverse to the City's financial condition, subject to annual determination by the Board, which may be any one of the following: (1) City failure to pay debt service; (2) City deficit of more than \$100 million in any fiscal year;

* A covenant that the State will not terminate or alter the Board or substantially impair its powers, required to be included in all bonds issued by MAC after September 28, 1978 and authorized to be included in bonds or notes issued by the City from that date to July 1, 1986.

28 November 1983
Dennis Sullivan
Page 2

(3) City issuance of notes in violation of statutory limits;
(4) City violation of Control Board statute; or (5) City and
State Comptroller joint certification of inability to then
make a certification as to market access (as set forth
above). Once the Board reimposes a Control Period, all of
its review and approval powers over City actions return to
their full levels.

Special Deputy Comptroller

Under a separate statute (Section 41-a of the Executive
Law), the authorization for a Special Deputy Comptroller for
the City of New York to assist the Control Board terminates
six months after the termination of a Control Period under
the Control Board statute. There is no provision for the
reactivation of such authorization in the event that a
Control Period is reimposed by the Control Board under its
statute.



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

FAB

Chairman

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kaniclides

Stanley S. Shuman

Comer S. Coppie
Executive Director

November 21, 1983

Mr. T. Dennis Sullivan
Executive Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, NY 10048

Dear Mr. ~~Sullivan~~: *Dennis*

We have been advised by the Director of the City Office of Management and Budget that the City proposes to issue and sell General Obligation Bonds in an aggregate principal amount of \$125,000,000, being sold in accordance with the provisions of a notice of sale, dated November 11, 1983, and at a net interest cost of 9.44% (the "Bonds") to a syndicate of underwriters for distribution to the public. A formal submission requesting Control Board approval of the issuance and sale of the Bonds is available at our office.

This letter is to request that, pursuant to Section 7.1(f) of the Financial Emergency Act, you kindly advise us of the views of the Municipal Assistance Corporation regarding the proposal.

Sincerely,

Comer S. Coppie

RECEIVED
MUNICIPAL ASSISTANCE CORPORATION

NOV 23 '83

EBA	_____	
PB	_____	A.M.
DND	_____	
BLG	_____	
MEIG	_____	P.M.
FNH	_____	
SJK	_____	
DRR	_____	MAIL
AS	_____	
VS	_____	
TDS	<input checked="" type="checkbox"/>	HAND
SJW	_____	



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

FCB

Chairman

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kaniclidis

Stanley S. Shuman

Comer S. Coppie
Executive Director

October 24, 1983

T. Dennis Sullivan
Executive Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, NY 10048

Dear Mr. Sullivan: *T. Dennis Sullivan*

We have been advised by the Director of the City of Office Management and Budget that the City proposes to amend a Bond Purchase Agreement dated as of June 16, 1983 between the City and the Municipal Assistance Corporation ("MAC") relating to, among other things, the Series 45 bonds issued by MAC on May 5, 1983; and further, that that first amendment would amend exhibits to the agreement.

We have also been advised that the City proposes to issue and sell to MAC general obligation serial bonds in an aggregate principal amount of \$236,400,000, and has scheduled a closing for October 27, 1983. These bonds would mirror those issued by MAC on May 5, 1983 and June 16, 1983 (Series 45) and on October 23, 1981 and June 16, 1983 (Series 32 and 33). The formal submission requesting Control Board approval of the amendment and of the issuance and sale of the mirror bonds is available at our office.

This letter is to confirm that, pursuant to Section 7.1(f) of the FEA, we are requesting that you kindly advise us of the views of the Municipal Assistance Corporation regarding the proposal.

Sincerely,

Comer S. Coppie



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

Comer S. Coppie
Executive Director

Chairmen

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kariakides

Stanley S. Shuman

October 3, 1983

Honorable Donald T. Regan
Secretary of the Treasury
U.S. Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Secretary:

Pursuant to Section 6.21 of the Agreement to Guarantee, dated as of November 15, 1978, by and among the United States of America, the Financial Control Board and several other parties, please be advised that it currently appears that actual real estate tax receipts retained and additionally withheld in the General Debt Service Fund established pursuant to Section 9-A of the Financial Emergency Act are sufficient to make the schedule debt service payment of \$77,732,388.75 on Guaranteed Indebtedness due on November 1, 1983, without requiring the deposit of additional monies in that Fund.

Real estate taxes in the amount of \$1,639,618,492.02 were deposited in the General Debt Service Fund during the month of July, of which \$625,786,055.39 will be retained and additionally withheld to pay monthly debt service (including debt service on Guaranteed City Indebtedness) during the months of August, September, October and November.

The amounts projected to be retained and additionally withheld in the Fund during the period beginning with the fifth banking day prior to the payment date for Guaranteed City Indebtedness and continuing through such payment date appear sufficient to provide for the payment of all principal and interest on all outstanding notes or bonds of the City, including Guaranteed City Indebtedness, that is due during such period.

Honorable Donald T. Regan

-2-

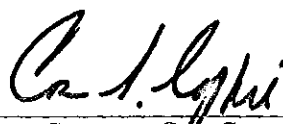
October 3, 1983

Copies of this notice have been set to each of the parties specified on Article 9 of the Agreement to Guarantee.

Very truly yours,

NEW YORK STATE FINANCIAL CONTROL BOARD

By: _____



Comer S. Coppie
Executive Director

File: FCB.



State of New York
Financial Control Board

270 Broadway
New York, New York 10007-2381
(212) 587-5046

Comer S. Coppie
Executive Director

Chairman

Mario M. Cuomo, Governor

Board Members

Edward V. Regan

Comptroller

Edward I. Koch

Mayor, City of New York

Harrison J. Goldin

Comptroller, City of New York

Edward J. Babb, Esq.

Penny Kanicildes

Stanley S. Shuman

October 5, 1983

Mr. L. Dennis Sullivan
Executive Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, NY 10048

Re: City Seasonal Borrowing

Dear Mr. *L. Dennis Sullivan* Sullivan:

We have been advised by the Director of the City Office of Management and Budget and the Assistant City Comptroller for Financial Management that on October 6, 1983 the City proposes to enter into a Contract of Purchase providing for the issuance and sale to a syndicate of underwriters for re-offering to the public \$200 million aggregate principal amount of its General Obligation Tax Anticipation Notes, Fiscal 1984 Series A, at a net interest cost of 5.89 percent and maturing January 30, 1984, and \$550 million aggregate principal amount of its General Obligation Revenue Anticipation Notes, Fiscal 1984 Series A, at a net interest cost of 6.13 percent and maturing June 29, 1984 (collectively the "Notes"). A formal submission setting forth the terms of the Notes and requesting Control Board approval of the issuance and sale thereof will soon be available at our offices.

Pursuant to Section 7.1(f) of the Financial Emergency Act, we ask that you kindly advise us of the views of the Municipal Assistance Corporation regarding this proposed borrowing.

Sincerely,

A handwritten signature in dark ink, appearing to be 'C. Coppie', written over a horizontal line.



State of New York
Financial Control Board

July 19, 1983

Mr. T. Dennis Sullivan
Executive Director
Municipal Assistance Corporation
Suite 8901
One World Trade Center
New York, NY 10048

Dear Mr. Sullivan:

We have been advised by the Director of the City Office of Management and Budget and the City Comptroller that the City proposes to issue General Obligation Bonds, in serial form only, in an aggregate principal amount of \$150,000,000 at a net interest cost of 10.016% (the "Bonds"). The Bonds would be sold to a syndicate of underwriters for reoffering to the public, and are scheduled to mature from 1985 to 2013. The Closing is currently scheduled to take place on August 4, 1983. Copies of the formal submission requesting Control Board approval of the issuance and sale of the Bonds will be available at our offices.

Pursuant to Section 7.1(f) of the Financial Emergency Act, we ask that you kindly advise us of the views of the Municipal Assistance Corporation regarding this proposed borrowing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl L. Lofgren'.



State of New York
Financial Control Board

July 14, 1983

Honorable Donald T. Regan
Secretary of the Treasury
U.S. Department of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Secretary:

Pursuant to Section 6.21 of the Agreement to Guarantee, dated as of November 15, 1978, by and among the United States of America, the Financial Control board and several other parties, please be advised that it currently appears that actual real estate tax receipts retained and additionally withheld in the General Debt Service Fund established pursuant to Section 9-a of the Financial Emergency Act are sufficient to make the scheduled debt service payment of \$83,998,768.00 on Guaranteed Indebtedness due on August 15, 1983, without requiring the deposit of additional monies in that Fund.

Real Estate taxes in the amount of \$1,587 million are projected to be deposited in the General Debt Service Fund during July, of which \$359,324,598.00 will be retained to pay monthly debt service during the months of August and September.

The amounts projected to be retained and additionally withheld in the Fund during the period beginning with the fifth banking day prior to the payment date for Guaranteed City Indebtedness and continuing through such payment date for Guaranteed City Indebtedness and continuing through such payment date appear sufficient to provide for the payment of all principal and interest on all outstanding notes or bonds of the City, including Guaranteed City Indebtedness, that is due during such period.

Honorable Donald T. Regan

-2-

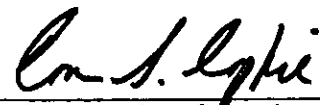
July 14, 1983

Copies of this notice have been sent to each of the parties specified in Article 9 of the Agreement to Guarantee.

Very truly yours,

NEW YORK STATE FINANCIAL CONTROL BOARD

By: _____



Comer S. Coppie
Executive Director

MISCELLANEOUS - STATE OPERATIONS

NEW YORK STATE MORTGAGE LOAN ENFORCEMENT AND ADMINISTRATION CORPORATION--Cont.

<u>Amount available for special contractual services</u>	<u>950,000</u>
<u>Amount available</u>	<u>1,563,781</u>
<u>CORPORATE SUPPORT</u>	<u>2,635,923</u>
<u>Amount available for personal service</u>	<u>1,370,435</u>
<u>Amount available for nonpersonal service</u>	<u>1,215,488</u>
<u>Amount available for special contractual services</u> ..	<u>50,000</u>
<u>Amount available</u>	<u>2,635,923</u>
<u>Total of schedule</u>	<u>6,229,632</u>

NEW YORK STATE FINANCIAL CONTROL BOARD

Special Revenue Funds - Other
 State Special Revenue Fund
 Financial Control Board Account

MAINTENANCE UNDISTRIBUTED1,532,000
 =====

For services and expenses of the New York state financial control board in accordance with chapter 868 of the laws of 1975, as amended.

The comptroller is hereby authorized and directed to loan money by transfer to this fund from the general fund or any other fund, which loans shall be limited to the amounts immediately required to meet disbursements, made in pursuance of an appropriation by law and authorized by a certificate of approval issued by the director of the budget with copies thereof filed with the comptroller and the chairmen of the senate finance committee and the assembly ways and means committee. The director of the budget shall not issue such a certificate unless he shall have determined that the amounts to be so transferred are receivable on account or are otherwise readily available for payment. When making loans, the comptroller shall establish appropriate accounts and if the loan is not repaid by the end of the month, provide on or before the fifteenth day of the following month to the direc-

Underlined items vetoed by the Governor. (See veto message at end of chapter.)

Y-
a-
to
e-
e-
e-
nt
he
he
ng
it

on
Y.
th
at
li
he
ee

.....6,229,632
 =====

.....561,607
 =====

.....1,468,321
 =====

.....1,563,781
 =====

10
11

page at end of

MISCELLANEOUS - STATE OPERATIONS

tor of the budget, the chairmen of the senate finance committee and the assembly ways and means committee, an accurate accounting and reporting of the financial resources of each such fund at the end of such month. Within ten days of the receipt of such accounting and reporting, the director of the budget shall provide to the chairmen of the senate finance committee and the assembly ways and means committee an expected schedule of repayment by fund and by source for each outstanding loan. Repayment shall be made by the comptroller by transfer of the first cash receipts of this fund. The comptroller is further authorized to transfer, as he shall deem appropriate, to this fund the March 31, 1982 accrued receivables representing the unreimbursed balances of first-instance expenditures for this program.

The comptroller is hereby authorized to receive from the control board amounts of money equal to the amounts expended from this appropriation and to deposit the same to the credit of the State special revenue fund - financial control board account

.....	1,532,000
.....	1,532,000
Total for agency operations - all funds	=====

HARLEM URBAN DEVELOPMENT CORPORATION

General Fund - State Purposes Account

For corporate services and expenses, including the costs of operating certain corporation projects, travel outside the state, employee pension and health and other benefits, in accordance with the following:

The state comptroller shall create accounts for each maintenance undistributed item in accordance with the schedule shown below. Notwithstanding any inconsistent provisions of section fifty-one of the state finance law to the contrary, the provisions of such section shall apply with respect to the appropriation made herein, except that interchange between major purposes or programs shall be unlimited, with the approval of the director of the budget, the chairman of the senate finance committee and the chairman of the assembly ways and means committee.

EXECUTIVE OFFICE	581,082
Maintenance undistributed	581,082
Amounts available	-----

EC
CC
HC
RE
CC
CC
M:
FC

Memorandum



STATE OF NEW YORK
FINANCIAL CONTROL BOARD

3/2/82

Spoke w Avram
re Repayment Agreements

~~MAD~~

MAC requested changes in
4th quarter repayment Budget is
considering. Avram asked us not
to process Agreements until he gets back
to me re Budget's decision on
MAC's request.

REPAYMENT AGREEMENT

AGREEMENT, made as of this 31st day of March, 1982, by and between the New York State Financial Control Board, a State agency (hereinafter referred to as the "Control Board"), and the Director of the Budget of the State of New York (hereinafter referred to as the "Director").

WITNESSETH

WHEREAS, the State Purposes Budget for the Fiscal Year 1982-1983 provides for an appropriation in the first instance from the State Purposes Fund of the General Fund (the "First Instance Appropriation") of the sum of one million five hundred thirty-two thousand dollars (\$1,532,000) to the Control Board; and

WHEREAS, the First Instance Appropriation provides that no Certificate of Approval of Availability shall be issued by the Director until a written repayment agreement is entered into by the Control Board and the Director;

NOW THEREFORE, the parties mutually agree as follows:

1. The Control Board shall repay to the State, from monies paid to the Control Board pursuant to an agreement or agreements entered into with The City of New York and/or the Municipal Assistance Corporation For the City of New York, amounts expended by the Control Board from the First Instance Appropriation as follows:
 - (a) for expenditures between April 1, 1982 and June 30, 1982 inclusive, on or before July 31, 1982;
 - (b) for expenditures between July 1, 1982 and September 30, 1982 inclusive, on or before October 31, 1982;
 - (c) for expenditures between October 1, 1982 and December 31, 1982 inclusive, on or before January 31, 1983;
 - (d) for expenditures between January 1, 1983 and March 31, 1983 inclusive, on or before April 30, 1983.
2. Any of the First Instance Appropriation actually expended in any subsequent State fiscal year shall be repaid to the State by the Control Board within the same State fiscal year.

REPAYMENT AGREEMENT

-2-

3. For the purposes of this Agreement, the amounts of the First Instance Appropriation expended by the Control Board, the date or dates on which such expenditures were made, and the amounts repaid by the Control Board shall be determined by the State Comptroller.
4. The State Comptroller is hereby authorized to receive from the Control Board all repayments made pursuant to this Agreement and to deposit such sums to the credit of the General Fund.
5. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.
6. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

THE PEOPLE OF THE STATE OF NEW YORK

By: _____
Director of the Budget

NEW YORK STATE FINANCIAL CONTROL BOARD

By: _____
Executive Director

APPROVED

DATE:

STATE COMPTROLLER

APPROVED

DATE:

ATTORNEY GENERAL



C. MARK LAWTON
DIRECTOR OF THE BUDGET

STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
STATE CAPITOL
ALBANY 12224

August 14, 1981

Ms. Patricia Fry
General Counsel
Financial Control Board
270 Broadway
New York, NY 10007

Dear Ms. Fry:

Enclosed please find a copy of an executed Repayment Agreement between the Financial Control Board and the Director of the Budget. The Agreement is required by terms of the Control Board's \$1,480,078 first instance appropriation, which appropriation was made in the State's 1981-82 State Purposes Budget.

As you know, the Division of the Budget (DOB) is concerned as to the ability of the Control Board to meet the repayment schedule contained in the above cited Agreement and, therefore, requested a draft copy of the Agreement to be entered into between the Control Board and the Municipal Assistance Corporation (MAC). The draft Agreement submitted to the DOB is satisfactory. To ensure the Control Board's ability to make timely reimbursement to the State, in accordance with the repayment schedule contained in the Agreement between the Control Board and the State, it is important that the Agreement with MAC be executed as soon as possible. Should any problems arise during processing of the Agreement or any amendments be made to the Agreement, please contact me. Also, I would appreciate receiving a copy of the Agreement with MAC once executed.

Sincerely,

Avram Horowitz
Associate Budget Examiner

AH:jaj
Enclosure

cc: John Bove, Esq., MAC

REPAYMENT AGREEMENT

E174672

AGREEMENT, made as of this 31st day of March, 1981, by and between the New York State Financial Control Board, a State agency (hereinafter referred to as the "Control Board"), and the Director of the Budget of the State of New York (hereinafter referred to as the "Director").

WITNESSETH

WHEREAS, the State Purposes Budget for the Fiscal Year 1981-1982 provides for an appropriation in the first instance from the State Purposes Fund of the General Fund (the "First Instance Appropriation") of the sum of one million four hundred eighty thousand seventy-eight dollars (\$1,480,078) to the Control Board; and

WHEREAS, the First Instance Appropriation provides that no Certificate of Approval of Availability shall be issued by the Director until a written repayment agreement is entered into by the Control Board and the Director;

NOW THEREFORE, the parties mutually agree as follows:

1. The Control Board shall repay to the State, from monies paid to the Control Board pursuant to an agreement or agreements entered into with The City of New York and/or the Municipal Assistance Corporation For the City of New York, amounts expended by the Control Board from the First Instance Appropriation as follows:
 - (a) for expenditures between April 1, 1981 and June 30, 1981 inclusive, on or before July 31, 1981;
 - (b) for expenditures between July 1, 1981 and September 30, 1981 inclusive, on or before October 31, 1981;
 - (c) for expenditures between October 1, 1981 and December 31, 1981 inclusive, on or before January 31, 1982;
 - (d) for expenditures between January 1, 1982 and March 21, 1982 inclusive, on or before March 31, 1982; and
 - (e) for expenditures between March 22, 1982 and March 31, 1982 inclusive, on or before April 30, 1982.
2. Any of the First Instance Appropriation actually expended in any subsequent State fiscal year shall be repaid to the State by the Control Board within the same State fiscal year.

REPAYMENT AGREEMENT

- 3. For the purposes of this Agreement, the amounts of the First Instance Appropriation expended by the Control Board, the date or dates on which such expenditures were made, and the amounts repaid by the Control Board shall be determined by the State Comptroller.
- 4. The State Comptroller is hereby authorized to receive from the Control Board all repayments made pursuant to this Agreement and to deposit such sums to the credit of the General Fund.
- 5. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.
- 6. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

THE PEOPLE OF THE STATE OF NEW YORK

By: Robert Z. Schaffer
Director of the Budget

NEW YORK STATE FINANCIAL CONTROL BOARD

By: Conrad Kopke
Executive Director

JUN 01 1981

APPROVED
DATE: [Signature]
STATE COMPTROLLER

APPROVED AS TO FORM
NEW YORK STATE
ATTORNEY GENERAL

DATE: MAY 26 1981

By: [Signature]
ATTORNEY GENERAL

RICHARD W. CROSS
Attorney

1,532



State of New York
Financial Control Board

270 Broadway
New York, New York 10007
(212) 488-4294

Comer S. Coppie
Executive Director

Chairman
Hugh L. Carey, Governor
Board Members
Edward V. Regan
Comptroller
Edward I. Koch
Mayor, City of New York
Harrison J. Goldin
Comptroller, City of New York
G.G. Michelson
Leopold P. Oberst
Stanley S. Shuman

May 8, 1981

Mr. Avram Horowitz
Associate Budget Examiner
New York State Division of
the Budget
Governor A.E. Smith Office
Building - 20th fl.
Albany, NY 12224

Dear Mr. Horowitz:

You have asked Ms. Mattie Taylor of our office to see that we prepare a draft of an agreement between the Financial Control Board and the Municipal Assistance Corporation as evidence of a good faith effort on our part to have MAC observe the repayment schedule contemplated by the Repayment Agreement between the Financial Control Board and the State Director of the Budget.

In that connection, enclosed please find a copy of a draft agreement, dated April 27, 1981, with transmittal letter to John Bove, General Counsel to MAC.

If I can be of further assistance in this matter, please do not hesitate to contact me directly at (212) 488-4305.

Sincerely,

Patricia C. Fry
Patricia C. Fry
General Counsel

Enclosure

cc: Comer S. Coppie
Mattie W. Taylor



State of New York
Financial Control Board

270 Broadway
New York, New York 10007
(212) 488-4294

Comer S. Coppie
Executive Director

Chairman
Hugh L. Carey, Governor
Board Members
Edward V. Regan
Comptroller
Edward I. Koch
Mayor, City of New York
Harrison J. Goldin
Comptroller, City of New York
G.G. Michelson
Leopold P. Oberst
Stanley S. Shuman

April 30, 1981

John G. Bove, Esq.
General Counsel
Municipal Assistance Corporation
One World Trade Center
Suite 8901
New York, New York 10048

Dear John:

I have enclosed for your review a draft agreement between the Control Board and MAC providing for repayment to the State of the Control Board's expenses during the State fiscal year ending March 31, 1982. The draft is substantially the same as the draft agreement prepared last year and the agreement concluded for the same purpose the previous year.

You will note, however, in Section 5 that at the State's request I have expressly reconciled the repayment schedule provided by those prior agreements with the repayment schedule contemplated by the Control Board's Agreement with the State's Budget Director. For your information, per our telephone conversation earlier this week, I have also enclosed copies of the following:

- (1) Agreement, dated as of June 29, between the Control Board and MAC;
- (2) Letter, dated April 23, 1980, from John Bender to Robert Vagt, enclosing a draft agreement between the Control Board and MAC and a copy of the Repayment Agreement which was entered into as of March 31, 1980 by the Control Board and the State Budget Director; and

John G. Bove, Esq.

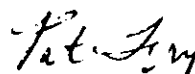
- 2 -

April 30, 1981

(3) Repayment Agreement to be entered into as of March 31, 1981 by the Control Board and the State Budget Director.

Once you have had a chance to review the enclosed and confer with your staff, I would appreciate your comments.

Sincerely,



Patricia C. Fry
General Counsel

Enclosures

D R A F T

April 27, 1981

AGREEMENT TO PAY EXPENSES OF OPERATION

Agreement made as of the _____ day of May, 1981, by and between the New York State Financial Control Board (the "Control Board") and the Municipal Assistance Corporation for The City of New York (the "Corporation").

WITNESSETH

WHEREAS, the sum of one million four hundred eighty thousand seventy-eight dollars (\$1,480,078) was appropriated by the State for the expenses of operation of the Control Board during the State fiscal year ending March 31, 1982 (the "FY 1982 Appropriation"); and

WHEREAS, subdivision three of section three thousand thirty-four of the public authorities law ("Section 3034 (3)") authorizes the Corporation to make and execute contracts to pay the expenses of operation of the Control Board, within the appropriation available therefor, including the repayment to the State of any advance to the Control Board under any agreement between the Control Board and the Director of the Budget of the State of New York (the "Director"); and

WHEREAS, in accordance with certain terms and conditions of the FY 1982 Appropriation the Control Board and the Director have entered into a Repayment Agreement, dated as of March 31, 1981 (the "Repayment Agreement"), which contemplates that amounts expended from the FY 1982 Appropriation will be subject to repayment from moneys paid to the Control Board pursuant to an agreement between the Control Board and the Corporation; and

WHEREAS, the Control Board and the Corporation now desire to enter into an agreement as contemplated by the terms of the FY 1982 Appropriation and Section 3034 (3);

NOW THEREFORE, the parties hereto mutually agree as follows:

1. Subject to the provisions of this Agreement, the Corporation will repay to the State, for and on behalf of the Control Board, amounts expended by the Control Board from the

FY 1982 Appropriation. Such amounts will be paid solely from Operating Fund of the Corporation and only to the extent that funds have been provided to it therefor upon the certification of its Chairman to the State Comptroller. Such amounts will not be payable from moneys otherwise pledged and the determination as to moneys available for payment hereunder shall be in sole discretion of the Corporation. All amounts payable under this Agreement shall be paid by the Corporation to the State Comptroller, for and on behalf of the Control Board.

2. The aggregate amount payable on behalf of the Control Board by the Corporation pursuant to Section 1 of this Agreement shall not exceed one million five hundred thousand dollars (\$1,500,000).
3. The Control Board agrees to provide to the Corporation for its information and review:
 - (a) on or about October 1, 1981, a copy of its current estimates of projected Control Board expenditures for the State fiscal year ending March 31, 1983 in such detail as the Corporation may reasonably require;
 - (b) copies of the Certificate of Approval of Availability and each modification thereto pursuant to the FY 1982 Appropriation promptly upon execution by the Director; and
 - (c) quarterly interim reports of Control Board expenditures and accruals during the course of the State fiscal year ending March 31, 1982 not later than ten (10) business days following the end of each quarter and such additional reports, all in such form as shall be reasonably required by the Corporation.

The Control Board further agrees that it will not submit any modification to the Certificate of Approval of Availability for execution by the Director without first providing the Corporation with a copy of such modification for its information and review.

4. The Control Board agrees to furnish the Corporation with a copy of any proposed amendment to the Repayment Agreement prior to its execution.
5. Payments by the Corporation hereunder shall be made as follows, upon voucher submitted within 10 days after the end of the period for amounts expended during the period, or

upon such other basis or at such other times as the parties hereto shall agree:

- (a) for expenditures between April 1, 1981 and June 30, 1981 inclusive, on or before July 31, 1981;
 - (b) for expenditures between July 1, 1981 and September 30, 1981 inclusive, on or before October 31, 1981;
 - (c) for expenditures between October 1, 1981 and December 31, 1981 inclusive, on or before January 31, 1982;
 - (d) for expenditures between January 1, 1982 and March 21, 1982 inclusive, on or before March 31, 1982; and
 - (e) for expenditures between March 22, 1982 and March 31, 1982 inclusive, on or before April 30, 1982.
6. The Control Board shall provide the Corporation with such reports, analyses, data and advice as the Corporation may, from time to time, reasonably request in connection with its statutory responsibilities under sections three thousand thirty-eight, three thousand thirty-nine and three thousand forty of the public authorities law.
7. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.
8. This Agreement may be terminated by either party hereto upon 30 days prior written notice to the other party.

9. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

APPROVED:

DATE:

BY: _____
Executive Director

STATE COMPTROLLER

NEW YORK STATE FINANCIAL CONTROL
BOARD

APPROVED AS TO FORM:

DATE:

BY: _____
Executive Director

ATTORNEY GENERAL



State of New York
Financial Control Board

270 Broadway
New York, New York 10007
(212) 486-4294

Comer S. Coppie
Executive Director

Chairman
Hugh L. Carey, Governor
Board Members
Edward A. Fallon
Comptroller
Edward J. Koch
Mayor, City of New York
Harold L. Glavin
Comptroller, City of New York
Gilroy A. Gilman, Jr.
Leopold P. Oberst
Stanley S. Strumlin

April 23, 1980

Mr. Robert F. Vagt
Executive Director
Municipal Assistance Corporation
One World Trade Center
Suite 8901
New York, New York 10048

Dear Bob:

I have enclosed for your review a draft agreement between the Control Board and MAC providing for repayment to the State of the Control Board's expenses during the State fiscal year ended March 31, 1981. The draft is substantially the same as the Agreement we concluded for a similar purpose last year.

As you may recall, the State expressed some objections to the repayment schedule provided by the last Agreement, since it did not match exactly the schedule which the State insisted be a part of the Agreement between the Control Board and the State's Budget Director. I gather that the problem was dealt with during the last fiscal year by using our collective best efforts to voucher expenses and make payments on the schedule contemplated by the Control Board's Agreement with the State.

However, in deference to what I believe to be the preferences of MAC, Section 5 of the enclosed draft Agreement contemplates that repayment will again be made on a quarterly basis for the entire year, although the period for vouchering expenses and making payments is somewhat accelerated from last year's Agreement. If we can perform within these time limits, I believe that special arrangements can be made to make any additional payments required by the State at the end of the fiscal year. For your information, I have enclosed a copy of this year's agreement between the Control Board and the State Budget Director.

-2-

Once you and your staff have had a chance to review the enclosed, please give me a call with any questions or comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "John C. Bender". The signature is written in black ink and is positioned above the typed name and title.

John C. Bender
General Counsel

Enclosure

DRAFT
March 31, 1980

AGREEMENT TO PAY EXPENSES OF OPERATION

Agreement made as of the day of 1980, by and between the New York State Financial Control Board (the "Control Board") and the Municipal Assistance Corporation for The City of New York (the "Corporation").

WITNESSETH

WHEREAS, the sum of one million two hundred ninety-three thousand five hundred and fifty dollars (\$1,293,550) was appropriated by the State for the expenses of operation of the Control Board during the State fiscal year ending March 31, 1981 (the "FY1981 Appropriation"); and

WHEREAS, subdivision three of section three thousand thirty-four of the public authorities law ("Section 3034 (3)") authorizes the Corporation to make and execute contracts to pay the expenses of operation of the Control Board, within the appropriation available therefor, including the repayment to the State of any advance to the Control Board under any agreement between the Control Board and the Director of the Budget of the State of New York (the "Director"); and

WHEREAS, in accordance with certain terms and conditions of the FY1981 Appropriation the Control Board and the Director have entered into a Repayment Agreement, dated as of March 31, 1980 (the "Repayment Agreement"), which contemplates that amounts expended from the FY 1981 Appropriation will be subject to repayment from moneys paid to the Control Board pursuant to an agreement between the Control Board and the Corporation; and

WHEREAS, the Control Board and the Corporation now desire to enter into an agreement as contemplated by the terms of the FY1981 Appropriation and Section 3034(3);

NOW THEREFORE, the parties hereto mutually agree as follows:

1. Subject to the provisions of this Agreement, the Corporation will repay to the State, for and on behalf of the Control Board, amounts expended by the Control Board from the FY1981 Appropriation. Such amounts will be paid solely from the Operating Fund of the Corporation and only to the extent that funds have been provided to it therefor upon the certification of its Chairman to the State Comptroller. Such amounts will not be payable from moneys otherwise pledged and the determination as to moneys available for payment hereunder shall be in the sole discretion of the Corporation. All amounts payable under this Agreement shall be paid by the Corporation to the State Comptroller, for and on behalf of the Control Board.

2. The aggregate amount payable on behalf of the Control Board by the Corporation pursuant to Section 1 of this Agreement shall not exceed one million three hundred thousand dollars (\$1,300,000).
3. The Control Board agrees to provide to the Corporation for its information and review: (a) on or about October 1, 1980, a copy of its current estimates of projected Control Board expenditures for the State fiscal year ending March 31, 1982 in such detail as the Corporation may reasonably require; (b) copies of the Certificate of Approval of Availability and each modification thereto pursuant to the FY1981 Appropriation promptly upon execution by the Director; and (c) quarterly interim reports of Control Board expenditures and accruals during the course of the State fiscal year ending March 31, 1981 not later than ten (10) business days following the end of each quarter and such additional reports, all in such form as shall be reasonably required by the Corporation. The Control Board further agrees that it will not submit any modification to the Certificate of Approval of Availability for execution by the Director without first providing the Corporation with a copy of such modification for its information and review.
4. The Control Board agrees to furnish the Corporation with a copy of any proposed amendment to the Repayment Agreement prior to its execution.
5. Payments by the Corporation hereunder shall be made quarterly, within 30 days after the end of each calendar quarter, upon voucher submitted within 10 days after the end of the quarter for amounts expended during the quarter, or upon such other basis or at such other times as the parties hereto shall agree.
6. The Control Board shall provide the Corporation with such reports, analyses, data and advice as the Corporation may, from time-to-time, reasonably request in connection with its statutory responsibilities under sections three thousand thirty-eight, three thousand thirty-nine and three thousand forty of the public authorities law.
7. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.
8. This Agreement may be terminated by either party hereto upon 30 days prior written notice to the other party.

9. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

APPROVED: MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

DATE:

By: _____
EXECUTIVE DIRECTOR

STATE COMPTROLLER

NEW YORK STATE FINANCIAL CONTROL BOARD

APPROVED AS TO FORM:

By: _____
EXECUTIVE DIRECTOR

DATE:

ATTORNEY GENERAL

REPAYMENT AGREEMENT

AGREEMENT made as of this 31st day of March, 1980, by and between the New York State Financial Control Board, a State agency (hereinafter referred to as the "Control Board"), and the Director of the Budget of the State of New York (hereinafter referred to as the "Director").

WITNESSETH

WHEREAS, the State Purposes Budget for the Fiscal Year 1980-1981 provides for an appropriation in the first instance from the State Purposes Fund of the General Fund (the "First Instance Appropriation") of the sum of one million two hundred ninety-three thousand five hundred fifty dollars (\$1,293,550) to the Control Board; and

WHEREAS, the First Instance Appropriation provides that no certificate of approval of availability shall be issued by the Director until a written repayment agreement is entered into by the Control Board and the Director;

NOW THEREFORE, the parties mutually agree as follows:

1. The Control Board shall repay to the State, from moneys paid to the Control Board pursuant to an agreement or agreements entered into with the City of New York and/or the Municipal Assistance Corporation for the City of New York, amounts expended by the Control Board from the First Instance Appropriation as follows:
 - (a) for expenditures between April 1, 1980 and June 30, 1980 inclusive, on or before July 31, 1980;
 - (b) for expenditures between July 1, 1980 and September 30, 1980 inclusive, on or before October 31, 1980;
 - (c) for expenditures between October 1, 1980 and December 31, 1980 inclusive, on or before January 31, 1981;
 - (d) for expenditures between January 1, 1981 and March 21, 1981 inclusive, on or before March 31, 1981; and
 - (e) for expenditures between March 22, 1981 and March 31, 1981 inclusive, on or before April 30, 1981.
2. Any of the First Instance Appropriation actually expended in any subsequent State fiscal year shall be repaid to the State by the Control Board within the same State fiscal year.

3. For the purposes of this Agreement, the amounts of the First Instance Appropriation expended by the Control Board, the date or dates on which such expenditures were made, and the amounts repaid by the Control Board shall be determined by the State Comptroller.
4. The State Comptroller is hereby authorized to receive from the Control Board all repayments made pursuant to this Agreement and to deposit such sums to the credit of the General Fund.
5. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.
6. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

THE PEOPLE OF THE STATE OF NEW YORK

By: _____
Director of the Budget

APPROVED

DATE:

NEW YORK STATE FINANCIAL CONTROL BOARD



Executive Director

STATE COMPTROLLER

APPROVED

DATE:

ATTORNEY GENERAL

STATE OF NEW YORK
DEPARTMENT OF AUDIT AND CONTROL
Bureau of Contracts and State Expenditures
Gov. Smith State Office Building
Albany, New York 12236

APPROVED DOCUMENT TRANSMITTAL

Date 9/14/79
Contract No. C/55 373

TO:

*NYS Financial Control Board
(Budget)*

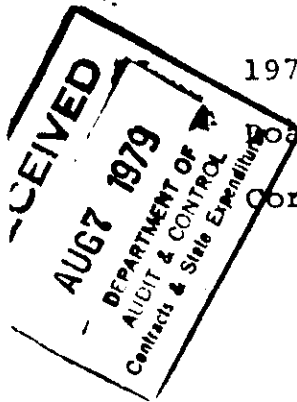
jk

- Enclosed is an approved contract. Refer to this contract number in all correspondence.
- Enclosed is an approved (increase) (decrease) on Order No. _____ in the amount of \$ _____
DOT /SPEC No. if applicable _____ Location _____
- Enclosed is an approved (increase) (decrease) on Supplemental Agreement or Amendment No. _____
in the amount of \$ _____
DOT /SPEC No. if applicable _____ Location _____
- Enclosed is (increase) (decrease) on copy of Order on Contract returned with advance approval dated _____
in the amount of \$ _____ DOT No. _____ Location _____
- Enclosed, approved by this Department, are recommendations for award of contract. Refer to assigned contract number in all correspondence.
- Enclosed is approved Lease No. _____ AGENCY _____
- Extension is approved to _____ Amount if applicable \$ _____
- Receipt is acknowledged (increase) (decrease) for Order on Contract in the amount of \$ _____
DOT/SPEC No. if applicable _____
- Other _____

C155373

AGREEMENT TO PAY EXPENSES OF OPERATION

Agreement made as of the 29th day of June 1979, by and between the New York State Financial Control Board (the "Control Board") and the Municipal Assistance Corporation for The City of New York (the "Corporation").



WITNESSETH

WHEREAS, the sum of one million dollars (\$1,000,000) was appropriated by the State for the expenses of operation of the Control Board during the State fiscal year ended March 31, 1979 (The "FY1979 Appropriation");

WHEREAS, the sum of one million one hundred seventy-four thousand dollars (\$1,174,000) was appropriated by the State for the expenses of operation of the Control Board during the State fiscal year ended March 31, 1980 (the "FY1980 Appropriation" and

WHEREAS, subdivision three of section three thousand thirty-four of the public authorities law ("Section 3034 (3)") authorizes the Corporation to make and execute contracts to pay the expenses of operation of the Control Board, within the appropriation available therefor, including the repayment to the State of New York of any advance to the Control Board under any agreement between the Control Board and the Director of the Budget of the State of New York (the "Director"); and

WHEREAS, in accordance with certain terms and conditions of the FY1980 Appropriation the Control Board and the Director have entered into a Repayment Agreement, dated as of March 30, 1979, (the "Repayment Agreement"), which contemplates that amounts expended from the FY1980 Appropriation are subject to repayment from moneys paid to the Control Board pursuant to agreements with the Corporation; and

WHEREAS, there is currently in effect a letter agreement between the Corporation and the Control Board, which terminates on June 30, 1979 (the "Existing Agreement"), providing for the payment by the Corporation of up to \$700,000 during the fiscal year of the Corporation ended June 30, 1979 for certain expenses of the Control Board; and

WHEREAS, the Control Board and the Corporation now desire to enter into an agreement as contemplated by the terms of the FY1980 Appropriation and Section 3034(3);

NOW THEREFORE, the parties mutually agree as follows:

1. Pursuant to the Existing Agreement, the Corporation will pay to the Control Board amounts expended by the Control Board pursuant to the FY1979 Appropriation. Such payments shall be subject to the expenditure limitation set forth in the Existing Agreement and shall be made upon voucher submitted to the Corporation by April 30, 1979 or on such other basis as the Corporation shall approve.

MAC

E 15 325

2. The Corporation will pay to the Control Board, subject to the provisions of this Agreement, amounts expended by the Control Board pursuant to the FY1980 Appropriation. Such amounts will be paid solely from the Operating Fund of the Corporation and only to the extent that funds have been provided to it therefor upon the certification of its Chairman to the State Comptroller. Such amounts will not be payable from moneys otherwise pledged and the determination as to moneys available for payment hereunder shall be in the sole discretion of the Corporation. Upon written request of the Control Board the Corporation will pay to the State Comptroller, for and on behalf of the Control Board, amounts payable to the Control Board pursuant to this Agreement.

3. The aggregate amount payable to the Control Board by the Corporation pursuant to Section 2 of this Agreement shall not exceed one million two hundred thousand dollars (\$1,200,000).

4. The Control Board agrees to provide to the Corporation for its information and review (a) on or about October 1, 1979, a copy of its preliminary estimates of projected Control Board expenditures for the State Fiscal Year ended March 31, 1981 in such detail as the Corporation may reasonably require, (b) copies of the Certificate of Approval of Availability and each modification thereto pursuant to the FY1980 Appropriation promptly upon execution by the Director and (c) quarterly interim reports of Control Board expenditures and accruals during the course

of the State Fiscal Year not later than ten (10) business days following the end of each calendar quarter and such additional reports, all in such form as shall be reasonably required by the Corporation. The Control Board further agrees that it will not submit any modification to the Certificate of Approval of Availability for execution by the Director without first providing the Corporation with a copy of such modification for its information and review.

5. The Control Board agrees to furnish the Corporation with a copy of any amendment to the Repayment Agreement prior to its execution.

6. Payments by the Corporation hereunder shall be made quarterly, within 60 days after the end of each calendar quarter, upon voucher submitted within 30 days after the end of the quarter for amounts expended during the quarter, or upon such other basis or at such other times as the Corporation may approve.

7. The Control Board shall provide the Corporation with such reports, analyses, data and advice as the Corporation may, from time-to-time, reasonably request in connection with its statutory responsibilities under sections three thousand thirty-eight, three thousand thirty-nine and three thousand forty of the public authorities law.

8. This Agreement may be amended from time to time by a writing duly executed on behalf of both parties hereto.

9. This Agreement may be terminated by either party upon

10 ✓ This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

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

APPROVED:

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

DATE:

1979
J. W. M. Bellus

STATE COMPTROLLER

by *[Signature]*

EXECUTIVE DIRECTOR

NEW YORK STATE FINANCIAL CONTROL
BOARD

APPROVED AS TO FORM:

by *[Signature]*

EXECUTIVE DIRECTOR

DATE:

ATTORNEY GENERAL

ANDY -
WHAT DO YOU
THINK?
B



July 24, 1979

Mr. Gary Caplan
Financial Control Board
270 Broadway
New York, New York 10007

Dear Mr. Caplan:

As we discussed last week, the Financial Control Board needs a system to estimate New York City's revenues.

More specifically, the FCB requires:

1. Accurate and timely estimates for each major NYC source of revenue.
2. A systematic means of examining monthly collections and updating the annual figures as the year progresses.
3. Lucid reports to present the monthly findings to board members and to other agencies.

deSeve Economics Associates, Inc. (dEA) is prepared to offer these services at less cost than the FCB would incur having its own staff of experts and providing for them the facilities necessary to develop and operate a computer-based revenue forecasting system. This proposal outlines the work dEA would undertake under the direction of Dr. Robert Herman and Dr. Charles deSeve, both with intimate knowledge of revenue forecasting methods and with many years' experience in their application.

In brief, dEA would:

- * Develop a computer-based revenue estimating system to monitor the progress of collections within the fiscal year.
- * Analyze collection data each month and adjust for unusual or distorting conditions.
- * Report monthly on the significance of the latest collections, emphasizing their consistency with budgeted revenues for the year.
- * Update revenue forecasts as needed.

deSeve economics associates, inc.
■ economic analysis ■ computer services
17 first st., troy, n.y. 12180
phone (518) 274-8236

The following taxes would be considered individually:

- General Property Tax
- Sales Tax
- Personal Income Tax
- General Corporation Tax
- Stock Transfer Tax
- Commercial Rent Tax
- Financial Corporation Tax
- Cigarette Tax
- Unincorporated Business Tax
- Miscellaneous Revenues

The project tasks describe in more detail the steps we would take to monitor and report on each revenue source monthly.

PROJECT TASKS

1. Review New York City taxes
2. Assemble historical collection data
3. Adjust historical data to conform to current tax rates, base and collection practices
4. Statistically analyze monthly collection patterns
5. Build computer-based simulation model of monthly collections
 - Estimate equations
 - Program computer
6. Design monthly reporting system
 - Tables
 - Graphs
7. Analyze current collections
8. Periodically meet with City officials in relevant departments
9. Adjust collections for unusual conditions which would distort their use in projections
 - Economic events (strikes, etc.)
 - Managed events (rollovers, etc.)
10. Monitor changes in the National, State and City economies which may affect the amount or pattern of New York City revenues
11. Apply simulation model to latest month
 - Test projected and budgeted figures for consistency with monthly collection
 - Revise annual projections, as required

12. Report to FCB as arranged
 - Written reports
 - Verbal reports(Reporting could be to the Board, itself, or the FCB staff who would be briefed sufficiently to present the revenue situation to the Board.)
13. Repeat 7-10 monthly, immediately after collections are reported
14. At year's end, re-cap monthly figures and prepare for next year's analysis
 - Report on system accuracy
 - Update equations, as required

The tasks depend upon the cooperation of FCB staff and appropriate City offices to provide current and five year historical collection data, and to keep dEA informed on managerial or other untoward events which may influence revenue flows.

PROJECT OUTPUT

The goal of all tasks listed above is to inform the FCB on the monthly status of New York City revenue, particularly, and to revise forecasts as necessary.

Our reports will focus on the monthly changes which either support the budget figures or demonstrate that new annual targets are more likely. A variety of graphical and tabular exhibits will make the results understandable both in comparing the current year's situation to past years and in showing the basis for revised forecasts.

Figures #1-#3, attached, show a few of the graphical techniques we would use in presenting graphical information to FCB. Bar graphs and other methods would also be used.

The charts in Figures #1-#3 depict a hypothetical revenue source. Figure #1 shows two fiscal years of monthly collections. Note that the solid line, representing actual collections, moves up and down each month reflecting the seasonal collection patterns. The dotted line for FY 79-80 plots the expected collections if the budget figure is to be accurate. You can see that actual collections through December are consistently above that line, arguing that the annual total will be above the budgeted amount. The dashed line is an updated estimate reflecting that fact. It is the dashed line which represents the best judgement in December, of the year's end total collections. If during the ensuing months, the solid line tracks the dashed, the new estimate will hold, otherwise another revision may be necessary.

The second figure covers the same ground from a different perspective. It shows the cumulative (year-to-date) totals. Again, the solid line shows the actual collection, while the dotted one projects the budget estimate,

ending at \$360 million. The revised projection, shown as the dashed line, ends higher at \$401 million.

Figure #3 takes yet another view. This time a full 12 months of collections are recorded each month. This gives the estimate greater continuity across fiscal years and cancels out some of the year end roll-arounds which may contaminate the data. The results again would update the \$360 million budget estimate to \$401 million.

In practice, each of the revenue sources listed will have its own set of graphs, tables and analysis for the Board to view.

PROJECT COST

As we discussed, the project is offered on a fixed fee basis. The proposal is for a complete package, from the design and development of the computer system to its application over a 12 month period.

All of the tasks enumerated previously are included as well as the use of dEA computer and graphic facilities, the personal services of Dr. Herman and Dr. deSeve, other staff as needed, monthly travel between New York City and Albany, overhead and other, incidental costs.

The complete package cost is \$55,000 payable at the monthly rate of \$4,583.

TIME TABLE

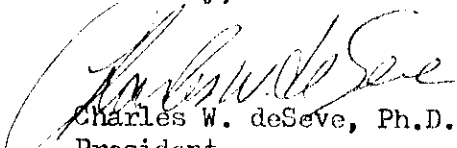
Work would begin immediately upon contract acceptance and proceed quickly until late September when the first monthly report would be ready. (Of course, any delay beyond August first in signing a contract would delay the time table accordingly.)

Once up and running, revenue reports would be completed monthly, shortly after the release by New York City of the latest collection data.

Both Dr. Herman and myself are enthusiastic about the project and endorse it as the best way for the FCB to monitor the City's revenue pulse. It seems to us essential in carrying out the Board's responsibilities.

If you have any questions, please call. We look forward to working with you on this important piece of the City's financial plan

Sincerely,


Charles W. deSeve, Ph.D.
President

CWD/gcd
Encl.

FIGURE 1

NYC XXXX TAX : MONTHLY COLLECTIONS
DECEMBER 1979

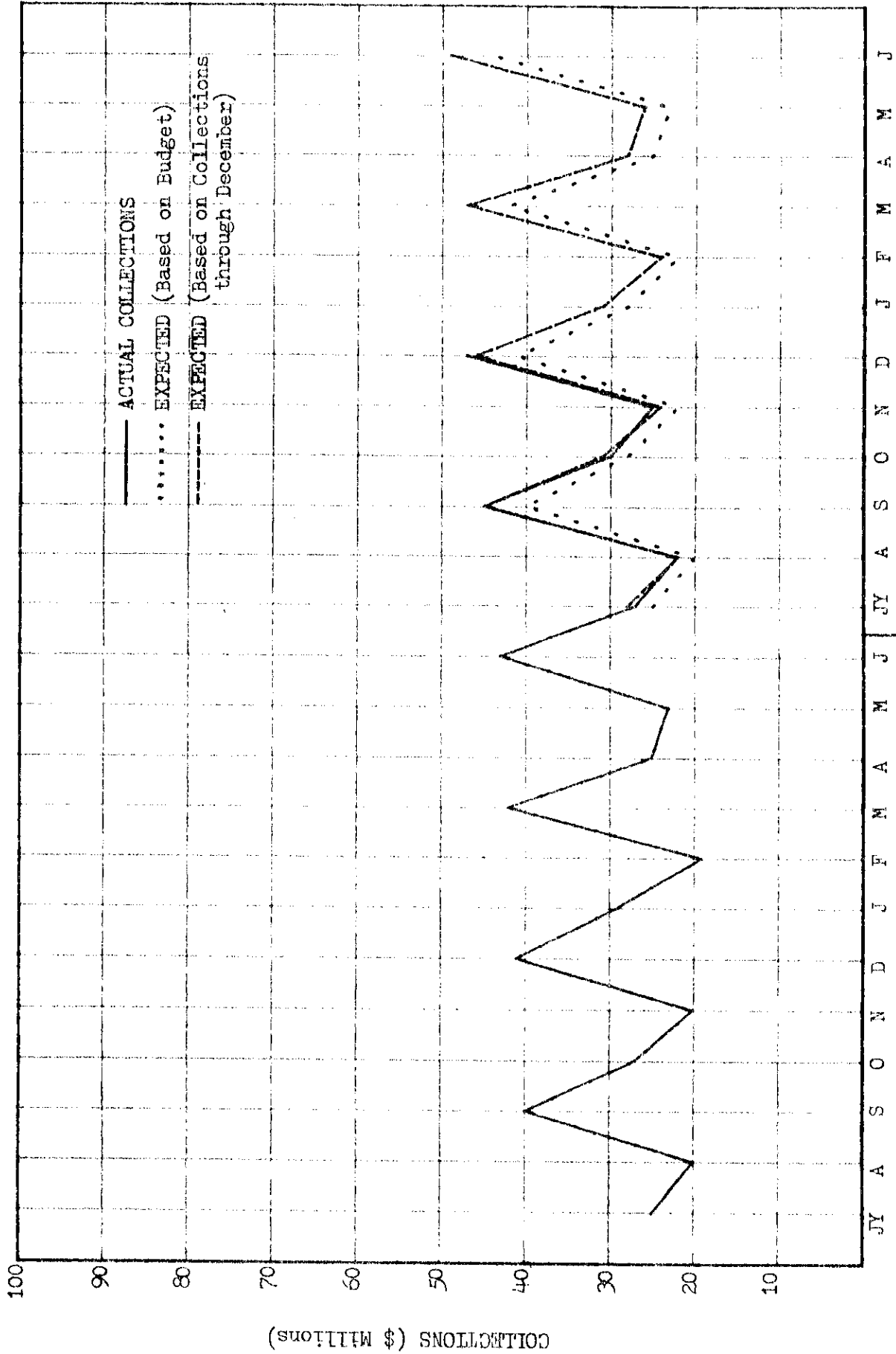
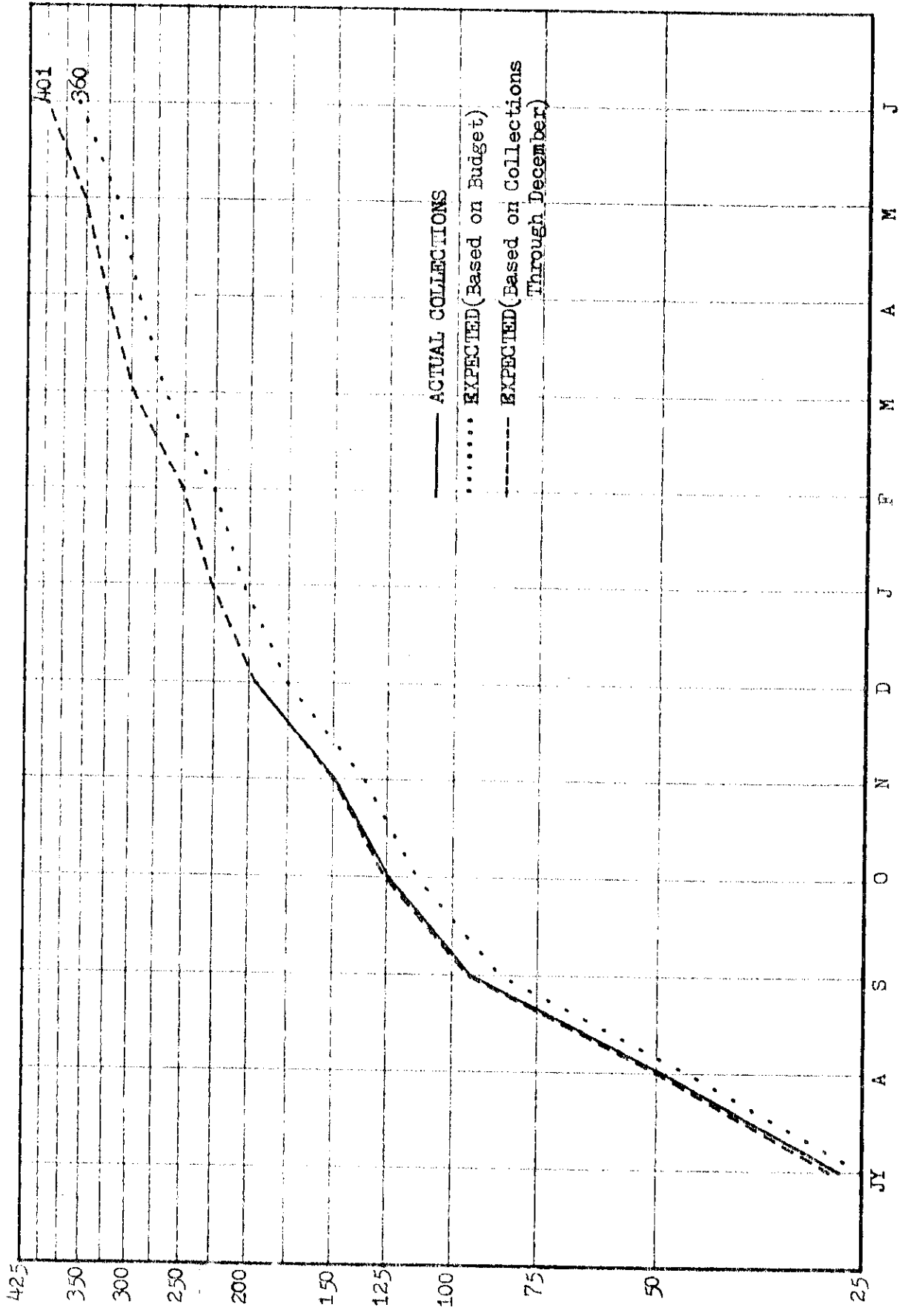


FIGURE 2

NYC XXXX TAX : FISCAL YEAR TO DATE COLLECTIONS

DECEMBER 1979



FISCAL YEAR 1979-80

CUMULATIVE COLLECTIONS (\$ MILLIONS)

RECEIVED
MUNICIPAL ASSISTANCE CORPORATION

SEP 13 '79

- BBA _____
- JGB _____
- HAD _____
- LSD _____
- LAH _____
- WJL _____
- CHR _____
- MFS _____
- AS _____
- RFV _____
- SJW _____

A.M.

P.M.

MAIL

HAND

LIBRARY _____

M E M O R A N D U M

May 10, 1978

TO: John C. Bender
FROM: Barbara G. Collins *apc*
SUBJECT: Funding the EFCB & OSDC

Attached are summaries of the funding arrangements for the EFCB and the Office of the Special Deputy Comptroller. I have been advised by the Yonkers Control Board that the person from whom the Yonkers funding information can be obtained will be available Thursday after their Board meeting.

Now that the EFCB has arranged for direct funding, we have the more convenient method of funding and repayment to the State, mainly, via MAC. The City Comptroller's Office closely scrutinizes the bills submitted by the OSDC and disputes have arisen so that occasionally, rather than paying OSDC, the Department of Audit and Control has had to withhold State Aid payments to the City to obtain reimbursement from the City for the operation of OSDC. (You may recall that Goldin did not pay the Beame's bills on time so when Mary Beame went to buy maids' uniforms at Bloomingdale's her account was past due and she left the store empty handed.)

The EFCB will either have to amend its agreement with MAC to increase the level of funding from \$500,000 to \$750,000 (or one million dollars) or enter into an agreement with the City. I believe the former to be the preferable alternative.

Attachment

Funding of the EFCB

FY 1976 Presumably funded out of Executive Chamber

FY 1977 \$150,000 First Instance Appropriation to MAC for EFCB
\$350,000* Appropriation from MAC revenue stream
\$250,000 Executive Chamber appropriation from Supplemental Budget

FY 1978 \$500,000 First Instance Appropriation to EFCB
\$250,000 Executive Chamber appropriation for EFCB

FY 1979 \$750,000 First Instance Appropriation to EFCB
\$250,000 Have been requested from Supplemental Budget

The Executive Chamber appropriations funded the salary and fringes of the Executive Director and his personal staff (secretary, driver; etc.), in addition to one-third the cost for maintenance and operation.

Pursuant to the First Instance Appropriation, the EFCB entered into a Repayment Agreement (copy attached "A") with the State Budget Director which requires the EFCB to repay the State an amount equal to the First Instance Appropriation from moneys paid to the EFCB pursuant to an agreement entered into with the City of New York and/or MAC.

The EFCB entered into an agreement with MAC (copy attached "B") whereby certain overlapping responsibilities of MAC and the EFCB would be performed by the EFCB and funded by MAC. Pursuant to the Agreement, as amended, MAC pays the salaries and fringe benefits of the staff for the performance of the overlapping responsibilities up to a maximum of \$500,000 of which not more than \$50,000 can be for maintenance and operating costs. This agreement must be amended to permit a ceiling of \$750,000 (or \$1 million if the supplemental appropriation is approved) or an agreement must be entered into with the City to provide funding for the operation of the Board.

* Rumor has it that the \$350,000 appropriation was made through MAC's operating fund because Mayor Beame had enough votes in the Assembly to be able to block or limit appropriations for the EFCB. In addition, at that time, Governor Carey was also attempting to limit the State's expenditures so by establishing this allocation thru MAC it required neither the State Legislatures' approval nor appeared in the State's budget.

Funding of OSDC

The State appropriated funding for the OSDC in FY 1976 and FY 1977 in the sum of \$500,000 in the Deficiency Budget and, in the State Purposes Budget, the sums of \$1,972,500 and \$1,836,200, respectively. Pursuant to the appropriations, the City was required to reimburse the State for the expenditures of the OSDC in accordance with an agreement between the City and the Control Board.

The City and the Control Board entered into a Repayment Agreement (copy attached "C") on June 13, 1977 which provides for the terms and schedules for repayment by the City for the operation of the OSDC. In addition, MAC had entered into an agreement with the Department of Audit and Control on March 4, 1976 (copy attached "D") wherein MAC agreed to pay the Department for certain services rendered to MAC by the OSDC. In fact, no payments were ever made by MAC pursuant to the MAC agreement since the City, pursuant to its Repayment Agreement with the Control Board, paid all OSDC costs for the period from September 9, 1975 through December 31st, 1977.

To reflect these payments and future provisions for funding, the City, the Department of Audit and Control, and MAC entered into a Memorandum of Understanding in April, 1978 (copy attached "E"). Reflecting the City's payment through December 1977, the Memorandum states that, commencing January 1, 1978, MAC will pay the Department amounts due pursuant to the MAC Agreement and that such amount will be subtracted from the amount to be paid by the City to OSDC pursuant to the Repayment Agreement.

Therefore, the OSDC is reimbursed by the City (Repayment Agreement) and by MAC (Memorandum of Understanding/MAC Agreement).



Steve

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

Two World Trade Center
New York, N. Y. 10047

(212) 488-5720

Eugene Keilin
Executive Director

Felix G. Rohatyn
Chairman

Board Members

Francis J. Barry
George M. Brooker
John A. Coleman
Thomas D. Flynn
George D. Gould
Dick Netzer
Donna E. Shafala
Robert C. Weaver

Writer's Direct Wire: (212) 488- 5722

27 October 1976

Honorable Peter C. Goldmark, Jr.
Director of the Budget
Division of the Budget
The State Capitol
Albany, New York 12224

Attention: Mr. Joseph Crook

Dear Sir:

This letter is intended to request immediate issuance of a new certificate of approval of availability for our first instance appropriation and later issuance of a certificate which will transfer the cost of Emergency Financial Control Board (EFCB) positions from our first instance appropriation to the MAC operating fund.

Because the aggregate amount paid to date for salaries of EFCB personnel already equals the \$130,000 originally segregated, allocation of the remaining \$20,000 portion of the first instance appropriation is necessary in order to continue payments to EFCB Staff. Simultaneously, an additional \$20,000 in temporary service funds are requested for segregation in order to continue uninterrupted payments to the MAC financial consultant and two (2) MAC employees whose positions are financed out of these funds. Payments both to EFCB personnel and to the MAC financial consultant are provided for under contractual arrangements.

Additionally, one further change should be reflected in the next certificate related to the first instance appropriation. The salary of the Executive Director should be reduced from \$65,000 to \$45,000 to reflect the actual salary of the present Executive Director.

Although segregation of the full \$150,000 for EFCB provided in the appropriation will result in continued payments, those funds will also shortly be fully expended since the EFCB payroll is currently exhausting funds at the rate of \$15,000 bi-weekly. It appears that continuation of EFCB salary

27 October 1976
Peter C. Goldmark, Jr.
Page Two...

expenditures after exhaustion of the full \$150,000 must make use of expenditures directly from the MAC operating fund. Therefore, issuance of a new operating fund certificate, which transfers the EFCB schedule of positions out of the first instance appropriation, seems necessary.

As always, your cooperation in obtaining expeditious processing of these two new certificates is appreciated. For administrative convenience, a draft of the basic certificate for the first instance appropriation has been enclosed.

Sincerely yours,

MUNICIPAL ASSISTANCE CORPORATION

William J. Lithgow

William J. Lithgow
Administrative Officer

WJL/lsd

enclosure



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

Two World Trade Center
New York, N. Y. 10047

(212) 488-5720

Eugene Keilin
Executive Director

Felix G. Rohatyn
Chairman

Board Members
Francis J. Barry
George M. Brooker
John A. Coleman
Thomas D. Flynn
George D. Gould
Dick Netzer
Donna E. Shalala
Robert C. Weaver

Writer's Direct Wire: (212) 488-5720

26 October 1976

Mr. Frank J. Macchiarola, Deputy Director
EMERGENCY FINANCIAL CONTROL BOARD
270 Broadway
New York, New York 10007

RE: Maintenance and Operation Costs

Dear Mr. ^{Frank} Macchiarola:

I am writing in response to your letter of September 20, 1976, in which you set out procedures for the payment of maintenance and operation costs of the Emergency Financial Control Board.

I understand that the procedures you describe reflect prior discussions between the Control Board and the Municipal Assistance Corporation. The Control Board will process vouchers for all such costs (which do not involve personal services) directly, and the Corporation's State account will be charged for two-thirds of such amounts, up to a total of \$50,000 within any one of our fiscal years.

Subject to agreement by the Executive Chamber and the Division of the Budget, which you indicate has been obtained, we authorize you to implement such procedures.

Very truly yours,


Eugene Keilin
Executive Director

EJK/lsd



State of New York
Emergency Financial Control Board
For the City of New York
270 Broadway
New York, New York 10007
212-488-4294

"B"
Stephen Berger
Executive Director

Chairman
Hugh L. Carey, Governor
Board Members
Arthur Levitt,
Comptroller
Abraham D. Beame,
Mayor, City of New York
Harrison J. Goidin
Comptroller, City of New York
Albert V. Casey
William M. Ellinghaus
David I. Margolis

April 30, 1976

Municipal Assistance Corporation
Two World Trade Center
New York, New York 10047

ATTENTION: Mr. Felix G. Rohatyn, Chairman

Gentlemen:

As you are aware, the functions and responsibilities of this Board, as set forth in the New York State Financial Emergency Act For The City of New York (Chapter 868 of the Laws of 1975, as amended), overlap to a substantial degree with the functions and responsibilities of the Municipal Assistance Corporation for the City of New York (the "Corporation"), as set forth in Article Ten of the State's Public Authorities Law, as amended (the "Public Authorities Law").

It is our understanding that the Corporation and the State Department of Audit & Control, to avoid unnecessary costs resulting from double-staffing, have agreed to have certain overlapping responsibilities performed by the Office of the Special Deputy Comptroller For The City of New York.

To achieve further savings by avoiding additional potential double-staffing, this Board, pursuant to a Resolution duly adopted by the Board, hereby proposes an agreement between it and the Corporation that those overlapping statutory functions performed by the Executive Director of this Board and his staff (collectively the "Staff") are performed for the benefit of both the Corporation and the Board.

Pursuant to this agreement, and to provide the Corporation's board of directors with the necessary basis for determining the accuracy of reports and certificates submitted to the Corporation by the City and to enable it to carry out the other obligations imposed by the Public Authorities Law, the data and information collected by or for the Staff, and the analyses, investigations, studies and reports prepared or performed by or for the Staff, will be furnished to the Corporation, together with any further information, data, analyses, investigations, studies and reports as the Corporation may reasonably request.

For the performance of these services, the Corporation will pay an amount equal to that portion of all salaries and fringe benefits paid to the Staff for the performance of such overlapping responsibilities during the term of this agreement.

Payment by the Corporation shall be upon invoice submitted on a bi-weekly basis, shall not exceed an aggregate of \$500,000 during any fiscal year of the Corporation, shall be paid only from the Operating Fund of the Corporation, after payment of all amounts therefrom subject to a prior lien thereon, and the Corporation shall be obligated to make such payments only to the extent that funds have been provided to it therefor upon the certification of its Chairman to the State Comptroller and to the Mayor of The City of New York.

The services to be provided pursuant to this agreement shall be deemed to have commenced as of April 29, 1976 and either the Corporation or the Board may terminate the agreement upon 60 days prior notice to the other.

If the above proposal meets with your approval, please indicate your acceptance by signing in the space provided on the enclosed copy of this letter and return the same to the Board at the above address.

Very truly yours,

EMERGENCY FINANCIAL CONTROL BOARD
FOR THE CITY OF NEW YORK

BY *Hugh L. Carey*
Hugh L. Carey, Chairman

AGREED AND ACCEPTED:

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

BY *Alan K. Katsky*



State of New York
Emergency Financial Control Board
For the City of New York

270 Broadway
New York, New York 10007
212-488-4294

Stephen Berger
Executive Director

Chairman
Hugh L. Carey, Governor
Board Members
Arthur Levitt,
Comptroller
Abraham D. Beame,
Mayor, City of New York
Harrison J. Goldin
Comptroller, City of New York
Albert V. Casey
William M. Ellinghaus
David I. Margolis

July 15, 1976

Municipal Assistance Corporation
Two World Trade Center
New York, New York 10047

Gentlemen:

This will confirm the previously agreed to amendments to the April 30, 1976 letter agreement (the "agreement") between the Municipal Assistance Corporation For the City of New York (the "Corporation") and this Board:

(a) The second full paragraph on page 2 of the agreement, beginning "(f) or the performance of these services", is hereby deleted in its entirety and the following new paragraph is hereby substituted in its place and stead:

"For the performance of these services, the Corporation will pay an amount equal to (i) that portion of all salaries and fringe benefits paid to the Staff for the performance of such overlapping responsibilities during the term of this agreement and (ii) that portion of all maintenance and operating costs incurred by or for the use or benefit of the Staff in the performance of such overlapping responsibilities during the term of this agreement."

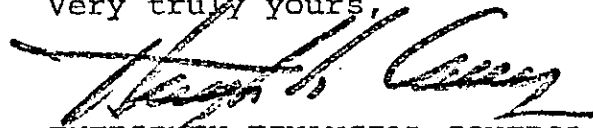
(b) The third full paragraph on page 2 of the agreement, beginning "(p) ayment by the Corporation", is hereby deleted in its entirety and the following new paragraph is hereby substituted in its place and stead:

--2--

"Payment by the Corporation shall be upon invoice submitted on a bi-weekly basis, shall not exceed an aggregate of \$500,000 and of which not more than \$50,000 shall be attributable to maintenance and operating costs incurred by or for the use or the benefit of the Staff during any fiscal year of the Corporation shall be paid only from the Operating Fund of the Corporation, after payment of all amounts therefrom subject to a prior lien thereon, and the Corporation shall be obligated to make such payments only to the extent that funds have been provided to it therefor upon the certification of its Chairman to the State Comptroller and to the Mayor of the City of New York."

If the above amendments meet with your approval, please indicate your acceptance by signing in the space provided on the enclosed copy of this letter and return the same to the Board at the above address.

Very truly yours,



EMERGENCY FINANCIAL CONTROL BOARD
FOR THE CITY OF NEW YORK

by Hugh L. Carey, Chairman

AGREED AND ACCEPTED:

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By





State of New York
Municipal Assistance Corporation
For The City of New York
Two World Trade Center
New York, N. Y. 10047

Herbert Elish
Executive Director

Board Members

William M. Ellinghaus

Chairman

Francis J. Barry

John A. Coleman

Thomas D. Flynn

George D. Gould

Dick Netzer

Felix G. Rohatyn

Donna E. Shalala

Robert C. Weaver

September 17, 1975

To: MAC Directors and Representatives
From: Daniel B. Goldberg, Counsel
Subj.: MAC-EFCB INTERRELATIONSHIP

The enactment of the MAC package of legislation last week requires decisions as to the interrelationship between MAC and the new Emergency Financial Control Board (EFCB) and its staff head, the new State Deputy Controller for the City of New York (Dep. Comptroller).

Recommendation:

The net recommendation made hereby is for an intensive co-ordination of the two organizations.

Viewpoint:

The two organizations have but a single objective, under State sponsorship: avoidance of default by New York City and re-establishment of its credit. To that end both organizations have review powers and responsibilities relative to City finances. It is the viewpoint of this report that the objective of both would be jeopardized if the two organizations should take inconsistent approaches. It is felt that the best way to avoid this is by maximizing interrelationships. It is noted that the respective authorizing statutes make this possible.

Proposal:

It is proposed that:

- (1) The Dep. Comptroller, after he is named by the State Comptroller to assist EFCB, be appointed also as an officer or employee of MAC to advise MAC with regard to its review functions. This is permitted by the MAC statute (§3039):
"The Corporation may conduct such review by using (i) its own employees, (ii) its agents, or (iii) any state employees provided to the Corporation for such purpose". (Emphasis added).

Also §3021 provides: "The department of audit and control ... may render such services to a [municipal assistance] corporation as may be requested by such corporation". And §3011 of the MAC act and § 6 (3) of the EFCB act eliminate problems of dual office-holding or conflict of interests. These provisions are permissive and would require the concurrence of the Comptroller and should also have the concurrence of EFCB.

- (2) Reciprocally, MAC could make its staff available for consultation to EFCB and the Dep. Comptroller on management.
- (3) The members of EFCB might regularly receive notice of MAC meetings and have a standing invitation to attend in person or by their representatives authorized by EFCB act § 6 (2).
- (4) The elected members of EFCB might be encouraged to select as their authorized EFCB representatives from among persons presently acting as official Representatives to the MAC.
- (5) EFCB might, reciprocally, wish to extend a similar courtesy to the MAC Chairman, and possibly also to one or more of MAC's Committee Chairmen and officers.
- (6) The physical location of the offices of the two agencies should be as close as possible, and that informal inter-communication by their staffs be encouraged.

Background:

Of the two organizations only MAC has bond issuance powers. Also it alone has long term covenants with bondholders to impose financial conditions on the City and to conduct continuing reviews to assure itself, its bondholders and the public that the City is in compliance. Because of these contractual commitments MAC must continue as a vigorous and highly visible force. It must continue to conduct the reviews and police the conditions required by the statutes and make any determinations for relaxation which the statutes permit. It must continue to implement the cash flows which will pay its bondholders and it must continue available to sell new bonds as required. Nothing in the new legislation permits MAC to lapse into desuetude or to delegate its responsibilities to EFCB or anyone else.

If anything, the mandated investments sharpen the pre-existing needs for punctilious observance of contractual commitments.

One organizational factor in the MAC picture has, however, changed as a result of the EFCB statute. Now there are two organizations with review powers over City finances. Yet, much the same basic leg-work and staff-work will be required to permit each organization to discharge its own responsibilities. The cost and confusion of a duplicative effort in such work suggests that it should be avoided.

Proposal (1) of this Memorandum would solve this problem if it is adopted. As staff head of EFCB and as an aide to the Comptroller, the Dep. Comptroller would appoint and supervise the detailed auditing staff necessary to discharge EFCB functions. As an MAC officer, authorized by MAC statute §3039, he would simultaneously be conducting the MAC review and would advise MAC in such way as to assist its Board in making the determinations required by its statute and its contracts with bondholders.

The other proposals would permit a close integration of the two organizations to avoid any public posture of inconsistency. Given the high status and prestige of the members of the respective boards, any such inconsistency could prove fatal to the ultimate single objective of both.

Daniel B. Goldberg,
Counsel



State of New York
Municipal Assistance Corporation
For The City of New York
Two World Trade Center
New York, N. Y. 10047

Board Members

Felix G. Rohatyn
Chairman
Francis J. Barry
John A. Coismian
Thomas D. Flynn
George D. Gould
Dick Netzer
Donna L. Shalala
Robert C. Weaver

Herbert Elish
Executive Director

October 2, 1975

MEMORANDUM TO: Mr. Felix G. Rohatyn, Chairman
FROM : Daniel B. Goldberg, Counsel
SUBJECT: Relationship to EFCB

As a result of the letter to you from Messrs. Goldmark and Ives (copy attached) requesting MAC assistance in financing the cost of the operations of the new Special Deputy Comptroller's office, I have had discussions with Special Deputy Comptroller Schwartz and with Deputy Comptroller Ives. I briefly described my plan of September 17 for intensive coordination between MAC and EFCB (copy attached), but noted that it was based on the assumption that the Special Deputy Comptroller's office would be independently financed by the State.

With regard to the request for MAC funding of the new operation, I reported that you had not had an opportunity to study the matter, nor to present it to the Board.

I did, however, comment with regard to the legality of the proposal.

It is clear to me that both the \$3.0 million dollars first instance appropriation to MAC and its operating fund are available only for MAC corporate purposes. Direct funding by MAC of the Special Deputy Comptroller's operations, as such, is therefore not permissible. However, it is clear that there is a substantial overlapping in functions so that things which the new office must perform are also obligations of MAC (such as the review of City budgets) and therefore within MAC corporate purposes.

If the Board is willing to act favorably on the proposal as a matter of policy, then there are two legal mechanisms available to accomplish it. The first would be for MAC to appoint the Special Deputy Comptroller as an official of MAC and to hire as its employees his staff to the extent that they would be assigned solely to matters within the overlapping responsibilities of the two offices. The second would be to enter into an agreement with the Comptroller

(in the form of a consulting agreement) under which the overlapping functions would be performed for MAC, and MAC would make payments of amounts equal to the budgeted cost of providing the services.

Mr. Ives has a strong preference for the second mechanism. He is troubled about possible divided loyalties, and possible interruption of employees' benefits if present personnel in the Comptroller's office is transferred to the MAC payroll. In my opinion his objections have no legal basis, but they are likely to prevail with the Comptroller.

If the agreement route is employed, the agreement would have to delineate the audit and review functions which MAC has under the statutes and its agreement with bondholders, and obligate the Special Deputy Comptroller to perform the work necessary to lay the groundwork for the MAC Board to take the actions required on its own responsibility, and the Special Deputy Comptroller would have to render such reports and make such appearances as the MAC Board might require for its corporate purposes.

I noted that among the persons proposed for the Deputy Comptroller's staff were one or more lawyers, and suggested the possibility that this might not be necessary if MAC was willing to make its Counsel available to EFCB on legal matters within the area of overlapping responsibilities.

In my conversation with Mr. Ives I also raised the question of phasing out the present pre-audit method of paying MAC expenses with State checks. I told him that our status required an independent bank account administered by us, subject, of course, to post-audit by the Comptroller. He was at first quite resistant but finally yielded to the point of saying he would consider our request provided we first agreed on "guide lines." I had no objection to guide lines and was sure we could agree. He then said we would have to agree that there would be no "fancy trips". I objected to the implication. I said that if our Board resolved to have a "marketing" program in major financial centers I did not expect that our directors or staff would stop in inferior hotels to accommodate an arbitrary standard. I said it was perfectly appropriate for MAC personnel travelling on official business to be accommodated as they would be if they were travelling on their own personal business. The matter was left unresolved.

I should add that I am quite friendly with Mr. Ives and that the entire conversation with him was most informal.

In an earlier conversation with Mr. Schwartz he stated that he had no problem with the concept of serving as a MAC officer if the Comptroller made him available for that purpose under the authorizing statute.

Attached hereto is a draft of letter for your signature in response to the letter of September 25.

2/15/34

DEG:MW

cc: Dr. Donna E. Shalala, Treasurer
Mr. George D. Gould, Chairman, Committee on Finance
Mr. Herbert Elish, Executive Director



PETER C. GOLDMARK, JR.
DIRECTOR OF THE BUDGET

STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
STATE CAPITOL
ALBANY 12224

RECEIVED

SEP 29 1975

September 25, 1975

Mr. Felix Rohatyn
Chairman
Municipal Assistant Corporation
for New York City
Two World Trade Center
New York, New York 10047

Dear Mr. Rohatyn:

The Division of the Budget has been requested by the New York State Comptroller to provide funds for the creation of a Special Deputy Comptroller and staff in accordance with Chapter 868, as amended by Chapter 869, of the Laws of 1975.

Since no funds were included in the enabling legislation for the Emergency Financial Control Board, and many of the functions that had been required of your Corporation have now been assigned to the Board it is our contention that the costs of the Special Deputy Comptroller's operations should be financed through the \$3.0 million appropriated by Chapter 186 of the Laws of 1975.

If this meets with the approval of the board of directors of your corporation, an allocation from the appropriation will be effected immediately to provide the necessary financial support for the Special Deputy Comptroller.

If you have any questions concerning this matter do not hesitate to call.

Sincerely,

Peter C. Goldmark, Jr.
Director of the Budget

Martin Ives
Deputy Comptroller

Attachment



STATE OF NEW YORK
 DEPARTMENT OF AUDIT AND CONTROL
 ALBANY

ARTHUR LEVITT
 STATE COMPTROLLER
 DANIEL KLEPAK
 DEPUTY COMPTROLLER

September 10, 1975

Mr. John Van Laak
 Chief Budget Examiner
 NYS Division of the Budget
 State Capitol
 Albany, New York 12224

Dear Mr. Van Laak:

As you of course know, under the provisions of Chapter 868 as amended by Chapter 869 which was passed by the Legislature in special session and signed by the Governor, the Comptroller is required to appoint a Special Deputy Comptroller for New York City to head the operating staff of the New York State Emergency Financial Control Board.

Our best estimate at this time of the staff needed to perform the functions required by this legislation are as follows:

<u>Functions</u>	<u>Staff</u>
Preparation of revenue estimates for the City and the covered agencies, together with monitoring of revenue estimates for a three-year period	3
Prepare format for the financial plan to be developed by the City; preparing reporting system so that the Board can keep abreast of the City's financial situation; evaluate working of the financial plan so that necessary changes can be made	4

<u>Functions</u>	<u>Staff</u>
Monitor compliance with the financial plan by receiving reports and evaluating them; continuous analysis of financial statements and preparation of the necessary reports for the Board	3
Evaluation of the City Comptroller's system for pre-auditing payments, together with continuous monitoring of his procedures for auditing payments	2
Evaluation of City Comptroller's system for pre-auditing contracts; preparation of such guidelines as may be necessary to cause improvements in City Comptroller's procedures; continuous monitoring of the larger contracts - perhaps those over a million dollars	6
Exercise of continuous control over the City's budget and management apparatus; analysis of budgets of individual City agencies; analysis of budgets of covered agencies; monitoring of vacancy controls; pre-audit of new staffing; directing compliance with management audit reports. Particular attention will be paid to the City Social Services Department, the Board of Education, the Board of Higher Education, and the Health and Hospitals Corporation	20
Top assistants and legal counsel to the Special Deputy Comptroller for such functions as providing guidance to staff, coordinating with MAC, undertaking special projects and preparing special reports; review of difficult contracts including union agreements	6

<u>Functions</u>	<u>Staff</u>
Clerical assistance	<u>6</u>
Estimated total staff required	<u>50</u>

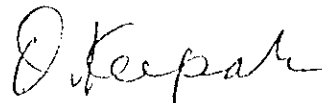
This estimate is based on the assumption that the necessary management and financial audits for the use of the Board will be provided by our existing audit staff in New York City. It may also be necessary to hire consultants to deal with specific problems.

On the assumption that the average salary will be \$20,000 annually, we estimate that an appropriation of approximately \$1,000,000 will be needed for a full year. For the remainder of this current fiscal year, \$500,000 should be adequate.

In view of the emergency and temporary nature of the assignment, it will be necessary for us to recruit the best possible people in the shortest period of time. Hence, we will seek to establish as many positions as possible in the exempt class.

I would appreciate your prompt approval so that we can proceed with the tremendous amount of work necessary to bring together the resources required to accomplish this critical task.

Sincerely,





State of New York
Municipal Assistance Corporation
For The City of New York
Two World Trade Center
New York, N. Y. 10047

Herbert Elish
Executive Director

Board Members

William M. Ellinghaus
Chairman
Francis J. Barry
John A. Coleman
Thomas D. Flynn
George D. Gould
Dick Netzer
Felix G. Rohatyn
Donna E. Shalala
Robert C. Weaver

September 17, 1975

To: MAC Directors and Representatives
From: Daniel B. Goldberg, Counsel
Subj.: MAC-EFCB INTERRELATIONSHIP

The enactment of the MAC package of legislation last week requires decisions as to the interrelationship between MAC and the new Emergency Financial Control Board (EFCB) and its staff head, the new State Deputy Controller for the City of New York (Dep. Comptroller).

Recommendation:

The net recommendation made hereby is for an intensive co-ordination of the two organizations.

Viewpoint:

The two organizations have but a single objective, under State sponsorship: avoidance of default by New York City and re-establishment of its credit. To that end both organizations have review powers and responsibilities relative to City finances. It is the viewpoint of this report that the objective of both would be jeopardized if the two organizations should take inconsistent approaches. It is felt that the best way to avoid this is by maximizing inter-relationships. It is noted that the respective authorizing statutes make this possible.

Proposal:

It is proposed that:

- (1) The Dep. Comptroller, after he is named by the State Comptroller to assist EFCB, be appointed also as an officer or employee of MAC to advise MAC with regard to its review functions. This is permitted by the MAC statute (§3039):
"The Corporation may conduct such review by using (i) its own employees, (ii) its agents, or (iii) any state employees provided to the Corporation for such purpose". (Emphasis added).

Also §3021 provides: "The department of audit and control ... may render such services to a [municipal assistance] corporation as may be requested by such corporation". And §3011 of the MAC act and § 6 (3) of the EFCB act eliminate problems of dual office-holding or conflict of interests. These provisions are permissive and would require the concurrence of the Comptroller and should also have the concurrence of EFCB.

- (2) Reciprocally, MAC could make its staff available for consultation to EFCB and the Dep. Comptroller on management.
- (3) The members of EFCB might regularly receive notice of MAC meetings and have a standing invitation to attend in person or by their representatives authorized by EFCB act § 6 (2).
- (4) The elected members of EFCB might be encouraged to select as their authorized EFCB representatives from among persons presently acting as official Representatives to the MAC.
- (5) EFCB might, reciprocally, wish to extend a similar courtesy to the MAC Chairman, and possibly also to one or more of MAC's Committee Chairmen and officers.
- (6) The physical location of the offices of the two agencies should be as close as possible, and that informal inter-communication by their staffs be encouraged.

Background:

Of the two organizations only MAC has bond issuance powers. Also it alone has long term covenants with bondholders to impose financial conditions on the City and to conduct continuing reviews to assure itself, its bondholders and the public that the City is in compliance. Because of these contractual commitments MAC must continue as a vigorous and highly visible force. It must continue to conduct the reviews and police the conditions required by the statutes and make any determinations for relaxation which the statutes permit. It must continue to implement the cash flows which will pay its bondholders and it must continue available to sell new bonds as required. Nothing in the new legislation permits MAC to lapse into desuetude or to delegate its responsibilities to EFCB or anyone else.

EMERGENCY FINANCIAL CONTROL BOARD

Frank Macchiarola Deputy Executive Director	\$45,500.00 ANN	
Jay Holt Special Assistant to the Executive Director	25,000.00 ANN	
John C. Bender Counsel	33,000.00 ANN	
Jon Weston Analyst	13,700.00 ANN	
Stephen Bogart Analyst-Personnel Officer	14,700.00 ANN	PROPOSED: 16,200.00 ANN
Estocia Berry Administrative Manager	13,700.00 ANN	PROPOSED: 15,200.00 ANN
James DiStefano Legal Assistant	10,200.00 ANN	
Richard F. Halverson Associate Analyst	22,200.00 ANN	
Geneva Ennett Secretarial/Steno	9,500.00 ANN	
Marilyn McKean Secretarial/Steno	5.50 HRLY	
David Plavin Principal Analyst	30,200.00 ANN	
Robert Bailey Analyst	13,200.00 ANN	
John Maiorca Analyst	14,200.00 ANN	
Robert Bennett Analyst	14,200.00 ANN	
Suzanne Sullivan Analyst	15,700.00 ANN	
Carolyn Howard Clerical Assistant	8,000.00 ANN	
Anthony B. Gliedman Associate Analyst	31,200.00 ANN	
Diane T. Murray Principal Analyst	29,200.00 ANN	

ERCB-2-

Marsilia Boyle
Associate Analyst

24,200.00 ANN

James P. Gilpatric
Assistant Counsel

17,700.00 ANN

Barbara Barnett
Legal Secretary

10,700.00 ANN