



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

HUGH L. CAREY
GOVERNOR

November 26, 1975

Dear Mr. President:

On behalf of the citizens of the City and State of New York, I am pleased to inform you that the certain financial and legal requirements requested as a precondition to any Federal involvement in the fiscal crisis of New York City have been accomplished, and achieved in full. Whatever decision you make, in meeting your responsibilities, I must at the outset commend to you the efforts of the people of New York. In an unprecedented display of unity and purpose, trade unions, commercial banks and, especially, a bipartisan coalition of elected representatives, have succeeded in producing a result that will prove memorable. - indeed, a model to others for years to come. These achievements of New Yorkers are worthy in their own right, and while I write to bring their efforts and sacrifices to your attention, it is only proper that I use this opportunity to express my deepest appreciation and respect to all the parties involved.

Last evening, the Legislature of the State of New York enacted new taxes of \$200 million raised in and for the City of New York. This was a general condition included in Federal loan guarantee bills for New York City pending in both houses of Congress and in our own discussions with members of your Administration. At the same time the State's Emergency Financial Control Board for New York City met and adopted the necessary resolutions effectuating the new taxes. In addition, the Legislature enacted legislation that increases employee contributions to the City's retirement systems. This legislation was passed with union support in accordance with their desire to meet their understandings with your Administration. These acts were painful for all concerned, but undertaken in the common hope of avoiding the chaos of default.

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In that same mixture of trust and sacrifice, the trustees of the five City employees' retirement systems voted to purchase additional bonds of the City or New York State Municipal Assistance Corporation in the principal amount of \$2,530,000,000 between December 1, 1975 and June 30, 1978, conditioned principally upon the passage of appropriate Federal legislation.

Finally, the Municipal Assistance Corporation, in connection with its offer to exchange certain of its bonds for certain outstanding short-term obligations of the City, has secured the agreement of the eleven New York Clearing House Banks and City pension funds not to tender their notes for exchange.

The agreement provides that \$849.2 million in City notes held by the eleven banks and five City pension funds will be converted into a ten year City obligation at 6% interest.

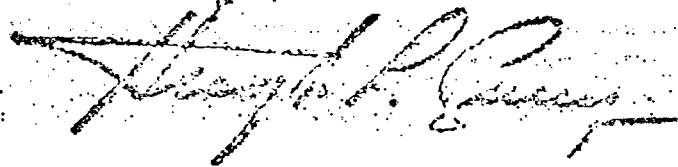
Further, \$200 million in City notes held by City Sinking Funds, will be converted into City obligations on which there will be no net amortization during the three-year moratorium period.

In addition, all MAC obligations now held by the banks, \$991.8 million, and by the pension funds, \$665 million, irrespective of their interest rates and maturities, will be exchanged for ten-year MAC obligations at 8% interest.

These agreements, too, are conditioned upon the enactment of appropriate Federal legislation.

Over the past weeks and months, Mr. President, I, on behalf of the City and State, have accepted conditions laid down by Federal authorities. Knowing full well the people of New York, their resiliency and ability to perform in the face of a common crisis, with complete trust I have not hesitated to take a condition and turn it into a commitment. Now these commitments have been fulfilled and with the same trust we await the response of the Federal Government.

Sincerely,



The President
The White House