

MINUTES OF THE AUDIT COMMITTEE
OF
BUILD NYC RESOURCE CORPORATION

September 14, 2016

A meeting of the Audit Committee of the Board of Directors (the “Committee”) of Build NYC Resource Corporation (“Build NYC” or the “Corporation”) was held on Wednesday, September 14, 2016 pursuant to notice from the Deputy Executive Director of the Agency, at the New York City Economic Development Corporation (“NYCEDC”), 110 William Street, Conference Room 3A, New York, New York 10038.

The following members of the Committee were present in person at the above-indicated meeting of the Committee (the “Meeting”):

- Albert V. De Leon, Chair
- Kevin Doyle

Also present were members of NYCEDC staff:

- Finance and Accounting: Kim Vaccari - CFO, Spencer Hobson – Treasurer, Fred D’Ascoli – Controller, Raafat Osman – Deputy Controller, Christine Robinson – Senior Accountant, Carol Ann Butler – AVP
- Internal Audit (“IA”): David Price – SVP
- Compliance Department (“Compliance”): Shin Mitsugi – SVP, Daniel Kane – AVP,
- Strategic Investment Group (“SIG”) Jeffrey Lee – SVP, Anne Shutkin – VP

Also present were representatives from Ernst & Young LLP (“E&Y”):

- Louis Roberts – Engagement Partner and Chris Sullivan – Audit Senior

The Meeting was convened at 9:37 a.m.

1. Approval of the Minutes of the April 19, 2016 Audit Committee meeting

Mr. De Leon asked if there were any questions or comments relating to the minutes of the April 19, 2016 meeting. There being no questions or comments, Mr. Doyle motioned to approve and Mr. De Leon seconded and the motion was approved.

2. Presentation of Financial Statements

Mr. D'Ascoli noted that the auditor's opinion was an unmodified/unqualified opinion indicating that there were no findings and the financial statements accurately represent the conditions of the Corporation. He then gave an overview of the Statement of Net Position and the Balance Sheet. The total assets were reported at \$11.4 million with virtually no liabilities and an unrestricted net position of \$11.3 million making it a very healthy balance sheet.

The next statement discussed was the Statement of Revenues, Expenses and Changes in Net Position which tracked the performance over the course of the past 12 months. The revenue generated by Build NYC was \$5.2 million associated with 28 transactions. The operating expenses increased approximately \$2 million. The increase represents a shift in the Management Fee commensurate with the increased activities of Build NYC. With non-operating expenses of \$100,000 mainly due to special project costs, Build NYC reported a change in net position of \$3.1 million.

Mr. D'Ascoli then discussed the Statement of Cash Flows. The cash provided by operations was \$3.2 million. The amount of cash moved into investments was \$3.9 million. It was noted that this is not a decrease in assets but a move from cash to investments. Cash used for special projects totaled \$167,000. The net change in cash was an overall decrease of \$800,000, again, primarily due to cash being moved into investments.

Mr. D'Ascoli also provided an overview of the Schedule of Investments where he presented the investment components of Build NYC. He noted that 88% of the instruments are government securities, 12% are in money markets which is well within what is permitted under the Corporation's Investment Policies Guideline.

3. Ernst & Young Update

Mr. Roberts stated that as it relates to Build NYC, E&Y would issue an unmodified opinion which means it is a clean opinion and the financial statements have been fairly stated. E&Y reviewed all the required footnotes and they are in compliance with GAAP. After evaluating the fair value of investments, E&Y found them to be in compliance with the policies.

4. Internal Audit Update

Mr. Price reported that there is no status update in connection with Build NYC projects. Compliance monitors compliance activity for Build NYC projects. He further noted that Internal Audit has not been made aware of any issues with current Build NYC projects.

Mr. De Leon asked if there is an audit plan for Build NYC. Ms. Vaccari stated that Build NYC intends to start auditing these projects in the future, however audit procedures have yet to be determined as Build NYC is still a relatively new entity.

Mr. Mitsugi added that as Build NYC does not provide sales tax exemptions or property tax abatements of the type provided by the New York City Industrial Development Agency ("NYCIDA"), any future audits would likely be more limited in scope than NYCIDA audits.

5. Compliance Activity Update

Mr. Mitsugi stated that there were no updates as Build NYC's inception occurred in late 2012 and no projects have experienced a default thus far. From a compliance perspective, Build NYC projects are largely in good standing.

6. Session with Management

Session with Management was not required by the Committee.

7. Session with Auditors

Mr. De Leon excused Management to convene the Committee's session with Ernst & Young LLP

6. Adjournment

There being no further business, the Meeting was adjourned at 10:12 a.m.