

MINUTES OF THE AUDIT COMMITTEE
OF
BUILD NYC RESOURCE CORPORATION
September 19, 2022

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 site on Monday, September 19, 2022.

The following members of the Committee were present by means of a conference call at the above indicated meeting of the Committee (the “Meeting”), constituting a quorum:

- Albert V. De Leon
- Khary Cuffe

The following members of NYCEDC staff were present by means of a conference call:

- Finance: Fred D’Ascoli – CFO, Spencer Hobson – EVP/Treasurer, Amy Chan – Controller, Leslie Escobar – Deputy Controller
- Internal Audit (“IA”): Jennie Wallace – EVP
- Compliance Department (“Compliance”): Shin Mitsugi – SVP and the Agency’s Compliance Officer
- Strategic Investments Group (“SIG”): Emily Marcus – the Agency’s Deputy Executive Director

Present by means of a conference call were representatives from Ernst & Young LLP (“EY”):

- Kimberly Hancy – Partner
- Adam Wolken – Manager
- Tara Chaglasian – Assurance Senior

Mr. De Leon called the meeting to order at 9:45 a.m.

1. Approval of the Minutes of the May 12, 2022 Audit Committee meeting

Mr. De Leon asked if there were any questions or comments related to the minutes of the May 12, 2022 meeting. There being no questions or comments, Mr. Cuffe motioned to approve the minutes. Mr. De Leon seconded the motion, and the motion was approved.

2. Finance Update

Ms. Chan noted that EY will be issuing an unmodified opinion. She mentioned that the Auditors' Report (in accordance with Government Auditing Standards) concluded that there were no findings and no internal control issues noted by the external auditors (EY).

Ms. Escobar presented the Build NYC financial position as of year-end and discussed the financials. She discussed the Statement of Revenues, Expenses, and Changes in Net Position. Build NYC had an ending net position of \$8.1 million, which represents an increase of \$810,000 as compared to FY2021 of \$7.3 million.

Ms. Escobar explained the components causing the increase in net position. Fee income increased \$374,000 as a result of closing fifteen transactions in FY2022 as compared to twelve closings in the prior fiscal year. Operating expenses of \$2.3 million, which is primarily made up of the management fee to EDC remained relatively flat as compared to prior year with bad debt expense of \$25,000 recognized for one project. Under non-operating revenues and expenses, special projects costs decreased \$2 million primarily due to a lack of special project activity in FY2022. As a result, with operating income of \$815,000 offset with an investment loss of \$5,600, there was an increase in that position of \$810,000 from \$7.3 million in prior year to \$8.1 million at fiscal year-end.

Ms. Escobar then presented Build NYC's statement of net position. Build NYC's unrestricted net position is primarily made up of approximately \$8.9 million of unrestricted cash, cash equivalents, and investments, offset by \$815,000 of current payables and unearned revenue. Ms. Escobar noted that Build NYC's net position of \$8.1 million is currently \$700,000 below the target net position level established by the Board of four times the annual management fee, or \$8.8 million. Management is continuing to monitor this to strategically build the reserve back up.

Ms. Escobar provided an overview of the Schedule of Investments highlighting the investment components of Build NYC's portfolio. She noted that approximately 60% of unrestricted investments are held in US Agency Securities and the remaining 40% of cash equivalents are held in money markets, all of which is compliant with the Corporation's Investment Policies Guidelines.

Ms. Chan requested towards the end of the meeting for the Board members to approve the financials and schedule of investments for the presentation to move forward. Mr. De Leon approved and Mr. Khaffe seconded the motion and the financials and schedule of investments were approved.

3. Ernst & Young LLP Update

Ms. Hancy presented the Build NYC Audit Results. EY expects to be issuing an unmodified opinion on the Build NYC financial statements and schedule of investments upon completion of all final procedures, including receipt of the signed management representation letter. Ms. Hancy commented that the changes in the form of draft auditor's report is also the same as was discussed for NYCIDA.

The only area in terms of high-level nature of the procedures that EY performed that was different from NYCIDA was that there are no fiduciary activities for Build NYC. The nature of audit procedures for revenue recognition, expenses, cash and investments are consistent with NYCIDA. Lastly, Ms. Hancy highlighted certain required communications as included in the audit results book.

4. Internal Audit Activity Update

Ms. Wallace provided the status of the FY22 Build NYC audit plan and stated that there are no open issues to report. Ms. Wallace then discussed the status of the FY23 Audit Plan. Mr. De Leon asked if there were any questions or comments related to the FY2023 proposed Audit Plan. There were no questions or comments.

5. Compliance Activity Update

Mr. Mitsugi stated there are no specific updates at this time for Build NYC. He stated they should be done with PAAA/PARA reporting by the end of the month.

6. Session with External Auditors

A private session with EY was held at this time.

7. Session with Management


A private session with Management was held at this time.

8. Session with Internal Audit

A private session with Internal Audit was not held at this time.

9. Adjournment

There being no further business, the meeting was adjourned at 10:23 a.m.


Assistant Secretary

Date: 3/3/23
New York, NY