



NYC Neighborhood Capital Corporation
Minutes of the Meeting of the Audit Committee

May 22, 2018

A meeting of the Audit Committee of NYC Neighborhood Capital Corporation (NYCNCC) was held on Monday, May 22, 2018 at 3 p.m. at the New York City Economic Development Corporation (NYCEDC), at 110 William Street, Conference Room 5B, New York, NY 10038.

The following Audit Committee members were present:

Sara Tranter
Senior Vice President, NYCEDC

Elizabeth Verostek
Senior Vice President, NYCEDC

Also present were the following members of NYCEDC:

Christine Robinson
Senior Accountant, NYCEDC

Mac Thayer
Assistant Vice President, NYCEDC

Raafat Osman
Deputy Controller, NYCEDC

Spencer Hobson
Executive Vice President, NYCEDC

Also present (by phone) were the following members of Novogradac & Company, LLP:

Elaine Chang
Principal, Novogradac

Owen Gray
Partner, Novogradac

Tamara Forman
Manager, Novogradac

Narrative:

A quorum of the Audit Committee members being present, Ms. Verostek convened the meeting of the Audit Committee of the NYCNCC at 3:05 pm.

Ms. Verostek brought up the first item for consideration, which was approval of the minutes from the previous Audit Committee meeting held on September 18, 2017. Ms. Verostek asked for a motion to approve the minutes of the September 18, 2017 meeting. The motion to approve the minutes of the September 18, 2017 meeting was made by Ms. Tranter, seconded by Ms. Verostek, and unanimously carried with no abstentions or recusals.

Ms. Verostek brought up the second item, which was the Presentation of the Annual Financial Statements of the four Sub-CDEs by the Finance Team and the Auditors.



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Mr. Osman gave a Presentation of the NYCNCC Sub-CDE 1, LLC Annual Financial Statements. There were no questions.

Mr. Osman gave a Presentation of the NYCNCC Sub-CDE 2, LLC Annual Financial Statements. Ms. Verostek asked what the \$11,000 expense was for each Sub-CDE. Mr. Osman indicated that the \$11,000 expense was the audit and tax return fee for each sub-CDE. Ms. Chang concurred with Mr. Osman's statement.

Mr. Osman gave a Presentation of the NYCNCC Sub-CDE 3, LLC Annual Financial Statements. Ms. Verostek asked why there was variability with respect to the revenue of the sub-CDEs. Mr. Osman answered that the revenue was based on the size of the allocation, which differed across projects.

Mr. Osman gave a Presentation of the NYCNCC Sub-CDE 4, LLC Annual Financial Statements. There were no questions.

Mr. Osman asked Ms. Chang if she wished to comment on the audit opinion. Ms. Chang stated that the audit process was very simple, and that Ms. Robinson was very helpful in performing it. Ms. Chang noted that there was a small issue with one of the entities regarding one of the agreements not matching the books, but that this situation was being rectified by an amendment to the agreement. Ms. Chang stated that overall the audits went very smoothly, and that she fully anticipated issuing an unqualified opinion on all 4 sub-CDEs, and there were no deficiencies discovered in internal control and she also anticipated issuing a report as such. Mr. Hobson asked if there would be any upcoming GASBYs that would impact any of the sub-CDEs. Ms. Chang stated that no, there was nothing that would impact them.

Mr. Raafat asked if the audit committee would like to acknowledge the presentation of the financial statements. Ms. Verostek made a statement acknowledging the presentation of the financial statements and thanking the Finance Team and Auditors.

Ms. Verostek asked if there were any other matters to discuss. Mr. Thayer asked if he could make a comment, and stated that he thought it would be interesting to consider ways in which NYCNCC could potentially expand its capitalization strategy beyond NMTCs with other sources of capital. Several of the attendees stated that this seemed worthy of further consideration with the larger board.

Ms. Tranter noted that the 4 sub-CDEs accounted for \$48 million of the \$55 million in 2017 allocation awarded to NYCNCC, and asked if the remaining \$7 million allocation was reflected in the financial statements. Mr. Thayer stated that NYCNCC technically possessed allocation authority rather than an actual monetary sum, and that the \$7 million in allocation would be realized as cash when NYCNCC logged the allocation into the CDFI database on the day of closing of the next transaction, followed by the subsequent transfer of \$7 million dollars cash to the sub-CDE by the investor. Mr. Osman added that at this time, the funds would appear as an asset of the sub-CDE 5.

Ms. Verostek also asked if someone could give potentially provided a review of the overall state of affairs of the federal NMTC program, given the uncertainty over the future of the program. Mr. Osman asked Ms. Chang if she would present on this topic for the next meeting. Ms. Chang agreed.

There being no further business to discuss, Ms. Verostek made a motion to adjourn the meeting, which was seconded by Ms. Tranter, and the motion was adopted.

The meeting was adjourned at 3:40pm.



Approved by:

NYC Neighborhood Capital Corporation

By:

A handwritten signature in purple ink, appearing to read 'Mac Thayer', is written over a solid black horizontal line.

Mac Thayer, Executive Director