

MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF  
APPLE INDUSTRIAL DEVELOPMENT CORP.  
April 30, 2013

A special meeting of the Board of Directors of Apple Industrial Development Corp. ("Apple") was held, pursuant to notice by an Assistant Secretary, on Tuesday, April 30, 2013, at the offices of New York City Economic Development Corporation ("NYCEDC") at 110 William Street, in Conference Rooms 4A/B, New York, New York.

The following Directors of Apple were present:

William Candelaria  
Alan B. Friedberg  
Victor Ganzi  
Dmitri Konon  
James McSpirtt

Also present were members of NYCEDC staff.

The meeting was called to order at approximately 10:08 a.m. Mark Silversmith, Assistant Secretary of Apple, served as secretary of the duly constituted meeting, at which a quorum was present.

1. Approval of the Minutes of the September 28, 2012 Board of Directors Meeting

There being no questions or comments with respect to the minutes of the September 28, 2012 Board of Directors meeting, as submitted, a motion was made to approve such minutes as submitted. Such motion was seconded and unanimously approved.

2. Audit Services Contract

Bulent Celik, Assistant Treasurer of Apple, presented a proposed contract or contract amendment with Ernst & Young LLP ("E&Y") for services relating to the fiscal year ending June 30, 2013, on substantially the terms set forth in Exhibit A hereto. Mr. Celik stated that Apple's Audit Committee had approved the use of E&Y for such services for up to \$74,944.

A motion was made to adopt the resolution set forth in Exhibit A hereto. The motion was seconded and unanimously approved.

3. Budget Information

Kim Vaccari, a Senior Vice President of Apple, presented the budget proposed to be submitted pursuant to the Public Authorities Accountability Act of 2005 as amended,

in substantially the form set forth in Exhibit B hereto. She then explained major aspects of the budget.

A motion was made to adopt the resolution set forth in Exhibit B hereto. The motion was seconded and unanimously approved.

4. Investment Policies, Procedures and Guidelines

Mr. Celik presented proposed amendments to Apple's investment policies, procedures and guidelines on substantially the terms set forth in Exhibit C hereto.

A motion was made to adopt the resolution set forth in Exhibit C hereto. The motion was seconded and unanimously approved.

5. Report on Investments

The report on Apple's investments for the three month period ended March 31, 2013, in the form set forth in Exhibit D hereto, was presented to the Board for information purposes.

6. Adjournment

There being no further business to come before the meeting, the meeting of the Board of Directors was adjourned.

Mark Silvermith  
Assistant Secretary

Dated: May 2, 2013  
New York, New York

**Exhibit A**

**APPLE INDUSTRIAL DEVELOPMENT CORP.  
Audit Services Contract  
Board of Directors Meeting  
April 30, 2013**

WHEREAS, Apple Industrial Development Corp. ("Apple") executed a contract with Ernst & Young LLP ("E&Y") for independent audits of the financial statements of Apple and preparation of Forms 990 for Apple, for the fiscal years ending June 30, 2009 through 2012; preparation of management letters for Apple detailing the auditors findings and recommendations with regard to the management's control environment for those years; and performance of other audit-related services for Apple; and

WHEREAS, E&Y has successfully completed eight year-end audit cycles for Apple and New York City Economic Development Corporation ("Former NYCEDC"), of which Apple is a component unit for purposes of Former NYCEDC's financial statements. Effective November 1, 2012, Former NYCEDC merged into New York City Economic Growth Corporation and the merged entity changed its name to New York City Economic Development Corporation ("NYCEDC"); and

WHEREAS, since E&Y was retained to perform the final audit of Former NYCEDC, and will incorporate the results of that audit in the audit of NYCEDC for the fiscal year ending June 30, 2013, it is proposed that Apple also enter into an amendment to its contract with E&Y or a new contract with E&Y for services for the fiscal year ending June 30, 2013; and

WHEREAS, it is anticipated that a new RFP for an audit services contract will be issued covering the four fiscal years ending June 30, 2014 through June 30, 2017; and

WHEREAS, pursuant to the Public Authorities Accountability Act of 2005, Apple's Audit Committee is required to recommend to the Board the hiring of a certified independent accounting firm for Apple and to establish compensation to be paid to that firm; and

WHEREAS, Apple's Audit Committee recommended to the Board that Apple extend the E&Y contract and pay E&Y up to \$74,944 for the extension period; and

WHEREAS, it is proposed that Apple extend the contract for E&Y to perform said services;

NOW, THEREFORE, be it RESOLVED, that the President or any Vice President of Apple is authorized on behalf of Apple to enter into a contract or contract amendment with E&Y for services relating to the fiscal year ending June 30, 2013, substantially as described herein

**Exhibit B**

**APPLE INDUSTRIAL DEVELOPMENT CORP.**

**BUDGET INFORMATION  
Board of Directors Meeting  
April 30, 2013**

WHEREAS, the Public Authorities Accountability Act of 2005 as amended (the "Act") requires Apple Industrial Development Corp. ("Apple") to submit to the Mayor, the City's Comptroller, the City Council Speaker and New York State's Authorities Budget Office ("ABO"), budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year; and

WHEREAS, ABO has designated the form in which the budget information is to be submitted and such form requires the inclusion of estimated information for additional years; and

WHEREAS, the submission is for informational purposes and the submission must be in the form submitted to Apple's Directors and the submitted information will also be accessible to the State Comptroller's office; and

WHEREAS, attached hereto as Attachment A is budget information in the form in which it will be submitted pursuant to the Act; and

WHEREAS, attached hereto as Attachment B is a copy of Apple's budget information set forth in its standard format;

NOW, THEREFORE, be it RESOLVED, that the Board approves the budget information about Apple, in the form attached hereto as Attachment A, and approves of its submission pursuant to the Act as described above.

ATTACHMENT A

APPLE INDUSTRIAL DEVELOPMENT CORP.  
 BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS

	Last Year (Actual) 2012	Current Year (Estimated) 2013	Next Year (Adopted) 2014	Proposed 2015	Proposed 2016	Proposed 2017
<b><u>REVENUE &amp; FINANCIAL SOURCES</u></b>						
Operating Revenues						
Rental & financing income	140,388,669	166,156,122	172,492,410	167,409,395	171,288,242	174,596,849
Other operating revenues	14,149,098	7,955,745	8,094,182	7,908,609	8,135,532	8,158,904
<b>Nonoperating Revenues</b>						
Investment earnings	67,462	72,557	74,733	76,975	79,285	81,663
<b>Total Revenues &amp; Financing Sources</b>	<b>154,605,229</b>	<b>174,184,423</b>	<b>180,661,325</b>	<b>175,394,979</b>	<b>179,503,058</b>	<b>182,837,415</b>
<b><u>EXPENDITURES</u></b>						
Operating Expenditures						
Salaries and wages	34,966,876	26,592,839	29,569,843	25,072,559	25,581,270	29,586,396
Professional services contracts	72,592,185	87,212,030	98,155,873	94,590,474	97,979,455	98,620,720
Other operating expenditures	755,105	1,570,254	1,449,276	1,012,672	1,142,682	1,181,337
<b>Nonoperating Expenditures</b>	<b>45,356,506</b>	<b>61,425,656</b>	<b>55,065,083</b>	<b>54,180,532</b>	<b>54,549,086</b>	<b>53,430,348</b>
<b>Total Expenditures</b>	<b>153,670,672</b>	<b>176,800,780</b>	<b>184,240,076</b>	<b>174,856,237</b>	<b>179,252,493</b>	<b>182,818,802</b>
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>934,557</b>	<b>(2,616,356)</b>	<b>(3,578,751)</b>	<b>538,742</b>	<b>250,566</b>	<b>18,614</b>

ATTACHMENT B  
APPLE INDUSTRIAL DEVELOPMENT CORP.  
FISCAL YEAR 2014 BUDGET

	FY 2012 Actual	FY 2013 Budget	FY 2013 Projected Year-End	Projected FY 2014 Budget	Projected FY 2015 Budget	Projected FY 2016 Budget	Projected FY 2017 Budget
<b>REVENUE &amp; FINANCIAL SOURCES</b>							
Operating Revenues							
Rental & financing income	140,388,669	150,641,733	166,156,122	172,492,410	167,409,395	171,288,242	174,596,849
Fee income	235,445	202,755	286,461	191,402	197,903	190,165	176,157
Other operating revenues	13,913,653	7,218,452	7,669,285	7,902,780	7,710,706	7,945,367	7,982,747
<b>Nonoperating Revenues</b>							
Investment earnings	67,462	72,145	72,557	74,733	76,975	79,285	81,663
<b>Total Revenues &amp; Financing Sources</b>	<b>154,605,229</b>	<b>158,135,085</b>	<b>174,184,423</b>	<b>180,661,325</b>	<b>175,394,979</b>	<b>179,503,058</b>	<b>182,837,415</b>
<b>EXPENDITURES</b>							
Operating Expenditures							
Salaries and wages	1,203,480	1,279,176	1,279,176	1,467,551	1,661,577	1,861,425	2,067,267
Contracted Personnel Services	33,763,396	27,628,801	25,313,663	28,102,292	23,410,981	23,719,845	27,519,129
Professional services contracts	72,592,185	65,209,396	87,212,030	98,155,873	94,590,474	97,979,455	98,620,720
Other operating expenditures	755,105	688,065	1,570,254	1,449,276	1,012,672	1,142,682	1,181,337
<b>Nonoperating Expenditures</b>							
	45,356,506	61,693,641	61,425,656	55,065,083	54,180,532	54,549,086	53,430,348
<b>Total Expenditures</b>	<b>153,670,672</b>	<b>156,499,079</b>	<b>176,800,780</b>	<b>184,240,076</b>	<b>174,856,237</b>	<b>179,252,493</b>	<b>182,818,802</b>
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>934,557</b>	<b>1,636,006</b>	<b>(2,616,356)</b>	<b>(3,578,751)</b>	<b>538,742</b>	<b>250,566</b>	<b>18,614</b>
<b>Beginning Balance</b>	<b>10,365,237</b>	<b>11,375,655</b>	<b>11,299,794</b>	<b>8,683,438</b>	<b>5,104,687</b>	<b>5,643,429</b>	<b>5,893,995</b>
<b>Ending Balance</b>	<b>11,299,794</b>	<b>13,011,661</b>	<b>8,683,438</b>	<b>5,104,687</b>	<b>5,643,429</b>	<b>5,893,995</b>	<b>5,912,608</b>

Exhibit C

**APPLE INDUSTRIAL DEVELOPMENT CORP.**

**INVESTMENT POLICIES, PROCEDURES AND GUIDELINES  
Board of Directors Meeting  
April 30, 2013**

WHEREAS, the Public Authorities Accountability Act of 2005 as amended by the Public Authorities Reform Act of 2009 requires the Board of Directors (the "Board") of Apple Industrial Development Corp. ("Apple") to adopt investment policies, procedures and guidelines (the "investment guidelines") and Apple's Board has adopted investment guidelines; and

WHEREAS, Apple wishes to slightly modify Article VIII of the previously approved investment guidelines as stated in Attachment A hereto (in which additions are indicated in bold and deletions are crossed out);

NOW, THEREFORE, RESOLVED that the Board adopts the amendments to Article VIII of the investment guidelines as stated in Attachment A hereto.

## Attachment A

### VIII. Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of APPLE is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. **Generally, Assets** assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase. **However, up to twenty percent (20%) of assets categorized as Investments may be invested in permitted investments with a stated maturity of no more than seven (7) years from the date of purchase.**



Exhibit D

REPORT ON INVESTMENTS

Apple Industrial Development Corp.

Three Month Period Ended March 31, 2013

**APPLE INDUSTRIAL DEVELOPMENT CORP. ("APPLE")**  
**Schedule and Notes of Investments Activities**

Q1 FY2013									
Investment Type	Total Value 8/30/2012	Purchases	Maturities	Interest	Net Transfers Out	Unrealized Gain/Loss	Accrued Interest	Total Value 09/30/12	Weighted Avg. Yield
US Gov't Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
US Treasury Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
MMI/Commercial Paper	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Certificates of Deposit**	\$ 152,052	\$ -	\$ -	\$ 62	\$ (62)	\$ -	\$ 13	\$ 152,066	0.17%
<b>Grand Total</b>	<b>\$ 152,052</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62</b>	<b>\$ (62)</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ 152,066</b>	<b>0.17%</b>
Please note that the 1st Qtr Net Transfer Out Amount is Cash Interest Received from Certificates of Deposit.									
Q2 FY2013									
Investment Type	Total Value 9/30/2012	Purchases	Maturities	Interest	Net Transfers Out	Unrealized Gain/Loss	Accrued Interest	Total Value 12/31/12	Weighted Avg. Yield
US Gov't Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
US Treasury Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
MMI/Commercial Paper	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Certificates of Deposit**	\$ 152,066	\$ -	\$ -	\$ 50	\$ (50)	\$ -	\$ 13	\$ 152,079	0.17%
<b>Grand Total</b>	<b>\$ 152,066</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50</b>	<b>\$ (50)</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ 152,079</b>	<b>0.17%</b>
Please note that the 2nd Qtr Net Transfer Out Amount is Cash Interest Received from Certificates of Deposit.									
Q3 FY2013									
Investment Type	Total Value 12/31/2012	Purchases	Maturities	Interest	Net Transfers Out	Unrealized Gain/Loss	Accrued Interest	Total Value 03/31/13	Weighted Avg. Yield
US Gov't Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
US Treasury Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
MMI/Commercial Paper	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Certificates of Deposit**	\$ 152,079	\$ -	\$ -	\$ 49	\$ (49)	\$ -	\$ 13	\$ 152,092	0.15%
<b>Grand Total</b>	<b>\$ 152,079</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49</b>	<b>\$ (49)</b>	<b>\$ -</b>	<b>\$ 13</b>	<b>\$ 152,092</b>	<b>0.15%</b>
Please note that the 3rd Qtr Net Transfer Out Amount is Cash Interest Received from Certificates of Deposit.									

Apple's investment policy permits it to invest in obligations of the U.S. Treasury and certificates of deposit, among other permitted investments. As of March 31, 2013, certificates of deposit are valued at cost.

Investments at March 31, 2013, consist of Certificates of Deposits indicated above; which have maturities of less than one year.

*Interest Rate Risk:* Apple's formal investment policy limits investment maturities to within two years of the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* Investment guidelines and policies are designed to protect principal by limiting credit risk. Apple's investments in Certificates of Deposits are each insured by the Federal Deposit Insurance Corporation subject to limitations set by the government.

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, Apple will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risks if the securities are uninsured and are not registered in the name of Apple. Apple manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of Apple.