



Build NYC Resource Corporation

AUDIT COMMITTEE MEETING

BUILD NYC RESOURCE CORPORATION

**Thursday, May 23, 2019 – 9:00 a.m.
Conference Room 5B
110 William Street
New York, New York 10038**

AUDIT COMMITTEE REGULAR MEETING
NOTICE and AGENDA
OF
BUILD NYC RESOURCE CORPORATION
May 23, 2019

A meeting of the Audit Committee of the Board of Directors of Build NYC Resource Corporation ("Build NYC"), called at the request of the Chairperson of the Audit Committee, will be held at 9:00 a.m. on Thursday, May 23, 2019, at New York City Economic Development Corporation, 110 William Street, Conference Room 5B, New York, New York 10038.

The Agenda for the meeting is as follows:

- I. Approval of the Minutes of the September 17, 2018 Audit Committee Meeting
- II. EY Audit Plan
- III. Internal Audit Activity Update
 - FY2020 Proposed Audit Plan
- IV. Compliance Activity Update
- V. Session with Management (if necessary)
- VI. Session with Auditors (if necessary)
- VII. Such other business as may properly come before the Committee

New York, New York

Date: Andra Bowe

5/20/19

MINUTES OF THE AUDIT COMMITTEE
OF
BUILD NYC RESOURCE CORPORATION
September 17, 2018

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 Monday, September 17, 2018 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 5B, New York, New York 10038.

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, Committee Chairperson
- Shanel Thomas

In addition, the following members of NYCEDC staff were present in person or by means of a conference call:

- Finance: Kim Vaccari – CFO, Spencer Hobson – EVP/Treasurer, Fred D’Ascoli – Assistant Treasurer, Raafat Osman – Assistant Treasurer, Carol Ann Butler – AVP
- Internal Audit (“IA”): David Price – SVP (attended by phone)
- Compliance Department (“Compliance”): Shin Mitsugi – SVP, Daniel Kane – VP
- Strategic Investments Group (“SIG”): Krishna Omolade – AVP

Also, present were representatives from Ernst & Young LLP (“EY”):

- Louis Roberts – Engagement Partner and Nicole Rapport – Senior Manager

Mr. De Leon called the meeting to order at 9:36 a.m.

1. Approval of the Minutes of the April 5, 2018 Special Audit Committee meeting

Mr. De Leon asked if there were any questions or comments relating to the minutes of the April 5, 2018 meeting. There being no questions or comments, Ms. Thomas motioned to approve, Mr. De Leon seconded, and the motion was approved.

2. Approval of the Minutes of the May 10, 2018 Audit Committee meeting

Mr. De Leon asked if there were any questions or comments relating to the minutes of the May 10, 2018 meeting. There being no questions or comments, Ms. Thomas motioned to approve, Mr. De Leon seconded, and the motion was approved.

3. Presentation of the Annual Financial Statements – Management Discussion

Mr. D’Ascoli presented the Build NYC Resource Corporation financial position as of year-end and discussed the financials at a high level including the auditors’ opinion. He noted that EY would be issuing an unmodified opinion after the completion of the Board Meeting on September 18, 2018. He then moved into the Management’s Discussion and Analysis section and the financial statement section of the board book for further discussion.

Mr. D’Ascoli presented an overview of the Statement of Net Position on page 7 of the committee book. The total assets reported were \$10 million with approximately \$100,000 liabilities leaving a healthy unrestricted net position of \$9.9 million.

Mr. D’Ascoli then discussed the Statement of Revenues, Expenses and Changes in Net Position. The operating revenue generated by Build NYC was \$1.8 million compared to \$3.6 million from prior year even though the amount of transactions closed in Build NYC did not change. The size of the FY18 transactions garnered about \$1.8 million less in revenues than in FY17, and there were no recapture transactions in FY2018. Special project costs were not a significant factor in this year’s financial activities. Build NYC ended the year with a decrease in net position of \$1.5 million.

Mr. D’Ascoli then discussed the Statement of Cash Flows. The cash used in operations was \$1.6 million. The amount of cash provided by investments was \$2.8 million and approximately \$200,000 of cash was used for special projects, leaving a net increase in cash of approximately \$1 million.

Lastly, Mr. D’Ascoli provided an overview of the Schedule of Investments highlighting the investment components of Build NYC’s portfolio. He noted that 33% of the instruments are government securities, 38% are in commercial papers and 29% are in money market funds that are well within what is permitted under the Corporation’s Investment Policies Guidelines.

Mr. D'Ascoli 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).

Ernst & Young Update:

Mr. Roberts stated that EY's scope was consistent with what was communicated back at the May 10, 2018 Audit Committee meeting which gave an overview of the audit plan. EY would be issuing an unmodified opinion after they receive the updated legal letter and the Management Representation letter.

Mr. De Leon asked if there were any questions or comments relating to the presentation of the Build NYC financial statements. There being no questions or comments, Ms. Thomas motioned to approve, Mr. De Leon seconded, and the motion was approved.

4. Internal Audit Activity Update:

Mr. Price stated at this time, there was no status to report in connection with the Build Corporation or Build NYC projects.

5. Compliance Activity Update

Mr. Mitsugi stated that Build NYC portfolio companies have increased; therefore, Compliance has increased the number of field visits and the examination of documents. Thus far, Compliance has not found any matters of concern.

Mr. DeLeon asked Mr. Mitsugi about the controversy involving secular education at ultra-Orthodox Jewish Yeshivas. Mr. Mitsugi replied that the NYC Department of Education has reached out to the State's Education Department about this controversy. Build NYC Yeshiva projects' portfolios are in good standing.

6. Session with Management

Session with Management was not required by the Committee

7. Session with Auditors

Session with Auditors was required by the Committee

8. Adjournment

There being no further business, the meeting was adjourned at 9:51 a.m.