

**MINUTES OF THE AUDIT COMMITTEE MEETING
OF
APPLE INDUSTRIAL DEVELOPMENT CORP.
September 25, 2012**

A meeting of the Audit Committee (the "Committee") of Apple Industrial Development Corp. ("Apple") was held, pursuant to notice by an Assistant Secretary, on September 25, 2012, at New York City Economic Development Corporation (the "Corporation" or "NYCEDC"), 110 William Street, 6th Floor, Conference Room 6A, New York, New York 10038.

The following members of the Audit Committee were present at the meeting of the Committee (the "meeting"), constituting a quorum:

- William Candelaria, Chairman
- Alan Friedberg
- Victor Ganzi
- James McSpiritt

Also present were the following staff members of NYCEDC: Kim P. Vaccari, Spencer Hobson, Bulent Celik, and Brian Halber from Finance; and Hope Mallari and Joseph Horowitz from Internal Audit ("IA").

In addition, Randy Nelson, Kimberly Hancy and Amy Wong from Ernst & Young ("EY") were also present.

The meeting was called to order by Mr. Candelaria.

1. Approval of the Minutes of the May 15, 2012 Committee meeting

Mr. Candelaria asked if there were any question or comments relating to the minutes of the May 15, 2012 Committee meeting as submitted. There being none, a motion to approve such minutes was made, seconded and unanimously approved.

2. Review of draft of the Combined Apple Financial Statements as of June 30, 2012 and 2011, with report of the Independent Auditors.

Mr. Celik presented the draft combined Financial Statements stating that Apple realized approximately 28% more revenue as compared to fiscal year 2011, from property rentals. He provided certain highlights stating that these are captured on page 2 of the Financial Statements. Mr. Celik added that the most significant transactions for Fiscal Year 2012 were the collection of the outstanding funds relating to the 42nd Street Development Project and accounting for certain recoverable cost from the Forest City ground leases with a total receivable of approximately \$53 million, of which approximately \$4 million was realized in Fiscal Year 2012; the difference was recorded as Unearned or Deferred Receivables which will be spread out over the next 20 years. Mr. Nelson stated that the footnote referring to this Unearned Revenues appeared in the Apple Financial Statements but has not been added yet to the NYCEDC's Financial Statements. Mr. Ganzi suggested that the footnote should also appear in the NYCEDC's Financial Statements.

Mr. Candelaria asked if there were any other concerns with reference to the Financial Statements. There being none, a motion to approve the draft financial statements was made and unanimously approved.

3. Review of Draft Apple Financial Report for FY 2012 pursuant to Section 2800 of Public Authorities Law.

Mr. Celik presented the draft Financial Report stating that the contents are substantively the same as the financial statements, but in a format as required by the Public Authorities Law.

Mr. Candelaria asked if there were any concerns regarding the draft financial report. There being none, a motion to approve the Financial Report of Apple for FY 2012, pursuant to Section 2800 of Public Authorities Law, was made, seconded and unanimously approved.

4. Review of draft Apple Schedule of Investments and Investment Report for FY 2012

Mr. Celik presented the draft Schedule of Investment to the Committee stating that this statement is also submitted to New York State and the City. Ms. Hancy informed the Committee that there were no significant changes in the schedule (from when they were provided to the committee prior to the meeting), other than some typing errors.

Mr. Ganzi stated that, as was requested under NYCEDC's cash and cash flow report, he would like to see a similar analysis for Apple at the next Committee meeting.

Mr. Candelaria asked if there were any other concerns with reference to the Schedule of Investments. There being none, a motion to approve the Schedule of Investments and Investment Reports of Apple for FY 2012 was made and unanimously approved.

5. Session with Management

Mr. Candelaria excused Ernest & Young to convene the Committee's required session with management. The session covered NYCEDC and Apple.

6. Session with Auditors

Mr. Candelaria excused management to convene the Committee's required session with the auditors. The session covered NYCEDC and Apple.

7. Other

Mr. Candelaria asked if there were any other matters that needed to be brought before the Committee. There were no other matters presented.

8. Adjournment

There being no further business to come before the Committee, the meeting was adjourned.