

THE TRUST FOR CULTURAL RESOURCES
OF THE CITY OF NEW YORK

MINUTES OF MEETING
OF THE BOARD OF TRUSTEES

March 24, 2016

A meeting of the Board of Trustees of The Trust for Cultural Resources of The City of New York (the "Trust") was held on March 24, 2016 at the offices of Orrick, Herrington & Sutcliffe, LLP, 51 West 52nd Street, New York, New York.

The following Trustees and the designees for *ex officio* Trustees, constituting a quorum, were present:

Alice Anne Knapp
Marjorie Van Dercook
Eleonora Bershadskaya, Ms. Glen's designee
Jeffrey Lee, Ms. Torres-Springer's designee
Kristin Sakoda, Mr. Finkelpearl's designee

Ms. Knapp, Ms. Van Dercook, Ms. Bershadskaya, Ms. Sakoda and Mr. Lee participated by conference telephone, which permitted them to hear and be heard by those present at the meeting. A quorum was present prior to Mr. Lee's arrival at the meeting. Mr. Lee joined the meeting during the discussion of the Trust's credit policies and participated in the discussion. Stanley Kreitman and Merryll Tisch were excused. Donald H. Elliott, Secretary of the Trust, presided in the absence of Mr. Kreitman, the Chairman.

In addition, the following persons were also present:

Eileen Heitzler	Orrick Herrington & Sutcliffe, LLP
Spencer Hobson	New York City Economic Development Corporation
Fred D'ascoli	New York City Economic Development Corporation
Rafaat Osman	New York City Economic Development Corporation
Carol Ann Butler	New York City Economic Development Corporation
Anne Adams Rabbino	Assistant Secretary

The meeting was called to order at 4:10 p.m. by Mr. Elliott.

At Mr. Elliott's request, Ms. Rabbino reviewed the materials relating to administrative matters distributed to the members of the Board in advance of the meeting. She reminded the Board that applicable statutes require the Board to approve a number of reports and policies annually and noted that many of these materials either do not change

from year to year or change only in ordinary and expected ways. She described each of the items submitted and briefly explained the rationale for submitting each item to the Board. She noted a summary of responses to the confidential evaluation of Board performance for 2015 will be distributed before the end of March to reflect all responses received. If appropriate, matters raised by the responses will be discussed at a subsequent meeting of the Board.

Ms. Rabbino also referred to the Internal Control Assessment for the year ending December 31, 2015, which was prepared by the Internal Audit Department at the New York City Economic Development Corporation (“NYCEDC”), and to the Basic Financial Statements, Reports on Compliance with Contractual Provisions of Debt Agreements and the report on Agreed-Upon Procedures, which were prepared by EFPR Group, CPAs, LLP. These reports were all reviewed by the Audit Committee at its meeting on March 16, 2016, which found no matters that it would be appropriate to bring to the particular attention of the Board.

Ms. Rabbino noted that the Trust’s contract with NYCEDC, which has been in effect for more than 20 years, is scheduled to expire on June 30, 2016. The materials submitted to the Board in advance of the meeting provide for a one-year extension of this contract through June 30, 2017.

The following resolutions were then moved, seconded and unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Trustees of The Trust for Cultural Resources of The City of New York (the “Trust”) held on February 24, 2016, be and hereby are approved; and be it further

RESOLVED, that the minutes of the meeting of the Audit Committee of the Board of Trustees of the Trust held on March 16, 2016, be and hereby are approved; and be it further

RESOLVED, that the minutes of the meeting of the Governance Committee of the Board of Trustees of the Trust held on March 16, 2016, be and hereby are approved; and be it further

RESOLVED, that the Annual Report of the Trust for 2015 be, and hereby is, approved; and be it further

RESOLVED, that the Mission Statement and Performance Evaluations of the Trust for 2015 and the related information be, and hereby are, approved; and be it further

RESOLVED, that the Property Report of the Trust pursuant to Section 2800(2)(a)(7) of the Public Authorities Law as of December 31, 2015 be, and hereby is, approved; and be it further

RESOLVED, that the previously approved Procurement Policy of the Trust be, and hereby is, approved without modification; and be it further

RESOLVED, that the previously approved Policy of the Trust relating to Acquisition and Disposition of Real Property and Disposition of Personal Property (the “Property Policy”) be, and hereby is, approved without modification; and that Donald H. Elliott is hereby continued as the contracting officer in accordance with Section 2896(1) of the Public Authorities Law as the person responsible for the Trust’s compliance with the enforcement of the Property Policy; and be it further

RESOLVED, that the previously approved Investment Guidelines of the Trust be, and hereby are, approved without modification; and be it further

RESOLVED, that the Trust hereby ratifies and approves the expenditure of funds in escrow accounts controlled by the New York City Economic Development Corporation (“EDC”) and applied to pay administrative, accounting and legal expenses of the Trust during the period from January 1, 2015 through December 31, 2015; and be it further

RESOLVED, that the Trust hereby approves the Schedule of Bonds issued by the Trust in 2015; and be it further

RESOLVED, that the Trust hereby receives the Assessment of Internal Controls as of December 31, 2015, as provided by the Internal Audit Department of EDC, dated March 9, 2016; and be it further

RESOLVED, that the Trust hereby approves the Independent Auditors’ Report on the Trust’s Basic Financial Statements for the years ended December 31, 2015 and 2014, and Supplementary Information for the year ended December 31, 2015; the Agreed-Upon Procedures for the year ended December 31, 2015; the Reports on Compliance with Contractual Provisions of Debt Agreements for the year ended December 31, 2015, all prepared by EFPR Group, CPAs, LLC; and be it further

RESOLVED, that the Trust hereby approves the Annual Report of Summary Financial Information for the Trust for the fiscal year ended December 31, 2015 in the form required by the Public Authorities Reporting Information System (PARIS); and be it further

RESOLVED, that the Trust hereby authorizes the submission of Report of the Trust for the year ending December 31, 2015, in accordance with the Public Authorities Accountability Act of 2005, together with the required exhibits, all of which have been authorized and approved hereby; and be it further

RESOLVED, that the Trust hereby authorizes the extension of the Amended and Restated Agreement dated as of July 1, 1993 between the Trust and the New York City Economic Development Corporation (“EDC”), which has a current expiration date of June 30, 2016, for the period from July 1, 2016 through June 30, 2017; and be it further

RESOLVED, that the Trust hereby appoints Rafaat Osman, Deputy Controller of EDC, as an Assistant Treasurer of the Trust.

The Board then considered a direction recently received from The Museum of Modern Art (“MoMA”) with respect to Lot 58, which is a portion of MoMA’s campus. This land is owned by the Trust and is subject to a lease that gives to MoMA all of the rights and obligations of ownership. Mr. Elliott referred to materials submitted to the Board in advance of the meeting that provided background information with respect to Lot 58 and related matters.

The following resolution was then moved, seconded and unanimously adopted:

RESOLVED, that, in accordance the previous resolutions of the Trust adopted on June 10, 2009 and pursuant to the direction of The Museum of Modern Art (“MoMA”), the Trust hereby ratifies and approves (i) the execution by the Trust of an application to the New York City Department of Finance for subdivision approval with respect to Block 1269, Lot 58 on the Tax Map, and (ii) the execution and delivery of a deed from the Trust to MoMA or as MoMA may direct of a subdivided portion of Lot 58, consisting of a 10-foot strip designated by MoMA.

The Board then considered a Memorandum dated March 18, 2016 to the Board from counsel representing the Trust (the “Memorandum”) entitled Rating Requirements for Public Issues of Bonds and Related Matters. Ms. Rabbino apologized for the short amount of time between the submission of the Memorandum and the Board meeting and acknowledged that future policy issues of a comparable nature should be submitted further in advance of the Board’s meeting with more opportunities for discussion. She reported that counsel to and the financial advisor for Alvin Ailey Dance Foundation (“Ailey”) had discussed with counsel to the Trust a possible transaction in 2016. The Trust issued bonds for the benefit of Ailey in 2003 (the “Ailey Series 2003 Bonds”) in the amount of \$20,000,000, of which \$12,110,000 remains outstanding. The Ailey Series 2003 Bonds were issued as variable rate bonds and are supported by a letter of credit issued by Citibank, N.A. The proceeds of the Ailey Series 2003 Bonds were used to finance a portion of the costs of constructing Ailey’s building on Ninth Avenue and 55th Street. Ailey’s building and programs have been very successful, creating a need for additional space, and Ailey now proposes to expand the building and renovate portions of the building to create additional space. Ailey now proposes to borrow approximately \$25 million through a fixed-rate 30-year bond issue by the Trust, which would be used to refund the 2003 bonds and to provide new money to finance a portion of the construction project.

The issue for the Board’s consideration is whether to allow an exception to its existing policies, adopted on April 22, 2008, with respect to the minimum rating on long-term bonds issued by the Trust. Prior to 2008, the Trust required that all bonds be issued with credit enhancement, except the bonds issued for The Metropolitan Museum of Art, which had a rating of AAA at the time of issuance. Due to changes in market conditions, that policy was changed in 2008 to require that all bonds issued by the Trust and sold to the public have ratings from at least two rating agencies of “A” or better. The ratings on the bonds sold to the public can be achieved either through the rating of the borrower or through the rating of a credit enhancement provider.

Ailey's current ratings are "A-" from Standard & Poor's and from Fitch, both with a stable outlook, and Baa1 from Moody's, with a positive outlook. There were extensive questions and discussion of the reasons for and against allowing an exception to the Trust's existing policies in Ailey's case.

Since 2008, the indemnification agreement signed by every borrower of publicly sold bonds has provided that if bonds issued by the Trust are subsequently down-graded to less than an "A" rating, the borrower must provide security for the performance of its indemnification obligations in the amount of \$500,000. This amount may be provided in cash, or in the form of a letter of credit or a pledge of collateral. The Trust's counsel, bond counsel and Ailey's counsel have discussed requiring the security to be deposited at the time of closing if the Board authorizes a transaction on the basis of Ailey's current ratings from S&P and Fitch. It was noted that the Trust's standard form of indemnification agreement provides that the Trust may require an increase in the amount of the deposit if the value is materially eroded by inflation, on the basis of changes in the Consumer Price Index.

The following resolution was then moved, seconded and unanimously adopted:

WHEREAS, The Trust for Cultural Resources of The City of New York (the "Trust") has issued bonds from time to time for the benefit of certain cultural institutions (each, an "Institution") pursuant to a loan agreement between the Trust and an Institution; and

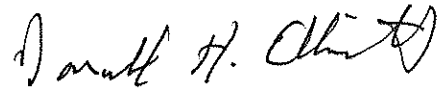
WHEREAS, the Board of Trustees of the Trust has reviewed a memorandum dated March 18, 2016 from counsel representing the Trust (the "Memorandum"), a copy of which is attached hereto and which is entitled "Rating Requirements for Public Issues of Bonds and Related Matters"; and **WHEREAS**, as outlined in the Memorandum and based on the foregoing discussion, the Board has determined to make an exception to its policies with respect to ratings requirements;

NOW, THEREFORE, it is hereby resolved that counsel representing the Trust are authorized to communicate with Alvin Ailey Dance Foundation ("Ailey") regarding the policies described and recommended in the Memorandum with respect to a potential sale of the Trust's bonds to the public in 2016 for the benefit of Ailey, with the expectation that the credit ratings described in the Memorandum will be acceptable in such transaction.

The foregoing resolution is not an authorization for the Trust to issue bonds. Such authorization will be sought at a meeting that will include a presentation from Ailey concerning the project to be financed and Ailey's financial condition and plan of finance. Documents in substantially final form will be presented to the Board in advance of the meeting.

There being no further business to come before the meeting, the meeting was adjourned at 4:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald H. Elliott". The signature is written in a cursive style with a large, stylized initial "D".

Donald H. Elliott
Secretary