

THE TRUST FOR CULTURAL RESOURCES
OF THE CITY OF NEW YORK

MINUTES OF MEETING
OF THE AUDIT COMMITTEE

January 15, 2019

A meeting of the Audit Committee of The Trust for Cultural Resources of The City of New York (the "Trust") was held on January 15, 2019 at 4:15 p.m. at the offices of Bryant Rabbino LLP, 650 Fifth Avenue, New York, New York.

Ms. Lynne B. Sagalyn, Ms. Leah C. Johnson and Ms. Dawanna Williams attended the meeting. Ms. Johnson participated by conference telephone, which permitted her to hear and be heard by those present at the meeting. Ms. Erika Mallin was excused. Ms. Sagalyn, Chair of the Audit Committee, presided.

In addition, the following persons were also present:

Jen Katz	RSM US LLP
Melissa Quinn	RSM US LLP
Fred D'Ascoli	New York City Economic Development Corporation
Amy Chan	New York City Economic Development Corporation
Carol Ann Butler	New York City Economic Development Corporation
Anne Adams Rabbino	Secretary of the Board of Trustees
B. Seth Bryant	Assistant Secretary of the Board of Trustees

The meeting was called to order at 4:15 p.m. by Ms. Sagalyn.

Mr. D'Ascoli introduced Amy Chan to the Audit Committee. He noted that Rafaat Osman, who previously served as Deputy Controller of the New York City Economic Development Corporation ("EDC") and as Assistant Treasurer of the Trust, resigned unexpectedly to return to Egypt to help his family there. Ms. Chan previously worked for Ernst & Young on audits for EDC entities, but she had resigned to start a family, with the intention of seeking a new position in due course. When Mr. Osman resigned, EDC immediately contacted Ms. Chan to ask her to take the position. She is thoroughly knowledgeable about EDC and its related entities and highly competent professionally.

Ms. Katz reported that she, as the partner in charge of the engagement, and Ms. Quinn, as the audit manager, will be working again on the Trust's audit, with a new independent report reviewer, Mr. Dan Bonnette. She discussed the audit process necessary in order for RSM to express an opinion on financial statements that are reasonably free of material mis-statements, the continued importance of effective communication between RSM and the Trust, and the requirements related to the independence of RSM. She reviewed the preliminary identification of significant accounting areas, in particular the necessity of assessing newly issued GASB

Statements for their potential impact on the audit for 2018 and on the audits in future years.

Ms. Katz discussed the following GASB Statements:

- GASB 83, Certain Asset Retirement Obligations, is effective for periods beginning after June 15, 2018 and establishes uniform criteria for governments to recognize and measure legally enforceable liabilities associated with the retirement of any tangible capital asset. Ms. Katz does not anticipate any issues for the Trust.
- GASB 86, Certain Debt Extinguishment Issues, is effective for periods beginning after June 15, 2017. Ms. Katz reported that these requirements will not apply to the Trust.
- GASB 87, Leases, is effective for periods beginning after December 15, 2019. This Statement requires that a lessee recognize a lease liability and an intangible right-to-use lease asset and that a lessor recognize a lease receivable and a deferred inflow of resources. It will be necessary to analyze the leases between the Trust and The Museum of Modern Art to determine the impact of these requirements on the Trust, but there will be no impact on the 2018 audit.
- GASB 88, Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements, is effective for periods beginning after June 15, 2018. This Statement relates to information disclosed in notes to government financial statements related to debt.

Ms. Katz emphasized that these GASB statements are not expected to impact the Trust's 2018 financial statements.

Ms. Katz distributed the Exposure Draft dated July 30, 2018 of a proposed GASB Statement, Conduit Debt Obligations, which would be effective for periods beginning after December 15, 2020. These requirements are intended to clarify the definition of a conduit debt obligation, which is a liability of a third-party obligor, not the issuer. Recognition as conduit debt will require an annual evaluation to determine whether the six characteristics of conduit debt are satisfied. Conduit debt will not be recognized as a liability by the issuer if the six characteristics are met. The Exposure Draft also indicated a new requirement that a liability and expense would be recognized in the event it is "more likely than not" that the issuer will support debt service payments. Qualitative factors to assess annually the "more likely than not" factor are listed in paragraph 9 of the Exposure Draft. Ms. Rabbino noted that the Trust has no source of funds to support the debt service payments other than the payments received from the cultural institution for which the bonds were issued or from any provider of credit enhancement or liquidity support. The Trust's enabling legislation prohibits the use of funds provided by one third-party obligor to satisfy the obligations of any other obligor. Ms. Katz indicated that due to the numerous concerns and comments submitted to the GASB relative to the provisions in paragraph 9, it is currently hard to predict what will ultimately be included in the final version of the GASB statement when it is issued.

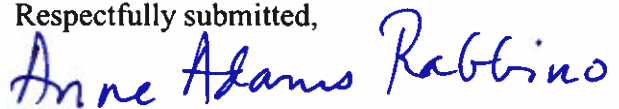
Ms. Katz also referred to paragraph 19 of the Exposure Draft, which addresses the Notes

to Financial Statements. The Trust's practice has been to disclose historical information in the notes to its financial statements that is not required to be disclosed. The new requirements will trigger a review of this practice.

RSM and EDC agreed to a schedule that will enable them to provide drafts of the financial statements and other reports a week in advance of a meeting of the Audit Committee on Tuesday, March 26. Following the meeting of the Audit Committee, the Board of Trustees will also meet on March 26 to approve the materials required to be filed prior to March 31, 2019.

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

Respectfully submitted,



Anne Adams Rabbino
Secretary