

DRAFT SUBJECT TO REVIEW AND REVISION

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a Empire State Development**

**AUDIT COMMITTEE MEETING
June 27, 2013**

MINUTES

New York State Urban Development Corporation, d/b/a Empire State Development (“ESD”), held an Audit Committee Meeting at ESD’s Office at 633 Third Avenue, New York, New York 10017.

Members Present: Kenneth Adams
Anthony Albanese
Derrick Cephas
Robert Dyson

Present for ESD: Thomas Brennan, Senior Vice President and Director of Internal Audit
Maria Cassidy, Deputy General Counsel
Mary Chin, Assistant Controller
Kerri Jew, Compliance Officer
Howard Kramer, Assistant Vice President
Kathleen Mize, Deputy Chief Financial Officer and Controller
Frances A. Walton, Chief Financial and Administrative Officer

Present for Toski & Co., CPAs, P.C. : Brett Jensen, Manager
Doug Zimmerman, Partner

The meeting was called to order at 8:15AM.

Doug Zimmerman and Brent Jensen, representatives of Toski & Co., CPAs, P.C. (“Toski”), presented the Consolidated Financial Statements and Independent Auditors’ Report for the fiscal year ending March 31, 2013 (the “Audit Report”). This included:

- Independent Auditors’ Report;
- Statements on Auditing Standards 114 and 115;
- Analysis of the Corporation’s consolidated financial statements for the year ended March 31, 2013; and
- Consolidated Financial Statements for the year ended March 31, 2013

Toski representatives explained that the Audit Report contained a clean opinion, reflecting a fair representation of the financial position, results of operations, and cash flows of the Corporation and its subsidiaries. Further, they explained that the Audit Report did not identify any deficiencies that would be considered to be material weaknesses, and testing revealed no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the financial statements. Toski added that the audit was performed with full cooperation from ESD staff.

Toski also noted that the Audit Report reflected the transfer of the ESD housing portfolio to the New York State Housing Finance Agency in accordance with the Fiscal Year 2013-2014 NYS Budget and by agreement dated May 30, 2013. Although the transfer occurred after the March 31, 2013 close of the fiscal year, Toski was required to report it because it occurred before the Audit Report's June 7, 2013 issuance date. Finally, Toski noted that the preparation of the Audit Report included 20% participation by an M/WBE firm.

Following discussion, the Committee accepted the Audit Report.

Mr. Brennan then presented the Annual Plan of Audit Coverage for Empire State Development Corporation and the Department of Economic Development for April 1, 2013 – March 31, 2014 (the "Audit Plan"). He noted the prior year's audit progress and discussed highlights of the audit plan for Fiscal Year 2013-2014.

Following discussion, the Committee accepted the Audit Plan.

There being no other business, the meeting was adjourned at 9:25AM.