

UNITED NATIONS DEVELOPMENT CORPORATION

Minutes of the Annual Meeting of the Board of Directors

Held at Two United Nations Plaza, 27th Floor

New York, New York

On March 28, 2017 at 2:30 p.m.

The following directors, constituting a quorum, were present:

George Klein, Chairman

Robert Abrams

Jan Burman

Christine Falvo

Jonathan Farkas

Jessica Healy

Amabel B. James

Marisa Lago (represented by Eric Kober)

Joseph Rutigliano

Joel Silverman

Maria Torres-Springer (represented by David Quart)

The following persons were also present: Robert Cole, Jorge Ortiz, Kenneth Coopersmith, Justin Handman, Cindy Xie and Loida Diaz de Jesus (UNDC); Sander Lehrer (McLaughlin and Stern); Ross Silver (Fried Frank); Warren Ruppel (Marks Paneth); Stephen Faber (PFM Asset Management); Charles Laven (Forsyth Street Advisors); Ty McKeiver (Mayor's Office for International Affairs); and John Buonanno (Total Webcasting).

The Chairman presided and Loida Diaz de Jesus acted as secretary for the meeting.
The Chairman called the meeting to order at 2:38 p.m.

Minutes of Meeting of November 30, 2016

The Chairman asked the Board to consider the minutes of the meeting of November 30, 2016, as previously provided to Board members. On motion made and seconded, the minutes of the November 30, 2016 Board meeting were approved in the form previously provided.

Election of Officers

Consistent with the Corporation's By-laws, the Chairman reported that officers are appointed by the Board at the annual meeting to hold office for one year and until their successors are elected and qualified. The Chairman recommended re-election of each officer below to his current position, to hold office for one year and until his successor is elected and qualified:

Robert Cole	Executive Vice President and General Counsel, Secretary
Kenneth Coopersmith	Vice President
Jorge Ortiz	Treasurer

The Chairman recommended the appointment of Loida Diaz de Jesus to the position of Vice President, to hold office for one year and until her successor is elected and qualified.

On motion made and seconded, the Board re-appointed Messrs. Cole, Coopersmith and Ortiz to their current positions and appointed Ms. Diaz de Jesus to the position of Vice President, each to hold office for one year and until his or her successor is elected and qualified.

2016 Measurement Report

Mr. Cole reviewed the Corporation's proposed Measurement Report for the year ended December 31, 2016, in the form previously provided to the Board. He reported that the Measurement Report, a requirement under the Public Authorities Law, measures the Corporation's performance each year against the goals set forth in its Mission Statement. Following discussion, management agreed to consider possible future modifications to the Mission Statement in light of the UN's decision not to proceed with the UN Consolidation Building project at this time.

The Chairman recommended Board approval of the 2016 Measurement Report, in the form previously provided to the Board. On motion made and seconded, the Board approved the Corporation's 2016 Measurement Report.

Audit Committee Report

The Chairman reported that the Audit Committee met with representatives of Marks Paneth LLP on March 16, 2017 regarding the 2016 audit and the draft audited financial statements for the years ended December 31, 2016 and 2015 (the "2016 Financial Statements"). Warren Ruppel reviewed the 2016 audit results and advised that Marks Paneth can be expected to issue an unqualified opinion on the 2016 Financial Statements. Following discussion, action of the Board on the 2016 Financial Statements was deferred, to be considered later during the meeting.

Management Report

Mr. Cole referred to the Management Report dated March 21, 2017 that was provided to the Board. He reported that 2016 Net Revenues in excess of Debt Service and Base Rent to the City were \$13.1 million, an increase of 3.8% over 2015 results. Mr. Cole

advised that the increase in Net Revenues was primarily attributable to an increase in office space revenues related to the timing and other aspects of pass-throughs to tenants of office space operating expenses; a reduction in office space operating expenses; an increase in fees paid to the Corporation by UNICEF for managing tenant projects at Three UN Plaza; and an increase in interest income. He advised that, from 2016 Net Revenues of \$13.1 million, the Corporation had deposited \$11.0 million to the renewal and replacement fund, consistent with the Corporation's 2016 capital budget previously approved by the Board.

Mr. Cole reported that the current drafts of the 2016 Financial Statements reflected the establishment of a reserve for 2016 of \$2,078,883 from amounts that would otherwise constitute Consolidated Surplus under the Corporation's leases with the City. He advised that management, with the concurrence of the Audit Committee, recommended establishment of the reserve to pay costs for capital improvement projects at One and Two UN Plaza, including building improvements that may be necessary in connection with possible lease extensions by the United Nations. Mr. Cole reported that, if the Board decided not to establish a reserve, 90% of \$2,078,883, or \$1,870,995, would be payable to the City as additional City rent. He suggested that the establishment of the reserve be considered following discussion later during the meeting of possible UN extensions of the One and Two UN Plaza leases. Mr. Cole explained that the current drafts of the 2016 Financial Statements would be revised if the Board did not approve the establishment of a reserve for 2016 of \$2,078,883.

Banking Resolutions

Mr. Cole reported that HSBC Bank and JPMorgan Chase Bank required new banking resolutions for the Corporation's accounts due to changes in the Corporation's

staffing. On motion made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that the banking resolutions, in the forms provided by HSBC Bank USA and JPMorgan Chase Bank, as presented to the meeting, be, and they hereby are, adopted.

RESOLVED FURTHER, that the Executive Vice President or Controller be, and they hereby are, authorized and directed to execute and deliver on behalf of the Corporation such agreements, instruments, certificates and other documents and to take all such further actions as each such person may deem necessary or appropriate in order to implement the foregoing Resolution.

Finance Committee Report

Mr. Cole reported that the Finance Committee met on March 16, 2017 with representatives of the Corporation's investment advisor, PFM Asset Management ("PFM"), to review the Corporation's 2016 investment performance. Stephen Faber summarized the Corporation's investment performance for 2016. Mr. Faber reported that the Corporation's investment portfolios complied with New York State requirements and the Corporation's Investment Guidelines and indenture for the 2009 bonds. He stated that the Corporation's investments were held exclusively in U.S. Treasury securities consistent with previous guidance from the Finance Committee and the Board of Directors. Mr. Faber discussed PFM's recommendation, included in the PFM March 13, 2017 memorandum to the Finance Committee, that the Corporation consider investing a portion of its portfolio in federal agency discount notes. Mr. Faber advised that this strategy could better align investment maturities with planned use of funds, and could achieve an incremental yield advantage over

U.S. Treasury securities. He advised that federal agency discount notes were highly rated by rating agencies and were permitted investments under New York State requirements and under the Corporation's Investment Guidelines and indenture for the 2009 bonds.

The Chairman reported that the Finance Committee concurred with PFM's recommendation to invest in federal agency discount notes. After discussion, the Board authorized PFM to invest in federal agency discount notes in consultation with the Corporation's management.

UN Leases at One and Two UN Plaza

The Chairman reported that discussions were ongoing with the UN regarding its office space needs in New York City. At the Chairman's request and with the concurrence of the Board, the meeting entered into executive session to discuss leasing matters relating to One and Two UN Plaza. The executive session ended after that discussion concluded, with no action being taken by the Board during executive session.

Capital Improvement Projects

Mr. Cole discussed key capital improvement projects summarized in the Management Report and provided for in Board approved capital budgets. He described the current status, project schedule and budget for those projects, including new façade maintenance systems at One and Two UN Plaza, a new fire alarm and life safety system at One UN Plaza and restroom renovations throughout the office floors at Two UN Plaza.

Mr. Cole referred to the Corporation's ongoing discussions with the UN regarding leasing matters as reported on above and recommended a reserve of \$2,078,883 from 2016 net revenues that would otherwise constitute Consolidated Surplus under the Corporation's leases with the City. He explained that the reserve would be available to pay costs, subject

to future Board approval, for possible additional capital improvement projects at One and Two UN Plaza, including those that may be required in conjunction with the ongoing discussions with the UN. On motion made and seconded, the Board unanimously approved the following resolution:

WHEREAS, the Corporation's Phase II Lease with the City of New York (the "Phase II Lease") requires that the Corporation pay to the City as additional rent under the Phase II Lease ninety percent (90%) of Consolidated Surplus; and

WHEREAS, the Phase II Lease defines Consolidated Surplus as the excess of the Corporation's revenues during a fiscal year over payments for current expenses, debt service and the performance of the Corporation's other obligations under its financing documents, and base rent to the City, less reserves approved by the Corporation's Board of Directors in accordance with the Phase II Lease.

NOW THEREFORE, BE IT RESOLVED, that pursuant to the Phase II Lease, establishment of a reserve of \$2,078,883 be and hereby is approved, such reserve to be available for the Corporation to pay costs related to capital improvement projects at One and Two UN Plaza in accordance with capital budgets approved by the Board of Directors, with such reserve to be established from 2016 net revenues of the Corporation that would constitute, if such reserve were not established, the Corporation's 2016 "Consolidated Surplus," as defined in the Phase II Lease.

Board Consideration and Approval of 2016 Financial Statements and of Annual Reports

Mr. Cole requested approval of the 2016 Financial Statements in the form provided to Board members. On motion made and seconded, and after further discussion, the Board unanimously approved the 2016 Financial Statements as previously provided.

Mr. Cole reviewed the Corporation's Annual Investment Report for 2016, Annual Report on Prompt Payment for 2016 and Annual Procurement Report for 2016, each as previously provided to the Board. After discussion, the Chairman asked for a motion to approve each of the reports referred to above, and, on motion made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the Annual Investment Report for 2016, in the form presented at the meeting, be, and it hereby is, approved, ratified and confirmed.

RESOLVED, that the Annual Report on Prompt Payment for 2016, in the form presented at the meeting, be, and it hereby is, approved, ratified and confirmed.

RESOLVED, that the Corporation's officers are authorized to submit, via the PARIS on-line reporting system, the Procurement Report for 2016, which includes the information presented to the Board of Directors at its meeting on March 28, 2017.

Mr. Cole discussed the Corporation's procurement of goods and services under New York State's MWBE program. He reported that consistent with New York State requirements for the program, 30% of the Corporation's eligible budget was spent on procurements from MWBE firms during the New York State 2016-17 fiscal year. Following discussion, management committed to achieving MWBE participation in the Corporation's procurements to the extent of 30% or greater.

Other Business

There being no other business, the meeting was adjourned at 4:12 p.m.

A handwritten signature in blue ink, appearing to read 'Loida', written over a horizontal line.

Loida Diaz de Jesus
Acting Secretary