

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT
CORPORATION

MINUTES OF THE MEETING OF DIRECTORS

This meeting of the Directors of the Theater Subdistrict Council Local Development Corporation ("Corporation"), was called by the Chairperson and held at 9:00 AM on December 16, 2008, at 31 Chambers Street, New York, New York, 10007.

Prior to the meeting, an action was taken by the Department of City Planning Membership Section to elect a new alternate director, Richard Barth, to perform duties in the absence of Director, Amanda Burden. A Notice of Alternate Director from Amanda Burden was delivered, and has been attached to these minutes as Exhibit A.

The following Directors were present:

Kate Levin, Alternate for Mayor Michael Bloomberg
Richard Barth, Alternate for Amanda Burden, Director, Department of City Planning
Daniel R. Golub, Alternate for Manhattan Borough President Scott Stringer
Danielle Porcaro, Alternate for New York City Council Speaker Christine Quinn
Paige Price, Speaker's Designee
Jed Bernstein, Mayor's Appointee
Ben Cameron, Mayor's Appointee

A quorum of the Board of Directors was present.

Notice of this meeting was given to all members on November 21, 2008. Public notice of this meeting was posted in accordance with the Open Meetings Law, and was given to Manhattan Community Boards 4 and 5 in accordance with the bylaws.

The alternate for the Mayor, Commissioner Kate Levin, presided as Chairperson.

It was noted that, based on the Resolutions of the Board at its last meeting, the following actions had been taken:

- (i) Patricia Armstrong prepared the Audited Financial Statements for FY 2006-2007, copies of which were provided to the Board and are attached hereto as Exhibit B.
- (ii) Final financial statements from FY 2007-2008 were provided to the board and are attached hereto as Exhibit C.

In accordance with the TSC Conflicts of Interest Policy, it was noted that the Directors have disclosed the following Conflicts of Interest: (i) Jed Bernstein - Broadway League, Manhattan Theatre Club, Theatre Development Fund; (ii) Ben Cameron - American Theatre Wing, Broadway League; and (iii) Paige Price - Actors' Equity Association. These Directors accordingly recused themselves from consideration of the respective applications.

It was noted that since the last meeting, Barbara Janowitz was retained by the Corporation to administer the pilot phase of the grant program.

Barbara Janowitz described the grant process to date. She explained that a notice of grantmaking and the grant guidelines were widely disbursed to organizations and individuals in the New York City art and theater community. Several informational sessions had been held with approximately 300 individuals in attendance from 151 organizations. By the October 31st, 2008 deadline, 153 Intent to Apply Letters were received from 136 organizations. An Advisory Panel was constituted to review the Intent to Apply Letters and provide recommendations to the Board of Directors. The process resulted in the consultant providing 35 Intent to Apply Letter to the Board of Directors for review. Prior to the meeting, the Board of Directors provided their initial rankings to the Consultant, and the rankings were made available at the meeting.

At the suggestion on the Chair, the Board of Directors discussed the 35 Intent to Apply Letters.

Director George C. Wolfe, Mayor's Appointee, arrived during the discussion of the Intent to Apply Letters.

Upon completion of the discussion, the Board of Directors again ranked the applications. While the rankings were being tallied, the Board considered administrative matters.

It was noted that the minutes of the April 22, 2008, Meetings of Directors were given to all Directors on December 15, 2008. There being no corrections to the minutes, upon motion made and seconded, the minutes were unanimously adopted.

It was noted that prior to the meeting, an Annual Report for 2007-2008 was provided to the members of the Board. It was further noted that the Annual Report did not cover activity that occurred since June 1, 2008. In particular, a development project located at 360 West 44th Street, Manhattan, had been approved by the City Planning Commission under the special regulations for the Theater Subdistrict. In accordance with this approval, a contribution in the amount of \$718,363 was deposited into the Theater Subdistrict Fund. The total funds of the Corporation were, as of the November 28th bank statement, \$5,689,446.

Upon motion made and seconded, a resolution was unanimously adopted approving the Annual Report for Fiscal Years 2007 - 2008, as set forth in Exhibit D, for filing as necessary to comply with local and state laws.

Upon motion made and seconded, the Meeting of Directors was adjourned at 10:30 AM, for a Meeting of the Audit Committee. At 10:45 AM, the Meeting of the Directors was called back to order.

The Board of Directors received a recommendation from the Audit Committee, and upon motion made and seconded, a resolution was unanimously adopted approving the retention of auditor Bobby Popick for \$1,250 to prepare the Federal 990 report and to conduct an audit of the finances for Fiscal Year 2007-2008.

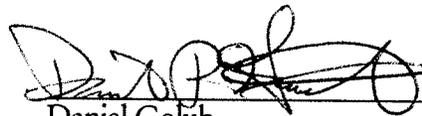
Returning to consideration of the Intent to Apply Letters, the Chairperson asked the Consultant to announce the results of the final evaluation of the submissions. The Board deliberated further as to which applicants should be invited to submit Full Applications.

Upon motion made and seconded, the Board adopted a resolution to invite 23 project applicants, a list of which is annexed to these minutes as Exhibit E, to submit Full Applications.

The Board discussed additional information that should be required in the Full Applications, and requested that applicants submit resumes and a contingency plan describing the services that will be provided if the organization receives less than the requested amount.

The Board discussed the next grant cycle. It was noted that given the current economic climate, the Corporation should begin discussion on second cycle immediately following the conclusion of the pilot phase.

There being no other business before the meeting, the meeting adjourned at 12:00 PM.

A handwritten signature in black ink, appearing to read 'Daniel Golub', written over a horizontal line.

Daniel Golub,
Alternate for Secretary

EXHIBIT A

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

NOTICE OF ALTERNATE DIRECTOR

For Meetings of Directors

I, the undersigned director of the Theater Subdistrict Council Local Development Corporation, may be unable to attend meetings of the Board of Directors. Acting as the sole member of the DCP Membership Selection and in accordance with Sections 2.8 and 3.5 of the by-laws, by signature below, I have elected Richard Barth as my alternate director.

Accordingly, this notice is given pursuant to section 703(d) of the Not-for-Profit Corporation Law of the State of New York so that in my absence, my duly elected alternate director, Richard Barth, may be permitted to attend such meetings in my place and exercise thereat all of the rights, powers and privileges as a director.

Dated: Dec. 15, 2008



Amanda Burden, Director
Department of City Planning

EXHIBIT B

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

Year Ended May 31, 2007

**PATRICIA ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANT**

THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION

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PATRICIA ARMSTRONG

CERTIFIED PUBLIC ACCOUNTANT

233 West 99th Street, Suite 3A

New York, NY 10025

(212) 663-8260 Fax (212) 662-5113

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of the Theater Subdistrict Council Local Development Corporation (a non-profit corporation) as of May 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Theater Subdistrict Council Local Development Corporation's management. My responsibility is to report on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theater Subdistrict Council Local Development Corporation as of May 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 10, 2008 on my consideration of Theater Subdistrict Council Local Development Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

Patricia Armstrong, CPA

New York, NY
July 10, 2008

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**
Statement of Financial Position
May 31, 2007

ASSETS

Cash (escrow funds)	<u>\$ 1,727,357</u>
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NET ASSETS

Temporarily restricted	<u>\$ 1,727,357</u>
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See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**
Statement of Activities
For the Year Ended May 31, 2007

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

REVENUES	
Government Support	\$ 1,700,793
Interest income	<u>26,564</u>
Change in net assets	1,727,357
Net Assets - Beginning of year	<u>-</u>
Net Assets - End of year	<u>\$ 1,727,357</u>

See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**
Statement of Cash Flows
For the Year Ended May 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>\$ 1,727,357</u>
Net cash provided by operating activities	1,727,357
Cash - beginning of year	<u>-</u>
Cash - end of year	<u><u>\$ 1,727,357</u></u>

See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**
Notes to Financial Statements
May 31, 2007

Note 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Theater Subdistrict Council Local Development Corporation (TSC) is a not-for-profit formed under the New York Not-For-Profit Corporation Law. The corporation was established pursuant to the Theater Subdistrict regulations of the New York City Zoning Resolution.

TSC was formed for the purpose of promoting theater and theater-related uses and preserving the New York City Theater Subdistrict and the welfare of the Theater Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theaters.

The corporation derives its funding from governmental support.

Basis of Accounting

The financial statements of Theater Subdistrict Council Local Development Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, TSC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. TSC has no permanently restricted net assets.

Income Tax Status

Theater Subdistrict Council Local Development Corporation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, TSC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Revenues

Under the Zoning Regulations when unused development rights of a Broadway theater are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund established by the corporation. Revenue is recognized when payments are received.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and/or nature of any restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**
Notes to Financial Statements
May 31, 2007

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses.

Investments

The corporation is only permitted to invest in Federal discount notes, US Treasury bills, US Treasury notes and other Guaranteed Federal Government Securities.

Note 2 - ESCROW AGENT

During the year under audit the NYC Law Department served as escrow agent for the receipt of funds on behalf of the Theater Subdistrict Council Local Development Corporation.

Note 3 - CONCENTRATION OF CREDIT RISK

TSC maintains bank accounts in one financial institution in New York City. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. TSC's uninsured bank balance at May 31, 2007 totaled \$1,259,395.

Note 4 - CONTINGENCIES

TSC is required to maintain 20% of its revenues for inspection and maintenance reporting.

PATRICIA ARMSTRONG

CERTIFIED PUBLIC ACCOUNTANT

233 West 99th Street, Suite 3A

New York, NY 10025

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July 10, 2008

To the Audit Committee
Theater Subdistrict Council Local Development Corporation
New York, NY

We have audited the financial statements of Theater Subdistrict Council Local Development Corporation for the year ended May 31, 2007, and have issued our report thereon dated July 10, 2008. Professional standards require that we provide you with the following information related to the audit.

Our responsibility under U. S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated March 11, 2008, my responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U. S. Generally accepted accounting principles. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of Theater Subdistrict Council Local Development Corporation. Such considerations were solely for the purpose of determining audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Theater Subdistrict Council Local Development Corporation's compliance with certain provisions of laws and regulations. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of the engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Theater Subdistrict Council Local Development Corporation are described in Note 1 to the financial statements. I noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you of, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

July 10, 2008

To the Audit Committee
Theater Subdistrict Council Local Development Corporation
Page two

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgement may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is cause future financial statements to be materially misstated). I did not propose any audit adjustments.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

This information is intended solely for the use of the Audit Committee and management of the Theater Subdistrict Council Local Development Corporation. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Patricia Armstrong, CPA

EXHIBIT C

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

INCOME STATEMENT: June 1, 2007 - May 31, 2008	
REVENUE	
Contributions through May 31, 2008	
Broadhurst*	\$ 817,366.20
250 W 55th Street**	\$ 2,350,352.76
Interest (earned on escrow 6/01/07 - 2/4/08)	\$ 49,352.65
Interest (earned on accounts 1/18/08 - 5/30/08)	\$ 8,891.87
Interest (earned on accounts 5/31/08)***	\$ 165.59
Total Revenue	\$ 3,226,129.07
EXPENSES	
Filing Fees^^	\$ 1,000.00
Accountant/Auditor	\$ -
Banking fees	\$ 1,102.61
Total Expenses	\$ 2,102.61
NET INCOME through May 31, 2007	\$ 3,224,026.46

Beginning Balance	\$ 1,727,357.11
Ending Balance^{^^^}	\$ 4,951,383.57

NOTES

* Received 7/05/07

** Received 5/12/08

*** Interest earned on checking and savings accounts 5/31/08 - 6/30/08 totaled \$5,133.31. May 31 interest was calculated as \$5,133.31 / 31.

^^ Includes \$750 fee paid to IRS with application to recognize non-profit status, and \$250 fee paid to the NYS Charities Bureau with the annual filing.

^^^ Ending balance in accounts as of 5/30 was \$4,951,217.98

EXHIBIT D

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Operations and Accomplishments

During the fiscal year ended May 31, 2008, the Theater Subdistrict Council LDC (the "TSC") held its organizational and first annual meetings on July 30, 2007. At these meetings directors and officers were appointed, and the by-laws, conflicts of interest and ethics policies were adopted. Additionally, the organization applied for and received recognition of its tax exempt status under IRC§ 501(c)(3), the Theater Subdistrict Fund was established, and the Chief Financial Officer and Contracting Officer were appointed.

Meetings of members and directors were again held on March 12, 2008, and a proposed grantmaking procedure was considered. Thereafter, the draft grantmaking procedure was made available for public comment. An additional meeting of directors was held on April 22, 2008, wherein the directors approved the annual budget for FY 2008-2009 and the final grantmaking procedure.

Following the conclusion of the FY 2007-2008, a consultant was hired to assist with administration of the grant program, and the grant application was published. The organization is currently receiving applications and expects to announce awards in February 2009.

Project Summary

Guidelines and grantmaking procedures were designed during FY 2007-2008. Grants designed to stimulate and support new theatrical presentations, to enhance and encourage new audiences, and to promote historic district and theater preservation activities, will be awarded during FY 2008-2009.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Board Member Summary

Name	Position
Michael Bloomberg	Mayor of the City of New York
Kate Levin	Mayor's Alternate
Christine Quinn	Speaker of the City Council of the City of New York
Danielle Porcaro	Speaker's Alternate
Scott Stringer	Manhattan Borough President
Dan Golub	Borough President's Alternate
Amanda Burden	Director of NYC Department of City Planning
Jed Bernstein	Mayor's Appointee
Ben Cameron	Mayor's Appointee
Paige Price	Mayor's Appointee
George Wolfe	Mayor's Designee

Employee Summary

The TSC has no employees.

Compensation Schedule

Members and directors receive no compensation for their service to the TSC.

THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008

Receipts and Disbursements

During the fiscal year ended May 31, 2008, the TSC received total revenues totaling \$3,226,129. During that same time period, the TSC had total expenditures totaling \$2,103. During January and February, 2008, the TSC transferred into the Theater Subdistrict Fund all funds which had been held in escrow on its behalf prior to its organization.

Income Statement (6/01/2007-5/31/2008)

Operating Revenues

Contributions through May 31, 2008	
Broadhurst	\$ 817,366
250 W 55th Street	\$ 2,350,353
Interest (escrow 6/01/07 - 2/4/08)	\$ 9,353
Interest (bank account 1/18/08 - 5/31/08)	\$ 9,057

Total Revenue \$ 3,226,129

Operating Expenses

Filing Fees	\$ 1,000
Accountant/Auditor	\$ -
Banking fees	\$ 1,103

Total Expenses \$ 2,103

Net Income (through 5/31/2007) \$ 3,224,026

Beginning Balance \$ 1,727,357

Ending Balance \$ 4,951,384

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Assets and Liabilities

On May 31, 2008, the TSC's only assets were its checking and savings accounts, totaling \$4,951,384. The organization had no liabilities.

Balance Sheet (5/31/08)

Assets

Cash (checking and savings accounts)	\$4,951,384
Accounts Receivable	\$0
Inventories	\$0
Other Assets	\$0

Liabilities

Accounts Payable	\$0
Other Liabilities	\$0

Net Assets

Total Net Assets	\$4,951,384
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**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Schedule of Debt

The TSC does not have any debt outstanding.

Real Property Transactions Summary

The TSC does not have any real property interest, and no property was disposed during the fiscal year.

Procurement Summary

Number of Current Contracts	1
Total Value of Contracts	\$2,500

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Code of Ethics (approved 7/31/2007)

This Code of Ethics shall apply to all members, directors, officers of the TSC and staff to such members, directors and officers ("Covered Persons") providing assistance to the Theater Subdistrict Council Local Development Corporation ("TSC"). These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of covered persons, and to preserve public confidence in TSC's mission.

This Code of Ethics is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest and the ethical duties applicable to not-for-profit corporations.

Responsibilities of Members, Directors, Officers and Staff

1. Covered Persons shall perform their duties with transparency, without favor, and shall refrain from engaging in outside matters of financial or personal interest that could impair independence of judgment or prevent the proper exercise of official duties.
2. Covered Persons shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through their official position that could create any conflict between their public duties and interests and their private interests.
3. Covered Persons shall not accept or receive any gift or gratuities where the circumstances would permit the inference that the gift is intended to influence the individual in the performance of official business, or that the gift constitutes a tip, reward, or sign of appreciation for any official act. Gifts subject to this provision may take the form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the TSC. In the event that a Covered Person receives any such gift or gratuity, he or she shall immediately notify the Chairperson of the Governance Committee in order to make proper disposition of such gift or gratuity. Notwithstanding the foregoing, meals and gifts that are permissible and not deemed valuable under §2604(b)(5) of the Charter of the City of New York and implementing regulations, as defined in Title 53 of the Rules of the City of New York, shall neither require reporting nor violate this policy.
4. Covered Persons shall not use or attempt to use their official position with the TSC to secure unwarranted privileges for themselves, members of their family or others, including grants or contracts with the TSC.
5. Covered Persons must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
6. Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered Persons may not engage in any transaction with an outside entity in which they

have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.

7. Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered Persons may not engage in any transaction with an outside entity in which they hold a position as trustee, director, officer, member or employee.

8. Covered Persons shall manage all matters within the scope of the TSC's mission independent of any other affiliations or employment. Members, directors, officers and staff shall strive to fulfill their professional responsibility to the TSC without bias and shall support the TSC mission to the fullest.

9. Covered Persons shall not use TSC property or resources or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law and the TSC's mission and goals.

10. Covered Persons shall make the annual filings required under N.Y. Pub. Auth. Law § 2825(3).

Reporting Unethical Behavior

Covered Persons shall report unethical behavior to the Chairperson of the Governance Committee.

Implementation of Code of Ethics

The Chairperson of the Governance Committee shall have the following duties:

- Counsel in confidence Covered Persons who seek advice about ethical behavior.
- Record the receipt and disposition of gifts or gratuities reported by Covered Persons.
- Receive and record reported ethical violations.
- Receive and investigate complaints regarding ethics violations.
- Dismiss complaints found to be without substance.
- Refer all matters to the Governance Committee, where further actions or investigations are deemed necessary.

In addition to any penalty contained in other provisions of law, if a Covered Person violates any provision of this Code of Ethics, the Governance Committee may prepare a report of its findings. Such report shall be submitted to the board and shall include suggested remedies that are appropriate under the circumstances.

An assessment of the effectiveness of this Code of Ethics shall be prepared annually by the Governance Committee.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal End Date: 5/31/2008**

Assessment of the Internal Control Structure

Grantmaking activities of the organization began after the close of the fiscal year, therefore an assessment of the TSC's internal control structure is not yet warranted. Upon conclusion of the initial grant cycle, the TSC Governance Committee will meet to conduct and assessment.

Conflicts of Interest Policy (adopted 7/30/2007)

1. No member, director or officer ("Covered Person") shall have any interest, in any grant, contract or other transaction proposed to be entered into by the Theater Subdistrict Council Local Development Corporation ("TSC"), except as provided in this policy.

For purposes of this section, an "interest" shall mean: (i) an "Ownership interest" as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person's spouse, domestic partner or unemancipated children, in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction; or (ii) a "Position", as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction.

2. In addition to the foregoing, no Covered Person shall take any action with respect to any grant, contract or other transaction of the TSC, which would or is likely to result in direct economic gain to the Covered Person or to a firm or entity in which such Covered Person has an interest.

For the purposes of this section, an "interest" shall mean: (i) an "Ownership interest" as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person's spouse, domestic partner or unemancipated children, in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds; or (ii) a "Position", as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds.

3. Employment with or provision of services to the City of New York shall not constitute an interest within the meaning of this policy.

4. In the event a Covered Person becomes aware of any potential conflict of interest, such Covered Person shall make disclosure forthwith to the Chair of the nature and extent of his or her potential conflict. Disclosure shall be entered in writing upon the minutes of the Board of Directors.

5. If timely disclosure is made, the Board of Directors may determine whether the TSC can obtain a more advantageous transaction with reasonable efforts in a manner that would not give rise to a conflict of interest. If a more advantageous arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board may find that it is in the TSC's best interest, and that it is fair and reasonable for the TSC to enter into the transaction. Such authorization shall be made by concurring vote of at least two-thirds the whole number of uninterested directors, and shall include appropriate measures to address the conflict, including but not limited to recusal by the affected Covered Person with respect to all activities of the TSC relating to the transaction.

6. If a Covered Person fails to make disclosure when he or she knew or should have known of the potential Conflict of Interest, the Board of Directors shall: (i) in the case of a director, make recommendations to the appointing person for appropriate action; (ii) in the case of an officer who is not also a director, take such action as it deems appropriate, including, if warranted, removal.



EXHIBIT E

Applicant/lead	Project	con sor	Project Budget	Request Amount
1 A.R.T./New York	New York Theatre Network		300,000	100,000
2 Broadway League (1) CAATA (Consortium of Asian American Theaters/Artists)	Family First Nights Second Natl Asian American Theater Festival		120,000 360,725	50,000 90,000
4 City at Peace - New York	Generating New Voices and New Audiences		220,000	100,000
5 Classical Theat/Harlem (1)	Supreme Jealous Divine Theatre District Residency		250,000	100,000
6 Classical Theat/Harlem (2)	Project Classic: Theatre in Public Housing		250,000	100,000
7 Classical Theat/Harlem (3)	Future Classics Program		200,000	100,000
8 Daryl Roth Prod. (1)	Young Audiences Resident Company	x	900,000	200,000
9 Fund for Public Schools (1)	From the Bronx to Bway: Oral History Project	x	70,000	70,000
10 Fund for Public Schools (2)	Arts SPACE Theater Grant Program		123,000	123,000
11 Inside Broadway	The Broadway Experience		300,000	100,000
12 Manhattan Theatre Club (1)	Cultivating Young Adult Audiences		122,275	100,000
13 New 42nd Street, Inc.	New Victory Theater School Partnership		2,100,000	150,000
14 New Dramatists (2)	Full Stage NYC		520,000	150,000
15 NYTW (1) (New York Theater Workshop)	OFF AGAIN: The Off-Broadway Musical Series		388,000	150,000
16 Roundabout Theatre Company	Roundabout Underground		764,386	100,000
17 Second Stage Theatre (2)	Monday Night Live		250,000	200,000
18 Signature Theatre Company	The Signature Ticket Initiative White Paper		50,000	50,000
19 Theatre Development Fund	Bringing Under-Represented Audiences to Theatre		250,000	150,000

Applicant/lead	Project	con sor	Project Budget	Request Amount
20 Thirteen/WNET	Thirteen/WNET Theater Initiative - Pilot Phase		100,000	100,000
21 Walker International Communications Group, Inc.	Interborough Cultural Youth Theater Initiative	x	150,000	100,000
22 Women's Project (1)	WP Labs for Playwrights, Directors, and Producers		435,750	250,000
23 Women's Project (2)	Ten Centuries of Women Playwrights Arts Educ Prog		212,612	50,000