

**MINUTES OF MEETING OF THE AUDIT COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
May 8, 2019**

A meeting of the Audit Committee (the “Committee”) of New York City Economic Development Corporation (the “Corporation” or “NYCEDC”) was held on Wednesday, May 8, 2019 at the Corporation, 110 William Street, Conference Room 5A, New York, New York 10038.

The following members of the Committee were present in person or by means of a conference call at the above indicated meeting of the Committee constituting a quorum:

- William Candelaria (attended by phone)
- James McSpiritt
- Betty Woo

In addition, the following members of NYCEDC staff were present:

- Finance: Kim Vaccari – CFO, Spencer Hobson – EVP/Treasurer, Fred D’Ascoli – Controller, Amy Chan – Deputy Controller
- Internal Audit (“IA”): Stella Maniago – Acting Director, Tony Khoury - VP
- Legal: Mark Silversmith – Special Counsel

Also present were representatives from Ernst & Young LLP (“EY”): Lou Roberts – Engagement Partner and Nicole Rapport – Senior Manager

The meeting was called to order at 10:10 a.m.

1. Approval of the Minutes of the February 1, 2019 Audit Committee Meeting

Mr. McSpiritt asked if there were any questions or comments relating to the minutes of the February 1, 2019 Committee meeting. There being no questions or comments, Ms. Woo motioned to approve the minutes. Mr. McSpiritt seconded the motion and the minutes were approved.

2. EY Update

Mr. Roberts highlighted the FY2019 deliverables that EY will produce, auditing and expressing an opinion on:

- Financial statements of the Corporation
- Schedule of investments of NYCEDC that is required by PAAA.
- Financial statements of the NYCEDC OPEB Trust
- Financial statements of Kaufman Astoria Studios Preservation Private Purpose Fund

In accordance with Government Auditing Standards, EY will test for any significant deficiencies or material weaknesses in internal controls over financial reporting. If identified, EY will issue written communication to Management and the Audit Committee and issue a Management letter including recommendations for improvements in controls and procedures.

Mr. Roberts explained that EY had a kickoff meeting with the Accounting team and will return the week of May 20, 2019 to perform its interim procedures. EY plans to execute its year-end audit testing procedures from August through September 2019 and that the financial statements will be issued by the September 30, 2019 deadline.

3. Internal Audit Activity Update

Ms. Maniago, acting Director of Internal Audit commenced with the status of the FY2018-2019 Audit Plan. Of the thirteen planned audits, nine were completed, and two EY year-end financial audits were not required this year due to a change in the nature, timing and extent of EY's testing. One audit is currently in progress and on track, and the review of Construction Contracts Bidding Process including RFP solicitation was rescheduled to FY2020/2021 due to insufficient data at this time to conduct the audit. Of the nine completed audits, six reports were issued and three draft reports have been delivered to Management. At this time, Internal Audit anticipates having all three draft reports and one remaining audit finalized and distributed by the end of FY2019.

Ms. Maniago stated that there is a total of seventy-seven audit items with target dates ranging from FY2017 through FY2020. Of these items, sixty-three audit items representing 82% have been closed while fourteen audit items currently remain open. Eight of the open audit items have revised target dates and six items pertain to recently completed items with target dates not yet due. Many controls and recommendations have been implemented and Internal Audit will continue to track and follow up on these issues to ensure that they are addressed and closed out.

Mr. Khoury, VP of Engineering Audit discussed Engineering Audit Unit metrics. Internal Audit established a fourteen-day window for change orders to be reviewed and processed within the Internal Audit Department. The average review time is below our fourteen-day threshold. Internal Audit is looking into reducing IA's review time for FY2020 even further to help improve the process.

Mr. McSpiritt asked if there was any training for employees in reviewing change orders. Mr. Khoury replied that Internal Audit has established a training program with Project Managers and since this training, errors have diminished.

Ms. Vaccari discussed the annual risk assessment. NYCEDC conducted this assessment with Cohn Reznick, an outside audit firm. In 2018 this assessment was done in house and in 2017 KPMG performed a very comprehensive risk assessment. This year,

Management believed that it would be advantageous to have a different firm with a new perspective conduct the corporate-wide risk assessment.

Ms. Vaccari stated that the assessment followed the same approach as in prior years: Cohn Reznick interviewed all senior staff, senior management, the President and the head of the Audit Committee privately to understand their risks and concerns. A risk universe was identified that allowed Internal Audit to develop the FY2020 proposed Audit Plan.

Mr. Khoury then discussed the FY2020 proposed Audit Plan based on the results of the risk assessment completed by Cohn Reznick. Several areas of focus were identified with potentially high and moderate to high risks. Mr. Khoury then presented the thirteen projects proposed to be audited in FY2020. Mr. McSpiritt asked if there were any questions or comments relating to the FY2020 proposed Audit Plan. There being no questions or comments, Ms. Woo motioned to approve the proposed Audit Plan. Mr. McSpiritt seconded the motion and the minutes were approved.

4. Session with Auditors

A private session with EY was held at this time.

5. Session with Management

A private session with Management was held at this time.

6. Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 11:20 a.m.