

MINUTES OF THE AUDIT COMMITTEE
OF
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

June 3, 2020

A virtual meeting of the Audit Committee of the Board of Directors (the “Committee”) of New York City Industrial Development Agency (“NYCIDA” or the “Agency”) was held telephonically on Wednesday, June 3, 2020.

The following members of the Committee were present by means of a conference call at the above indicated meeting of the Committee (the “Meeting”), constituting a quorum:

- Albert V. De Leon
- Shanel Thomas
- Khary Cuffe

The following members of NYCEDC staff were present by means of a conference call:

- Finance: Fred D’Ascoli – CFO, Spencer Hobson – EVP/Treasurer, Amy Chan – Controller, Carol Ann Butler – AVP, Christine Robinson – AVP
- Internal Audit (“IA”): Jennie Wallace – EVP, Allison Richardson – VP
- Compliance Department (“Compliance”): Shin Mitsugi – SVP and the Agency’s Compliance Officer
- Strategic Investments Group (“SIG”): Krishna Omolade – VP and the Agency’s Executive Director

Present by means of a conference call were representatives from Ernst & Young LLP (“EY”):

- Kimberly Hancy – Engagement Partner
- Louis Roberts – Former Engagement Partner
- Nicole Rapport – Senior Manager

Mr. De Leon called the meeting to order at 9:00 a.m.

1. Approval of the Minutes of the January 29, 2020 Audit Committee meeting

Mr. De Leon asked if there were any questions or comments relating to the minutes of the January 29, 2020 meeting. There being no questions or comments, Mr. Cuffe motioned to approve the minutes. Ms. Thomas seconded the motion and the motion was approved.

2. Finance Update

Ms. Chan stated that the New York State Authorities Budget Office, (“ABO”) recognized the hardships that the Public Authority Agencies encountered over the past few months; therefore, pursuant to the NYS Governor Executive Order No. 202.11, ABO would grant up to an additional 90 days beyond the original statutory deadline (i.e. September 30 for the Agency) to public authorities including the Agency to submit the required reports such as the audited FY2020 financial statements. Management is still planning to present the financials to the Committee and the Board at the end of September since no extension has been announced by the City.

(Post-Meeting Note) On July 7, 2020, ABO posted an updated guideline regarding the submission deadline extension. The NYS Governor Executive Order 202.48 amended the prior Executive Order 202.11 by reducing the extension period to 60 days beyond the original statutory deadline. This update became effective for public authorities with a July 1 fiscal year and thereafter.

3. EY Audit Plan

Ms. Hancy, the new EY audit partner on this engagement, introduced herself and explained that Mr. Roberts, the former audit partner, rolled off this engagement after five years due to the PAAA requirement. Ms. Hancy thanked Mr. Roberts along with the Finance team in making this transition as smooth as possible on the organization.

Ms. Rapport discussed the NYCIDA FY2020 Audit Plan and summarized EY’s deliverables and services that are consistent with prior years. Ms. Rapport detailed the areas of audit emphasis and the summary of planned audit procedures.

Ms. Hancy briefly covered the upcoming Governmental Accounting Standards Board (“GASB”) pronouncements and focused on the Statements that impacted NYCIDA. GASB Statement No. 95 postponed GASB Statement No. 84, Fiduciary Activities, by one year and GASB Statement No. 87, Leases, by eighteen months.

Ms. Hancy stated that EY started working remotely on the NYCIDA interim procedures. She noted that they will evaluate their position in August and assess the timeline for execution of the year-end audit testing procedures. Although there has been a deadline extension, EY is planning to complete their audit by the September 30, 2020 deadline.

4. Internal Audit Activity Update

Ms. Wallace commented that all FY2020 NYCIDA audits have been completed and reports have been issued. She stated that there is one low-risk open issue for NYCIDA related to documentation. Ms. Wallace noted that due to COVID-19 priorities, IA revised the target dates for the outstanding issues.

Ms. Wallace discussed the FY2021 proposed Audit Plan. She commented that the proposed timeline for executing the audits is Q3/Q4; however, as risk evolves, this dynamic Audit Plan will shift with the organization.

Ms. Wallace discussed some general department updates. She stated that the IA team has been working with the organization on its COVID-19 efforts for the City. Ms. Wallace mentioned that the relationships with the organization continue to go well and collaboration with Compliance is ongoing.

Mr. De Leon asked if there were any questions or comments relating to the FY2021 proposed Audit Plan. There being no questions or comments, Ms. Thomas motioned to approve the FY2021 proposed Audit Plan. Mr. Cuffe seconded the motion and the motion was approved.

5. Compliance Activity Update

Mr. Mitsugi stated that the Compliance Department has been diligently assisting a number of portfolio projects that were impacted by the COVID-19 pandemic. He said that Compliance received forty-nine inquiries for NYCIDA and Build NYC portfolio projects in direct or indirectly impacted by the pandemic. Mr. Mitsugi said that at the May 12, 2020 Agency Board meeting, the Board Members authorized the resolution that provided an extension of up to two years to complete construction projects. Mr. Mitsugi noted that Compliance closely monitors the operation status of portfolio projects in light of various COVID-19 measures and regulations, including the NYS Governor order to close all nonessential businesses in NYS announced on March 20. He commented that every summer in July and August Compliance collects the annual Employment & Benefit Report from portfolio projects. He stated that many of the projects have not reopened or their employees have not returned to the office, possibly some of the portfolio projects will experience delays in submitting their annual report. Mr. Mitsugi noted that the Agency is required to submit its required annual report to ABO by the end of each September. However, as Ms. Chan mentioned earlier, ABO would grant public authorities an extension of up to 90 days. (Please refer to the aforementioned Post-Meeting Update under the Finance Update.) Mr. Mitsugi stated that Compliance intends to submit the Agency's annual report to ABO by the original statutory deadline, provided that all required reports of the Agency, such as the audited financial report, are prepared and adopted by the Agency Board in September.

Mr. D'Ascoli thanked Mr. De Leon for the opportunity to be the new Chief Financial Officer at NYCEDC, NYCIDA and Build NYC. Mr. D'Ascoli mentioned this is a very uncertain time due to COVID-19 and demands for institutional change. He stated that there has been a huge impact not only to the economy but to the ability of the local business communities to operate and to generate income. Mr. D'Ascoli said that as a corporate entity and part of a larger community there will be a continual effort to address these priorities, and the flexibility noted in Ms. Wallace's Audit Plan will be essential.

6. **Session with External Auditors**

A private session with EY was not held at this time

7. **Session with Management**

A private session with Management was not held at this time

8. **Session with Internal Audit**

A private session with Internal Audit was not held at this time

9. **Adjournment**

There being no further business, the meeting was adjourned at 9:47 a.m.


Shin Mitsugi (Sep 22, 2020 13:48 EDT)

Assistant Secretary

Date: 9-22-20
New York, New York