

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

**September 21, 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 Monday, September 21, 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
- 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
- Nicole Rapport – Senior Manager

Mr. De Leon called the meeting to order at 9:15 a.m.

**1. Approval of the Minutes of the June 3, 2020 Audit Committee meeting**

Mr. De Leon asked if there were any questions or comments related to the minutes of the June 3, 2020 meeting. There being no questions or comments, Ms. Thomas motioned to approve the minutes. Mr. De Leon seconded the motion and the motion was approved.

**2. Presentation of the Annual Financial Statements – Management Discussion**

Ms. Chan presented the NYCIDA financial position as of year-end and discussed the financials.

Ms. Chan discussed the Statement of Revenues, Expenses, and Changes in Net Position. NYCIDA had an ending net position in FY2020 of \$20 million, which represents a \$1.85 million decrease as compared to FY2019 of \$21.8 million. Since NYCIDA is the conduit debt issuer for the New York Yankees and Mets Major League Baseball stadium transactions, these debt obligations and related activity have no bottom-line impact to NYCIDA's financial statements. The components causing the change in net position includes an increase in operating revenues from \$2.8 million in 2019 to \$6.4 million at the end of 2020 associated with two large closings in FY2020 which accounted for \$3.9 million of revenue. Operating expenses remain flat as compared to the prior year. Non-operating expenses incurred were \$4.1 million of Special Project Costs including \$1.9 million for Cyber NYC and LifeSci NYC initiatives. These expenses were offset with \$300,000 of investment income. All of these items resulted in a decrease of net position of \$1.85 million in FY20. Although net position decreased, IDA is still \$2.4 million above the minimum net position threshold set by the Board of 4 times the EDC management fee or \$17.6 million.

Ms. Chan highlighted the Investments Section of the Financial Statements and noted that the Agency's unrestricted net position is \$20 million and made up of \$19.5 million of unrestricted cash and investments and \$1.2 million of fees receivables, offset with approximately \$700,000 of current payables and unearned revenues. As for the breakout of investments, 97% of investments are in government securities and the remaining 3% are in certificates of deposit and money markets, all of which aligns with the Agency's Investment Policies Guidelines.

Ms. Chan also highlighted that there were no significant changes to the contents of this year's financial statements as compared to prior year, other than a mention of COVID-19 in the MD&A, which states that the virus did not significantly impact IDA's operations and a subsequent event footnote which discloses the authorization by the Board to issue Yankees refunding bonds.

Mr. D'Ascoli mentioned that the Auditors' Report (in accordance with Government Auditing Standards) concluded that there were no findings, and no internal control issues noted by the external auditors (EY).

### **EY Audit Plan**

Ms. Hancy stated that EY completed all its procedures for NYCIDA and will be issuing an unmodified opinion after EY receives the final legal letter and the signed Management Representation letter.

Ms. Rapport stated that EY's scope is consistent with what was communicated back at the June 3, 2020 Audit Committee meeting, where an overview of the audit plan was given. Ms. Rapport focused on key audit areas such as revenue recognition, recording of expenses, and the recording of the Pilot lease receivables. EY confirmed cash and investments to ensure proper presentation in the financial statements. EY reviewed accrued liabilities and evaluated the assumptions and various factors that affect the liabilities. Related to debt and accrued interest payable, EY confirmed outstanding debt and reviewed the footnotes. EY recalculated accrued interest payable, utilizing the schedules from the official statements.

Ms. Hancy stated that EY did not identify any material misstatements, material weaknesses, instances of fraud, or non-compliance with laws and regulations. This is a required communication under Government Auditing Standards.

At the conclusion of her presentation, Ms. Hancy highlighted EY's commitment to anti-racism and discrimination to fight against social injustices. EY has expanded various initiatives to drive policy change as well as lead actions for change in their communities. Ms. Hancy shared specific information of EY's anti-racism and equity initiatives and programs. Ms. Hancy agreed to follow up on Mr. De Leon's request for additional information related to EY's various programs and initiatives.

Mr. De Leon asked if there were any questions or comments related to the presentation of the NYCIDA annual Financial Statements and the Schedule of Investments report. There being no questions or comments, Ms. Thomas motioned to approve the statements for presentation and approval by the full board, Mr. De Leon seconded, and the motion was approved.

### **3. 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 and IA is in the process of validating the completion of this issue.

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 then discussed some general department updates including methodology updates, resource reallocations, and relationship-building efforts.

**4. Compliance Activity Update**

Mr. Mitsugi stated that the Agency is at the final stage of completing the required annual PAAA reports to the NYS Authority Budget Office. Mr. Mitsugi said that the annual reports for both NYCIDA and Build NYC will be completed by the statutory deadline of September 30, 2020.

**5. Session with External Auditors**

A private session with EY was held at this time

**6. Session with Management**

A private session with Management was held at this time

**7. Session with Internal Audit**

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

**8. Adjournment**

There being no further business, the meeting was adjourned at 9:52 a.m.

  
Shin Mitsugi (Jan 21, 2021 10:40 EST)

Assistant Secretary

01/21/2021

Date: \_\_\_\_\_

New York, New York