

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

April 14, 2022

A special virtual meeting of the Audit Committee of the Board of Directors (the “Committee”) of New York City Industrial Development Agency (“NYCIDA” or the “Agency”) called at the direction of the President, was held telephonically at 9:00 a.m. on Thursday, April 14, 2022.

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, Chairperson
- Khary Cuffe

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

- Finance: Fred D’Ascoli – the Agency’s CFO, Spencer Hobson – EVP/Treasurer, Amy Chan – the Agency’s Assistant Treasurer, Leslie Escobar – the Agency’s Assistant Treasurer
- Internal Audit (“IA”): Jennie Wallace – EVP
- Compliance Department (“Compliance”): Shin Mitsugi – the Agency’s Compliance Officer
- Strategic Investments Group (“SIG”): Emily Marcus – the Agency’s Deputy Executive Director

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

1. Approval of the Minutes of the January 20, 2022 Audit Committee meeting

Mr. De Leon asked if there were any questions or comments related to the minutes of the January 20, 2022 meeting. There were no questions; however, a request made by Mr. De Leon to indicate chair after his name has been recognized and implemented. Mr. Cuffe motioned to approve the minutes. Mr. De Leon seconded the motion, and the motion was approved.

2. Approval of Entity to Serve as NYCIDA's External Auditor

Ms. Chan thanked the Audit Committee for taking time to come to the NYCIDA special meeting and stated that the Public Authority Accountability Act ("PAAA") requires the NYCIDA Audit Committee to recommend to the Board of Directors the hiring of the Certified Independent Accounting Firm, establish the compensation for that accounting firm and to provide the direct oversight of the performance of the independent audit. As the prior contract expired with the completion of the FY2021 audit, NYCEDC staff issued a Request for Proposals ("RFP") for the selection of the auditors for a new contract. Ms. Chan commented that Ms. Escobar would describe the scope of services, the results of the selection process and the contract price being recommended by Management for approval by the NYCIDA Audit Committee, with subsequent presentation to the Full Board for approval on April 26, 2022.

Ms. Escobar stated that the selection committee recommends the selection of Ernst & Young LLP ("EY") as the Agency's external auditor. The Committee's approval is sought to recommend contract award to the NYCIDA Board of Directors for a four-year contract with EY for services at an amount not to exceed \$286,125. Ms. Escobar noted that the scope of work includes audits of the Agency's financial statements and schedules of investments for the fiscal years ending June 30, 2022 through 2025, a management letter in each year, if required, setting forth findings and recommendations, and performance of other audit related services if needed.

The selection of EY was done through public RFP, where EDC publicly advertised in the City Record, and delivered the RFP to twenty-four (24) accounting firms from the City Comptroller's pre-qualified CPA list. Five proposals were received and NYCEDC's staff evaluated the submitted proposals principally using the following criteria:

- The firm's experience with audits of similar size and scope
- The quality of the firm's approach to audit services
- The composition and relative experience of the audit team
- The firm's proposed fees
- The overall quality of the proposal

The top three highest scoring firms based on their proposals were interviewed, with EY scoring the highest in both the proposal and the interview rounds. EY has extensive knowledge and expertise in state and local government accounting and auditing. EY's client base includes several NYC component units and NYS public authorities. Furthermore, their commitment to a real and practical approach to inclusiveness and diversity stood out. Although this contract does not have an MWBE requirement, EY was the only firm to propose an MWBE partnership. EY will partner with a MWBE firm for up to ten percent of the audit hours.

Mr. Cuffe asked if the cost was comparable to previous years. Ms. Chan noted there was in fact, a three percent reduction from the prior year's audit contract because of the implementation of Government Accounting Standards Board ("GASB") Statement No. 91 which removed the Yankees and Mets bonds from NYCIDA's books. Therefore, EY proposed a lower fee due to the reduction of work.

Mr. De Leon asked why EY was the only Big Four public accounting firm to submit a proposal. Ms. Chan stated that one of the Big Four firms does a lot of consulting work for NYCEDC (and was precluded from also doing attestation work), and another firm does not focus on state and local government clients. Ms. Chan noted that other advantages of selecting EY includes its access to accounting standards setting boards and the guidance it provides to the Agency on implementation of new government accounting standards. As members of the selection committee, Mr. Mitsugi and Ms. Wallace agreed with Ms. Chan that EY is professional, knowledgeable, competent and understands the urgency of completing projects in a timely fashion.

Mr. D'Ascoli and Ms. Chan addressed Mr. De Leon's concern noting that although EY has been the auditor for NYCIDA and Build NYC since 2001, under the PAAA guidelines, there is a partner rotation every five years with the present engagement partner coming off the engagement after the FY2024 audit. Also, Mr. Hobson reiterated what Ms. Escobar had discussed earlier that EY will partner with MWBE firms for up to ten percent of the audit hours knowing the importance of diversity and inclusion values to NYCIDA.

With no other questions or comments, Mr. Cuffe motioned to approve Management's recommendation for NYCIDA's external auditor, and the compensation to be paid to the auditor, to be submitted for approval by the NYCIDA's Board of Directors. Mr. De Leon seconded the motion, and the motion was approved.

3. Adjournment

There being no further business, the meeting was adjourned at 9:19 a.m.