

MINUTES OF THE AUDIT COMMITTEE
OF
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
May 12, 2022

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 Thursday, May 12, 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
- Shanel Thomas
- Khary Cuffe

The following members of NYCEDC staff were present in person or 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, Carol Ann Butler – AVP
- 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 Executive Director

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

- Kimberly Hancy –Partner
- Adam Wolken– Manager

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

1. Approval of the Minutes of the April 14, 2022 Audit Committee meeting

Mr. De Leon started the meeting by thanking RoseAnn King for her time working with the board and then asked if there were any questions or comments related to the minutes of the April 14, 2022 meeting. There being no questions or comments, Ms. Thomas motioned to approve the minutes. Mr. Cuffe seconded the motion, and the motion was approved.

2. Finance Update:

Following up on a promise to review additional changes to the Agency's existing investment policy, which would allow for more management discretion, Ms. Chan began by providing background as to the need for this change of policy which was a result of the management letter comment from EY relative to the FY 21 audit of the Agency's schedule of investments. Additional language will be added to Section IX that would state that from time to time the CFO would be allowed to exercise discretion and invest outside the investment guidelines so long as the four overarching objectives of preserving principal, liquidity, legality and maximizing returns are still met. Ms. Chan also stated that if at any time going forward, management invests outside of this policy, the Audit Committee would be made aware at the next closest scheduled meeting. Additionally, any exceptions to the policy would not vary materially from what is already stated in the policy in terms of duration and asset allocations.

Ms. Chan then asked if there are no objections to the above change, final approval by the full Board can be given at the next scheduled Board meeting where all PAAA items will be scheduled for approval.

Mr. D'Ascoli explained further the necessity for this policy change, Specifically, the need to build into the investment policy some level of flexibility to allow movement within the confines of what may be available on the investment horizon to take advantage.

Mr. DeLeon agreed that the proposed change sounded reasonable. Ms. Hancy, the EY Partner also agreed that this was reasonable.

Mr. De Leon asked if there were any objections related to the this change of plan. There being no none, Mr. Cuffe stated his agreement as did Ms. Thomas.

3. Internal Audit Update

Ms. Wallace provided the status of the FY2022 NYCIDA audit plan, describing the audits that were completed and that are upcoming.

Ms. Wallace discussed the status of the one open issue from the prior year audit, noting that management is working on closing that issue by the end of Q4 FY22.

Ms. Wallace then provided the proposed IA plan for FY2023 and discussed the upcoming audits on the plan.

Mr. De Leon asked if there were any questions or comments related to the FY2023 proposed Audit Plan. There being no questions or comments, Ms. Thomas motioned to approve the FY2023 proposed Audit Plan. Mr. Cuffe seconded the motion, and the motion was approved

4. Compliance Update

Mr. Mitsugi stated the expectation for the duration of the current audit being conducted by the auditors from the Office of State Comptroller into IDA projects, should be completed by mid-summer or possibly through the end of the current fiscal year. Mr. Mitsugi meets with the auditors twice a month to answer any questions or concerns they may have as it pertains to the twenty IDA projects they are currently reviewing.

Mr. De Leon asked to receive periodic updates on the progress of the audit work and asked the staff to discuss with the auditor team to learn more about expected duration.

Mr. D'Ascoli intends to reach out to the lead auditor.

5. EY Update

Ms. Hancy began her presentation by introducing her colleague Adam Wolken who, along with herself, has worked with IDA previously. She went on to discuss EY's audit plan which was consistent with previous periods. They will be performing an audit in order to express an opinion on the financial statements of IDA as well as the schedule of investments, including the investment policy and compliance aspects in conjunction with that specific schedule.

Mr. Wolken gave an overview of planned audit procedures and timeline, which will be in line with what the Agency has seen in the past. Areas of audit emphasis will be internal controls and significant processes that effect the financial statements.

Mr. Wolken then discussed the timeline stating the audit should wrap up around the end of September.

Ms. Hancy then discussed required communications that will be required during the course of the audit.

Ms. Hancy then pointed out that the last peer-review report was issued in 2019. They expect the next report will be issued at the end of this calendar year, at which point it will be presented to the committee.

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

10. **Adjournment**

There being no further business, the meeting was adjourned at 9:41 a.m.



Assistant Secretary

Date: 09/20/2022
New York, New York