

**MINUTES OF MEETING OF THE AUDIT COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
March 19, 2024**

A special meeting of the Audit Committee (the "Committee") of New York City Economic Development Corporation (the "Corporation" or "NYCEDC") was held on Tuesday, March 19, 2024, at the Corporation, One Liberty Plaza, Conference Room 14A (The Battery), New York, New York 10006

The following members of the Committee were present in person at the above indicated meeting of the Committee (the "Meeting"), constituting a quorum:

- Eric Clement, Committee Chairperson
- James McSpirtt
- Betty Woo

The following members of NYCEDC staff were present in person:

- Finance:
 - Jeanny Pak – CFO
 - Spencer Hobson – EVP/Treasurer
 - Amy Chan – Controller
 - Leslie Escobar – Deputy Controller
 - Christine Robinson – Senior Advisor, PO
- Internal Audit ("IA"):
 - Eric Katz – SVP
- Legal:
 - Mark Silversmith – Special Counsel
 - Jaan Kangur – Senior Paralegal
- MIS
 - Delano Clarke- VP

Also present in person was a representative from Ernst & Young LLP ("EY"):

- Danielle Hurlburt – Managing Director

The meeting was called to order at approximately 9:55 am.

1. Approval of the Minutes of the September 26, 2023 Audit Committee meeting

Mr. Clement asked if there were any comments or additions related to the minutes of the September 26, 2023 Committee meeting as submitted. There being no comments or additions, Mr. Clement requested a motion to approve the minutes. Ms. Woo moved to approve the minutes. Mr. McSpiritt seconded the motion, and the minutes were approved.

2. Internal Audit Contract and Updates:

Ms. Robinson presented the results of a Request for Proposals for a new Internal Audit consultant. Ms. Robinson noted that on December 19th, 2023, NYCEDC's Executive Committee authorized the President and any empowered officer to enter in an internal audit consultant contract as part of the restructuring of NYCEDC's internal audit function, with a consultant approved by the Audit Committee for an amount approved by the Audit Committee.

Ms. Robinson discussed the process for selecting and evaluating the consultants, and the scope of services to be performed. She stated that after two rounds of evaluations, KPMG LLP was selected for the award of the Internal Audit Contract.

Mr. Clement requested a motion that the Audit Committee approve the President and any empowered officer to enter into the Internal Audit Contract with KPMG LLP for a four-year term for performance of internal audit activities, for an amount not to exceed \$2.5 million on substantially the terms set forth in Exhibit A hereto. Ms. Woo made the motion. Mr. McSpiritt seconded the motion, and the motion was approved.

In answer to a question, Ms. Pak stated that it was anticipated that KPMG LLP would commence doing internal audits in FY 2025.

Mr. Katz began the Internal Audit update by introducing himself as the new SVP of Internal Audit. Mr. Katz provided an update on the status of the FY23 and FY24 NYCEDC Audit Plans. Mr. Katz then discussed a change to the FY2024 Audit Plan, pending approval by the Committee. Mr. Katz asked for approval of a change to the FY24 Audit Plan. Mr. Clement requested a motion to approve the plan's amendments. Mr. McSpiritt moved to approve the plan's amendments and Mr. Clement seconded. The Audit Plan change was approved.

3. Finance Update

Ms. Chan provided an update on a finance initiative to convert certain money market balances into money market funds that partner with M/WBEs. Ms. Chan noted a plan was implemented to invest \$70 million into the JPMorgan Empower share class which partners with Minority Deposit Institutions (MDI) and minority-led Community Development Financial Institutions (CDFI).

Ms. Escobar discussed the Finance team's efforts to learn about M/WBE fund programs available to the Corporation, with a focus on NYC-based MWBE partners.

Ms. Escobar further discussed options available from JP Morgan and Wells Fargo, which both offer the JP Morgan Empower Share Class Investment, an initiative which enables qualified firms to offer J.P. Morgan's full spectrum of money market funds, as well as distribute the Empower share class. The JP Morgan Empower Share Class contributes to a new income stream provided to MDIs and CDFIs through revenue sharing arrangements with JP Morgan on the management fee. Additionally, JPM has committed to an annual 12.5% donation of gross revenue received from the management fees on the Empower Share Class to support community development.

Ms. Escobar concluded that the Corporation invested \$50M of funds held in JPM in the Empower Share Class benefiting Carver Bank, the sole NY-based partner, and invested \$20M with Wells Fargo benefiting the 10 MDIs they partner with, which in total comprise 34.3% of the Corporation's money market funds balance as of February 2024 month-end.

Ms. Pak clarified for Mr. Clement that the Corporation is restricted from investing directly with Carver Bank and must therefore go through JPMorgan.

4. Session with External Auditors

A private session with EY was held by the Committee.

5. Session with Internal Audit

A private session with Internal Audit was held by the Committee.

6. Session with Management

A private session with Management was held by the Committee.

7. Adjournment

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:25 am.

EXHIBIT A



Project Summary

New York City Economic Development Corporation (“NYCEDC”) proposes to enter into a contract (the “Internal Audit Contract”) with KPMG LLP (“KPMG”) for performance of many of NYCEDC’s internal auditing functions as part of the restructuring of NYCEDC’s internal audit activities. KPMG will provide the services on an ongoing and as-needed basis for NYCEDC, New York City Industrial Development Agency (“NYCIDA”), Build NYC Resource Corporation (“Build NYC”), The Trust for Cultural Resources of the City of New York (“TCR”) and other NYCEDC affiliated entities as required.

A Request for Proposals (the “IA RFP”) was issued to engage an internal audit consultant to provide the services. The IA RFP was delivered to all accounting firms on the City Comptroller’s pre-qualified certified public accountant list and was publicly advertised in the City Record. 11 firms responded to the IA RFP, and a committee of NYCEDC staff (including representatives from Finance and the President’s Office) evaluated the proposals and ranked the firms.

The evaluations considered each firm’s experience in providing the contract services to similar entities, the qualifications and experience of the consultant team, the firm’s proposed fees, the proposed plans for encouraging participation by minority and women-owned business enterprises, and the overall quality of the proposal. Following the first round of ranking, the top three firms were invited for interviews and were evaluated again based on the same criteria.

At the conclusion of the process, KPMG received the highest ranking and was determined to be the strongest firm for the award of the Internal Audit Contract.

On December 19, 2023, NYCEDC’s Executive Committee authorized the President and any empowered officer to enter in an internal audit consultant contract for an amount not to exceed \$2,500,000 with a respondent to the IA RFP for the Project services selected by NYCEDC staff and approved for the internal audit contract by NYCEDC’s Audit Committee in an amount to be approved by the Audit Committee. Such Audit Committee approval is being sought.

Services to be Provided

The consultant will work in collaboration with and be managed by the Senior Vice President of Internal Audit at NYCEDC and will work in collaboration with other employees or representatives of NYCEDC, to provide internal audit and related consultation services on an ongoing and as-needed basis for NYCEDC, NYCIDA, Build NYC, TCR and other NYCEDC affiliated entities.



Services may include:

1. Develop and establish the framework of the co-sourced internal audit function and establish a methodology that incorporates a risk based approach with a focus on risk mitigation in accordance with applicable professional standards and regulations.
2. Perform annual risk assessments with considerations for internal controls, compliance with all applicable laws and regulations, process improvement and efficiency, substantive-based audits or assessments or others, over financial operational, technology, construction management or other areas.
3. Preparation and submission of a risk-based internal audit plan, for review and approval, which includes creating the scope and objectives of projects identified in the internal audit plan.
4. Audits or assessments such as internal controls, compliance, process improvement and efficiency, substantive-based audits or assessments, or others, over financial, operational, technology or other areas.
5. Audits or assessments over Information Technology (“IT”), cybersecurity, the use of data analytics, among other technology audits or assessments including integrated business process.
6. Internal Audit best practice guidance and implementation along with other types of Internal Audit projects and services, as identified by the NYCEDC Representative.

Approval Requested

It is proposed that the Audit Committee approve the President and any empowered officer to enter into the Internal Audit Contract with KPMG for a four year term for performance of internal audit activities substantially as described herein for up to \$2,500,000.

Anticipated Contract Execution Date

April 2024