

MINUTES OF THE AUDIT COMMITTEE
OF
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
September 23, 2024

A 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 in-person on Tuesday, September 23, 2024.

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

- Felix Ciampa
- Shanel Thomas

The following members of NYCEDC staff were present:

- Finance: Jeanny Pak, CFO; Spencer Hobson, EVP/Treasurer; Amy Chan, Controller; Leslie Escobar, Deputy Controller; Carol Ann Butler, AVP; Wilson Gao, Senior Accountant; Ina Johnson, Executive Assistant
- Internal Audit (“IA”): Eric Katz, SVP
- Ernst & Young (“EY”): Danielle Hurlburt, Managing Director; Sophie Zhou, Manager
- Compliance Department (“Compliance”): Shin Mitsugi, SVP and the Agency’s Compliance Officer
- Strategic Investments Group (“SIG”): Brinda Ganguly, EVP; Emily Marcus Falda, the Agency’s Executive Director; Noah Schumer, AVP

Mr. Ciampa called the meeting to order at 9:06 a.m.

1. Approval of the Minutes of the June 11, 2024 Audit Committee meeting

Mr. Ciampa asked if there were any questions or comments related to the minutes of the June 11, 2024 meeting. There being no questions or comments, Ms. Thomas motioned to approve the minutes. Mr. Ciampa seconded the motion, and the motion was approved.

2. Finance Update

Ms. Chan stated that the financial statements would be submitted within 90 days of fiscal year end in accordance with the New York State Public Authorities Accountability Act (PAAA) requirements and her team would be presenting the financial highlights from operations for FY24, which would be followed by a presentation of the audit results from EY.

Ms. Escobar presented the NYCIDA financial and investment position as of year-end and discussed the financials. She discussed the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position. NYCIDA had an ending net position in FY2024 of \$23.2 million, which represents an approximate increase of about \$1.7 million as compared to FY2023 of \$21.5 million.

Ms. Escobar explained the components causing the increase in net position of \$1.7 million. There was an increase in operating revenues of \$3.9 million from \$2.6 million to \$6.4 million. The drivers of this increase were an increase in finance fees generated of \$3.9m largely related to the closing of two transactions from the Sunnyside Studios Owner, LLC and 174 Power Global/East River ESS LCC projects. Operating expenses, which are primarily made up of the \$4.4 million management fee to EDC totaled \$4.6 million and remained flat as compared to the previous year. Under non-operating revenues and expenses, investment income for the year totaled \$1.2 million, an increase of \$0.7 million as compared to prior year, mainly due to market conditions. Special project costs in FY24 were \$1.4 million, a decrease of \$0.6 million as compared to prior year. The decrease is primarily due to a large special project cost incurred in FY23 of \$0.6 million for the Kingsbridge Armory Visioning project. Special project costs were offset with investment income, for net non-operating expenses of \$0.2 million. As a result, with an operating income of \$1.9 million and net non-operating expenses of \$0.2 million, there was an increase in net position of \$1.7 million from \$21.5 million to \$23.2 million as of June 30, 2024.

Ms. Escobar then presented IDA's statement of net position. IDA's net position of \$23.2 million is primarily made up of approximately \$25.7 million of unrestricted cash and investments; offset with \$2.6 million of current payables and unearned revenue. IDA's net position of \$23.2 million is \$5.6 million above the target net position established by the Board of four times the annual EDC management fee, or \$17.6 million.

Ms. Escobar provided a further breakdown of the unrestricted cash equivalents and investments noting the majority of unrestricted investments are held in US Agency securities, with the remaining funds in US Treasuries and money market funds. Ms. Escobar noted NYCIDA's investments are fully compliant with the investment allocation in the Board approved policy.

Ms. Escobar gave an overview of the fiduciary statements. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of

the City of New York and these funds are remitted to the City upon request. NYCIDA is required to present these pass-through PILOT trust accounts as custodial funds in separate fiduciary financial statements. The total custodial funds included cash and cash equivalents as of June 30, 2024 of \$0.8 million, representing amounts collected and payable to the City at year end, and the offsetting PILOT payable liability of the same amount, resulting in a fiduciary Net Position of \$0. Ms. Escobar then highlighted the Statements of Changes in Fiduciary Net Position (or income statement). Total PILOT collected in FY24 was \$26.6 million, recorded as additions, all of which was remitted or will be remitted to the City's Department of Finance and is recorded as deductions, resulting in \$0 impact to the Agency's fiduciary net position.

Ms. Escobar closed by asking if there were any questions. There were none and Ms. Thomas thanked her for the presentation.

3. EY Update

Ms. Hurlburt introduced EY's audit results presentation and stated that EY has executed the audit plan that was discussed in the June 2024 Committee meeting. EY expects to be issuing an unmodified opinion on the NYCIDA financial statements and schedule of investments and are substantially complete with audit procedures. The financial statements and statement of investments are expected to be issued by Monday, September 30, 2024. She stated that they are not aware of any instances of fraud to be communicated to the Committee. There were also no material weaknesses or significant deficiencies to report, nor any uncorrected or corrected audit adjustments. Ms. Hurlburt provided a high-level overview of the areas covered by EY's audit of NYCIDA's financial statements. Among those areas were cash and investments, price testing, revenues and PILOT activity. Ms. Hurlburt defined certain required communications, noting that there were no issues to be highlighted as a result of the audit of the Agency.

Ms. Hurlburt asked if there were any additional questions. With none, Mr. Ciampa motioned to approve the financial statements and the statement of investments, which was seconded by Ms. Thomas. The financial statements and statement of investments were approved for presentation to the full board.

4. Approval of Amendment to Audit Committee Charter

Mr. Katz presented an amendment to the NYCIDA Committee charter to reduce the number of required annual meetings from three to two and permitting the Committee to convene additional meetings as it deems necessary. Mr. Katz explained that the Committee has historically conducted all required discussions per the Committee charter over the course of the first two meetings each year, with no substantive matters being addressed in the third meeting. In order to (i) have the Committee charter more accurately reflect the procedures followed by the Committee and (ii) make the most efficient use of the time and effort of the

members of the Committee, the Committee is requested to recommend that the Board approve an amendment to the Charter. In response to a question on what is usually accomplished at the third meeting, Mr. Katz responded updates from Compliance and Internal Audit but no updates are given by the external auditors. There being no questions or comments, Ms. Thomas motioned to approve the amendment. Mr. Ciampa seconded the motion, and the motion was approved.

5. Session with External Auditors

A private session with EY was not held at this time.

6. Session with Management

A private session with Management was not 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 9:22 a.m.