

MINUTES OF THE AUDIT COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 25, 2025

A meeting of the Audit Committee of the Board of Directors (the “Committee”) of New York City Economic Development Corporation (“NYCEDC” or the “Corporation”) was held at the offices of NYCEDC at One Liberty Plaza, New York, New York, on Thursday, September 25, 2025.

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

- James McSpiritt
- Betty Woo
- Eric Clement

The following members of NYCEDC staff were present:

Finance:

- Jeanny Pak, CFO
- Spencer Hobson, EVP/Treasurer
- Amy Chan, Controller
- Leslie Escobar, Deputy Controller
- Fanny Fung, AVP/NYCEDC Financial Reporting Manager

Internal Audit (“IA”):

- Eric Katz, SVP
- Jelicia Young, Senior Auditor

Legal:

- Mark Silversmith, Special Counsel

MIS:

- Delano Clarke, VP

Also present were external representatives:

Ernst & Young LLP (“EY”):

- Danielle Hurlburt, Managing Director
- Melissa Burke, Audit Manager

Deloitte & Touche LLP (“Deloitte”):

- Mohinder Singh, Managing Director

Mr. McSpiritt called the meeting to order at 9:07 a.m.

Approval of the Minutes of the June 17, 2025 Committee Meeting

There were no comments or questions with respect to the minutes for the June 17, 2025 Committee meeting. Ms. Woo motioned to approve the minutes. Mr. McSpiritt seconded the motion and the minutes were approved.

1. Finance Update – Annual Financial Statements and Investment Report – Management Discussion

Ms. Chan stated that the Audit is substantially complete and a clean opinion will be given by EY. Ms. Chan then highlighted additions to the financial statements in 2025. Three new LLCs have been created which require additional reporting. The first one is the South Street Seaport Museum Sustainability Fund LLC. Further details are disclosed in footnote 16 to the financial statements. In response to a question about the structure of the LLCs, Ms. Chan stated all three are wholly owned by NYCEDC. She also reported that NYCEDC created the NYC Catalyst Fund LLC and the Cannabis NYC Fund LLC. Both the NYC Catalyst Fund LLC and the Cannabis NYC Fund LLC are consolidated into the NYCEDC financial statements and are further detailed in Note 17 of the financial statements. Ms. Escobar then made a presentation summarizing the financial statements.

Ms. Escobar started with the condensed income statement, highlighting that total revenues were \$1.18B, a decrease of \$104M, and total expenses were \$1.18B, a decrease of \$68M. NYCEDC's change in net position for the fiscal year was a positive \$1.6M. Operating revenues for the fiscal year totaled \$1.1B, a decrease of \$104.9M or 9%, largely due to the decrease in reimbursable grants of \$95.2M. NYCEDC incurred lower program costs for several construction projects as compared to the prior year, including reductions of expenses incurred on behalf of the New York Public Library, HHC and the Museum of Chinese in America. These decreases were partially offset by costs incurred for the DOH Public Health Lab, Manhattan Greenway, and the Lower Manhattan Coastal Resiliency Project.

Ms. Escobar further discussed property rental, lease, and lease interest revenue, stating that there was a \$29M decrease which was largely due to a one-time accounting gain recognized from the prior year of \$30.9 million. The prior year gain resulted from the effective

termination of leases located at Howland Hook and Pier 11 and 12 which were replaced by the larger net lease entered into with Port Authority for Brooklyn Marine Terminal (“BMT”). The decrease was offset by real estate sales, which were \$8 million from the sale of property located at 5 Times Square. Fees and other income were \$53M, an increase of \$12.8M from the prior year, \$5M was from the conversion option exercised at 5 Times Square, and another \$5M was additional tenant reimbursements. In response to a question about whether 5 Times Square generated sales revenue as well as fee revenue, Ms. Escobar and Ms. Chan responded in the affirmative.

Ms. Escobar continued by stating that NYCEDC recognized \$22M of investment income as non-operating revenue along with \$54M of interest revenues earned on leases in accordance with the requirements of GASB 87. Total expenses for fiscal year 2025 were \$1.18B, a decrease of \$68M. Project and program costs totaled \$828M, a decrease of \$94M as compared to prior year. Reimbursable program costs decreased primarily due to lower costs incurred for capital projects. These reductions were offset by increases in reimbursable City tax levy-funded projects, including the 2026 World Cup. She also explained that property rentals and related expenses increased by \$22.3M primarily due to expenses on the planned redevelopment of the Hunts Point Produce Market, professional services at BMT, and higher insurance costs across NYCEDC properties. Ferry-related expenses, net, totaled \$52.9M, a decrease of \$2.3M due to increased ridership and federal grant funding of \$0.6M. Personnel services totaled \$86M, which is consistent with the prior year. Contract and other expenses to the City were \$28M and consistent with the prior year. Other expenses increased by \$2.7M, mainly due to the establishment of a loan reserve for a loan related to a project in Staten Island.

Ms. Escobar provided an overview of the balance sheet and the cash flow statement outlining that NYCEDC ended the year with total assets and deferred outflow of \$3.7B. NYCEDC’s assets are primarily made up of cash and investments along with capital assets, the right-to-use asset for One Liberty Plaza (“OLP”) at present value and receivables. The balance includes \$2.2B of tenant lease receivables recorded at present value. Cash, cash equivalents and investments decreased by \$27M which reflected payments made from NYCEDC’s restricted funds for several projects such as the redevelopment and planning cost for the Red Hook Container Terminal at BMT, the SBS Managed Enhanced Construction Financing Loan Fund and The High Line. Loan and mortgage receivables decreased by \$7M, mainly due to the establishment of the loan reserve for a loan related to a project in Staten Island. Leases receivable decreased by \$238.1M mainly due to the sale of 5 Times Square and the termination of the associated lease agreement. NYCEDC ended the year with total liabilities and deferred inflows of \$2.9B. Liabilities include accounts payables and accrued expenses, retainage payable, the lease liability for OLP at present value and the deferred inflow of resources of \$2.1B which are future tenant lease revenues and offset the receivable. NYCEDC’s total liabilities decreased by \$95M. Accounts payable and accrued expenses decreased by \$57M, primarily due to the timing of payments made for programs conducted

on behalf of the City. Unearned revenue decreased by \$27M due to the cost incurred on several projects, including those mentioned earlier where advanced funding was received in prior years. Retainage payable decreased by \$11M, consistent with several construction projects near completion, including the Coney Island Hospital. Deferred inflow of resources decreased by \$220M due to the termination of the five Times Square lease agreement, which was offset to the receivables. NYCEDC ended the year with a net position of \$714M. Restricted and unrestricted cash are combined in the cash flow statement, \$43M of net cash was used in operations, \$1M used in the purchase of capital assets. and \$8M used in investing activities. This resulted in a net decrease in cash and cash equivalents of \$52M for an ending cash and cash equivalents balance of \$377M, of which \$69M was unrestricted.

Regarding the annual investment report, \$484M was held in investments, of which \$200M was invested in U.S. agency securities, \$21M was in commercial paper, \$17M in U.S. Treasury notes, and the remaining \$246M was held in money market funds. Included in the money market funds were investments in the JP Morgan Empower Share Class Money Market Fund. In response to the question raised about the ending cash balance of \$377M in comparison to prior years, Mr. Hobson responded that NYCEDC aims to maintain at least \$200M in unrestricted cash and cash equivalent.

At this point Eric Clement entered the meeting and assumed chairperson duties.

2. Finance Update – Annual Financial Statements and Investment Report – Ernst & Young LLP Update

Ms. Hurlburt introduced Ms. Burke as audit engagement manager, who joined the team after the last Committee meeting, held in June of this year. Ms. Hurlburt started by stating that the audit of the financial statements and schedule of investments is substantially complete, with a target date of completion being the end of the month, September 30th. There are no findings, misstatements, or material weaknesses to report and that the team expects to issue an unmodified/clean audit opinion. She outlined that subsequent event procedures will be conducted before the report is issued and that there was no actual or alleged fraud identified based on audit procedures and inquiries.

Ms. Hurlburt detailed audit procedures performed on key areas such as revenue, expenses, cash and investments as well as procedures around OPEB accounting and reporting. She confirmed the new fiduciary fund inclusion of the SSSM Sustainability Fund LLC and appropriate financial statement reporting for the current fiscal year. Ms. Hurlburt then discussed required communications. She also mentioned the use of technology in audit, highlighting that the audit process now includes new technology for automating the financial statement tie-out process, which improves audit quality and enables earlier identification of issues. Finally, Ms. Hurlburt acknowledged and thanked management for being cooperative

in facilitating the audit process and outlined that there was no outstanding matter or concern to bring to the Committee's attention at this time.

There being no questions, comments or objections, Mr. Clement motioned to approve the financial statements and investment report. Mr. McSpiritt seconded the motion and the items were approved.

3. Internal Audit Update and FY26 Internal Audit Plan

Mr. Katz started his presentation by introducing Mr. Singh from Deloitte, who led the effort to formulate the FY26 Audit Plan. He provided a status update on the remaining internal audits and open issues for FY25. He stated that for all the remaining audits for FY25 the audit work has been completed, and the team is currently finalizing the audit reports. Mr. Katz further noted for Asset Tracking and Reporting internal audit, NYCEDC is already acting on findings, focusing on improving efficiency in asset management, by leveraging the MRI real estate software to potentially replace in-house tools for key functions. In response to a question, Mr. Katz responded that the objective of the asset tracking report is to gain efficiency within the asset tracking systems which comprise enhancements to existing systems.

Mr. Katz thereafter updated the Committee on the status of open issues, since the last Committee meeting. He reported that the remaining open issues are being actively tracked and are expected to be resolved within the next 6 to 12 months. Also, he expects an increase in the number of open issues as new reports are issued.

Mr. Singh then presented the FY26 audit plan, noting that Deloitte worked alongside the Internal Audit Department in developing the plan. He explained that the plan was developed through a risk assessment process, including 26 stakeholder interviews and surveys sent to 52 participants with a high response rate. These inputs helped identify risk themes, which were used to populate the risk register. Risks were categorized into 3 tiers, with tier 1 having the highest risk profile. He explained that the top risks were validated in collaboration with business units and the President's Office, forming the basis for the proposed audit plan. Mr. Singh then summarized Internal Audit project types, which can include internal audits, assessments and advisory reviews. The plan includes benchmarking exercises against peer agencies. In response to a question surrounding how the benchmarking exercise was conducted and what organization was considered as peer to NYCEDC, Mr. Singh expressed that there is no perfect peer to NYCEDC but there are other capital program agencies similar to NYCEDC in which the controls within those agencies were incorporated into the assessment. Mr. Singh then summarized the proposed audits to be included in the FY26 Internal Audit Plan. In response to a question about the proposed physical security audit, Mr. Singh mentioned the audit will exclude Americans with Disabilities Act (ADA) compliance. In response to a question about justifying the priority level of the

emergency response audit, Ms. Pak stated there were other priority items that were already being addressed internally and that there have been a number of events that have happened over the past few years warranting this review.

Mr. Clement motioned to approve the FY26 Internal Audit plan. Mr. McSpiritt seconded the motion and the items were approved.

5. Session with External Auditors

A private session with EY was not held.

6. Session with Internal Audit Management

A private session with Internal Audit was held.

7. Session with Management

A private session with Management was held.

8. Other Business

There was no other business.

9. Adjournment

There being no questions, comments or objections, Mr. Clement motioned to adjourn the meeting. Mr. McSpiritt seconded the motion and the motion was approved. The meeting was adjourned at 9:52 a.m.