



**AUDIT COMMITTEE OF THE CITY OF NEW YORK  
MINUTES OF THE AUDIT COMMITTEE MEETING  
WEDNESDAY, MARCH 28, 2018  
AT THE OFFICE OF THE COMPTROLLER**

**ATTENDANCE**

<b>Acting Chair</b>	Mark Kaplan (in Bernard Rosen's absence)
<b>Private Members</b>	Bud Larson Michael Spitzer
<b>Public Members</b>	<b>Representing the Mayor</b> – John Grathwol <b>Representing the Comptroller</b> – Jacqueline Thompson <b>Representing the Public Advocate</b> – Umair Khan
<b>Secretary</b>	Katrina Stauffer
<b>Independent Auditors</b>	<b>Ballo &amp; Co.</b> – Angelito Ballo <b>Deans•Archer &amp; Company</b> – Tunde Oniyide <b>Grant Thornton LLP</b> – Marla Hummel, Hassan Khan, Michael Ryan, Cosmo Saginario <b>Marks Paneth LLP</b> – Hope Goldstein, Michael Kaplan, Warren Ruppel <b>Galleros Koh LLP</b> – Nora Galleros
<b>Others</b>	<b>Brooklyn Navy Yard Development Corporation (BNYDC)</b> – Wimal Ariyawansa, Brian Linett <b>New York City Business Assistance Corporation (NYBAC)</b> – Shaazad Ali, Donald Giampietro, Ismail Mohamed, Andrew Schwartz, Bryana Shenton <b>Brooklyn Bridge Park (BBP)</b> – Amanda Dimaio, Eric Landau, Jelani Watkins <b>The Trust for Governors Island (TGI)</b> – Willa Padgett, Michael Samuelian, Irena Sobko <b>New York City Mayor's Office of Operations</b> – George Davis <b>New York City Office of Management &amp; Budget</b> – Xiaochao Jin, Raymond Lee <b>New York City Office of the Comptroller</b> – Camille Arezzo, Joan Stapleton

## Audit Committee Meeting – March 28, 2018

### **I. Call to Order and Roll Call**

Mr. Mark Kaplan, Acting Audit Committee Chairman, called the meeting to order at 9:40 a.m. Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call. Mr. Bernard Rosen was not in attendance. There was a quorum.

### **II. Motion to Accept Draft Minutes of the Audit Committee Meeting held February 28, 2018**

The first agenda item was the approval of the draft minutes of the February 28, 2018 Audit Committee Meeting. Acting Chairman Kaplan inquired if there were any comments on the draft minutes as presented. Hearing none, Acting Chairman Kaplan called for a motion to approve the minutes subject to any non-substantive editorial comments submitted to Ms. Stauffer. The Committee approved the draft minutes of the February 28, 2018 Audit Committee Meeting.

### **III. Review of the Financial Statements and Management Letters (where applicable) for the following entities:**

- Brooklyn Navy Yard Development Corporation
- New York City Business Assistance Corporation
- Brooklyn Bridge Park
- The Trust for Governors Island

#### **Brooklyn Navy Yard Development Corporation**

The next agenda item was the review of the financial statements of the Brooklyn Navy Yard Development Corporation (BNYDC) for the fiscal year ended June 30, 2017. Mr.

Wimal Ariyawansa, Chief Financial Officer at BNYDC, introduced Mr. Brian Linett, Senior Vice President and Controller at BNYDC, and Mr. Tunde Oniyide, representative of Deans•Archer & Company, BNYDC's independent auditors.

BNYDC reported that on the *Consolidated Statement of Net Position* current assets had a minor decrease in 2017 from the prior year. Noncurrent assets had minor changes mostly due to City's capital investment in the infrastructure and buildings. The cash balance has decreased in 2017, from 2016, due to the unrestricted cash balance committed to the buildings under construction, resulting in the use of most of the cash balance. The unrestricted cash balance was \$23 million at June 30, 2017. Total assets were \$617 million and total liabilities were \$234 million. Net position was \$383 million in 2017 compared to \$346 million in 2016.

On the *Consolidated Statements of Revenues, Expenses and Changes in Net Position* more than 95 percent of BNYDC's revenue was from rental income. Total operating revenues was \$39 million in 2017 compared to \$36 million in 2016. The increase was due to rental and other income. Payroll expenses were approximately \$9 million and utilities were \$5.7 million.

On the *Consolidated Statement of Cash Flows*, BNYDC highlighted that under the *Cash Flows from Investing Activities* category there was a net decrease in cash and cash equivalents of \$9 million in 2017 from 2016 and the cash balance was \$53 million in 2017.

A question and answer session followed. Several matters were discussed, including:

- Approximately 95 percent of four million square feet of rentable space is occupied. Building 77, with one million square feet, is scheduled to open in September of 2018 and currently is 60 percent leased.
- Regarding Note 3, *Cash and Cash Equivalents*, discussions with J.P. Morgan Chase on uninsured deposits were in progress regarding coverage of those deposits. Internal investment policies will be written and completed on uninsured deposits this year.
- BNYDC will include an Investment Policy Statement for future financial statements.
- Current and noncurrent liabilities will be provided in tabular format for next year's financial statements.
- BNYDC will review whether or not Conflicts of Interest Board filings are required.
- BNYDC will include an organizational overview at the beginning of future reports.

There being no further questions, Acting Chairman Kaplan thanked the representatives of BNYDC for their participation in today's meeting.

### **New York City Business Assistance Corporation**

The next agenda item was the review of the New York City Business Assistance Corporation (NYBAC) financial statements and management letter for the fiscal year ended June 30, 2017. Mr. Andrew Schwartz, Deputy Commissioner at the Department of Small Business Services (SBS), on behalf of NYBAC, introduced the other representatives

present, and Mr. Angelito Ballo, representative of Ballo & Company, NYBAC's independent auditors.

NYBAC was created with the exclusively charitable and public purposes of promoting and providing for maximum employment, maintaining and bettering job opportunities in the City of New York (City), supporting new and existing industries, encouraging the economic development of the City and lessening the burdens of government.

Among NYBAC program services is a neighborhood challenge program in conjunction with Economic Development Corporation (EDC) to provide funding, where local community organizations and business improvement districts come up with additional ideas for their community.

The Business Relocation Assistance Corporation was successfully dissolved on June 28, 2016, and the remaining funds were transferred to NYBAC for relocation grants.

A question and answer session followed. Several matters were discussed, including:

- The Printers Relocation Program was for the older printing companies. That grant was up to \$200,000. There is funding left for one or two more companies if any exist. If not, the funding could be moved to the regular Industrial Relocation Program.
- The Committee noted over \$2 million in uninsured deposits and suggested NYBAC contact their bank and arrange for collateralization of these funds. The Committee stated that it would like to see all City entities have protection for their money.
- NYBAC will review the operating income loss, grants, and expenses that were paid out without new revenue to offset, to ensure it is not a "mismatch." The Committee

asked that NYBAC respond to the Committee on this matter in approximately a month.

There being no further questions, Acting Chairman Kaplan thanked the representatives of the NYBAC for their participation in today's meeting.

### **Brooklyn Bridge Park**

The next item was the review of the financial statements and management letter of Brooklyn Bridge Park (BBP) for the fiscal year ended June 30, 2017. Mr. Eric Landau, President of BBP, introduced the other representatives of BBP present, and Mr. Warren Ruppel, representative of Marks Paneth LLP, BBP's independent auditors.

BBP sits on the waterfront, spanning from Manhattan Bridge down through Pier Six on Atlantic Avenue, and is an 85-acre park built on commercial operating piers that were reclaimed, restored, and turned into a park. The park has been opening in phases since 2010, when Pier One opened. Last year, from Memorial Day through Labor Day, there were five million visits. Since opening, 80 percent of the park is now complete and open to the public. There are three projects left to complete. Pier 3 has been converted into five acres of parkland and will open this summer bringing the completion total to 90 percent. Pier 2 uplands breaks ground Fall of 2018, with a planned opening for summer of 2020. The space directly below Brooklyn Bridge, referred to as the Plaza, will be flexible civic space that will provide a direct connection from the Dumbo section of the park, and will be the last project to be completed in the original master plan.

In 2017, openings included the Parkland Space Pier 5 Uplands opened in July, adding almost 3½ acres of park space, and contains a sound-attenuating berm (an artificial ridge)

that blocks noise coming from Brooklyn-Queens Expressway. The Squibb Bridge, which provides access to the park for the Brooklyn Heights community, was reopened this past April after repairs and retrofits. Opened entities within the Empire Stores development include the Brooklyn Historical Society's Dumbo location that provides museum space for the historical society.

The Brooklyn Bridge Park Conservancy is a partner organization that provides programming focused on education, fitness, and cultural events, and holds their “Movies with a View” program every Thursday in July and August. Other local organizations also conduct programming, such as the Hindu Lamp Festival, the Brooklyn Nets, basketball clinics, classical theater, and others.

BBP does not receive any operating dollars from the City and is a public park and nonprofit controlled by the City. Annual operating funding and costs are the results of the development sites in the park. The original agreement for the park was that it would be financially self-sustaining. One Brooklyn Bridge Park residential, Pier 1 Hotel and residential, Empire Stores office, retail, commercial space, and One John Street residential in the Dumbo Section of the park, are all complete. Pier 6, which consists of two residential buildings, are under construction, with expected completion in 2019.

A question and answer session followed. Several matters were discussed, including:

- BBP stated there are no safety problems with people entering the water. A small beach was created when Pier 4 collapsed and warning signs are posted when there is combined sewer overflow present. There are Park Enforcement Patrol officers on site.

- Personnel cost increases were due to the increase of staff and associated benefits; the increases should flatten out as development is complete.
- The Committee complimented BBP for the quality of its statements and the relationship with J.P. Morgan Chase to cover the assets not insured by the Federal Deposit Insurance Company.
- The park litigation case has been dismissed in its entirety and the Brooklyn Heights Association confirmed it will not file an appeal.

There being no further questions, Acting Chairman Kaplan thanked the representatives of the BBP for their participation in today's meeting.

### **The Trust for Governor's Island**

The next item was the review of the financial statements and management letter of The Trust for Governor's Island (TGI) for the fiscal year ended June 30, 2017. Mr. Michael Samuelian, President and CEO of TGI, introduced the other representatives present, and Mr. Ruppel, representative of Marks Paneth LLP, TGI's independent auditors.

Governor's Island is a 172-acre former military installation that was transferred to City control in 2003. It is considered a major destination for New Yorkers from all five boroughs with 89 percent of all zip codes represented. Last year there were 800,000 visitors. The season was extended from May through October and generated an increase in visitors.

TGI's ferry holds 1,200 people. There is a subcontract with New York Waterways for supplemental services from lower Manhattan, but also to Brooklyn Bridge Park on weekends in the summertime. Arts and culture are a big part of the park. Free space is

available for artists who provide free programs to the public. There are 52 buildings in varying states of disrepair and a big part of the mission is to become financially self-sustaining. Approximately 83 percent of operating income and almost 100 percent of capital come from the City. A rezoning effort has been had initiated to build 4.5 million square feet of new development on the southern portion of the island.

Approximately \$300 million has been spent, with half going into the park and half into new infrastructure. A significant amount of capital funding has been provided by the City to upgrade water, electric, and sanitary services on island. A new ferry is being built and expected to be delivered in 14 to 15 months. This addition will allow for half-hourly services instead of the current hourly service.

The major goal is to become “365” days, 24/7, and financially independent as soon as possible. Transportation infrastructure will get people to the island, with investments to additional infrastructure to attract potential developers.

A question and answer session followed. Several matters were discussed, including:

- LiRo Group was selected last July as the facilities and construction manager.
- As of May 2017, NYC Ferry service provides service to the island on weekends in the summer through the Brooklyn route and the East River, and hopes are to expand it at a later time. The National Park Service gave permission to use their pier for the NYC ferry.
- The ferry owned by TGI is a different type than ferries acquired by the City. There may be a time in the future that ferry procurement could be combined with the City in a cost savings endeavor, if this type of ferry can be provided.

- The National Park Service has decreased staff down to one part-time superintendent and one part-time ranger, with a handful of additional rangers in the summer for tours. It has moved its offices off the island and have given TGI one of its buildings to use, as well as pay TGI \$300,000 per year to maintain its buildings.

There being no further questions, Acting Chairman Kaplan thanked the representatives of the TGI for their participation in today's meeting.

#### **IV. Executive Session**

There being no further business for the public session, Acting Chairman Kaplan asked for a motion to enter Executive Session; a motion was made to go into Executive Session for the purpose of discussing non-public financial information about The City. The motion was unanimously approved.

#### **V. Adjournment**

Following the conclusion of the Executive Session, a motion was made to adjourn the March 28, 2018 Audit Committee Meeting; the motion was unanimously approved.