



**AUDIT COMMITTEE OF THE CITY OF NEW YORK
MINUTES OF THE AUDIT COMMITTEE MEETING
WEDNESDAY, MARCH 22, 2023
REMOTELY VIA ZOOM MEETING**

ATTENDANCE

Chair	Michael Spitzer
Private Members	Larian Angelo Mark Kaplan
Public Members	Representing the Mayor – Man Hon Cheung Representing the Comptroller – Jacqueline Thompson Representing the Public Advocate – Wesley Paisley
Secretary	Katrina Stauffer
Independent Auditors	Grant Thornton LLP – Sharon Campbell, Kyle Chuber, John Edinger, Marla Hummel, Nicholas Lazzaruolo, Kevin Morris, Will Richardson, Michael Ryan, Michelle Volpe Long Island Financial Management Services – Lisa Kunz Mayer Hoffman McCann P.C. – Daniel McElwee, Warren Ruppel, Sibi Thomas
Others	The Mayor’s Fund to Advance New York City (the Fund) – Jill Price, Marcella Tillett New York City Tax Lien Trusts (NYCTLs) – Raymond Lee, Jay Olson New York City Water and Sewer System (System) – Olga Chernat, Raymond Lee, Joseph Murin, Omar Nazem, Nameca Sharma, David Womack Hudson Yards Infrastructure Corporation (HYIC) – Raymond Lee, Kenny Narine, Jay Olson, David Womack New York City Transitional Finance Authority (TFA) – Raymond Lee, Kenny Narine, Jay Olson, David Womack TSASC, Inc. (TSASC) – Raymond Lee, Kenny Narine, Jay Olson, David Womack New York City Mayor’s Office of Operations – Douglas Giuliano New York City Office of Management & Budget – Enid Ellis, Anthony Odunsi

New York City Department of Finance – Caroline Carney, Dr. Kenisha Kidd-Albright, Francis Onakomaya, Sue Wang

New York City Financial Information Services Agency/Office of Payroll Administration – Dimas Muniz

New York City Comptroller's Office – Camille Arezzo, Francesco Brindisi, Carmen Chan, Minyu Chen, Marjorie Henning, Veronika Musheyeva, Joan Stapleton, Susanna Tregor

RESF Advisers, Inc. – Thomas Gallagher

EFPR Group – Brett Jensen, Douglas Zimmerman

Public Attendee – Marcia Van Wagner

Audit Committee Meeting – March 22, 2023

I. Call to Order and Roll Call

Mr. Michael Spitzer, the Audit Committee Chairman, called the Audit Committee Meeting to order at 9:30 a.m. Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call; a quorum was present.

II. Motion to Adopt Remote Meeting Authorization Resolution

The first agenda item was the restatement of the Remote Meeting Authorization Resolution to hold Audit Committee Meetings fully remotely because of the COVID-19 state of emergency declared by the mayor. The motion was made to adopt the Resolution and unanimously approved.

III. Motion to Accept Minutes of the February 15, 2023 and March 15, 2023 Audit Committee Meetings

The next agenda item was the approval of the draft minutes of the Audit Committee Meetings held February 15, 2023 and March 15, 2023. The Committee approved the minutes of the February 15, 2023 and March 15, 2023 Audit Committee Meetings, subject to any non-substantive editorial comments submitted to the Secretary.

IV. Presentation of the Financial Statements and Management Letters

The next agenda item was the review of the financial statements and management letters (where applicable) of the following entities for the fiscal year ending June 30, 2022:

- Mayor's Fund to Advance New York City
- New York City Tax Lien Trusts
- New York City Water & Sewer System
- Hudson Yard Infrastructure Corporation
- New York City Transitional Finance Authority
- TSASC, Inc.

Mayor's Fund to Advance New York City

Marcella Tillett, Executive Director for the Mayor's Fund to Advance New York City (the Fund), introduced representatives of the Fund present, and the representatives of EFPR Group, the Fund's independent auditors.

The Fund completed its audit and issued a report on March 13, 2023. The single comment from the audit was a follow up to the same comment in the 2021 audit for a specific item related to the matching of revenue and expenses on a cash versus accrual basis.

The financial statements received a clean, unmodified opinion.

A question and answer session took place after the presentation. Several matters were discussed including:

- The Fund noted that the financial reports were completed in March, almost nine months after the year end, due to several leadership transitions during the audit, which caused a delay.
- The Fund's bylaws required an audit committee, and is in the process of recruiting new members.
- The Fund currently has four directors; there will eventually be seven directors.
- The Fund meets with partners weekly and submits weekly or biweekly update reports.
- The net investment loss of \$1.5 million is a component of both realized loss from the sale of the mutual funds over the year, and unrealized on the portfolio holdings.
- The Fund charges administrative fees on most contributions; there is a tiered fee structure ranging from two to seven percent, which is dictated by the contributions.
- When the new audit and finance committee are formed, the Fund will conduct a review of all accounts to minimize risk.
- The Fund noted that its partner, Bronx Works, is well-respected and has deep community connections. Bronx Works has other engagements with the City of New York for various contracts, and the Fund felt very confident in its abilities.

There being no further questions, Chairman Spitzer thanked the representatives of the Fund for their participation at today's meeting.

New York City Tax Lien Trusts

Mr. Jay Olson, Assistant Director of the Office of Management and Budget (OMB) introduced other representatives of the New York City Tax Lien Trusts (TLTs) present, and the representatives of Mayer Hoffman McCann, the TLTs' financial statement compilers, and representatives of EFPR Group, the TLTs' independent auditors for the Trusts listed below:

- NYCTL 1998 – 2
- NYCTL 2019 – A
- NYCTL 2021 – A

The TLT audits received clean, unmodified opinions.

The 2021-A Trust was created in Fiscal Year 2022; therefore, it received a partial year audit (covering inception to June 30, 2022). The 2019-A Trust bonds were discharged and, as such, that trust's assets and liabilities were consolidated into the 1998-2 Trust.

A question and answer session took place after the presentation. Several matters were discussed including:

- The TLTs noted that the \$56 million of non-current tax liens receivable net of allowance was detailed on page six of the financial statements by principal, accrued interest, and the \$322,000 allowance.

There being no further questions, Chairman Spitzer thanked the representatives of the TLTs for their participation at today's meeting.

New York City Water & Sewer System

Raymond Lee, Comptroller of the New York City Municipal Water Finance Authority and representing the New York City Water and Sewer System (the System), introduced other representatives of the System present, and representatives of Grant Thornton, the System's independent auditors.

The System's operating revenues increased by \$223 million, or 6.1 percent, compared to Fiscal Year 2021, a result of the increase in revenues from the 2.76 percent rate increase in Fiscal Year 2022 and the increase in water consumption by commercial properties in Fiscal Year 2022.

Non-operating revenues decreased by \$5.6 million due to unrealized losses on the fixed income investments.

Overall, revenue increased by \$217 million compared to Fiscal Year 2021. Operations and maintenance expenses decreased by 6.7 percent compared to the year prior due to a decrease in operating costs. The System issued \$2.5 billion in bonds, of which \$1.5 billion was used for refunding. The present value of savings from those refunding transactions was \$447 million. The System defeased approximately \$243 million of outstanding bonds using current revenue, reducing its debt service by \$295 million, and reimbursed \$1.66 billion to the City for construction costs in Fiscal Year 2022.

A question and answer session took place after the presentation. Several matters were discussed including:

- The System stated that there were plans to invest nearly \$1 billion for various capital improvements for the Ashokan Reservoir.

- The System noted that some distributions are reimbursements for the capital costs of Department of Environmental Protection construction projects.
- American Water Resources is in a multi-year contract with System to provide water and sewer service line maintenance to customers who pay an extra \$15 a month for the service.
- The System reassured the Committee that a water shortage was not a concern.
- Regarding prior employees maintaining access to the computer information systems, the System explained there was a transition in September 2021 from a previous system to a UMAX-based system, and one of the benefits was improved interface security. A multi-factor authentication prevents unauthorized remote access.
- The System noted a program for customers with hardships that offered partial or total forgiveness on interest charges if the account was paid in full.

There being no further questions, Chairman Spitzer thanked the representatives of the System for their participation at today's meeting.

Hudson Yard Infrastructure Corporation

Mr. Lee introduced other representatives of the Hudson Yard Infrastructure Corporation (HYIC) present, and representatives of Mayer Hoffman McCann, HYIC's independent auditors.

The HYIC was created to finance the number 7 train extension and various park improvements around Hudson Yards.

HYIC received \$124 million in tax equivalency payments, \$136 million of Payments in Lieu of Property Taxes (PILOTs), \$26 million of district improvement bonuses, and \$39 billion of Payments in Lieu of Mortgage Recording Taxes (PILOMRTs).

HYIC spent \$13 million on the subway extension, \$1 million for Hudson Yards Development Corporation operations, \$43 million in principal, and \$121 million interest on bonds. The City did not request any payments in Fiscal Year 2022 from HYIC.

HYIC issued \$454 million in bonds to refund all outstanding Fiscal Year 2012 bonds that reduced debt service by \$269 million.

A question and answer session took place after the presentation. Several matters were discussed including:

- The Committee suggested that the defeasance language be included further upfront in the statements.
- Regarding the language on page ten, "...upon receipt and verification of the invoice the dispenser will pay from loan proceeds when drawn," HYIC confirmed there was a commitment fee on the unused portion, and HYIC paid interest on the amount drawn.
- HYIC stated that Hudson Yards revenues have been resilient through COVID.

There being no further questions, Chairman Spitzer thanked the representatives of HYIC for their participation at today's meeting.

Transitional Finance Authority

Mr. Lee introduced the representatives of Transitional Finance Authority (TFA) present, and the representative of Mayer Hoffman McCann, TFA's independent auditors.

TFA collected \$16.7 billion in personal income tax in Fiscal Year 2022 and received a debt service pre-payment grant from New York City of \$1.9 billion.

TFA distributed \$4.1 billion in capital bond proceeds to the City for capital construction costs. On the financing side, TFA paid \$1.1 billion in principle and \$1.7 billion interest on tax-secured bonds, and \$106 million of principle and \$395 million of interest on BARBs. TFA also issued \$3.7 billion of tax-secured bonds for capital purposes and issued \$2 billion of tax-secured refunding bonds and \$813 million of building aid refunding bonds in Fiscal Year 2022.

TSASC, Inc.

Mr. Lee introduced the representatives of TSASC, Inc. (TSASC) present, and the representatives of Mayer Hoffman McCann, TSASC's independent auditors.

TSASC receives money each year from the tobacco settlement and forwards the unpledged amount to the City every year. In Fiscal Year 2022, TSASC collected \$209 million. In terms of bonds, TSASC paid \$27 million of principal and \$50 million of interest. In Fiscal Year 2022, the revenue collected was sufficient to cover the year's debt service payment and replenish the reserve fund by \$2 million. Therefore, TSASC did not have to draw on the reserve to pay for debt service in Fiscal Year 2022.

A question and answer session took place after the presentation. Several matters were discussed including:

- TSASC confirmed that it is not currently issuing new bonds.

There being no further questions, Chairman Spitzer thanked the representatives of TFA and TSASC for their participation at today's meeting.

V. Executive Session

Chairman Spitzer asked for a motion to enter into Executive Session. A motion was made to go into Executive Session for the purpose of discussing non-public financial information about The City of New York. The motion was unanimously approved.

VI. Return to Public Session: Vote on 2022 New York City Single Audit Report

Following the Audit Committee's return to Public Session, Chairman Spitzer called for a motion to publish the New York City Single Audit Report for the Fiscal Year 2022. The motion was made and unanimously approved.

VII. Adjournment

There being no further business before the Committee, a motion was made to adjourn the March 22, 2023 Audit Committee Meeting; the motion was unanimously approved.