

UNITED NATIONS DEVELOPMENT CORPORATION

Minutes of a Meeting of the Board of Directors

Held via Conference Call*

On September 16, 2020 at 2:00 p.m.

The following directors, constituting a quorum, were present:

George Klein, Chairman

Robert Abrams

Jan Burman

Louise Carroll (represented by Jim Quinlivan)

Christine Falvo

Jessica Healy

David Mack

Samuel Natapoff

Joseph Rutigliano

Marisa Lago (represented by Jennifer Gravel)

Andy Shenoy

Joel Silverman

The following persons were also present: Robert Cole, Kenneth Coopersmith, Loida Diaz de Jesus, Jorge Ortiz, Justin Handman, Cynthia Parke (UNDC); Sarah Friedman (Mayor's Office for International Affairs); Charles Laven (Forsyth Street Advisors); Ross Silver (Fried Frank); Warren Ruppel and Daniel McElwee (Marks Paneth).

The Chairman presided and Loida Diaz de Jesus acted as secretary for the meeting. The Chairman called the meeting to order at 2:00 p.m.

*In March 2020, the Governor issued Executive Order 202.1, which suspended and modified certain State laws in response to the Covid-19 pandemic. This included Article 7 of the Public Officers Law on Open Meetings. With this action, the Corporation was able to hold its September 16, 2020 Board meeting by conference call. As required, the meeting was public and was recorded and transcribed.

Minutes of Meeting of March 26, 2020

The Chairman requested approval of the minutes of the March 26, 2020 Board meeting. On motion made and seconded, the minutes of the March 26, 2020 Board meeting were approved as provided to Board members.

Governance and Compensation Committee Report

Mr. Cole reviewed the Governance and Compensation Committee (“G&C Committee”) Report as provided to the Board. He reported that the G&C Committee met on September 9, 2020 to review the Corporation’s Mission Statement and Performance Goals for 2021 (“Mission Statement”) and its compensation and benefits program.

Mission Statement for 2021

Mr. Cole stated that the Board reviews the Corporation’s Mission Statement annually, as required under the Public Authorities Law, to confirm that it reflects the Corporation’s mission and that the performance goals properly relate to that mission. He reported that the G&C Committee believed that the Mission Statement, as currently written, appropriately described the Corporation’s mission and performance goals, and therefore did not require any changes for 2021.

After discussion, and on motion made and seconded, the Board approved the Corporation’s Mission Statement (without any changes) as provided to the Board.

Compensation and Benefits Program.

Mr. Cole reported that the G&C Committee reviewed the Corporation’s compensation and benefits program with management on September 9, including comparisons with other public benefit corporations in the New York City area. The Committee concurred with management’s view that the Corporation’s program was in line with other public benefit corporations in the region. No Board action was required on this matter.

Audit Committee Report

Selection of Outside Auditors

Mr. Cole referred to the Audit Committee Report of September 10, 2020 as provided to Board members. He reported that independent auditors Marks Paneth LLP had finished the final year of its engagement upon completion of the 2019 audit. Mr. Cole reported that in May 2020 the Corporation issued a Request for Proposals (RFP) for audit services, with a one-year term beginning with the 2020 audit, and three one-year options exercisable by the Corporation for the 2021, 2022 and 2023 audits. Mr. Cole reported that eight firms submitted competitive proposals in response to the RFP.

Mr. Cole reported that management reviewed the proposals based on criteria set forth in the RFP as follows: (i) qualifications and experience of proposed staff; (ii) qualifications and experience of the firm, including comparable services provided to other clients; (iii) proposed compensation; and (iv) proposed MWBE participation.

Mr. Cole advised that management strongly recommended the reappointment of Marks Paneth to provide audit and accounting services for the 2020 audit and possibly 2021, 2022 and 2023 audits. Mr. Cole discussed the reasons for the recommendation as described in the Audit Committee Report, including the high level of service provided by the firm during the annual audit, preparation of the Form 990 and other services and the firm's substantial real estate and nonprofit/government practice groups based in Manhattan. Mr. Cole reported that the Audit Committee agreed with management's recommendation to reappoint Marks Paneth as the Corporation's independent auditors.

After discussion, and on motion made and seconded, the Board approved the selection of Marks Paneth to provide audit services for 2020, with three one-year options exercisable by the Corporation to perform audit services for 2021, 2022 and 2023.

2019 IRS Form 990

Mr. Cole again referred to the Audit Committee Report of September 10, 2020. He reported that the Audit Committee met with representatives of Marks Paneth on September 9 to review the Corporation's 2019 Form 990 – *Return of Organization Exempt from Income Tax*, as prepared by Marks Paneth with management. Mr. Ruppel provided a summary of the Corporation's Form 990 for Board members.

After discussion, and on motion made and seconded, the Board approved the 2019 Form 990 as previously provided to Board members and authorized its filing with the Internal Revenue Service.

Mr. Cole reported that Mr. Ruppel had reviewed the Pre-Audit Presentation for 2020 with the Audit Committee at its September 9 meeting. Mr. Ruppel reported that his firm would perform audit field work in February 2021 and deliver an audit report in March 2021.

Management Report

Mr. Cole referred to the Management Report dated September 10, 2020. He advised that Board consideration and approval of the Corporation's 2021 operating budget, 2022-2024 projected operating budgets and statement of 2021-2024 projected capital costs would be requested later during the meeting.

Results of Operations for the Six Months Ended June 30, 2020

Mr. Cole reviewed the Corporation's results of operations (unaudited) for the six months ended June 30, 2020 (Attachment 4A to the Management Report). He reported that Net Revenues in excess of Debt Service and Base Rent to New York City were \$8.5 million for the six months ended June 30, 2020, an increase of \$1.1 million or 14.7% over the 2019 period. Mr. Cole reported that, as described in the Management Report, the increase in Net Revenues reflected a reduction in operating expenses during the Covid-19 pandemic and a decrease in debt service due to the

issuance of the Corporation's 2019 Refunding Bonds, offset by reduced operating expense pass-through payments by tenants for the six months ended June 30, 2020.

2021 Budgets and 2022-2024 Projected Budgets

Mr. Cole reviewed the Corporation's Budget and Financial Plans for 2021-2024 and the 2021 Budget of Revenues and Expenses (Attachments 4B and 4C, respectively, to the Management Report). He reported that the Budget and Financial Plans for 2021-2024 included in Attachment 4B would be final after Board approval, would be submitted to New York State, and would be available on the Corporation's website.

Mr. Cole reported that management forecasted 2021 Net Revenues (in excess of Debt Service and Base Rent to New York City) of \$15.8 million, a decrease of \$695,000 or 4.2% over 2020 estimated/actual results. He advised that the projected decrease in Net Revenues is attributable to a projected decrease in net revenues from office space operations, a projected decrease in interest income and a projected increase in administrative office expenses.

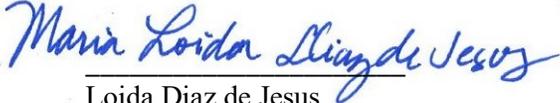
Mr. Cole reviewed the proposed Capital Budget for 2021 of \$1.2 million and the projected Capital Budgets for 2021, 2022 and 2023 (Attachment 4D to the Management Report), advising that the Corporation would continue to implement base building upgrades and energy efficiency projects in those years. He noted that certain capital projects identified in the Capital Budgets would be implemented over multiple years, and that some projects were funded partially from capital budgets approved by the Board for earlier years.

After discussion and on motion made and seconded, the Board approved the Corporation's Budget and Financial Plans for 2021-2024 (Attachment 4B to the Management Report), the Budget of Revenues and Expenses for 2021 (Attachment 4C to the Management Report), and the Capital Budgets for 2021-2024 (Attachment 4D to the Management Report).

At the Chairman's request and with the Board's approval, the meeting entered executive session to discuss leasing and related matters. No action was taken by the Board in executive session.

Other Business

There being no other business, the meeting was adjourned at 4:00 p.m.



Loida Diaz de Jesus
Acting Secretary