

**UNITED NATIONS DEVELOPMENT CORPORATION**

Minutes of a Meeting of the Board of Directors

Held at the Millennium Hilton New York One UN Plaza Hotel

New York, New York

On September 19, 2019 at 2:00 p.m.

The following directors, constituting a quorum, were present:

George Klein, Chairman

Robert Abrams

Jan Burman

Louise Carroll

Christine Falvo

Jessica Healy

David Mack

Samuel Natapoff

Joseph Rutigliano

Marissa Lago (represented by Jennifer Gravel)

The following persons were also present: Robert Cole, Kenneth Coopersmith, Loida Diaz de Jesus, Jorge Ortiz, Justin Handman (UNDC); Sander Lehrer (McLaughlin & Stern); Ross Silver (Fried Frank), Warren Ruppel (Marks Paneth); Sarah Friedman (Mayor's Office for International Affairs); and Alessandro Olsen (Total Webcasting).

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.

The Chairman welcomed new *ex-officio* Board member Louise Carroll, who was appointed by Mayor de Blasio in May 2019 as Commissioner of the New York City Department of Housing Preservation and Development.

### **Minutes of Meeting of March 27, 2019**

The Chairman asked for Board approval of the minutes of the meeting of March 27, 2019. On motion made and seconded, the minutes of the March 27, 2019 Board meeting were approved, in the form previously provided to Board members.

### **Governance and Compensation Committee Report**

Mr. Cole reviewed the Report of the Governance and Compensation Committee (“G&C Committee”) that was provided to the Board. He advised that the G&C Committee met on September 12 to review the Corporation’s current compensation and benefits program, the Corporation’s proposed Mission Statement and Performance Goals for 2020 (“Mission Statement”) and the proposed revisions to the Corporation’s Whistleblower Policy. The Chairman reported that on September 12, management reviewed the Corporation’s current compensation and benefits program with the G&C Committee. He advised that the G&C Committee, consistent with the view of management, believed that the program was in line with the programs of benchmarked public benefit corporations in the New York City region. No Board action was required on this matter.

### **Mission Statement**

Mr. Cole advised that, under the Public Authorities Law, the Board is required to review the Corporation’s Mission Statement annually to make sure that it reflects the Corporation’s mission and that the performance goals appropriately relate to that mission. He reported that the G&C Committee agreed with management that the Mission Statement did not require any changes for 2020 because it continued to appropriately describe the Corporation’s mission and performance goals.

After discussion, and on motion made and seconded, the Board approved the Corporation’s Mission Statement in the form provided to the Board prior to the meeting.

### Whistleblower Policy

Mr. Cole reported that management reviews the Corporation's written policies from time to time to make sure they remain relevant and up to date. He advised that counsel Fried Frank had recently reviewed the Corporation's Whistleblower Policy for this purpose and made suggested revisions, mainly to reflect themes and language found in advisory policies from the State Attorney General's office and Authorities Budget Office. At the September 12 meeting, the G&C Committee reviewed the suggested revisions to the Whistleblower Policy and approved the revisions.

Mr. Cole requested approval by the Board of the Whistleblower Policy, as revised. After discussion, and on motion made and seconded, the Board approved the Whistleblower Policy, as revised and as provided to Board members in advance of the meeting.

### Audit Committee Report

Mr. Cole referred to the Audit Committee Report of September 12 that was provided to the Board. Mr. Cole reported that on September 12, the Audit Committee met with Marks Paneth representatives to review the Corporation's 2018 Form 990 – *Return of Organization Exempt from Income Tax*, which was prepared by Marks Paneth with input from the Corporation's management. A copy of the 2018 Form 990 was provided to the Board for review prior to the Board meeting.

After discussion, and on motion made and seconded, the Board approved the 2018 Form 990 as provided to the Board members in advance of the meeting and authorized its filing with the Internal Revenue Service.

Mr. Cole reported that Warren Ruppel had reviewed the Pre-Audit Presentation for 2019 with the Audit Committee on September 12. Mr. Ruppel advised that his firm would perform audit field work at the Corporation's offices during February 2020, and provide an audit report in March 2020 for review and approval by the Audit Committee and the Board. Mr. Cole advised

that the Audit Committee had approved the continued engagement of Marks Paneth for the 2019 audit, at a fee of \$50,250, representing only a slight increase from the prior year. He reported that in the spring of 2020, the Corporation would issue an RFP for audit services because the 2019 audit represented the final year of the Marks Paneth engagement.

### **Management Report**

Mr. Cole referred the Board to the Management Report dated September 12, 2019. He advised that Board consideration and approval of the Corporation's 2020 operating budget, 2021-2023 projected operating budgets and statement of 2020-2023 projected capital costs would be requested later during the meeting.

### **Results of Operations for the Six Months Ended June 30, 2019**

Mr. Cole reviewed the Corporation's results of operations for the six months ended June 30, 2019 (Attachment A), as provided in the Management Report. He reported that Net Revenues in excess of Debt Service and Base Rent to New York City were \$7.4 million for the six months ended June 30, 2019, a slight decrease of \$18,200 as compared to the 2018 period. Mr. Cole advised that the Management Report and the appendices to Attachment A included a detailed description of the factors which contributed to the Net Revenues amount for the 2019 period ending June 30.

### **2020 Budgets and 2021-2023 Projected Budgets**

Mr. Cole reviewed the Corporation's Budget and Financial Plans for 2020-2023 and the 2020 Budget of Revenues and Expenses (Attachments B and C, respectively, to the Management Report). He reported that the proposed budgets included in Attachment B would, after Board approval, be considered final, would be submitted to New York State, and would be available on the Corporation's website.

Mr. Cole reported that management forecasted Net Revenues (in excess of Debt Service and Base Rent to New York City) for 2020 of \$15.9 million, an increase of \$550,000 over 2019

estimated/actual results. He advised that the increase reflected debt service savings of \$1.3 million due to the issuance of the 2019 Refunding Bonds in April 2019, offset by a projected decrease in interest income and an increase in administrative office expenses.

Mr. Cole reviewed the proposed Capital Budget for 2020 of \$2.0 million and the projected Capital Budgets for 2021, 2022 and 2023 (Attachment D to the Management Report), advising that the Corporation would continue its focus on base building upgrades and energy efficiency projects. He noted, as described in the Management Report, that some capital projects, as identified in the Capital Budgets, would be implemented over several years, and that some projects were funded in part from capital budgets approved by the Board for prior years.

Mr. Cole requested Board approval of the Corporation's proposed budgets. After discussion and on motion made and seconded, the Board approved the Corporation's Budget and Financial Plans for 2020-2023 (Attachment B to the Management Report), the Budget of Revenues and Expenses for 2020 (Attachment C to the Management Report), and the Capital Budgets for 2020-2023 (Attachment D to the Management Report).

At the Chairman's request and with the Board's concurrence, the meeting entered executive session to discuss leasing, the notices of default and of arbitration given by the Corporation earlier in the year, and related matters. The executive session ended after that discussion concluded, with no action being taken by the Board in executive session.

**Other Business**

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

/S// Loida Diaz de Jesus

Acting Secretary