

UNITED NATIONS DEVELOPMENT CORPORATION

Minutes of a Meeting of the Board of Directors

Held via Zoom Video *

On September 30, 2021 at 2:30 p.m.

The following directors, constituting a quorum, were present:

George Klein, Chairman

Robert Abrams

Jan Burman

Louise Carroll, HPD *ex officio* (represented by Jim Quinlivan)

Christine Falvo

Jessica Healy

David Mack

Samuel Natapoff

Joseph Rutigliano

Anita Laremont, City Planning *ex officio* (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 and Brian Helweil (Fried Frank); Warren Ruppel (Marks Paneth); Martin Hammond and Samantha Myers (PFM); and William McKay (Corporate Power).

*On September 2, 2021, Governor Kathy Hochul signed into Law Chapter 417 of the Laws of 2021, which authorizes most public bodies, including the Corporation, "to meet and take such action authorized by law without permitting in public in-person access to meetings and authorize such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed." This law is in effect until January 15, 2022.

The Chairman presided and Loida Diaz de Jesus acted as secretary for the meeting. The Chairman called the meeting to order at 2:30 p.m.

Minutes of Meeting of March 25, 2021

The Chairman requested approval of the minutes of the March 25, 2021 Board meeting. On motion made and seconded, the minutes of the March 25, 2021 Board meeting were approved.

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 reviewed the Corporation’s proposed Mission Statement and Performance Goals for 2022 (“Mission Statement”) at its meeting on September 14, 2021. Mr. Cole stated that the G&C Committee and the Board reviews the Corporation’s Mission Statement annually, as required under the Public Authorities Law, to confirm that it continues to reflect the Corporation’s mission and that the performance goals appropriately relate to that mission. He reported that the G&C Committee concurred with management that the Mission Statement, as currently written, continued to appropriately describe the Corporation’s mission and performance goals, and therefore did not require any changes for 2022.

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

At its meeting, the G&C Committee also reviewed the Corporation’s employee and benefits program. The G&C Committee agreed that the employee and benefits program is in line with other public benefit corporations in the New York City metropolitan area.

Finance Committee Report

At its meeting on March 16, 2021, the Finance Committee decided to meet at six-month intervals (rather than annually) to review the performance of the Corporation's investment portfolio. The Finance Committee met on September 14, 2021 with investment manager PFM to review investment performance for the six-month period from January 1 to June 30, 2021, as presented in PFM's report. PFM also reviewed its recommendation to shift to active management in order to diversify investments and increase income in the portfolio, while continuing to comply with the Corporation's Investment Guidelines, the Indenture for the 2019 Bonds and New York State Comptroller requirements. Mr. Cole stated that if actively managed, PFM would have authority to invest up to 20% of each of the Renewal and Replacement Fund and the Surplus Fund in commercial paper and other permitted investments aside from U.S. Treasury securities. Mr. Cole noted that PFM's compensation would continue to be based on a percentage of assets under management. At the meeting, management and the Finance Committee supported this recommendation.

Representatives of PFM answered questions from the Board on this recommendation. After discussion and on motion made and seconded, the Board approved the recommendation, provided the Investment Guidelines are amended to reflect this approach.

Audit Committee Report

Mr. Cole referred to the Audit Committee Report of September 23, 2021. He reported that the Audit Committee met with Marks Paneth on September 14 to review the Corporation's 2020 Form 990 – *Return of Organization Exempt from Income Tax*, which Marks Paneth prepared with management's assistance. Mr. Ruppel provided a summary of the Corporation's proposed Form 990.

After discussion, and on motion made and seconded, the Board approved the Form 990 for 2020, as previously provided to Board members, and authorized its filing with the Internal Revenue Service.

Mr. Cole reported that Mr. Ruppel reviewed the Pre-Audit Presentation for 2021 with the Audit Committee at its September 14 meeting. Mr. Ruppel reported that his firm would perform audit field work in February 2022 and deliver an audit report in March 2022. Mr. Cole advised that the Audit Committee, consistent with the authority set forth in its Charter, had approved the engagement of Marks Paneth for the 2021 audit at a fee of \$51,500, a 3% increase over the fee for the 2020 audit.

Management Report

Mr. Cole referred to the Management Report dated September 23, 2021. He advised that Board consideration and approval of the Corporation's 2022 operating budget, 2023-2025 projected operating budgets and statement of 2022-2025 projected capital costs would be requested later during the meeting.

Results of Operations for the Six Months Ended June 30, 2021

Mr. Cole reviewed the Corporation's unaudited results of operations for the six months ended June 30, 2021 (Attachment A). He reported that Net Revenues in excess of Debt Service and Base Rent to New York City were \$8.6 million for the six months ended June 30, 2021, an increase of \$77,800 or 0.9% over same period in 2020. Mr. Cole reported that, as described in the Management Report, the increase in Net Revenues reflected an increase of \$225,500 in net revenues from office space operations, offset by a decrease of \$50,100 in interest income, an increase of \$69,400 in Administrative Office Expenses and an increase of \$30,500 in Base Rent to New York City.

Proposed Budget for 2022 and Projected Budgets for 2023, 2024 and 2025

Mr. Cole reviewed the Corporation's Budget and Financial Plans for 2022-2025 and the forecasted 2022 Budget of Revenues and Expenses (Attachments B and C). He reported that the Budget and Financial Plans for 2022-2025 included in Attachment B 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 2022 Net Revenues (in excess of Debt Service and Base Rent to New York City) of \$13.8 million, a decrease of \$1.8 million, or 11.8%, from \$15.7 million in 2021 estimated/actual results. He advised that the projected decrease in Net Revenues for 2022 is primary attributable to: (a) a reduction of \$1.5 million in net revenues from office space operations due to an increase (\$500,000) in non-cash amortization for the UNICEF lease at Three UN Plaza, costs (\$500,000) for painting of tenants spaces in 2022 (on a four-year lease cycle), and lower tenant expense pass-through payments in 2022; (b) a reduction (\$150,000) in projected interest income; and (c) a projected increase in administrative office expenses of \$277,700.

Mr. Cole stated that projected Net Revenues, as shown in Attachment B for 2023, 2024 and 2025, are \$13.0 million, \$12.3 million and \$11.6 million, respectively.

Mr. Cole reviewed the proposed Capital Budget for 2022 of \$8.3 million and the projected Capital Budgets for 2023, 2024 and 2025 (Attachment D), reporting that the Corporation would continue to implement base building upgrades and energy efficiency projects in those years.

After discussion and on motion made and seconded, the Board approved the Corporation's Budget and Financial Plans for 2022 -2025 (Attachment B), the Budget of Revenues and Expenses for 2022 (Attachment C), and the Capital Budgets for 2022-2025 (Attachment D).

Reserve Previously Approved by Board from 2020 Consolidated Surplus

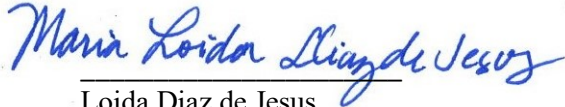
Mr. Cole noted that, as provided in Resolutions adopted by the Board at the March 25, 2021 Annual Board of Directors meeting, the Board established a reserve of \$12,453,903 from 2020 net revenues that otherwise would have constituted the Corporation's 2020 Consolidated Surplus. He reported that, given the then uncertain timing for use of the reserve, the Board, as set forth in a Resolution, had decided to review its ongoing need at the September 2021 Board meeting and, if the Board were to determine that all or any portion of the reserve was no longer needed, the Corporation would pay, on or before November 30, 2021, to or at the direction of the City, 90% of the amount determined by the Board as no longer needed, and deposit the remaining 10% of such amount to the Corporation's General Fund. The Chairman stated that he, with management, believed that the reserve continued to be needed for the purposes described in the Resolution.

After discussion, and on motion made and seconded, the Board determined that the reserve of \$12,453,903 should continue to be held by the Corporation, to be used for the purposes described in the Resolution adopted at the March 25, 2021 Board meeting.

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