

UNITED NATIONS DEVELOPMENT CORPORATION

Minutes of a Meeting of the Audit Committee

(Via Telephone Conference)

On March 17, 2020 at 2:00 p.m.

All members of the Audit Committee attended the meeting as follows:

George Klein, Chairman
Robert Abrams
Jessica Healy

The following individuals also participated: Robert Cole, Jorge Ortiz and Loida Diaz de Jesus (UNDC); and Hope Goldstein and Daniel McElwee (Marks Paneth LLP).

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.

Minutes of Audit Committee Meeting of September 12, 2019

The Chairman asked the Committee to approve the minutes of the Audit Committee meeting of September 12, 2019, in the form previously provided. After discussion and on motion made and seconded, the minutes of September 12, 2019 meeting were approved.

Marks Paneth LLP Annual Audit Presentation -- 2019

Ms. Goldstein reviewed her firm's Annual Audit Presentation for 2019. She reported that Marks Paneth planned to issue an unqualified opinion regarding the Corporation's 2019 financial statements. Ms. Goldstein advised that management cooperated fully during the audit and there were no disagreements between Marks Paneth and management. Ms. Goldstein advised that no fraud, likely illegal acts, conflicts of interest or other governance issues were found, and Marks Paneth had no management letter comments.

Ms. Goldstein reviewed aspects of the 2019 financial statements and asked Committee members if they were aware of any fraud or likely illegal acts, conflicts of interest or other possible governance issues relating to the Corporation. No Committee member stated that he or she was aware of any such issues.

In light of the ongoing coronavirus pandemic, Ms. Goldstein recommended including a contingency disclosure in the 2019 financial statements relating to the potential impact of the pandemic on the Corporation's financial condition and results of operations. It was also decided that disclosure relating to the Hotel chilled water pipes would be added to the 2019 financial statements, in each case following review by the Audit Committee.

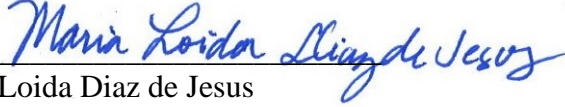
Mr. Cole reported that the draft 2019 financial statements included the establishment of a reserve of \$11,944,340, representing the amount that would otherwise constitute Consolidated Surplus for 2019 under the City Leases. He advised that the reserve, if approved by the Board at the March 26 meeting, would be available to pay costs, in accordance with Board approved budgets, for possible needed capital improvements at One and Two UN Plaza and/or costs related to possible UN lease extensions at One and Two UN Plaza.

Following discussion, the Committee agreed with management's recommendation to establish a reserve for 2019 in the amount of \$11,944,340. Mr. Cole advised that the 2019 financial statements would be revised should the Board decide not to establish this reserve or if circumstances changed before the Board meeting.

Mr. Cole reported that Marks Paneth had, with the 2019 audit, completed the final year of its engagement by the Corporation. He advised that the Corporation would in May/June solicit competitive proposals for audit and accounting services, for a one-year term commencing with the 2020 audit, with three one-year options exercisable by the Corporation for audit years 2021, 2022 and 2023.

Other Business

There being no other business, the meeting adjourned at 3:03 p.m.


Loida Diaz de Jesus
Acting Secretary