

**UNITED NATIONS DEVELOPMENT CORPORATION**

Minutes of the Meeting of the Board of Directors

Via Zoom Video\*

On March 25, 2021 at 2:30 p.m.

The following directors, constituting a quorum, were present:

George Klein, Chairman

Penny Abeywardena

Robert Abrams

Jan Burman

Louise Carroll (*ex officio*, HPD)

Christine Falvo

Jessica Healy

Amabel James

Marisa Lago (*ex officio*, City Planning, represented by Jennifer Gravel)

David Mack

Samuel Natapoff

Joseph Rutigliano

Andy Shenoy

Joel Silverman

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\*Executive Order 202.1 (issued in March 2020 by Governor Cuomo in response to the Covid-19 pandemic) suspended and modified certain State laws, including Article 7 of the Public Officers Law on Open Meetings. As permitted, the Corporation held its Board meeting by video conference. The meeting (other than executive session) was public and was recorded and transcribed.

The following persons also attended the meeting: Robert Cole, Jorge Ortiz, Kenneth Coopersmith, Justin Handman, Cynthia Parke and Loida Diaz de Jesus (UNDC); Sarah Friedman (Mayor’s Office for International Affairs); Ross Silver (Fried Frank); Warren Ruppel (Marks Paneth); Martin Hammond and Samantha Myers (PFM Asset Management); Charles Laven (Forsyth Street Advisors); and William McKay (Corporate Power, IT consultant).

The Chairman presided and Loida Diaz de Jesus acted as secretary for the meeting. The Chairman called the meeting to order at 2:35 p.m.

**Minutes of Meeting of September 16, 2020**

The Chairman asked the Board to consider the minutes of the meeting of September 16, 2020, as previously provided to Board members. On motion made and seconded, the minutes of the September 16, 2020 Board meeting were approved.

**Election of Officers**

The Chairman reported that the Corporation’s officers are appointed by the Board at the annual meeting, to hold office for one year and until their successors are elected and qualified. The Chairman recommended the reappointment of each officer named below to their current position.

Robert Cole	Executive Vice President and General Counsel, Secretary
Kenneth Coopersmith	Vice President
Loida Diaz de Jesus	Vice President
Jorge Ortiz	Vice President, Treasurer

On motion made and seconded, the Board reappointed Messrs. Cole, Coopersmith, Ortiz and Ms. Diaz de Jesus to their current positions, to hold office for one year and until their successors are elected and qualified.

## **2020 Measurement Report**

Mr. Cole reviewed the Corporation's proposed 2020 Measurement Report. The Measurement Report measures the Corporation's performance for a given year against goals included in the Corporation's Mission Statement. Public authorities are required to prepare measurement reports annually under the New York State Public Authorities Law. The 2020 Measurement Report was previously reviewed by the Governance and Compensation Committee and provided to the Board.

On motion made and seconded, the Board approved the Corporation's 2020 Measurement Report in the form previously provided.

## **Finance Committee Report**

Mr. Cole reported that the Finance Committee met via Zoom on March 16, 2021 to review the Corporation's 2020 investment performance with PFM Asset Management, the Corporation's investment advisor. Ms. Myers of PFM summarized the Corporation's 2020 investment performance. She reported that investments continued to be made exclusively in Treasury securities with laddered maturities to match the Corporation's timing needs. Mr. Hammond of PFM reported that Treasury yields in 2020 were at historic lows. He advised that PFM will continue to monitor whether other permitted investments such as GSE's (Fannie Mae, Freddie Mac) or commercial paper offer value as compared to Treasury securities.

## **Board Consideration of Annual Reports**

Mr. Cole referred to the Corporation's 2020 Investment Report, Report on Prompt Payment and Procurement Contract Report, as required by New York State. The Chairman asked for a motion to approve each Report, and on motion made and seconded, the following resolutions were unanimously adopted:

**RESOLVED, that the Annual Investment Report for 2020, in the form presented at the meeting, be, and it hereby is, approved, ratified and confirmed.**

**RESOLVED, that the Annual Report on Prompt Payment for 2020, in the form presented at the meeting, be, and it hereby is, approved, ratified and confirmed.**

**RESOLVED, that the Corporation's officers are authorized to submit, via the PARIS on-line reporting system, the Annual Procurement Contract Report for 2020, which includes the information presented to the Board of Directors at its meeting on March 25, 2021.**

**Audit Committee Report**

Mr. Klein reported that Marks Paneth, the Corporation's independent auditors, had reviewed the results of the 2020 audit and the 2020 draft financial statements (the "2020 Financial Statements") at the Audit Committee meeting on March 16.

Mr. Ruppel reported that his firm would issue an unqualified opinion on the 2020 Financial Statements. He noted that there were no disagreements with management during the audit.

Mr. Cole advised that Board approval of the 2020 Financial Statements would be requested later during the meeting.

**Management Report**

Mr. Cole reported that 2020 net revenues were approximately \$14.4 million, a decrease of 9.3% over 2019 results. He advised that, as described in the Management Report, the decrease in net revenues was attributable to reductions in operating expenses and electricity pass-throughs to tenants in 2020; an increase in operating expenses due to the \$3 million settlement payment towards the repair and replacement of the Hotel secondary chilled water

system at One UN Plaza and related professional fees; a reduction in fee income for management by the Corporation of UNICEF tenant projects at Three UN Plaza; reduced rents due to vacancy of the pre-school space at Two UN Plaza; and a reduction in interest income on investments. He advised that the overall reduction in net revenues was partially offset by savings in debt service due to the issuance of the 2019 Bonds and repayment of the 2009 Bonds.

Mr. Cole reported that, from 2020 net revenues of approximately \$14.4 million, the Corporation deposited \$2 million into the renewal and replacement fund to pay costs for capital improvement projects included in the 2021 capital budget approved by the Board in September 2020.

Mr. Cole reported that the 2020 Financial Statements included the establishment of a \$12.4 million reserve, representing 100% of the amounts that would otherwise constitute 2020 Consolidated Surplus under the Corporation's leases with the City of New York. He advised that management, with concurrence of the Audit Committee, recommended establishment of the reserve to fund costs for possible needed capital improvement projects at One and Two UN Plaza, in accordance with capital budgets approved by the Board, and/or costs related to possible UN lease extensions at One and Two UN Plaza.

Mr. Cole advised that 90% of \$12.4 million, or \$11.2 million, would be payable to the City as additional City rent if the Board decided not to establish this reserve. He reported that the draft 2020 Financial Statements would be modified should the Board decide not to establish the reserve.

He advised that, based on discussions with the City, the ongoing need for the \$12.4 million reserve would be considered again at the Board meeting in September 2021 and if all

or part of the funds were not anticipated to be needed then or at a future date, 90% of such amounts could be released and paid to the City as additional City rent.

At the Chairman's request, the meeting entered executive session to discuss the Corporation's leases and related matters. The executive session ended after that discussion concluded, with no action being taken by the Board in executive session.

Following discussion and on motion made and seconded, the Board unanimously approved the following resolutions:

**WHEREAS, the Corporation's Phase II Lease with the City of New York (the "Phase II Lease") requires that the Corporation pay to the City as additional rent under the Phase II Lease ninety percent (90%) of Consolidated Surplus; and**

**WHEREAS, the Phase II Lease defines Consolidated Surplus as the excess of the Corporation's revenues during a fiscal year over payments for current expenses, debt service and the performance of the Corporation's other obligations under its financing documents, and base rent to the City, less reserves approved by the Corporation's Board of Directors in accordance with the Phase II Lease.**

**NOW THEREFORE, BE IT RESOLVED, that pursuant to the Phase II Lease, establishment of a reserve of \$12,453,903 be and hereby is approved, such reserve to be available for the Corporation to pay costs related to: capital improvements projects at One and Two UN Plaza in accordance with capital budgets approved by the Board of Directors, UN lease extensions at One and Two UN Plaza, including funding for tenant work, or other corporate purposes, with such reserve to be established from 2020 net revenues of the Corporation that would constitute, if such**

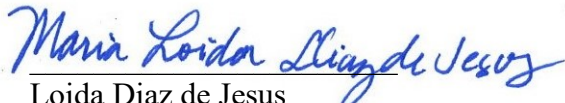
reserve were not established, the Corporation's 2020 "Consolidated Surplus," as defined in the Phase II Lease.

**RESOLVED**, that the Board of Directors will review the Corporation's ongoing need for such reserve at its Board meeting to be scheduled in September 2021, and if the Board determines that all or any portion of such reserve is no longer needed, the Corporation will set aside (from funds not restricted under its financing documents), and pay, on or before November 30, 2021, to or at the direction of The City of New York, 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.

Mr. Cole requested approval of the 2020 Financial Statements, in the form previously provided to the Board. On motion made and seconded, the Board approved the 2020 Financial Statements as previously provided.

**Other Business**

There being no other business, the meeting was adjourned at 4:25 p.m.

  
Loida Diaz de Jesus  
Acting Secretary