

THE TRUST FOR CULTURAL RESOURCES
OF THE CITY OF NEW YORK

MINUTES OF MEETING
OF THE AUDIT COMMITTEE

March 24, 2020

A meeting of the Audit Committee of The Trust for Cultural Resources of The City of New York (the “Trust”) was held on March 24, 2020 at 3:00 p.m. by conference telephone, which permitted each person who participated to hear and be heard by all others who participated in the meeting.

Lynne B. Sagalyn, Leah C. Johnson, Erika Mallin and Dawanna Williams participated in the meeting. Ms. Sagalyn, Chair of the Audit Committee, presided.

In addition, the following persons were also present:

Jen Katz	RSM US LLP
Melissa Quinn	RSM US LLP
Amy Chan	New York City Economic Development Corporation
Carol Ann Butler	New York City Economic Development Corporation
Alison Radecki	Orrick, Herrington & Sutcliffe, LLP
Anne Adams Rabbino	Secretary of the Board of Trustees
B. Seth Bryant	Assistant Secretary of the Board of Trustees

The meeting was called to order at 3:00 p.m. by Ms. Sagalyn.

Ms. Sagalyn referred to the minutes of the meeting of the Audit Committee on December 3, 2019. There were no comments. It was agreed that the Audit Committee would approve the minutes when it acted on all matters presented to the Audit Committee.

Ms. Chan made a presentation on behalf of management regarding the Draft Financial Statements and Supplementary Information as of December 31, 2019. Ms. Chan stated that RSM’s opinion is an un-modified opinion. She noted that the net position of the Trust increased by approximately \$208,000 in 2019 due to the increase in the amount owed by the Trust to The Museum of Modern Art (“MoMA”). However, because the Trust is liable to MoMA for this obligation only to the extent that tax equivalency payments (“TEPs”) collected by the Trust from the owners of condominium units in the Museum Tower Condominium located above a portion of MoMA’s facility are available for the purpose of satisfying such obligation, this increase does not present a concern for the Trust. Due to increases in the assessed values of the condominium units, the amount of TEPs collected by the Trust increased. This increase in the amount of TEPs collected led to an increase in the amount of PILOT (Payments in Lieu of Taxes) paid by the Trust to The City of New York. The Trust’s operating loss in 2019 was approximately \$237,000 while interest income in 2019 was approximately \$49,000. The Trust’s cash position increased

by approximately \$240,000 over 2018. The balance sheet shows a deficit of approximately \$184,742,000. Ms. Chan reported that there have been no significant changes to the footnotes to the financial statements, except that a subsequent event notice regarding the global pandemic of Covid 19 has been added.

Ms. Katz confirmed that RSM has completed its review and that its opinion on the Trust's financial statements is an un-modified opinion. RSM's report on Agreed Upon Procedures confirms the cash balances. The Report on Compliance with Contractual Provisions of Debt Agreement addresses only those transactions for which the Trust's Resolution requires an annual review; these reports are all un-qualified.

Ms. Quinn addressed the financial review carried out by RSM and the required communications in accordance with generally accepted auditing standards and pursuant to AUC 260, The Auditor's Communication With Those Charged With Governance. She noted that the Trust did not adopt any significant new accounting policies and that there have been no changes in existing significant accounting policies with respect to the 2019 financial statements. RSM did not identify any significant or unusual transactions. Ms. Quinn stated that the Trust's estimates, which are an integral part of the preparation of financial statements and are based upon management's current judgment, do not, in RSM's opinion, involve a high degree of estimation uncertainty and were not considered a significant risk for audit purposes. She also stated that RSM is not aware of any consultations management had with other accountants about accounting or auditing matters, and no significant issues arising from the audit were discussed with or were the subject of correspondence with management. RSM encountered no significant difficulties in dealing with management during the audit. Ms. Quinn referred to the letter of representations from management, which the officers of the Trust employed by the New York City Economic Development Corporation ("EDC") will sign prior to the issuance of the financial statements.

Ms. Katz reviewed recent GASB pronouncements. She reported that there are no new GASB requirements that will impact the Trust, except for GASB 91. GASB 91 will mandate changes regarding reporting on conduit debt. Although GASB 91 is still under discussion, the current expectation is that it will become effective in 2021. RSM's conclusion is that GASB 91 will impact the Trust's footnote disclosures, which will become shorter, but there will be no changes to the financial information reported in the Trust's financial statements.

Ms. Katz also reported on RSM's review of the Trust's internal controls, which is part of its review of the Trust's financial reporting. No matters of concern were identified, and no control deficiencies were disclosed.

Ms. Chan reported that the Internal Audit team at EDC is now under the leadership of Jennie Wallace, Executive Vice President. Working with Allison Richardson, Vice President for Internal Audit, this year's report identified no exceptions to the procedures being followed. However, the Internal Audit report included a thorough review of the performance of the contract between the Trust and EDC, which has been in effect since 1993, with a restatement of the contract in 1994. There were some contractual provisions that were not being carried out. A

new restated contract will be presented to the Board of Trustees of the Trust later today to correct this. In addition, the Trust will document its assessment of internal controls, as required by New York State law, by publishing a report on its website that the Trust has procedures to ensure that review of its internal controls is undertaken annually and that these procedures are adequate. The Trust will no longer publish the Internal Audit report undertaken by EDC.

Ms. Katz confirmed that RSM had no further matters to discuss with the Audit Committee. She and Ms. Quinn left the meeting. Subsequent to their departure, there was a brief discussion of the plan to seek responses to a Request for Proposals for Audit Services for the Trust for a four-year period beginning with the 2020 audit. This process will proceed, but Ms. Sagalyn will be authorized to suspend the RFP if Covid 19 makes that appropriate.

The following resolutions were then made, seconded and unanimously adopted:

RESOLVED, that the minutes of the meeting of the Audit Committee of the Board of Trustees of The Trust for Cultural Resources of The City of New York (the “Trust”) held on December 3, 2019, be and hereby are approved; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Independent Auditors’ Report on the Trust’s Basic Financial Statements for the years ended December 31, 2019 and 2018 prepared by RSM US LLP, and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Reports on Compliance with Contractual Provisions of Debt Agreements for the year ended December 31, 2019, prepared by RSM US LLP and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Agreed-Upon Procedures for the year ended December 31, 2019, prepared by RSM US LLP and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby requests that the Board of Trustees of the Trust authorize and direct the officers of the Trust to issue a Request for Proposals for Audit Services (the “Audit Services RFP”) for the years ending December 31, 2020, 2021, 2022 and 2023, with the contract to be awarded upon the authorization of the Chair of the Audit Committee, subject to such consultation with the members of the Audit Committee as the Chair shall determine to be appropriate under the circumstances; and be it further

RESOLVED, that the Audit Committee of the Trust hereby requests that the Board of Trustees of the Trust authorize that, if the officers of the Trust determine, in consultation with the Chair of the Audit Committee, that the Audit Services RFP cannot or should not be undertaken or completed in 2020 as the result of the crisis associated with Covid 19, upon the authorization of the Chair of the Audit Committee, subject to such consultation with the members of the Audit Committee as the Chair shall determine to be appropriate under the circumstances, the existing contract with RSM US LLP may be extended for one year in accordance with the requirements of the Trust's Procurement Policy.

There being no further business to come before the meeting, the meeting was adjourned at 3:40 p.m.

Respectfully submitted,



Anne Adams Rabbino
Secretary