

Hudson Yards Infrastructure Corporation

HYIC Members, Audit Committee, Governance Committee
and Board of Directors Meetings

May 8, 2023

Members Meeting

>> Good afternoon. I'm David Womack, proxy holder for the city's budget director Jacques Jiha, and I'd like to call to order a meeting of the members of the Hudson Yards Infrastructure Corporation. Rita, will you call the roll?

>> Conducting roll call, Jacques Jiha?

>> David Womack for Director Jiha.

>> Brad Lander?

>> Michael Stern for Comptroller Lander.

>> Maria Torres-Springer?

>> Adrian Adams?

>> Emre Edev for Adrian Adams.

>> Meera Joshi?

>> Ya-Ting Liu for Deputy Mayor Joshi.

There is a quorum.

>> Thank you, Claudia. The first item on the agenda is the approval of the minutes of the members' last meeting. The minutes have been circulated for review. Any comments, questions, suggested corrections? Hearing none, I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> Aye.

>> And I vote in favor of the proposed resolution. The resolution approving the minutes is hereby adopted. The next item on the agenda is the election of an alternate director. Each proxy holder is entitled to elect one alternate director to present them at board of director and committee meetings. The proxy holder for the comptroller of the city wishes to elect Michael Stern as an alternate director. Mr. Stern, how do you vote?

>> In favor.

>> Mr. Stern is so hereby elected. If there's no further business before the members, I'll now call the roll for a vote to adjourn. Let's see. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I also vote in favor of adjournment. Thank you for your participation. The meeting of the members is hereby adjourned. We'll now move to the audit committee meeting, which I also chair.

Audit Committee Meeting

>> This is David Womack, alternate director for the budget director and chair of the audit committee of HYIC. I'd like to convene a meeting by asking for the role to be called for attendance. Claudia?

>> Conducting roll call, Jacques Jiha?

>> David Womack for Director Jiha.

>> Brad Lander?

>> Michael Stern for Comptroller Lander.

>> Adrian Adams?

>> Emre Edev for Speaker Adams.

>> Meera Joshi?

>> Ya-Ting Liu for Deputy Mayor Joshi.

>> Maria Torres-Springer?

There is a quorum.

>> Thank you, Claudia. The first item on the agenda is the approval of the minutes of the committee's last meeting. The minutes have been circulated for review. Are there any comments, questions, or suggested corrections? Hearing none, I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of the proposed resolution. The resolution approving the minutes is hereby adopted. The next item on the agenda is a self-evaluation and review of a report of the audit committee's actions in the previous calendar year. Pursuant to the audit committee charter, the committee is required to conduct a self-evaluation annually. A report of the committee's actions during calendar year 2022 has been circulated to the committee. The proposed resolution expresses the committee's belief that it is functioning in a satisfactory manner and approves presenting the results of this self-evaluation to the board of directors. Are there any comments or questions? Hearing none. I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote.

>> In favor.

>> And I vote in favor of the proposed resolution. The resolution is hereby approved. The next item on the agenda is a review of the corporation's internal controls manual. This is a review item only, and there will be no vote. There are changes proposed to the internal controls, and a black line has been provided. The corporation's comptroller, Raymond Lee, is available to answer any questions regarding the internal controls. Does anyone have any questions for Mr. Lee?

>> So my assumption is that the changes are reflecting the features as they're being done now.

>> That's correct.

>> OK. Thank you.

>> Thank you. Any other questions, comments? OK. Let's move on. The next item is a presentation by Mayer Hoffman, the corporation's independent auditors, to present their audit plan. I'll introduce Warren Ruppel, who is our principal accountant, and his colleagues to take you through the accounting and auditing standards.

>> OK. Thank you, David. Because of the requirements of the Public Authorities Accountability Act, where a partner can't serve an entity for more than 5 years in a row without a one-year break in service, Phil Marciano was actually going to be the partner on HYIC for Mayer Hoffman McCann, so he's going to walk us through the presentation, and we also have Dan McElwee, who'll continue on as the senior manager on the account.

>> OK. Great. Thanks, Warren. Good afternoon, everybody. Some of you I've met before. Some of you I haven't. Good to see you again. For those of you who I haven't, good to meet you. I'll run quickly through the pre-audit presentation that was shared. I won't spend time on every single slide, but if you do have questions, feel free to go ahead and ask me. Warren already kind of ran through the team members. We also have another member of the team which is a professional standards group person who will do a quality review of the report and the file after we complete our audit work. We'll go through our deliverables, our responsibilities and yours, our planned audit approach, and other required communications under the auditing standards within this presentation. There will also be some inquiries regarding any fraud or noncompliance that the committee's aware of, and I'll just ask those questions when we get there. Our engagement service delivery timeline for the audit is pretty consistent with the prior years. We're here. We're doing our planning communication now, as you know, and the audit field work should happen sometime in the middle of August with a post-audit communication meeting with the board and the audit committee in September 2023 for issuance by the September 30 due date for the New York City timeline. Our deliverables include the issuance of an opinion on the financial statements of the corporation; issuance of the pre-audit, which we're doing today; and post-audit communication, which will happen in September. We'll issue, if necessary, a management letter or an observations and recommendations memo just outlining any best practices or findings that we come across during the audit, and we will issue, in accordance with government auditing standards, a report on internal control and financial reporting over compliance and the financial statements themselves. We're also required under Public Authorities Law to issue a report stating whether or not the corporation has complied with their own investment guidelines and any investment guidelines of the municipalities, the state, the city, et cetera. Our responsibilities is to issue an audit opinion on the corporation's financials for the June 30, 2023, financial statement year. We will do that in accordance with U.S. generally accepted auditing standards and also under government auditing standards. We will not report on required supplementary information, which is essentially management's discussion and analysis, but we will issue, as I said, a report on the investment guidelines. On page 6 of the slides, your responsibilities are listed there, which are also communicated in the engagement letter which is included within this packet. I won't sit here and read all of them, but generally you are responsible for the financial statements that will be presented for the internal controls within those financial statements, the financial reporting entity itself, and any other information that's required for the audit you're required to provide to us in order to perform our field work. Our general planned audit approach is very similar to what it has been in prior years. We take what's considered a top-down type approach where we look at the entity-level controls and work our way through the activity-level controls, and then we will go through and

substantiate key balances within the audit itself, generally focusing on material balances, confirmation of cash investment balances, confirming your debt balances, doing tests of cutoff related to liabilities, making sure all those items are recorded, and then, of course, confirmation of revenues and assessment of any claims, assessments, or litigation or items of contingencies that would need to be disclosed and reported in the financial statements. We'll look at support for adjusting journal entries, and if we propose any adjustments, we will share those with you at our post-audit meeting. Our emphasis is looking at the completeness and accuracy of the presentation of the financial statements and the related disclosures therein, and on page 9 of the slides, we're required to communicate to you any significant risks under the auditing standards or those that we've identified. At this point, the only risk being communicated is the risk of management override of controls, which really is a presumed risk under the fraud--under the audit standards--excuse me--which is a fraud risk, as well. It focuses on journal entries mainly, which are the prime area in which management can override the financial statement amounts, so to speak, and if we happen to identify any other significant risks, we'll go ahead and identify those to you at the post-audit meeting, as well. On page 10, for the committee, there are some questions here regarding fraud and noncompliance which I will ask at this point and ask for any feedback or comments. If you're not comfortable in this particular forum to do that, you can, of course, reach out to me separately or Warren or Dan and let me know if there's any other answers, but I will ask if the committee is aware of any fraud, suspected fraud, or allegations of noncompliance with laws and regulations under the corporation or if there's been any other types of events, such as whistleblower events or cyber security breaches, which would affect the information of the corporation. OK. Hearing none, I'm going to take that as good news. Oh, sorry, David. Did you have something?

>> No. We're not aware of any.

>> OK. Ha ha! Thank you. Sorry. I jumped the gun. I heard silence, and I was happy, so it's a good thing. All right, and then on the next slide, just some other required communications under the auditing standards. If we do come up with anything considered to be a significant deficiency or material weakness, we are required to report those in the Yellow Book report, or the Government Auditing Standards report. If we happen to identify those, you will know before the post-audit committee meeting. This way, management and the committee can look into what we have found and respond appropriately, and if we come across anything that we consider to be best practice type items or observations, we'll communicate those to you, as well. We are not aware of any significant changes in accounting principles that would affect the corporation's financial statements, although on the next couple of slides--if you jump to slide 13, 14, and 15 and 16-- actually there are some upcoming GASB developments which I won't read through in detail, but just be aware of those particular items that may affect the corporation's financial statements in the upcoming years. After that is our engagement letter for your review. It's in draft format addressed to Mr. Lee, and if there's any questions at this time, I'll go ahead and take those. Otherwise, looking forward to performing the audit of the corporation. OK. David, I think I can turn it back to you.

>> OK. Thank you, Phil, much appreciated, as always. If there's no further business before the members for the audit committee, I'll ask for a vote to adjourn. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor?

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of adjournment. Thank you for your participation. The meeting of the committee is adjourned. We'll move on to the governance committee meeting, which will be chaired by Mr. Stern.

Governance Committee Meeting

>> Thank you, David. Good afternoon. I'm Michael Stern, alternate director for City Comptroller Brad Lander. I'll now call to order a meeting of the Governance Committee of the Hudson Yards Infrastructure Corporation. Claudia, will you please call the roll?

>> Yes. Conducting roll call, Jacques Jiha?

>> David Womack for Director Jiha.

>> Brad Lander?

>> Michael Stern for Comptroller Lander.

>> Adrian Adams?

>> Emre Edev for Speaker Adams.

>> Meera Joshi?

>> Ya-Ting Liu for Deputy Mayor Joshi.

>> Maria Torres-Springer?

There is a quorum.

>> OK. The first item on the agenda is a resolution to approve the minutes of the committee's last meeting. The minutes have been circulated for the committee's review. Are there any comments or corrections? No? Hearing none, I'll call for a vote. Mr. Womack, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I also vote in favor, so the resolution approving the minutes is hereby adopted. The next and final item on the agenda is the review and approval of the corporation's policy on the procurement of goods and services. The committee is required to periodically review the corporation's policy. No changes are proposed at this time. Are there any comments or questions? Hearing none, I'll call the roll for a vote. Mr. Womack, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I also vote in favor. The resolution is hereby approved. If there's no further business, I'll now call the roll for a vote to adjourn. Mr. Womack, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I also vote in favor of adjournment. Thank you all for your participation. The meeting of the committee is hereby adjourned. We will now move on to the Board of Directors meeting, which is chaired by Mr. Womack.

Board of Directors Meeting

>> Thank you, Michael. I'd now like to convene a meeting of the board of directors of the Hudson Yards Infrastructure Corporation. Claudia, please call the roll.

>> Conducting roll call, Jacques Jiha?

>> David Womack for Director Jiha.

>> Brad Lander?

>> Michael Stern for Comptroller Lander.

>> Adrienne Adams?

>> Emre Edev for Speaker Adams.

>> Meera Joshi?

>> Ya-Ting Liu for Deputy Mayor Joshi.

>> Maria Torres-Springer?

There is a quorum.

>> Thank you, Claudia. The first item on the agenda is a resolution to approve the minutes of the board's last meeting. The minutes have been circulated for the board's review. Are there any comments or corrections? Hearing none, I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I also vote in favor of the resolution. The resolution's hereby approved. The next item on the agenda is the approval of the corporation's budget. Pursuant to the Public Authorities Law, the corporation is required to submit a budget to the authority's budget office. The operating administrative budget report contains estimated receipts and expenditures for the current and next fiscal year and the actual receipts and expenditures for the last completed fiscal year. There is also a 4-year financial plan document. These documents have been circulated to the board for review. The corporation's comptroller, Raymond Lee, is available to answer any questions. Are there any questions or comments from our board members? Hearing none. I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of the proposed resolution. The resolution approving the budget and financial plan is hereby approved. The next item on the agenda is approval of the corporation's procurement of directors and officers insurance. The proposed resolution would approve the procurement of D&O liability policies from several insurance companies through the corporation's broker, USI, providing \$50 million of coverage for the period from June 25, 2023, through June 24, 2024, for directors, members, and officers of the corporation. The proposed

resolution authorizes a not-to-exceed payment of \$325,000, which includes a cushion to account for fluctuating market conditions. The broker is procuring the policies now. Are there any questions or concerns? Hearing none, I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of the proposed resolution. The resolution is hereby approved. The next item on the agenda would authorize the corporation to extend its current bond counsel contracts for the same fees as previously approved. The corporation, along with the city and related credit issuers, is planning to issue a competitive request for proposals for bond counsel services in the coming year. The corporation's bond counsel agreements with Nixon Peabody and Bryant Rabbino expire August 31, 2023. To ensure there is no lapse in service, the corporation now seeks to extend these agreements through August 31, 2024, for the same fees as previously approved by the board. Are there any questions or concerns? I'll now call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of the resolution. The resolution is hereby approved. The next item on the agenda is the approval of the corporation's mission statement and completed measurement report. Pursuant to Section 2800 of the Public Authorities Law, the board of directors previously adopted a mission statement and performance measures which are a means for the corporation to evaluate whether its performance and policies are consistent with its stated mission. There are changes proposed to the mission statement performance measures, and a black line has been provided. Additionally, the measurement report has been completed. The resolution would approve the mission statement and authorize the completed measurement report to be published. Are there any questions? Hearing none. I'll call the roll for a vote. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of the proposed resolution. The resolution's hereby approved. The next item on the agenda is my report as audit committee chair of the results of the audit committee's self-evaluation. The audit committee conducted a self-evaluation after reviewing a report of its accomplishments in the previous calendar year. That report has been provided for the board of directors. The committee found it has conducted itself in a satisfactory manner consistent with its charter. If there is no further business before the board, I will now call the roll for a vote to adjourn. Mr. Stern, how do you vote?

>> In favor.

>> Ms. Liu, how do you vote?

>> In favor.

>> Mr. Edev, how do you vote?

>> In favor.

>> And I vote in favor of adjournment. Thank you all for your participation. The meeting for the board of directors is hereby adjourned, and that concludes today's HYIC meetings. Thank you all.