

**MINUTES OF THE MEETING OF  
THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION  
AUDIT COMMITTEE**

**October 20, 2025**

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the “Corporation”) was held at the Corporation’s office at 120 Broadway on Monday, October 20, 2025.

The meeting was called to order at 11:30 a.m. by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the June 3, 2025 meeting. The minutes were approved.

Mr. Gould then turned to Ms. Cathy Baumann, Executive Vice President and Chief Financial Officer, to provide an overview of the agenda. Ms. Baumann then provided an overview of the agenda.

Mr. Gould then turned to Mr. Cheuk Yu, Vice President and Controller, to present the Corporation’s Fiscal Year (“FY”) 2025 Third Quarter Financial Report. Mr. Yu noted that the third quarter of the fiscal year 2025 financials covers the period November 1, 2024, through July 31, 2025. At the end of the third quarter, Mr. Yu stated that the net income was \$545.1 million, compared to \$539.3 million in the same period last fiscal year. The \$5.8 million increase was mainly due to lower unrealized investment appreciation this period compared to the same period last year. This was offset by \$31.3 million increase in realized investment gains from a larger investment portfolio and funds received from the Battery Park City Authority.

Mr. Yu reported that operating revenues for this period were \$753.1 million, compared to \$669.8 million in the same period last year. Interest income on mortgage loans, the largest component of operating revenues, totaled \$683.6 million, an increase of \$106 million or 18.3% from a year ago. Non-operating revenues were \$235.3 million, compared to \$262.7 million a year ago. The \$27.4 million decrease was primarily due to smaller unrealized investment appreciation of \$57.9 million this period, compared to \$137.4 million in the same period last year. This was partially offset by a combination of \$149.5 million in realized investment earnings and receipt of \$20 million funding from the Battery Park City Authority. Operating expenses were \$443.3 million, an increase of \$50 million, primarily related to the \$44.4 million increase in bond interest.

Total assets were at \$31.7 billion, an increase of \$2.9 billion or 10.2% from fiscal year end 2024. The increase was primarily due to growth of the Corporation’s mortgage portfolio. The mortgage portfolio, net of conduit loans, increased by a net of \$1.7 billion to \$24.2 billion, accounting for approximately 76.3% of total assets.

Mr. Yu noted that total liabilities were \$26.3 billion, a net increase of \$2.4 billion or 9.9% from fiscal year end 2024. Bonds and debt obligations excluding conduit debt increased by a net of \$1 billion. New issuances were at \$1.7 billion, while principal repayments totaled \$729.3 million. Payable to the City of New York increased by \$1.3 billion primarily due to

the receipt of grant funds to make mortgage loans on behalf of HPD under Section 661 of the Private Housing Finance Law. Mr. Yu concluded that net position at the end of the third quarter was \$5.4 billion, an increase of \$545.1 million from fiscal year end 2024.

Mr. Gould called on Ms. Ellen Duffy, Executive Vice President of Capital Markets and Investments, to present the Corporation's Debt Report. Ms. Duffy stated that the Corporation's Debt Report is as of September 30, 2025. The last report presented to the Audit Committee was as of April 30, 2025. Ms. Duffy noted that during this time, the Corporation issued six series of Open Resolution bonds totaling \$776.7 million and four series of Housing Impact Bonds in the amount of \$488.5 million. The Corporation redeemed \$248 million of bonds in two series of Open Resolution bonds and \$16 million in one series of stand-alone bonds. The Corporation's debt outstanding as of September 30, 2025, is approximately \$18.1 billion. The Corporation's statutory debt ceiling was increased from \$19 billion to \$20 billion by the NYS legislature and signed by the Governor in late August.

Mr. Gould posed a question if there are plans to further increase the Corporation's statutory debt ceiling of \$20 billion. Ms. Duffy responded that it was recently increased due to the NYCHA program and HDC is planning to request a further increase of another billion by the end of the year. Mr. Marc Norman, Board Member, posed a question if the unrealized investment appreciation on the income statement was solely attributable to the mark-to-market. Ms. Duffy confirmed that it was. Ms. Duffy added that the Corporation has a substantial amount of funds in money market accounts which aren't subject to mark-to-market in case there is a need for liquidity. In addition, the Corporation invests in repo which can be redeemed if liquidity is necessary. Ms. Denise Scott, Board Member posed a question if the Corporation had encountered any debates with the State about raising the debt ceiling. Mr. Eric Enderlin, President, noted that sometimes timing, such as when things get signed, has caused us to be more aggressive with our requests for the State to meet deadlines. However, Mr. Enderlin noted that HDC has a strong, collaborative working relationship with our State counterparts and we haven't run into any issues.

Mr. Gould again turned to Ms. Duffy to present the Corporation's Investment Report. Ms. Duffy stated that the Corporation's Investment Report is as of October 1, 2025. Funds under management totaled approximately \$8.1 billion. This report reflects routine investment activity.

Mr. Gould then called on Ms. Mary Hom, Chief Risk Officer, for the Corporation's Counterparty Credit Risk Exposure Report. Ms. Hom noted that the report is dated September 30, 2025. The previous report to the Audit Committee was dated April 30, 2025. There were no new approved counterparties, and there were no credit rating agency actions of note.

Ms. Hom stated that HDC's counterparty exposure remains diversified with the largest exposures being with FHLMC, FNMA, and Wells Fargo. The Wells Fargo exposure is primarily in the form of construction letters-of-credit covering 15 projects and six interest rate hedges. Investments rated double-A or higher were 43% of total investments, versus 42% at the last report. Investments rated triple-B and lower or not rated were 39% of total investments, unchanged since the last report. All investments rated triple-B and lower or not rated are fully collateralized by Federal Home Loan Bank MULOCS and/or U.S.

Treasury/Agency securities. The weighted average maturity of the investment portfolio was 1.5 years versus 1.6 years at the last report. Ms. Hom concluded that HDC's exposure to liquidity providers was approximately \$786 million, and interest rate hedges outstanding totaled approximately \$1.9 billion.

Mr. Gould then called on Mr. Neil Saranga, Deputy Director of Internal Audit, to present the Fourth Quarter 2025 Audit Plan. Mr. Saranga noted the proposed Internal Audit plan for the Fourth Quarter of 2025 includes two assurance audits required by the MOU with DOI (Petty Cash and President's Office Expenses), continuous monitoring of HDC's investment portfolio an employee expenses, annual employee certification of the Code of Ethics, and ongoing work spearheading the PII Working Group and the AI Working Group. Hearing no questions, Mr. Saranga requested the Audit Committee Members approve the Fourth Quarter 2025 Internal Audit Plan. Mr. Gould called for a motion, and the Fourth Quarter 2025 Internal Audit Plan was approved.

Mr. Gould then turned to Ms. Danielle Hurlburt, Ernst & Young ("E&Y"), to present E&Y's Audit Plan for FY 2025. Ms. Hurlburt presented the executive summary of the plan, noting that there are new GASB accounting standards that the Corporation will be required to adopt or is planning to early adopt, and E&Y is already coordinating with Ms. Baumann's and Mr. Yu's team on the changes. As usual, a significant portion of the audit procedures will rely on confirmations and E&Y will be confirming directly with banks and other financial institutions holding investments or debt as well as the mortgages.

Ms. Hurlburt then turned to Mr. Rob Heffelman, E&Y, to present the audit services and areas of emphasis. Mr. Heffelman noted that the audit plan and areas of emphasis are consistent with prior years. Mr. Heffelman added that on financial statements and balances, E&Y continues to rely on both confirmation procedures and data analytics to identify non-routine risks. Ms. Hurlburt concluded noting that there was nothing to call to the Audit Committee's attention and overall E&Y are expecting consistent timing with past years.

Mr. Norman posed a question regarding AI used for E&Y procedures. Ms. Hurlburt noted that with the expansion of their data analytics procedures, E&Y now has some tools that use AI technology. AI technology can help with tie out procedures from trial balances to financial statements and with footings and cross footings within financial statements. E&Y can use AI technology to increase efficiency but only with oversight and supervision by audit team members.

Mr. Gould then called for any other business. Mr. Enderlin responded that in other business HDC would like to discuss cyber security, including an Internal Audit report. Mr. Enderlin requested that the Audit Committee move to Executive Session for the purpose of presenting and discussing this report. Mr. Gould called for a motion to move to Executive Session. The motion was approved, and the meeting was moved into Executive Session at 12:03 p.m.

At 12:35 p.m., the Audit Committee returned from Executive Session, and Mr. Gould noted that the Committee made no decisions and did not vote on any matters while in Executive Session

At 12:36 p.m., with no further business, the meeting was adjourned.

Respectfully submitted,

*Austin Chin*

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*October 20<sup>th</sup>, 2025*

**ATTENDANCE LIST (HYBRID (LIVE/VIRTUAL) MEETING)**

<b><u>NAME</u></b>	<b><u>AFFILIATION</u></b>
Harry Gould	Audit Committee Member
Marc Norman	Audit Committee Member
Denise Scott	Audit Committee Member
Rob Heffelman	Ernst & Young
Danielle Hurlburt	Ernst & Young
Louis Roberts	Ernst & Young
Amy Roberts	New York University
Cathy Baumann	NYC Housing Development Corp.
Wanjiru Bila	NYC Housing Development Corp.
Paul Cackler	NYC Housing Development Corp.
Austin Chin	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Eric Enderlin	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Kimberly Huang	NYC Housing Development Corp.
Morgana Laurent	NYC Housing Development Corp.
Christina Lin	NYC Housing Development Corp.
Susannah Lipsyte	NYC Housing Development Corp.
Stephanie Mavronicolas	NYC Housing Development Corp.
Ruth Moreira	NYC Housing Development Corp.
Daniel Quiroz	NYC Housing Development Corp.
Mussa Sanoe	NYC Housing Development Corp.
Neil Saranga	NYC Housing Development Corp.
Moira Skeados	NYC Housing Development Corp.
Steve Splawinski	NYC Housing Development Corp.
Bobby Toth	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.