

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

June 4, 2026

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 Thursday, June 4, 2026.

The meeting was called to order at 3:00 p.m. by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the March 27, 2026 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”) 2026 Second Quarter Financial Report. Mr. Yu noted that the second quarter of the fiscal year 2026 financials covers the period November 1, 2025 through April 30, 2026. At the end of the second quarter, Mr. Yu stated that the net income was \$394.2 million, compared to \$375.9 million in the same period last fiscal year. The \$18.3 million increase was mainly due to ongoing interest on loans this period compared to the same period last year.

Mr. Yu reported that operating revenues for this period were \$613.9 million, compared to \$484.1 million in the same period last year. Interest income on mortgage loans, the largest component of operating revenues, totaled \$561.7 million, an increase of \$115.5 million or 25.9% from a year ago. Operating expenses were \$43.3 million, an increase of \$8.6 million compared to the same period last year. This is primarily due to a combination of \$3.6 million increase in salaries and fringe due to an extra payroll cycle this period and a higher pension expense to NYCERS, and \$2.4 million increase in rent expense after the free-rent period on the office lease ended at the start of the fiscal year. Non-operating expenses increased by \$107.2 million to \$200.8 million from last year, mainly due to a \$60.4 million increase in bond interest expenses, and a \$61.2 million swing in the fair market value of investments. This was partially offset by a \$22.8 million increase in realized investment earnings, totaling \$118.5 million or 23.8%.

Total assets were \$36.3 billion, an increase of \$3.3 billion or 10.1% from the fiscal year end 2025. 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 \$1.6 billion to \$26.9 billion, accounting for approximately 74.1% of total assets.

Mr. Yu noted that total liabilities were \$30.1 billion, a net increase of \$2.9 billion or 10.7% from fiscal year end 2025. Bonds and debt obligations excluding conduit debt increased by a net of \$1.6 billion. New issuances were at \$2.1 billion, while principal repayments totaled \$771.8 million. Payable to the City of New York increased by \$1.2 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 second quarter was \$6 billion, an increase of \$394.2 million from fiscal year end 2025.

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 April 30, 2026. The last report presented to the Audit Committee was as of February 28, 2026. Ms. Duffy noted that during this time, the Corporation issued a total of \$283.5 million of bonds in the Open Resolution. The Corporation redeemed \$100 thousand of bonds in one series of Open Resolution bonds. The Corporation's debt outstanding as of April 30, 2026, is approximately \$19.25 billion. The Corporation's statutory debt ceiling is \$20 billion. Ms. Duffy noted that after the Open Resolution bond debt service was paid on May 1 and certain redemptions occurred in May, the Corporation's debt outstanding decreased to \$19.09 billion. Ms. Duffy reported that the Corporation has submitted a bill to the NYS legislature to increase its statutory debt ceiling to \$22 billion, and was informed that the bill was passed by both the Assembly and the State Senate and is currently awaiting the Governor's signature.

Mr. Gould posed a question about the date by which the Corporation would reach the statutory debt ceiling capacity. Based on their analysis, Ms. Duffy noted that the Corporation will have until early fall before they hit the cap and would require the State to approve the bill. Ms. Denise Scott, Board Member, posed a question about whether the Corporation had provided the necessary discussions and materials to the State as they were voting. Ms. Duffy noted that the Corporation provided details on the timeline, including what they plan to finance. Ms. Duffy added that the NYCHA PACT deals were one of the reasons the statutory debt ceiling request was increased by \$2 billion instead of the usual \$1 billion, although this amount did not include financing for the Preservation Trust which will not count against the Corporation's debt limit. Ms. Duffy reported that overall, the State had few questions due to the Corporation providing all of the necessary details regarding the issuances they are planning.

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 May 11, 2026. Funds under management totaled approximately \$9.87 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 April 30, 2026. The previous report to the Audit Committee was dated February 28, 2026. There were no new approved counterparties, and there was one rating agency action of note. Ms. Hom stated that in early April, Moody's upgraded Flagstar Bank to Baa3 from Ba1 citing the Bank's progress in remediation of weaknesses in internal controls, improving profitability, and strengthening the Bank's capital position. Ms. Hom concluded that HDC's counterparty exposures with respect to credit ratings, average weighted maturity of investments, and liquidity and hedge amounts were virtually unchanged since the last report.

Mr. Gould again turned to Ms. Hom to present the Internal Audit Report. Since the last report to the Audit Committee, Ms. Hom stated that Internal Audit has conducted its annual review

of departmental Business Continuity and Succession Plans. Ms. Hom noted that there is no written report accompanying her remarks, and that she was pleased to report that most departments have completed their reviews while a couple of departments have taken a little more time to incorporate recent departmental restructuring. Ms. Hom expects those teams to complete their reviews in the coming weeks. Ms. Hom concluded that departmental submissions were well-thought out and address all major potential succession issues.

Mr. Gould again turned to Ms. Hom to present the Third Quarter 2026 Internal Audit Plan. Ms. Hom noted the proposed Internal Audit plan for the Third Quarter of 2026 includes three assurance audits, continuous monitoring of HDC's investment portfolio and employee expenses, annual risk assessment discussions with department leadership and Audit Committee Members, and ongoing work spearheading the PII Working Group and the AI Working Group. Hearing no questions, Ms. Hom requested the Audit Committee Members approve the Third Quarter 2026 Internal Audit Plan.

Mr. Gould called for the approval of the Third Quarter 2026 Internal Audit Plan. The motion was approved.

Mr. Gould again turned to Ms. Hom to present the Audit Committee Charter. Ms. Hom noted that the Corporation's Audit Committee Charter requires an annual review by the Audit Committee to determine the Charter's adequacy. The last time the Audit Committee reviewed and approved the Audit Committee Charter was June 3, 2025. Other than minor edits, Ms. Hom noted that there were no proposed changes to the Audit Committee Charter. Hearing no questions, Ms. Hom requested that the Audit Committee Members approve the Audit Committee Charter. Mr. Gould called for the motion, and the HDC Audit Committee Charter was approved.

At 3:13 p.m., with no further business, the meeting was adjourned.

Respectfully submitted,

Austin Chin

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ATTENDANCE LIST (HYBRID (LIVE/VIRTUAL) MEETING)

<u>NAME</u>	<u>AFFILIATION</u>
Harry Gould	Audit Committee Member
Marc Norman	Audit Committee Member
Denise Scott	Audit Committee Member
Louis Roberts	Ernst & Young
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.
Sean Jeong	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Morgana Laurent	NYC Housing Development Corp.
Susannah Lipsyte	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Stephanie Mavronicolas	NYC Housing Development Corp.
Ruth Moreira	NYC Housing Development Corp.
Matthew Murphy	NYC Housing Development Corp.
Trisha Ostergaard	NYC Housing Development Corp.
Mussa Sanoe	NYC Housing Development Corp.
Neil Saranga	NYC Housing Development Corp.
Mohee Uddin	NYC Housing Development Corp.
Mei Ping Wang	NYC Housing Development Corp.
Gene Yee	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.