



## **NYC Technology Development Corporation**

### **Minutes of a Board Meeting Held on September 17, 2013 at 4:00 PM 255 Greenwich Street, 9<sup>th</sup> Floor**

#### **1. Meeting Called to Order; Quorum Noted**

The meeting was called to order at approximately 4:00 p.m. A quorum was present consisting of Ari Hoffnung, Caswell F. Holloway, Chairperson Rahul N. Merchant, Mark Page and Steven Salzinger.

#### **2. Approval of Minutes From Meeting on July 18, 2013**

Upon motion duly made and seconded, the Minutes were unanimously adopted as follows:

RESOLVED, that the Board of Directors hereby approves the minutes of the Board of Directors meeting held on July 18, 2013, a copy of which is annexed hereto and is hereby ordered filed with the records of the Corporation.

#### **3. Deputy Treasurer**

The next item on the agenda was the proposed resolution to appoint Robert Balducci as Deputy Treasurer. Mr. Merchant explained that Mr. Balducci is highly qualified and experienced in the fields of governmental accounting and auditing and had been assisting TDC with its accounting and financial reporting responsibilities under TDC's Administrative Services Agreement with the City's Office of Management and Budget since TDC's inception. Designating Mr. Balducci as Deputy Treasurer would enable him to most effectively carry out these responsibilities on behalf of the Corporation. Upon motion duly made and seconded, the following resolution was then unanimously adopted:

WHEREAS, section 7.01 of the By-Laws of the Corporation authorizes this Board to elect such Officers as it may deem appropriate; and

WHEREAS, the best interests of the Corporation will be served by the appointment of a Deputy Treasurer with expertise in governmental accounting and auditing; and

WHEREAS, Robert Balducci serves as the Deputy Comptroller of various New York City affiliated entities and has 19 years of experience in governmental accounting and auditing; and

WHEREAS, the Corporation has an Administrative Services Agreement with the New York City Office of Management and Budget (“OMB”) under which the Corporation reimburses OMB for certain services, including services performed by Mr. Balducci; it is therefore

RESOLVED, that Robert Balducci is elected as Deputy Treasurer of the Corporation with the authority to perform all functions of the Treasurer relating to preparing, maintaining and presenting accurate financial records, statements and reports for the Corporation and acting as the Corporation’s liaison with its auditors, and any other duties as may be delegated to him by the Treasurer, to serve without additional compensation other than that provided in the existing Administrative Services Agreement, in accordance with the By-Laws until his successor shall be elected or until his earlier death, resignation or removal.

4. **Report from Audit Committee: Acceptance of Independent Auditors’ Report on FY 2013 Financial Statements and Authorization to Release Financial Statements**

The next item on the agenda was the report from the Audit Committee regarding the Fiscal Year 2013 financial statements and the independent auditors’ report on those statements. Mr. Page, the Chairperson of the Audit Committee, explained that the Audit Committee had met with the independent auditors and had reviewed their report and recommended that the Board accept the report and authorize release of the financial statements. Upon motion duly made and seconded, the Board unanimously adopted the following resolution:

WHEREAS, the Audit Committee has met with independent auditors of the Corporation and has reviewed the independent auditors’ report on the audited financial statements of the Corporation for the fiscal year ended June 30, 2013 and such financial statements; and

WHEREAS, the Audit Committee believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors’ report on the audited financial statements of the Corporation for the fiscal year ended June 30, 2013 and authorizes the release of such audited financial statements; provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Treasurer of the Corporation.

**5. Approval of the Annual Report and Authorization for Presentation to the Member**

The next item on the agenda was the proposed resolution to approve the Board's annual report required by section 519 of the New York Not-For-Profit Corporation Law and authorize its presentation to the Corporation's member, the Mayor. Mr. Merchant explained that this report, a copy of which was included in the materials provided the Directors, consists of cross-references to the places in the audited financial statements where information regarding the assets, liabilities, revenues and expenses of the corporation for fiscal year 2013 can be found and describes the membership of the Corporation. Mr. Hoffnung inquired whether the Corporation would be required to file a tax return with the Internal Revenue Service for 2013. The Treasurer and Deputy Treasurer stated that their understanding was that a governmentally affiliated not-for-profit corporation like TDC would be exempt from having to file a tax return, but would confirm their understanding. Upon a motion duly made and seconded, the Board unanimously approved the following resolution with respect to such report:

WHEREAS, Section 519 of the New York Not-For-Profit Corporation Law (the "N-PCL") requires that the Board of Directors of not-for-profit corporations present an annual report relating to the financial conditions of such corporations to the members of such corporations at their annual meeting; and

WHEREAS, in compliance with Section 519 of the N-PCL, the Board of Directors of the Corporation has caused an annual report relating to the Corporation's fiscal year 2013 (the "Annual Report") to be prepared; it is therefore

RESOLVED, that the Board of Directors does hereby authorize and ratify the preparation of the Annual Report and its presentation to the Member of the Corporation; and be it further

RESOLVED, that the Annual Report be entered in the minutes of this meeting of the Board of Directors.

**6. Report from Governance Committee and Approval of Performance Measures**

Mr. Merchant asked Mr. Holloway, as Chairperson of the Governance Committee, to deliver the Committee's report on the proposed performance measurements for the Corporation. Mr. Holloway explained that the Corporation was required by the Public Authorities Law to adopt a list of measurements that would be used to measure the Corporation's performance and achievement of its goals. He stated that the Governance Committee had met to discuss the list of proposed performance measures that were included in the materials distributed to the Board and the sample dashboard referenced in the fourth listed performance measure. He said that a new sample dashboard had been developed that provided greater clarity and detail and further stated that the Governance Committee recommended that definitions be developed prior to posting the

performance measures regarding the meaning of the red, yellow and green designations used to describe the overall status of projects on the amended sample dashboard.

Mr. Merchant specified that the amended sample dashboard provided greater clarity by re-labeling the first two columns in the "Budget" section as: (i) the "Baseline Budget", meaning the budget that existed when TDC assumed management of the project; and (ii) the "Current Budget", meaning the currently projected cost of the project. Using these indicators would more meaningfully demonstrate the impact of TDC's management on the project. He also explained that the revised dashboard divided the single column for the amount encumbered into two columns, one for the amount encumbered for hardware and software and the other for the amount encumbered for the amount encumbered for professional services. Finally, he described how the meaning of the use of the "red", "yellow" and "green" designations could vary from project to project, depending on the criticality of the project, its complexity, expected duration, and other factors, and indicated that TDC would formulate appropriate definitions for each project that are consistent with its rigorous professional standards, and include those definitions with each project dashboard.

Following this discussion and distribution of the amended dashboard by the General Counsel, a motion was made and seconded to approve the following resolution which was unanimously adopted:

WHEREAS, section 2824-a of the Public Authorities Law requires all state and local authorities to adopt a list of measurements of performance by which performance of the authority and the achievements of its goals may be measured; and

WHEREAS, the Board's Governance Committee has reviewed a list of such proposed measurements and proposed certain amendments to the dashboard referenced in and attached to such performance measurements, and has recommended the adoption of the amended performance measurements by the Board; it is therefore

RESOLVED, that the Corporation's proposed list of Performance Measurements presented at this meeting, as amended, a copy of which is annexed hereto and is hereby ordered filed with the records of the Corporation, are approved.

Following adoption of this resolution, Mr. Holloway explained that the Public Authorities Law also requires the boards of local authorities to perform confidential annual self-evaluations and directs the Governance Committee to direct this process. He explained that the Committee had developed a Board self-evaluation form that would be distributed to the Board members to complete and that the results would be aggregated and reported to the New York State Authorities Budget Office.

## **7. Operational Update**

The next item on the agenda was the Operational Update, a copy of which was included in the material distributed to the Board. Mr. Merchant explained that the Update summarizes TDC's current engagements and the cost avoidance and savings achieved by the City through utilizing TDC employees for work typically contracted out to for-profit firms. Mr. Merchant then introduced Scott Strickland, Richard Ladd and Steven Mankoff, the three senior Program Managers working on the Enterprise Licensing and Permitting ("ELP") Program, who discussed TDC's work and reviewed the dashboards relating both to the ELP project at the Department of Consumer Affairs and the Department of Health and Mental Hygiene (Strickland and Ladd), as well as the ELP project at the Department of Buildings (Mankoff). Mr. Holloway requested that, in the future, dashboards include information about the purpose and expected benefits to the City of New York of the projects on which TDC works. It was explained by the General Counsel that this information is currently available in the description of the projects on the Corporation's website, but could also be expanded and included with the Operational Update material. Next, Andrea Mitchell, the project manager for the Reinvent.NYC.gov reviewed the dashboard for that project and explained the progress that had been made by unifying governance of the project under TDC's umbrella. Finally, Jay Shevins and Keyur Majmudar, the senior project managers for the SMART project, reviewed the dashboards for that project and explained how TDC's management had helped to take a project that had serious challenges and moved it forward.

Mr. Merchant then invited TDC officers to discuss the other services that had been provided by TDC to the City. First, Eileen Cleary described the work she had done in helping to "right-size" the DCAS IT portfolio and to help DCAS reorganize its IT unit. She also discussed a new project at DCAS to introduce a Computerized Maintenance Management System, for which TDC has been providing procurement consulting services and which TDC had just agreed to project manage. After that, Bruce Nolan described the work he had done providing procurement consulting services to the Department of City Planning in relation to a Project Management System, and to the Administration for Children's Services in relation to an Enterprise Case Management System. Finally, the General Counsel described the role that TDC played in drafting strong and clear contract terms for a Department of Finance Property Tax System -- terms which will help ensure that a project that fully meets the Department's business needs is delivered on time and within budget, and in functioning as lead negotiator for that procurement.

After the completion of the presentations, Mr. Hoffnung stated that he was impressed with the high level of professionalism and clarity in the dashboard presentations and suggested that the approach used by TDC for managing these projects become a "best practice" model for the City.

## **8. Investment Report**

The next item on the agenda was the resolution to approve the Investment Report. Mr. Merchant explained that TDC is required by the New York State Public Authorities Law to produce this report. He further noted that the report reflects that TDC has no real investments as it maintains all its funds in its bank account and a money market account. A compliance letter

from TDC's independent auditors was circulated which was inserted as Schedule II to the report. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, section 2925(6) of the Public Authorities Law and the Corporation's Investment Guidelines require the Corporation to annually prepare an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report and has deemed it to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Report is hereby approved.

**9 Authorization to Enter into an Amendment to the Contract with the City of New York Related to the Definition of CIIO**

The next agenda item was a proposed amendment to TDC's contract with the City to change the definition of CIIO to provide that the Commissioner of DoITT would be deemed the CIIO for purposes of the contract in the event that no one is designated by the Mayor as CIIO or the position of CIIO is not continued in a future Mayoral administration. Mr. Merchant explained that this amendment was needed to ensure continuity of operations for TDC and all members of the Board concurred. Upon motion duly made and seconded, the Board then unanimously adopted the following resolution:

WHEREAS, the contract between the Corporation and the City of New York gives certain authority for directing the work of the Corporation to the City's Chief Information and Innovation Officer ("CIIO"); and

WHEREAS, the contract defines the CIIO as the individual "holding such title within the Office of the Mayor or his or her designee or, a successor in function, or such other person as the Mayor may designate"; and

WHEREAS, it is thus necessary to amend the contract to provide for continuity of operation of the Corporation's work in the event that there is no individual holding such office, successor in function or other Mayoral designee; it is therefore

RESOLVED, that the proposed amendment of the Contract between the Corporation and the City of New York, relating to the contract definition of the "CIIO", a copy of which is annexed hereto and is hereby ordered filed with the records of the Corporation, is approved and the Corporation is hereby authorized to enter into such amended Contract.

10. **Authorization to Enter into an Amendment to the Contract with the City of New York Related to Unexpended Funds**

The final item on the agenda was a proposed amendment to TDC's contract with the City that would permit TDC to utilize the full \$19.5 million allocated for the three year term of its contract, notwithstanding the fact that the maximum funds provided for any particular year under the contract were not expended within that time period. Mr. Merchant explained that this amendment would not increase the total payments authorized under the contract, but would simply rollover unexpended dollars into future fiscal years. He explained that the amendment was necessary because TDC was not able to begin operations until the middle of FY 2013 and grew gradually and, as a result, TDC spent substantially less than the amount allowed for FY 2013.

Upon motion duly made and seconded, the Board unanimously adopted the following resolution:

WHEREAS, in order for the Corporation to best carry out its mission and its contractual responsibilities to the City, the maximum amounts payable to the Corporation per year under the contract need to be reallocated among the contract years, without changing the total maximum amount payable under the contract; it is therefore

RESOLVED, that the proposed amendment of the Contract between the Corporation and the City of New York, relating to the allocation of amounts payable to the Corporation per contract year, a copy of which is annexed hereto and is hereby ordered filed with the records of the Corporation, is approved and the Corporation is hereby authorized to enter into such amended Contract.

11. **Adjournment**

Chairperson Merchant adjourned the meeting at 5:15 p.m.

Respectfully submitted,



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Elissa Stein Cushman  
Secretary