

MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
HELD REMOTELY AND IN-PERSON AT THE ONE LIBERTY PLAZA OFFICES OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 21, 2021

The following directors and alternates were present, constituting a quorum:

Rachel Loeb (chairperson)
Marlene Cintron
HeeWon Brindle-Khym
Brian Cook, alternate for Scott M. Stringer,
Comptroller of The City of New York
Pedram Mahdavi, alternate for Vicki Been,
Deputy Mayor for Housing and Economic Development
Anthony Del Vecchio
Barry Dinerstein, alternate for Marisa Lago,
Chair of the City Planning Commission of The City of New York
Jacques-Philippe Piverger
James Prendamano
Betty Woo, alternate for Georgia M. Pestana,
Corporation Counsel of The City of New York

The following directors and alternates were not present:

Khary Cuffe
Albert De Leon
Andrea Feirstein
Robert Santos
Shanel Thomas

Rachel Loeb, President of New York City Economic Development Corporation (“NYCEDC”), convened the meeting of the Board of Directors of the New York City Industrial Development Agency (“NYCIDA” or the “Agency”) at 9:00 a.m., at which point a quorum was present.

1. Adoption of the Minutes of the July 27, 2021 Meeting Minutes

Ms. Loeb asked if there were any comments or questions relating to the minutes of the July 27, 2021 Board of Directors meeting. There were no comments or questions; a motion to approve such minutes was made, seconded and unanimously approved.

2. Financial Statements for July 2021 (Unaudited)

Carol Ann Butler, Assistant Vice President of NYCEDC, presented the Agency's Financial Statements for the one-month period ending July 31, 2021 (Unaudited). Ms. Butler reported that revenues derived from compliance, application, post-closing and termination fees amounted to \$133,000. Ms. Butler also reported that \$337,000 in operating expenses, largely consisting of the monthly management fee, were recorded for the Agency for the one-month period that ended on July 31, 2021 (Unaudited). Due to the adoption of the GASB Statement No. 91 implementation for conduit debt obligations, the Agency has restated July 31, 2020 by omitting the Mets and Yankees conduit debt transactions across its financial statements.

3. Audited Financial Statements (FY June 2021)

Amy Chan, Controller for NYCEDC and Assistant Treasurer for the Agency, and Leslie Escobar, Deputy Controller for NYCEDC, presented for review and approval the Agency's Audited Financial Statements for the Fiscal Year ended June 30, 2021.

4. Annual Investment Report

Ms. Chan and Ms. Escobar presented for review and approval the Agency's Annual Investment Report for the Fiscal Year ended June 30, 2021.

There being no comments or questions, a motion to approve the Agency's Audited Financial Statements for the Fiscal Year ended June 30, 2021 attached hereto as Exhibit A, as submitted, and the Agency's Annual Investment Report for the Fiscal Year ended June 30, 2021 attached hereto as Exhibit B, as submitted, were made, seconded and unanimously approved.

5. Commercial Growth Project Portfolio Omnibus Resolution

Daniel Kane, a Vice President for NYCEDC, presented for review and approval an omnibus resolution authorizing certain officers of the Agency the authority to enter into waivers and/or amendments to certain Commercial Growth project transaction documents in order to permit the Agency to accept as eligible employees those employees engaged in remote work who otherwise satisfy the employee eligibility criteria under each respective agreement for the period from March 1, 2020, through June 30, 2021. Mr. Kane described the Omnibus Resolution and its benefits, as reflected in Exhibit C.

In response to a question from Mr. Cook, Mr. Kane stated that June 30, 2022 is the next

“as of” reporting period and that Agency staff will receive reports on or around August 1, 2022. Mr. Cook stated that the Agency’s actions will be judged by whether staff acted according to the standards three months after the reporting period. Mr. Prendamano stated that the Audit Committee discussed how Agency staff can ensure that the company would continue to endeavor to maintain leases within the City. Mr. Prendamano stated that as some companies are opting to de-centralize and employees are working remotely, which is certainly understandable, the Audit Committee wanted to make sure that they were continuing to make best efforts to keep headquartered inside the City.

Mr. Kane stated that the only relief that we’re asking for here concerns the remote work and that these companies are still balanced by requirements in their respective transaction documents to maintain their headquarters in the City until the expiration of their transaction(s), and that Agency staff is not providing any relief from those obligations.

There being no further comments or questions, a motion to approve the Omnibus Resolution attached hereto as Exhibit D, as submitted, was made, seconded and unanimously approved.

6. Acknowledgment of Performance Measurements Report

Emily Marcus, an Assistant Vice President for NYCEDC and Deputy Executive Director of the Agency, presented the Agency’s performance measurements report.

There being no comments or questions, a motion to approve the performance measurements report attached hereto as Exhibit E, as submitted, was made, seconded and unanimously approved.

7. Results of Board Performance Self-Evaluation Survey

Ms. Marcus presented the results of the Board’s annual Self-Evaluation Survey (the “Survey”).

Ms. Woo stated that there were three comments that were specifically mentioned on the survey. Ms. Woo stated that the first comment was that the mission, purpose, and policies should be provided annually as a packet to the board members. Ms. Woo stated that those packets are included in the June board book but the Governance Committee would be happy to send these separately after the meeting today so that board members will have it as a separate packet. Ms. Woo stated that the second comment was that there should be a governance training session. Ms. Woo stated that the committee will take that under advisement and can think about what might be appropriate and will look at the regular on-boarding info that the committee provides to new board members, which change from time to time, so it may be a good idea to circulate those materials to board members as well. Ms. Woo stated that the third comment was that the board: (i) does not identify risk but rather tends to rely on Agency staff and (ii) does not give performance evaluations or review performance expectations for Agency

staff. Ms. Woo stated that the board has certain performance measurements and if any board member would like to suggest additional measurements or other standards then they may reach out to any member of the Governance Committee, which includes herself, HeeWon Brindle-Khym and Robert Santos. Ms. Woo stated that it's noteworthy that the survey is reviewed every April before being approved and is a form survey from the New York State Authorities Budget Office so the Governance Committee is not trying to change the form. However, if perhaps there's something missing (because the Agency's corporate structure is not similar to other companies that take this survey), it may be appropriate to add more questions.

8. Foodirect, Inc.

Jenny Osman, an Assistant Vice President for NYCEDC, presented for review and adoption an inducement resolution for an Industrial Program transaction for the benefit of Foodirect, Inc. and recommended the Board adopt a negative SEQRA determination that the project will not have a significant adverse effect on the environment. Ms. Osman described the project and its benefits, as reflected in Exhibit F.

In response to a question from Mr. Cook, Ms. Osman stated that despite the industry that it's in, which is food distribution to restaurants, supermarkets and bodegas that were crippled due to the COVID-19 pandemic, the company came out of this past year with the ability to pursue this type of capital project. Ms. Osman stated that based off their past performance and their ability to perform during the past 18 months Agency staff are confident that the company has the ability to expand their operations and that their proforma is in-line with the historic performance of the company. Ms. Marcus stated that the company is currently at full capacity with their existing stalls so by purchasing additional stalls they would be able to stock additional products that are desired by their existing customer base. Ms. Cintron stated that she supports this project and that this was a company that was able to meet their metrics despite operating during the pandemic for the last year and half and that this family-owned business is more than capable. Ms. Cintron stated that she met some of the company's employees, many of whom are second and third generation employees, which shows part of what makes them successful is not only their business savvy but their ability to retain employees at this very difficult time when many others are finding it very difficult to retain and acquire new employees.

There being no further comments or questions, a motion to approve the inducement and the SEQRA determination attached hereto as Exhibit G for the benefit of Foodirect, Inc. was made, seconded and approved with Ms. Cintron voting in opposition.

9. MGN 57-55 Rust Street, LLC, MGN 400 Kingsland Avenue, LLC, MGN 1074 Grand Street, LLC & MGN 1086 Grand Street, LLC

Noah Schumer, a Project Manager for NYCEDC, presented for review and adoption four separate inducement and authorizing resolutions for four Industrial Program transactions for the benefit of MGN 57-55 Rust Street, LLC, MGN 400 Kingsland Avenue, LLC, MGN 1074 Grand

Street, LLC & MGN 1086 Grand Street, LLC and recommended the Board adopt four separate negative SEQRA determinations that each project will not have a significant adverse effect on the environment. Mr. Schumer described the project and its benefits, as reflected in Exhibit H.

In response to a question from Mr. Cook, Mr. Schumer stated that the total number of construction jobs amounts to 48 and they are expected to be union jobs.

There being no further comments or questions, a motion to approve the inducement and authorizing resolutions and the SEQRA determinations attached hereto as Exhibit I for the benefit of MGN 57-55 Rust Street, LLC, MGN 400 Kingsland Avenue, LLC, MGN 1074 Grand Street, LLC & MGN 1086 Grand Street, LLC was made, seconded and approved with Ms. Cintron voting in opposition.

10. Steinway, Inc.

Mr. Schumer presented for review and adoption an inducement and authorizing resolution for an Industrial Program transaction for the benefit of Steinway, Inc. and recommended the Board adopt a negative SEQRA determination that the project will not have a significant adverse effect on the environment. Mr. Schumer described the project and its benefits, as reflected in Exhibit J.

There being no further comments or questions, a motion to approve the inducement and authorization resolution and the SEQRA determination attached hereto as Exhibit K for the benefit of Steinway, Inc. was made, seconded and unanimously approved.

11. Service Contract Proposal for the OneNYC Climate Adaptation Roadmap program

James Golinkoff, a Senior Project Manager of NYCEDC, presented for review and approval a proposal for a services contract with NYCEDC in an amount of up to \$135,000, which will engage HR&A Advisors, Inc. ("HR&A") and its subcontractors to support the operation of an advisory group to the Mayor's Office of Climate Resiliency, comprised of key stakeholders in the City's resiliency efforts, that will inform final adaptation strategies, including honoraria to stakeholders for participation. Mr. Golinkoff described the program and its benefits, as reflected in Exhibit L.

In response to a question from Mr. Cook, Mr. Golinkoff stated that HR&A was selected through a mini-RFP in 2018 to provide services to develop the OneNYC program as a whole and, if Agency staff decided to continue engaging the consultant, services related to this climate adaptation road map.

There being no further comments or questions, a motion to approve the services contract proposal for the OneNYC Climate Adaptation Roadmap program attached hereto as Exhibit L was made, seconded and unanimously approved.

12. Adjournment

There being no further business to come before the Board of Directors at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board of Directors was adjourned at 9:47 a.m.


Assistant Secretary

Dated: 11/16/21
New York, New York

Exhibit A

FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION

New York City Industrial Development Agency
(A Component Unit of the City of New York)
Years Ended June 30, 2021 and 2020
With Report of Independent Auditors

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New York City Industrial Development Agency
(A Component Unit of the City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2021 and 2020

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

I. Financial Section

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Report of Independent Auditors

The Management and the Board of Directors
New York City Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Agency as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, the Agency restated its financial statements as of and for the year ended June 30, 2020 to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated **September 30, 2021**, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

September 30, 2021

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New York City Industrial Development Agency
(A Component Unit of the City of New York)

Management's Discussion and Analysis

June 30, 2021 and 2020

This section of the New York City Industrial Development Agency's (IDA or the Agency) annual financial report presents our discussion and analysis of financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

2021 Financial Highlights

- Current assets decreased \$5.1 million (or 21%)
- Non-current assets increased \$13.7 million (or 100%)
- Current liabilities increased \$0.8 million (or 22%)
- Operating revenues increased \$8.2 million (or 128%)
- Operating income increased \$8.2 million (or 437%)
- Non-operating expenses, net, decreased \$1.5 million (or 40%)
- Change in net position was \$7.8 million in fiscal year 2021, as compared to (\$1.9) million in fiscal year 2020

Overview of the Financial Statements

This annual financial report consists of two parts: Management's Discussion and Analysis (this section), and the basic financial statements. IDA is considered a component unit of the City of New York (the City) for financial reporting purposes and is a public benefit corporation established by the laws of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

IDA is a self-supporting entity and follows enterprise fund reporting. Enterprise fund statements offer short-term and long-term financial information about the Agency's activities.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Business-Type Activities of the Agency

Net Position – The following table summarizes IDA's financial position at June 30, 2021, 2020 and 2019 and the percentage change between June 30, 2021, 2020, and 2019 (dollars in thousands):

	2021	2020 *	2019 *	% Change	
				2021–2020	2020–2019
Current assets	\$ 18,668	\$ 23,766	\$ 20,231	(21)%	17%
Non-current assets	13,729	–	6,623	–	(100)
Total assets	<u>32,397</u>	23,766	26,854	36	(12)
Current liabilities	<u>4,641</u>	3,796	5,034	22	(25)
Total liabilities	<u>4,641</u>	3,796	5,034	22	(25)
Total net position	<u>\$ 27,756</u>	\$ 19,970	\$ 21,820	39	(8)

*Restated for GASB No. 91 implementation – please see Note 2.

Fiscal Year 2021 Activities

Total assets increased by \$8.6 million or 36% mainly due to cash received associated with the refunding bond closings of Yankee Stadium, LLC in the amount of \$7.7 million and Queens Baseball Stadium in the amount of \$4.6 million. This increase was offset by NYCEDC's management fee of \$4.4 million. Of the Agency's total assets, non-current assets increased by \$13.7 million or 100% due to the cash from maturities of current investments being reinvested into long-term securities.

Total current liabilities increased by \$0.8 million or 22% mainly due to an increase in due to NYCEDC of \$0.4 million for special project costs and an increase in unearned revenues of \$0.4 million related to cash collections on prepaid fees.

Fiscal Year 2020 Activities

Current assets increased by \$3.5 million or 17% mainly due to the increase in cash and fees receivable of \$4.1 million associated with the industrial incentive closings for 345 PAS Holding LLC and 45-18 Court Square Owner, LLC during fiscal year 2020.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

Total current liabilities decreased by \$1.2 million or 25% mainly due to a decrease in accrued expenses of \$0.7 million and due to NYCEDC of \$0.4 million.

Operating Activities

The Agency assists industrial and commercial participants through a “straight lease” transactional structure which provides tax benefits to participants to incentivize the acquisition and capital improvement of their facilities. Apart from the issuance of bonds to refund governmental bonds (including bonds for Yankee Stadium, LLC and Queens Baseball Stadium), the Agency has chosen not to issue new bonds. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. During the year ended June 30, 2021, IDA closed on two tax-exempt bond issues; during the year ended June 30, 2020, IDA did not issue any tax-exempt bonds.

The Agency charges various program fees, including application fees, financing fees, legal fees, and compliance fees. In certain circumstances, the Agency may also charge servicing fees on any recapture of benefits from companies defaulting on their compliance requirements for IDA benefits.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

Operating Activities (continued)

The following table summarizes IDA's changes in net position for fiscal years 2021, 2020 and 2019 and the percentage change between June 30, 2021, 2020 and 2019 (dollars in thousands):

	2021	2020 *	2019 *	% Change	
				2021-2020	2020-2019
Operating revenues:					
Fee income	\$ 14,082	\$ 6,346	\$ 2,442	122%	160%
Other income	527	62	393	750	(84)
Total operating revenues	14,609	6,408	2,835	128	126
Operating expenses:					
Management fees	4,400	4,400	4,356	—	1
Other expenses	193	143	200	35	(29)
Total operating expenses	4,593	4,543	4,556	1	—
Operating income (loss)	10,016	1,865	(1,721)	437	208
Non-operating (expenses) revenues:					
Earnings on investments	(1)	337	548	(100)	(39)
Special project costs	(2,229)	(4,052)	(3,665)	(45)	11
Termination of security interest	—	—	(10,450)	—	(100)
Total non-operating expenses, net	(2,230)	(3,715)	(13,567)	(40)	(73)
Change in net position	7,786	(1,850)	(15,288)	521	88
Beginning net position	19,970	21,820	37,108	(9)	(41)
Ending net position	\$ 27,756	\$ 19,970	\$ 21,820	39	(8)

*Restated for GASB No. 91 implementation – please see Note 2.

Fiscal Year 2021 Activities

The Agency's net position increased by \$7.8 million or 39% largely due to the project finance fees recognized from the refunding bond closings related to Yankee Stadium, LLC of \$7.7 million and Queens Baseball Stadium of \$4.6 million during fiscal year 2021. This increase was offset by the normal operating expenses of \$4.6 million during fiscal year 2021.

Operating income increased by \$8.2 million or 437% during fiscal year 2021 due to the following: (1) an increase of \$7.7 million in project finance fees and (2) an increase in recapture income of \$0.5 million.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

Fiscal Year 2021 Activities (continued)

Special project costs decreased overall by \$1.8 million or 45% during fiscal year 2021, largely as a result of a decrease of \$1.4 million in costs related to the LifeSci NYC and Cyber NYC projects and by an overall decrease of \$0.4 million in other special project costs.

Fiscal Year 2020 Activities

Despite the World Health Organization declaring the coronavirus (COVID-19) outbreak a pandemic in March 2020, the Agency's operations were not significantly impacted.

The Agency's net position decreased by \$1.9 million or 8% largely due to special project costs of \$4.1 million which included expenditures for projects relating to LifeSci NYC, Cyber NYC and Workforce One Industrial and Transportation Career Center Satellites.

Fee income increased by \$3.9 million or 160% primarily as a result of \$3.6 million earned in project finance fees from the 345 PAS Holding LLC and 45-18 Court Square Owner, LLC industrial incentive closings during fiscal year 2020.

Other operating income decreased by \$0.3 million or 84%. This is a result of a general decrease in income from benefit recapture events during fiscal year 2020.

Operating income increased by \$3.6 million or 208% during fiscal year 2020 due to the following: (1) an increase of \$3.9 million in project finance fees, of which \$3.6 million is related to the 345 PAS Holding LLC and 418 Court Square Owner, LLC closings and (2) an offsetting decrease in recapture income of \$0.3 million.

Special project costs increased overall by \$0.4 million or 11% during fiscal year 2020, largely as a result of \$1.9 million in costs related to the LifeSci NYC and Cyber NYC projects. This increase was offset by a decrease of \$1.5 million in various other special project costs.

Contacting the Agency's Financial Management

This financial report is designed to provide our customers, clients, creditors, and the public with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, New York City Industrial Development Agency, One Liberty Plaza, New York, NY 10006.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Net Position
(In Thousands)

	June 30	
	2021	2020 As Restated*
Assets		
Current assets:		
Cash and cash equivalents <i>(Note 3)</i>	\$ 15,337	\$ 5,699
Investments <i>(Note 3)</i>	101	13,792
Restricted cash	3,056	3,051
Fees receivable, net of allowance for doubtful accounts of \$39 and \$72, respectively	174	1,224
Total current assets	18,668	23,766
Non-current assets:		
Investments <i>(Note 3)</i>	13,729	–
Total non-current assets	13,729	–
Total assets	32,397	23,766
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	177	140
Due to New York City Economic Development Corporation	587	174
Unearned revenues	821	431
Other liabilities	3,056	3,051
Total current liabilities	4,641	3,796
Total liabilities	4,641	3,796
Net position – unrestricted	\$ 27,756	\$ 19,970

See accompanying notes.

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	Year Ended June 30	
	2021	2020 As Restated*
Operating revenues:		
Fee income (Note 2)	\$ 14,082	\$ 6,346
Recapture and other related benefits (Note 2)	510	36
Other income (Note 2)	17	26
Total operating revenues	14,609	6,408
Operating expenses:		
Management fees (Note 4)	4,400	4,400
Other expenses	193	143
Total operating expenses	4,593	4,543
Operating income	10,016	1,865
Non-operating revenues (expenses):		
Investment (loss) income	(1)	337
Special project costs (Note 5)	(2,229)	(4,052)
Total non-operating expenses, net	(2,230)	(3,715)
Change in net position	7,786	(1,850)
Net position, unrestricted, beginning of year	19,970	21,820
Net position, unrestricted, end of year	\$ 27,756	\$ 19,970

See accompanying notes.

*Restated for GASB No. 91 implementation – please see Note 2.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2021	2020 As Restated*
Cash flows from operating activities		
Financing and other fees	\$ 15,533	\$ 5,162
Other income	9	26
Management fees paid	(4,400)	(4,400)
Accounting fees paid	(68)	(66)
Public hearing fees paid	(16)	(18)
Marketing fees paid	—	(4)
Miscellaneous expenses paid	—	(3)
Return of funds held pending compliance with agreements	—	(48)
Recapture benefits and other penalties received	1,831	2,146
Payment to NYC and other agencies of recaptured benefits	(1,320)	(2,109)
Payment to EDC for contingency fees	(71)	(1)
Net cash provided by operating activities	<u>11,498</u>	<u>685</u>
Cash flows from investing activities		
Sale of investments	20,701	35,089
Purchase of investments	(20,748)	(27,789)
Interest income	9	179
Net cash (used in) provided by investing activities	<u>(38)</u>	<u>7,479</u>
Cash flows from non-capital financing activities		
Special project costs paid	(1,817)	(5,124)
Net cash used in non-capital financing activities	<u>(1,817)</u>	<u>(5,124)</u>
Net increase in cash and cash equivalents	9,643	3,040
Cash and cash equivalents at beginning of year	8,750	5,710
Cash and cash equivalents at end of year	<u>\$ 18,393</u>	<u>\$ 8,750</u>

*Restated for GASB No. 91 implementation – please see Note 2.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Cash Flows (continued)
(In Thousands)

	Year Ended June 30	
	2021	2020
	As Restated*	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 10,016	\$ 1,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Recovery) provision for bad debt	(8)	57
Changes in operating assets and liabilities:		
Fees receivable	1,058	(1,071)
Accounts payable and accrued expenses	37	(1)
Due to NYC Economic Development Corp.	-	(4)
Other liabilities	5	(48)
Unearned revenues	390	(113)
Net cash provided by operating activities	\$ 11,498	\$ 685
Supplemental disclosures of non-cash activities		
Unrealized (loss) gain on investments	\$ (20)	\$ 20

See accompanying notes.

*Restated for GASB No. 91 implementation – please see Note 2.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Fiduciary Net Position
(In Thousands)

	Custodial Funds	
	June 30	
	2021	2020
Assets		
Cash and cash equivalents	\$ 5,201	\$ 561
Total assets	<u>5,201</u>	<u>561</u>
Liabilities		
PILOT payable	5,201	561
Total liabilities	<u>5,201</u>	<u>561</u>
Net position – restricted	<u>\$ –</u>	<u>\$ –</u>

See accompanying notes.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Statements of Changes in Fiduciary Net Position
(In Thousands)

	Custodial Funds	
	Year Ended June 30	
	2021	2020
Additions		
PILOT collections	\$ 41,941	\$ 30,393
Total additions	<u>41,941</u>	<u>30,393</u>
Deductions		
PILOT payments disbursed	36,740	29,832
PILOT payments pending disbursement	5,201	561
Total deductions	<u>41,941</u>	<u>30,393</u>
Net increase in fiduciary net position	-	-
Net position – beginning of year	-	-
Net position – end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements

June 30, 2021 and 2020

1. Background and Organization

The New York City Industrial Development Agency (IDA or the Agency), a component unit of the City of New York (the City) for financial reporting purposes, is a public benefit corporation of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

The Agency is governed by a Board of Directors, which establishes official policies and reviews and approves applications for financial assistance. Its membership is prescribed by statute and includes a public official and mayoral appointees. Five of the mayoral appointees are appointed by the Mayor after nominations by the City's five Borough Presidents.

To support the activities of the Board of Directors, the Agency annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City, organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives.

The Agency assists industrial and commercial organizations primarily through "straight lease" transactional structures. The straight lease provides tax benefits to the participating organizations (the Project Companies) to incentivize the acquisition and capital improvement of facilities that they own or occupy. The Agency may also assist Project Companies with long-term, low-cost financing for capital assets through a financing transaction (the Financing Transaction), which includes the issuance of double and triple tax-exempt private activity bonds (PABs). However, apart from the issuance of bonds to refund governmental bonds (including bonds for Yankee Stadium, LLC and Queens Baseball Stadium), the Agency has chosen not to issue new bonds. The Project Companies, in addition to satisfying legal requirements under the Agency's governing laws, must meet certain economic development criteria. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. For more detailed information, please refer to the following website: <https://www.edc.nyc/nycida/financial-public-documents>.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

1. Background and Organization (continued)

In the past, the Agency issued PABs. The PABs are special non-recourse conduit debt obligations of the Agency which are payable solely from the rents and revenues provided for in the lease (Financing Lease) to the Project Company. The PABs are secured by a collateral interest in the Financing Lease, the Project Company's project property and, in certain circumstances, by guarantees from the beneficiary's principals or affiliates or other forms of additional security. Both the PABs and certain provisions of the Financing Lease are administered by an independent bond trustee appointed by the Agency.

When the Agency issues PABs, the proceeds of the PAB financing are conveyed to an independent bond trustee for disbursement to the Project Company. The Project Company leases the project or other collateral to the Agency for a nominal sum and the Agency, in turn, leases the property or other collateral back to the Project Company for a period concurrent with the maturity of the related PAB or the term of the tax benefits. Rental payments are calculated to be sufficient to meet the debt service obligation on the PAB. The Financing Lease includes a termination option, which allows the Project Company to cancel the Financing Lease for a nominal sum after satisfaction of all terms thereof.

The total governmental and PAB debt obligations outstanding totaled \$2.42 billion and \$2.41 billion for the years ended June 30, 2021 and 2020, respectively. For more detailed information, please refer to the following website: <https://www.edc.nyc/nycida/financial-public-documents>.

Due to the fact that: (1) the PABs are non-recourse conduit debt obligations to the Agency, (2) the Agency assigns its interest in the Financing Lease as collateral, and (3) the Agency has no substantive obligations under the Financing Lease (other than to convey back the project property at the end of the PAB term), the Agency has, in effect, none of the risks and rewards of the Financing Lease and related PAB financing. Accordingly, with the exception of certain fees derived from the Financing Transaction, the Financing Transaction itself is given no accounting recognition in the accompanying financial statements.

In addition to PAB financing, the Agency also issued governmental Tax-Exempt PILOT Revenue Bonds and Taxable Rental Revenue Bonds, Taxable Installment Purchase Bonds and Taxable Lease Revenue Bonds in connection with the construction of the new Yankee Stadium and Citi Field (the Stadia Projects). Yankee Stadium, LLC, a Delaware limited liability company, and Queens Ballpark, LLC, a New York limited liability company, undertook the design, development,

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

1. Background and Organization (continued)

acquisition, and construction of the Stadia Projects. The Taxable Bonds are special limited obligations of the Agency and are payable solely from revenues derived from a Lease Agreement with Yankee Stadium, LLC and a Lease Agreement and Installment Sales Agreement with Queens Ballpark Company, LLC.

The governmental Tax-Exempt PILOT Bonds are special limited obligations of the Agency payable solely from PILOT revenues derived from PILOTs made by Yankee Stadium, LLC and Queens Ballpark Company, LLC. However, since the Tax-Exempt PILOT Bonds were issued to finance the construction of the Stadia and because the Agency is the legal owner of the Stadia, the Tax-Exempt PILOT Bonds had been recorded in the Agency's books and were reflected in its financial statements. The Agency adopted GASB Statement No. 91, *Conduit Debt Obligations*, as of July 1, 2019 and, as a result, the Tax-Exempt PILOT Bonds were removed from the Agency's financial statements, as further described in Note 2. In addition, no commitments beyond the payments from the PILOT revenues were extended by the Agency for any of these bonds. At June 30, 2021, the PILOT Bonds have an aggregate outstanding principal amount payable of \$1.62 billion.

2. Summary of Significant Accounting Policies

Basis of Accounting

IDA is classified as an "enterprise fund," as defined by the Governmental Accounting Standards Board (GASB) and, as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the U.S. (GAAP).

In accordance with GAAP, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Cash Equivalents

The Agency considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

Investments

Investments held by the Agency are recorded at fair value.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The Agency adopted this standard and will delay implementation of certain GASB statements covered by GASB 95 until their new respective effective dates.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. With the adoption of GASB 95, provisions of this statement are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Paragraphs 4, 5, 11 and 13 were effective immediately upon issuance of this statement and did not have a significant impact to the Agency's financial statements. With the adoption of GASB 95, provisions of this statement, other than those stated in paragraphs 4, 5, 11 and 13, are effective for fiscal years beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address financial reporting implications that result from the replacement of the interbank offered rate (IBOR). With the adoption of GASB 95, the requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency is evaluating the impact this standard will have on its financial statements.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Agency is evaluating the impact this standard will have on its financial statements.

Impact of New Accounting Standard Adopted

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The adoption of this standard by the Agency on July 1, 2019 resulted in the identification of three previously unreported PILOT trust accounts now being reported as fiduciary activity. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of the City of New York and recognizes an offsetting liability payable to the City of New York when the funds are received. Accordingly, there is no cumulative effect resulting from the adoption of GASB 84. The PILOT trust accounts, designated as custodial funds, are presented under the statement of fiduciary net position and corresponding additions and deductions are presented under the statement of changes in fiduciary net position.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

As a result of adopting this pronouncement, the Agency's statement of net position as of June 30, 2020, the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the year ended June 30, 2020 have been restated to reflect the required adjustments (dollars in thousands).

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of June 30, 2020:			
<u>Statement of Net Position:</u>			
Current PILOT lease receivable, net – Stadia Projects	\$ 29,296	\$ (29,296)	\$ –
Restricted cash and cash equivalents – Stadia Projects	98,138	(98,138)	–
Restricted investments – Stadia Projects	18,598	(18,598)	–
Non-current PILOT lease receivable, net – Stadia Projects	1,607,191	(1,607,191)	–
Total assets	1,776,989	(1,753,223)	23,766
Deferred outflow of resources – derivative instrument – interest rate swap	11,849	(11,849)	–
Bonds payable – current – Stadia Projects	29,296	(29,296)	–
Interest payable on bonds – Stadia Projects	151,639	(151,639)	–
Bonds payable, net – Stadia Projects	1,572,288	(1,572,288)	–
Derivative instrument – interest rate swap	11,849	(11,849)	–
Total liabilities	1,768,868	(1,765,072)	3,796
For the year ended June 30, 2020:			
<u>Statement of Revenues, Expenses and Changes in Net Position:</u>			
PILOT lease income – Stadia Projects	\$ 89,852	\$ (89,852)	\$ –
PILOT investment income – Stadia Projects	1,995	(1,995)	–
Bond interest expense – Stadia Projects	(91,847)	91,847	–
<u>Statement of Cash Flows</u>			
Cash flows from investing activities			
Sale of investments	\$ 130,711	\$ (95,622)	\$ 35,089
Purchase of investments	(53,486)	25,697	(27,789)
Net receipts from investment agreement termination	15	(15)	–
Investment income	1,995	(1,995)	–
Cash flows from capital and related financing activities			
Interest payments on outstanding bonds	(78,291)	78,291	–
Bond principal redemption	(35,075)	35,075	–
Swap payments received	3,851	(3,851)	–
Swap payments made	(5,905)	5,905	–
Bond fees	(3,371)	3,371	–
PILOT revenue	115,985	(115,985)	–
Cash and cash equivalents at beginning of year	34,719	(29,009)	5,710
Net increase (decrease) in cash	72,169	(69,129)	3,040
Cash and cash equivalents at end of year	106,888	(98,138)	8,750

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue and Expense Classification

Operating revenues consist of fee income from application fees, financing fees and compliance monitoring fees. Fees are recognized as earned. Compliance monitoring fees are received annually, in advance and deferred and amortized into income as earned.

Other operating income represents administrative fees and amounts, primarily penalties, associated with the recapture of IDA benefits remitted by certain beneficiaries. Recaptured IDA benefits represent the difference between the full tax amount and the amounts actually paid by beneficiaries and result from a beneficiary's violation of an IDA agreement.

Recaptured benefits were recorded net of amounts due to the City and the State. The related recapture benefits that were due to the City were recorded as other liabilities until such time as they were disbursed to the City. For the year ended June 30, 2021, IDA remitted \$1.3 million to the City and State relating to recapture benefits, of which approximately \$1.3 million was for the City. For the year ended June 30, 2020, IDA remitted \$2.1 million to the City and State relating to recapture benefits, of which \$0.3 million was for the City. IDA's operating expenses include management fees and other administrative expenses. All other revenues and expenses not described above are considered non-operating.

Fiduciary Fund Statements

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position provide information on the Agency's fiduciary activities in Custodial Funds. The Custodial Funds report assets held by the Agency on behalf of the City of New York. The Agency collects PILOT pursuant to the lease agreements between the Agency and its various lessees on behalf of the City of New York and recognizes an offsetting liability payable to the City of New York when the funds are received.

Reclassifications

Certain reclassifications to other expenses have been adjusted in the prior year financial statements to conform to the current year's presentation.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

3. Deposits and Investments

Deposits

At year-end, IDA's unrestricted bank balance was approximately \$15.1 million. Of this amount, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and \$14.8 million was collateralized with securities held by the pledging financial institution.

Investments

As of June 30, 2021 and 2020, the Agency had the following unrestricted investments (in thousands). Investments maturities are shown for June 30, 2021 only.

	Fair Value		2021	
			Investment Maturities (in Years)	
	2021	2020	Less Than 1	Greater than 1
Money Market	\$ 231	\$ 278	\$ 231	\$ –
Federal Home Loan Bank Notes	–	3,699	–	–
Federal Farm Credit Bank Notes	13,729	–	–	13,729
U.S. Treasuries	–	9,993	–	–
Certificates of Deposit (over 90 days)	101	100	101	–
Total	14,061	14,070	\$ 332	\$ 13,729
Less: cash equivalents	(231)	(278)		
Total unrestricted investments	\$ 13,830	\$ 13,792		

Fair Value Measurement – The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into these levels. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Money Market Funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. U.S. Treasury and U.S. Agency securities, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

3. Deposits and Investments (continued)

IDA's investment policy permits the Agency to invest in obligations of the United States, where the payment of principal and interest is guaranteed, or in obligations guaranteed by agencies of the United States. Other investments include certificates of deposit. All investments are either insured or registered and held by the Agency or its agent in the Agency's name.

Interest Rate Risk: The Agency has a formal investment policy which limits investment maturities to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. In an attempt to maximize yields on limited offerings, as of June 30, 2021, \$3.2 million of investments in Federal Farm Credit Bank notes purchased on June 14, 2021 mature on September 15, 2023.

Credit Risk: It is the Agency's policy to limit its investments in debt securities to obligations of the United States and its agencies, and obligations of the State of New York. As of June 30, 2021, the Agency's investments in Federal Farm Credit Bank were rated AA+ by Standard & Poor's, Aaa by Moody's Investor Services, Inc. and AAA by Fitch Ratings.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured or not registered in the name of the Agency and are held by either the counterparty or the counterparty's trust department or agent, but not in the Agency's name.

The Agency manages credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral to be held by the counterparty in the name of the Agency.

Concentration of Credit Risk: The Agency places no limit on the amount the Agency may invest in any United States government backed securities. The following table shows investments that represent 5% or more of total investments (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments	
	June 30, 2021	June 30, 2020
Federal Home Loan Bank	\$ —	\$ 3,699
U.S. Treasuries	—	9,993
Federal Farm Credit Bank	13,729	—
	— %	26.82%
	99.27	72.46

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

4. Management Fees and Other Charges

To support the activities of the IDA, the Agency annually enters into a contract with the NYCEDC. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all the professional, administrative, and technical assistance it needs to accomplish its objectives. The fixed annual fee for these services is based on an agreement between NYCEDC and the Agency. Such fees amounted to \$4.4 million for the years ended June 30, 2021 and 2020.

5. Commitments

Pursuant to various approved agreements between IDA and NYCEDC, IDA was committed to fund projects being performed by NYCEDC related to the City's commerce and industrial development (the special project commitments). The total special project commitments under these agreements amounted to approximately \$18.2 million, with an outstanding obligation at June 30, 2021 of approximately \$0.8 million.

The Project Commitments, related approval dates, original and outstanding commitment balances are as follows (in thousands):

Project	Approval Date	Total Commitments	Life-to-date Expenditures	Current Total De-Obligate	Outstanding Commitment
Hunts Point Food Distribution Center, Development Feasibility Studies	12/11/07	\$ 700	\$ 509	\$ 191	\$ –
FutureWorks NYC / Advanced Manufacturing Network Centers	5/12/15	8,295	7,430	865	–
Workforce One Industrial & Transportation Career Center Satellites	07/24/18	5,257	5,257	–	–
FreightNYC	11/07/18	550	220	330	–
LifeSci NYC/Cyber NYC	05/12/20	2,000	2,000	–	–
Grocery Delivery Expansion	06/23/20	75	39	–	36
Hunts Point Community Engagement Facilitator	11/17/20	130	65	–	65
LifeSci NYC/Cyber NYC	11/17/20	900	452	–	448
Rapid Testing Innovation Competition	1/19/21	164	–	–	164
Childcare Innovation Initiative	1/19/21	100	4	–	96
Sunset Park, One-Way Pair Traffic Analysis	3/9/21	20	14	–	6
Inwood Map Split Services	4/27/21	58	42	–	16
		<u>\$ 18,249</u>	<u>\$ 16,032</u>	<u>\$ 1,386</u>	<u>\$ 831</u>

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

5. Commitments (continued)

For the years ended June 30, 2021 and 2020, \$2.2 million and \$4.1 million, respectively, have been incurred by the Agency related to the above projects and are included in special project costs on the accompanying statements of revenues, expenses, and changes in net position.

6. Contingencies

IDA, and in certain situations as co-defendant with the City and/or NYCEDC, is involved in personal injury, environmental claims, and other miscellaneous claims and lawsuits. In many of these matters, there is liability coverage insuring IDA, and IDA's clients are, in any case, obligated to indemnify IDA. IDA is unable to predict the outcome of each of these matters, but believes that IDA has meritorious defenses or positions with respect thereto. It is management's opinion that, except for the matters noted below, the ultimate resolution of these matters will not be material to IDA.

Management believes that the following matter could have a material adverse effect on IDA's operations:

By letters dated January 7, 2009, December 2, 2009, and a Consent Order dated May 22, 2013, the New York State Department of Environmental Conservation (DEC) has notified IDA that DEC will seek contribution from IDA in connection with the remediation, respectively, of three sites in Brooklyn, one site in Long Island City, and another site in Queens that are or were used by clients to which IDA has provided financial assistance. No estimate can be determined at this time. If IDA is found to have liability, IDA would be entitled to indemnification from these clients. However, IDA believes that the remediation costs will be substantial and would exceed the clients' ability to meet their indemnity obligations.

IDA is unable to predict the outcome of the matter described above, but believes it has meritorious defenses with respect thereto.

7. Risk Management

IDA is exposed to various risks of loss-related torts; theft of, damage to, and destruction of assets; and natural disasters. IDA requires all beneficiaries to purchase and maintain commercial liability and property insurance coverage for these risks and name IDA as an additional insured on liability policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage provided by the beneficiaries in any of the past fiscal years.

II. *Government Auditing Standards* Section

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards*

The Management and the Board of Directors
New York City Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated **September 30, 2021**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2021

Annual Report for New York City Industrial Development Agency

Fiscal Year Ending: 06/30/2021

Run Date: 09/01/2021
 Status: UNSUBMITTED
 Certified Date: N/A

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

			Amount
Assets			
Current Assets			
	Cash and cash equivalents		\$18,392,730.00
	Investments		\$100,554.00
	Receivables, net		\$174,409.00
	Other assets		\$0.00
	Total Current Assets		\$18,667,693.00
Noncurrent Assets			
	Restricted cash and investments		\$13,729,075.00
	Long-term receivables, net		\$0.00
	Other assets		\$0.00
	Capital Assets		
		Land and other nondepreciable property	\$0.00
		Buildings and equipment	\$0.00
		Infrastructure	\$0.00
		Accumulated depreciation	\$0.00
		Net Capital Assets	\$0.00
	Total Noncurrent Assets		\$13,729,075.00
	Total Assets		\$32,396,768.00
Liabilities			
Current Liabilities			
	Accounts payable		\$0.00
	Pension contribution payable		\$0.00
	Other post-employment benefits		\$0.00
	Accrued liabilities		\$177,005.00
	Deferred revenues		\$820,739.00
	Bonds and notes payable		\$0.00
	Other long-term obligations due within one year		\$3,643,146.00
	Total Current Liabilities		\$4,640,890.00
Noncurrent Liabilities			

Annual Report for New York City Industrial Development Agency

Fiscal Year Ending: 06/30/2021

Run Date: 09/01/2021
 Status: UNSUBMITTED
 Certified Date: N/A

	Pension contribution payable		\$0.00
	Other post-employment benefits		\$0.00
	Bonds and notes payable		\$0.00
	Long Term Leases		\$0.00
	Other long-term obligations		\$0.00
	Total Noncurrent Liabilities		\$0.00
Total Liabilities			\$4,640,890.00
Net Asset (Deficit)			
Net Assets			
	Invested in capital assets, net of related debt		\$0.00
	Restricted		\$0.00
	Unrestricted		\$27,755,878.00
	Total Net Assets		\$27,755,878.00

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

			Amount
Operating Revenues			
	Charges for services		\$12,710,099.00
	Rental & financing income		\$0.00
	Other operating revenues		\$1,898,774.00
	Total Operating Revenue		\$14,608,873.00
Operating Expenses			
	Salaries and wages		\$0.00
	Other employee benefits		\$0.00
	Professional services contracts		\$4,400,000.00
	Supplies and materials		\$0.00
	Depreciation & amortization		\$0.00
	Other operating expenses		\$192,981.00
	Total Operating Expenses		\$4,592,981.00
Operating Income (Loss)			\$10,015,892.00
Nonoperating Revenues			
	Investment earnings		(\$489.00)
	State subsidies/grants		\$0.00
	Federal subsidies/grants		\$0.00

Annual Report for New York City Industrial Development Agency

Fiscal Year Ending: 06/30/2021

Run Date: 09/01/2021
 Status: UNSUBMITTED
 Certified Date: N/A

	Municipal subsidies/grants		\$0.00
	Public authority subsidies		\$0.00
	Other nonoperating revenues		\$0.00
	Total Nonoperating Revenue		(\$489.00)
Nonoperating Expenses			
	Interest and other financing charges		\$0.00
	Subsidies to other public authorities		\$0.00
	Grants and donations		\$0.00
	Other nonoperating expenses		\$2,229,453.00
	Total Nonoperating Expenses		\$2,229,453.00
	Income (Loss) Before Contributions		\$7,785,950.00
Capital Contributions			\$0.00
Change in net assets			\$7,785,950.00
Net assets (deficit) beginning of year			\$19,969,928.00
Other net assets changes			\$0.00
Net assets (deficit) at end of year			\$27,755,878.00

Additional Comments

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

As a result of adopting this pronouncement, the Agency's Statement of Net Position as of June 30, 2020 and the Statement of Revenues, and Expenses and Changes in Net Position for the year ended June 30, 2020 have been restated to reflect the required adjustments.

Exhibit B

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
INVESTMENT REPORT**

Board of Directors Meeting, September 21, 2021

WHEREAS, the Public Authorities Law requires public authorities to annually prepare and approve an investment report, which shall include the public authority's comprehensive investment guidelines, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the public authority and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the public authority since the last investment report.

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Directors of New York City Industrial Development Agency hereby approves the Investment Report for the fiscal year ended June 30, 2021 annexed hereto (including all attachments, schedules and exhibits thereto).

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
INVESTMENT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Comprehensive Investment Guidelines Policy

Attached hereto as Schedule I is the Comprehensive Investment Guidelines Policy of the New York City Industrial Development Agency (the “Agency”), as approved by the Agency’s Board of Directors on June 15, 2021 (the “Investment Policy”). The Investment Policy approved by the Agency’s Board of Directors on June 15, 2021 did not contain any substantive amendments as compared to the Investment Policy approved by the Agency’s Board of Directors on June 23, 2023.

Investment Objectives

By way of summary, the investment objectives set forth in the Investment Policy are as follows: preservation of capital; maintenance of liquidity; maximization of return; and compliance with law.

Annual Independent Audit

The results of the annual independent audit (including the independent accountant’s audit report) for the fiscal year ended June 30, 2021 are attached hereto as Schedule II.

Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposits and securities was \$19,142 for the fiscal year ended June 30, 2021.

Fees, Commissions and Other Charges

The Agency did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor during the fiscal year ended June 30, 2021.

SCHEDULE I

INVESTMENT POLICY

Attached.

SCHEDULE II

RESULTS OF ANNUAL INDEPENDENT AUDIT

Attached.

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
COMPREHENSIVE INVESTMENT GUIDELINES POLICY
Adopted June 13, 2006; as amended through June 15, 2021**

I. PURPOSE

The purpose of this Policy is to establish procedures and guidelines regarding the investing, monitoring and reporting of funds of the New York City Industrial Development Agency (the “Agency”).

II. GENERAL PROVISIONS

A. Scope of Policy

This Policy applies to the funds of the Agency which, for purposes of this Policy and the guidelines stated herein, consist of all moneys and other financial resources available for deposit and investment by the Agency on its own behalf and for its own account (collectively, the “Funds”). As defined herein, “Funds” shall not include the proceeds of bonds issued by the Agency as financial assistance in connection with a project under the General Municipal Law (as such terms are defined in the General Municipal Law).

B. Investment Objectives

The Funds shall be managed to accomplish the following objectives:

1. *Preservation of Principal* – The single most important objective of the Agency’s investment program is the preservation of the principal of the Funds.
2. *Maintenance of Liquidity* – The Funds shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of the Agency.
3. *Maximize Return* – The Funds shall be managed in such a fashion as to maximize income through the purchase of Permitted Investments (hereinafter defined), taking into account the other investment objectives.
4. *Compliance with law* – The Funds shall be managed in compliance with Sections 10, 11 and 858-a(3) of the General Municipal Law of the State of New York (respectively, the “GML” and the “State”).

III. IMPLEMENTATION

Under the direction of the Chief Financial Officer of the Agency, the Treasurer of the Agency and any Assistant Treasurer of the Agency (respectively, the “Chief Financial Officer,” the “Treasurer,” and an “Assistant Treasurer”) shall be responsible for the implementation of the Agency’s investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with this Policy. The Treasurer

or an Assistant Treasurer shall additionally have the authority to invest the Funds of the Agency and shall invest prudently and in accordance with the requirements of this Policy.

IV. AUTHORIZED DEPOSITS

A. Authorized Institutions for Deposit

In accordance with relevant provisions of the General Municipal Law, the Board of Directors must designate one or more banks or trust companies for the deposit of Funds (“Designated Institution(s)”), and shall additionally specify the maximum amount of Funds which may be deposited in each such Designated Institution.

Accordingly: I. the Board of Directors hereby designates as the Designated Institutions, those banks and/or trust companies that, from time to time, the City of New York shall have designated, or shall have been permitted to designate, for the deposit of the City’s funds; II. the Board of Directors hereby determines and specifies that each account of the Agency at any such Designated Institution, shall be subject to a maximum deposit amount and that such amount shall be, for purposes of day-to-day operations, no greater than two million dollars, and for purposes of extraordinary receipts having a deposit duration of no longer than two business days, no greater than ten million dollars.

B. Deposits; Responsibility for Making Deposits

The Agency shall cause Funds potentially needed for immediate expenditure to be deposited at Designated Institutions in accounts that permit nearly immediate withdrawal (“Deposit Accounts”). The Chief Financial Officer, the Treasurer, an Assistant Treasurer, or any other officer of the Agency authorized to have custody of the Funds, shall be responsible for depositing the Funds in accordance with this Section IV.

C. Collateral

In the event that the Funds on deposit in any one Deposit Account exceed the amount that is insurable by the Federal Deposit Insurance Act, as now or hereafter amended, such excess shall be secured by collateral in accordance with the requirements of GML Section 10(3).

V. AUTHORIZED TEMPORARY INVESTMENTS

A. Responsibility for Temporary Investments

In accordance with relevant provisions of the General Municipal Law, the Board of Directors may delegate the authority to temporarily invest such portion of the Funds as are not needed for immediate expenditure. Accordingly, the Board of Directors hereby delegates to the Chief Financial Officer and, if under the direction of the Chief Financial Officer, to the Treasurer and any Assistant Treasurer, the authority to temporarily invest such portion of the Funds not needed for immediate expenditure; *provided*, such investments are made in accordance with the requirements of relevant provisions of the General Municipal Law.

B. Permitted Temporary Investments

Permitted temporary investments for the Funds are the investments permitted under Section 11 of the GML (The securities purchased as temporary investments for the Funds are hereinafter referred to as the “Securities.”)

C. Requirements

The Agency shall instruct its Agents (as such term is defined in Subdivision XI of this Policy) to obtain competitive quotes for each purchase or sale of Securities, other than governmental Securities, when such transaction equals or exceeds \$2,500,000 in amount.

All Securities of the Agency shall be purchased, sold, payable, paid, redeemed, delivered, registered, inscribed, held in custody, and co-mingled or not co-mingled in accordance with the requirements and limitations of the GML.

The Treasurer shall maintain, or cause to be maintained, proper books and records of all Securities held by or for the Agency and for all transactions pertinent thereto. Such books and records shall at least identify the Security, the fund for which held, and the place where kept; and the entries made therein shall show the competitive quotes obtained therefor, the date of sale or other disposition, and the amount realized therefrom.

VI. WRITTEN CONTRACTS

The Agency shall enter into written contracts pursuant to which investments are made which conform with the requirements of this Policy and Section 2925.3(c) of the Public Authorities Law unless the Board of Directors determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific investment or transaction, in which case the Board of Directors shall adopt procedures covering such investment or transaction.

VII. DIVERSIFICATION

The investment portfolio for the Funds shall be structured diversely to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted for the indicated category of security is as follows:

SECURITIES	MAXIMUM
Time deposits and certificates of deposit permitted under the GML provided same are secured by <i>eligible securities</i> as defined under the GML	45%
Obligations of the USA; obligations of agencies of the USA if guaranteed by the USA	100%
Obligations of New York State	40%

VIII. MAXIMUM MATURITY

Maintenance of adequate liquidity to meet the cash flow needs of the Agency is essential. Accordingly, the Agency's portfolio of Permitted Investments will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this Policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash Equivalents and Investments. Assets categorized as Cash Equivalents will be invested in Permitted Investments maturing in ninety (90) days or less or in Deposit Accounts. Assets categorized as Investments will be invested in Permitted Investments with a stated maturity of no more than two (2) years from the date of purchase.

IX. MONITORING AND ADJUSTING THE INVESTMENT PORTFOLIO

Those responsible for the day-to-day management of the Agency's portfolio of Permitted Investments will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the requirements and goals of this Policy. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

X. INTERNAL CONTROLS

Under the direction of the Chief Financial Officer, the Treasurer or an Assistant Treasurer, shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

XI. ELIGIBLE BROKERS, AGENTS, DEALERS, INVESTMENT ADVISORS, INVESTMENT BANKERS AND CUSTODIANS.

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

A. Brokers, Agents, Dealers

The categories of firms listed below are the categories from which the Agency may select firms to purchase and sell Securities (as selected an "Agent"). Factors to be considered by the Agency in selecting Agents from these categories shall include the following: size and capitalization; quality and reliability; prior experience generally and prior experience with the Agency specifically; and level of expertise for the transactions contemplated.

1. any bank or trust company organized and/or licensed under the laws of the USA which is authorized to do business in NYS;
2. any bank or trust company organized and/or licensed under the laws of any state of the USA which is authorized to do business in NYS;
3. any broker-dealer licensed and/or permitted to provide services under federal law and, when necessary, qualified to do business in NYS

B. Investment Advisors

In addition to the requirements set forth in "A" preceding, any Agent selected by the Agency to be an investment advisor shall be registered with the SEC under the Investment Advisors Act of 1940.

C. Investment Bankers

In addition to the requirements set forth in "A" preceding, any Agent selected by the Agency to serve as a senior managing underwriter for negotiated sales must be registered with the SEC.

D. Custodians

In addition to the requirements set forth in "A" preceding, any Agent selected by the Agency to be a custodian shall have capital and surplus of not less than \$50,000,000.

XII. REPORTING

A. Quarterly

Under the direction of the Chief Financial Officer, the Treasurer or an Assistant Treasurer, shall prepare and deliver to the Board of Directors once for each quarter of the Agency's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory

of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually

1. *Audit* – the Agency’s independent accountants shall conduct an annual audit of the Agency’s investments for each fiscal year of the Agency, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. *Investment Report* – Annually, the Treasurer or an Assistant Treasurer, under the direction of the Chief Financial Officer, shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
 - a. This Policy and amendments thereto since the last report;
 - b. An explanation of this Policy and any amendments made since the last report;
 - c. The independent audit report required by paragraph 1 above;
 - d. The investment income record of the Agency for the fiscal year; and
 - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Agency since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

XIII. APPLICABILITY

Nothing contained in this Policy shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement for the investment of the Funds, made or entered into in violation of, or without compliance with, the provisions of this Policy.

XIV. CONFLICT OF LAW

In the event that any portion of this Policy is in conflict with any State, City or federal law, that law will prevail.

XV. PRIOR POLICIES

This Policy, when originally adopted on June 13, 2006, superseded the *Deposit and Investment Policy* that the Board of Directors adopted at its meeting held on July 9, 1996. This Policy does not supersede, in any relevant part, the amended By-Laws of the Agency.

XVI. AUTOMATIC AMENDMENT

This Policy shall be deemed automatically amended to conform with enactments that amend or succeed any of GML Sections 10, 11 or 858-a(3).

XVII. MWBEs

The Agency shall seek to encourage participation by minority and women-owned business enterprises (i.e., “MWBEs”) in providing financial services to the Agency.

SCHEDULE OF INVESTMENTS

New York City Industrial Development Agency
(A Component Unit of the City of New York)
June 30, 2021 and 2020
With Report of Independent Auditors

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New York City Industrial Development Agency
(A Component Unit of the City of New York)

Schedule of Investments

June 30, 2021 and 2020

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Auditors

The Management and the Board of Directors
New York City Industrial Development Agency

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of June 30, 2021 and 2020, and the related notes.

Management's Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule of Investments that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Investments based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Investments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Investments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Investments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule of Investments.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule of Investments referred to above presents fairly, in all material respects, the investments of the Agency as of June 30, 2021 and 2020, in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Pronouncement

As discussed in Note 2, the Agency restated its Schedule of Investments as of June 30, 2020 to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Report on the Financial Statements as of June 30, 2021 and 2020

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, the financial statements of the Agency as of and for the years ended June 30, 2021 and 2020, and our report thereon, dated **September 30, 2021**, expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated **September 30, 2021**, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters with respect to the Schedule of Investments. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance with respect to the Schedule of Investments.

_____, 2021

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Schedule of Investments
(In Thousands of Dollars)

	June 30	
	2021	2020 As Restated*
Investments		
Unrestricted	\$ 14,061	\$ 14,070
Total investments	<u>\$ 14,061</u>	<u>\$ 14,070</u>

The accompanying notes are an integral part of this schedule.

**Restated for GASB No. 91 implementation – please see Note 2.*

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Schedule of Investments

June 30, 2021

1. Background and Organization

The New York City Industrial Development Agency (IDA or the Agency), a component unit of the City of New York (the City) for financial reporting purposes of the City, is a public benefit corporation of the State of New York (the State). IDA was established in 1974 to actively promote, retain, attract, encourage and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City.

The Agency is governed by a Board of Directors, which establishes official policies and reviews and approves applications for financial assistance. Its membership is prescribed by statute and includes a public official and mayoral appointees. Five of the mayoral appointees are appointed by the Mayor after nominations by the City's five Borough Presidents.

To support the activities of the Board of Directors, the Agency annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City, organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract between NYCEDC and IDA, NYCEDC is to provide IDA with all of the professional, administrative, and technical assistance it needs to accomplish its objectives.

The Agency assists industrial and commercial organizations primarily through "straight lease" transactional structures. The straight lease provides tax benefits to the participating organizations (the Project Companies) to incentivize the acquisition and capital improvement of facilities that they own or occupy. The Agency may also assist Project Companies with long-term, low-cost financing for capital assets through a financing transaction (the Financing Transaction), which includes the issuance of double and triple tax-exempt private activity bonds (PABs). However, apart from the issuance of bonds to refund governmental bonds, the Agency has chosen not to issue new bonds. The Project Companies, in addition to satisfying legal requirements under the Agency's governing laws, must meet certain economic development criteria. In addition to the issuance of tax-exempt and taxable bonds for certain transactions, the Agency may provide one or more of the following tax benefits: partial exemption from mortgage recording tax; payments in lieu of real property taxes (PILOT) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

1. Background and Organization (continued)

In the past, the Agency issued PABs. The PABs are special non-recourse conduit debt obligations of the Agency which are payable solely from the rents and revenues provided for in the lease (Financing Lease) to the Project Company. The PABs are secured by a collateral interest in the Financing Lease, the Project Company's project property and, in certain circumstances, by guarantees from the beneficiary's principals or affiliates or other forms of additional security. Both the PABs and certain provisions of the Financing Lease are administered by an independent bond trustee appointed by the Agency.

When the Agency issues PABs, the proceeds of the PAB financing are conveyed to an independent bond trustee for disbursement to the Project Company. The Project Company leases the project or other collateral to the Agency for a nominal sum and the Agency, in turn, leases the property or other collateral back to the Project Company for a period concurrent with the maturity of the related PAB or the term of the tax benefits. Rental payments are calculated to be sufficient to meet the debt service obligation on the PAB. The Financing Lease includes a termination option, which allows the Project Company to cancel the Financing Lease for a nominal sum after satisfaction of all terms thereof.

Due to the fact that: (1) the PABs are non-recourse conduit debt obligations to the Agency, (2) the Agency assigns its interest in the Financing Lease as collateral, and (3) the Agency has no substantive obligations under the Financing Lease (other than to convey back the project property at the end of the PAB term), the Agency has, in effect, none of the risks and rewards of the Financing Lease and related PAB financing. Accordingly, with the exception of certain fees derived from the Financing Transaction, the Financing Transaction itself is given no accounting recognition in the accompanying financial statements.

In addition to PAB financing, the Agency also issued Tax-Exempt PILOT Revenue Bonds, Taxable Rental Revenue Bonds, Taxable Installment Purchase Bonds and Taxable Lease Revenue Bonds in connection with the construction of the new Yankee Stadium and Citi Field (the Stadia Projects). Yankee Stadium, LLC, a Delaware limited liability company, and Queens Ballpark, LLC, a New York limited liability company, undertook the design, development, acquisition, and construction of the Stadia Projects. The Taxable Bonds are special limited obligations of the Agency and are payable solely from revenues derived from a Lease Agreement with Yankee Stadium, LLC and a Lease Agreement and Installment Sales Agreement with Queens Ballpark Company, LLC.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

1. Background and Organization (continued)

The governmental Tax-Exempt PILOT Bonds are special limited obligations of the Agency payable solely from PILOT revenues derived from PILOTs made by Yankee Stadium, LLC and Queens Ballpark Company, LLC. However, since the Tax-Exempt PILOT Bonds were issued to finance the construction of the Stadia and because the Agency is the legal owner of the Stadia, the Tax-Exempt PILOT Bonds had been recorded in the Agency’s books and were reflected in its financial statements. The Agency adopted GASB Statement No. 91, *Conduit Debt Obligations*, as of July 1, 2019 and, as a result restricted investments related to the Stadia Projects were removed from the Agency’s Schedule of Investments as of June 30, 2020.

2. Summary of Significant Accounting Policies

Investments

Investments held by IDA are measured at fair value.

Impact of New Accounting Pronouncement Adopted

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures.

As a result of adopting this pronouncement, the Agency’s Schedule of Investments as of June 30, 2020, has been restated to reflect the required adjustments (in thousands).

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of June 30, 2020:			
Restricted Funds Held in Account – Stadia Projects	\$ 116,736	\$ (116,736)	\$ –
Total investments	\$ 130,806	\$ (116,736)	\$ 14,070

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

3. Investments

As of June 30, 2021 and 2020, the Agency had the following unrestricted investments. Investment maturities are shown for June 30, 2021, only (dollars in thousands).

	Fair Value		2021	
			Investment Maturities (in Years)	
	2021	2020	Less Than 1	Greater than 1
Money Market Funds	\$ 231	\$ 278	\$ 231	\$ –
Federal Home Loan Bank Notes	–	3,699	–	–
Federal Farm Credit Bank Notes	13,729	–	–	13,729
U.S. Treasuries	–	9,993	–	–
Certificates of Deposit (over 90 days)	101	100	101	–
Total	\$ 14,061	\$ 14,070	\$ 332	\$ 13,729

Fair Value Measurement – The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into these levels. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The money market funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active markets for identical assets. U.S. Treasury and U.S. Agency securities, categorized as Level 2, are valued on models using observable inputs. Certificates of deposit are valued at cost.

IDA’s investment policy permits the Agency to invest in obligations of the United States, where the payment of principal and interest is guaranteed, or in obligations guaranteed by agencies of the United States. Other investments include certificates of deposit. All investments are either insured or registered and held by the Agency or its agent in the Agency’s name.

Interest Rate Risk: The Agency has a formal investment policy, which limits investment maturities to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates. In an attempt to maximize yields on limited offerings, as of June 30, 2021, \$3.2 million of investments in Federal Farm Credit Bank notes purchased on June 14, 2021 mature on September 15, 2023.

New York City Industrial Development Agency
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

3. Investments (continued)

Credit Risk: It is the Agency’s policy to limit its investments in debt securities to obligations of the United States and its agencies, and obligations of the State. As of June 30, 2021, the Agency’s investments in Federal Farm Credit Bank were rated AA+ by Standard & Poor’s, Aaa by Moody’s Investors Service, Inc. and AAA by Fitch Ratings.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured or not registered in the name of the Agency and are held by either the counterparty or the counterparty’s trust department or agent, but not in the Agency’s name.

The Agency manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral to be held by the counterparty in the name of the Agency.

Concentration of Credit Risk: The Agency places no limit on the amount the Agency may invest in any United States government backed securities. The following table shows investments that represent 5% or more of total investments (dollars in thousands):

Issuer	<u>Dollar Amount and Percentage of Total Investments</u>					
	June 30, 2021		June 30, 2020			
Federal Home Loan Bank	\$	–	–%	\$	3,699	26.29%
U.S. Treasuries		–	–		9,993	71.02
Federal Farm Credit Bank		13,729	97.64		–	–

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of the
Schedule of Investments Performed in Accordance
With *Government Auditing Standards*

The Management and the Board of Directors
New York City Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Investments of the New York City Industrial Development Agency (the Agency), a component unit of The City of New York, as of June 30, 2021, and the related notes to the Schedule of Investments, and have issued our report thereon dated **September 30, 2021**.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule of Investments will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s Schedule of Investments is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule of Investments. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2021

Exhibit C

Proposal Summary

The Uniform Tax Exemption Policy (“UTEF”) adopted by the Agency’s Board of Directors provides policy guidelines for the provision and recapture of financial assistance for Agency projects. The UTEF previously authorized the provision of individually negotiated benefits for large corporations called Commercial Growth Projects. The Agency currently has ten active projects in this category. Under the Agency’s agreements with respect to such transactions (collectively, the “Transaction Documents”), Commercial Growth Project companies that fail to maintain both a minimum number of employees and their corporate headquarters or other designated operations in New York City for the duration of the project term may be subject to certain benefit suspension, forfeiture and/or recapture remedies under their agreements with the Agency.

Commercial Growth Project Transaction Documents generally stipulate that employees must be located and employed in New York City to count towards employment thresholds. However, because of the pandemic, and in response to various emergency executive orders issued by State and local government, including emergency orders directing the closure of non-essential in-office-personnel functions, nearly all Commercial Growth Project employees have worked remotely to date. In light of these developments, many Commercial Growth Project companies have sought guidance from Agency staff with respect to the reporting of employees for the fiscal year ending June 30, 2021. A review of the submitted employment data indicates that if these companies are permitted to report as eligible employees remote workers who were formerly located and employed within New York City, such companies would have employment levels generally consistent with prior years.

Accordingly, Staff is seeking authorization from the Agency’s Board of Directors to allow the Agency to grant waivers and/or amendments to such Transaction Documents in order to permit the Agency to accept as eligible employees those employees engaged in remote work who otherwise satisfy the employee eligibility criteria under each respective agreement for the period beginning March 1, 2020 through June 30, 2021. The other employee eligibility criteria generally includes (i) having a New York City Office as their principal base of operations; (ii) payment from a New York City-based payroll, resulting in the withholding of New York State Income Taxes; and (iii) payment by the company of such employees’ unemployment insurance premiums. Employee headcount reductions implemented for other reasons, such as layoffs or permanent personnel relocations, would still be subject to the Agency’s exercise of any applicable remedies as prescribed by each such agreement.

Active Commercial Growth projects:

- The New York Times Company
- Ernst & Young US LLP
- Metropolitan Life Insurance Company
- JetBlue Airways Corporation
- Bank of America, N.A.
- Brown Brothers Harriman & Co.
- HTRF Ventures, LLC
- The Hearst Corporation
- National Broadcasting Corporation
- Bear Stearns Company, Inc. (acquired by JPMorgan Chase Bank N.A., who assumed Bear Stearns’ obligations)

Action Requested

- Approve the following resolution delegating to certain officers of the Agency the authority to enter into waivers and/or amendments to Transaction Documents as described herein to accept remote work employees as eligible employees subject to the conditions substantially as described herein for the period from March 1, 2020, through June 30, 2021:

Exhibit D

RESOLVED, that with respect to Commercial Growth Projects that have previously been authorized by the Board of the Agency and for which Transaction Documents have been executed and delivered by the Agency, the Board hereby authorizes the execution and delivery by the Agency of any waivers and/or any amendments to Transaction Documents (collectively, the "Authorized Post-Closing Documents") that are necessary or advisable as determined by the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel, Compliance Officer, or any Vice President of the Agency to effect and/or facilitate the acceptance by the Agency for purposes of the Transactions Documents as eligible employees those employees engaged in remote work who otherwise satisfy the employee eligibility criteria under each respective agreement for the period beginning March 1, 2020 through June 30, 2021 substantially as described herein;

RESOLVED, that the Board of the Agency hereby authorizes each of the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel and any Vice President of the Agency to execute, acknowledge and deliver each such Authorized Post-Closing Document. The Compliance Officer shall also be authorized to sign by manual or facsimile signature and execute on behalf of the Agency each such Authorized Post-Closing Document authorized by this resolution. The execution and delivery of each such Authorized Post-Closing Document by one of said officers shall be conclusive evidence of due authorization and approval of such Authorized Post-Closing Document in its final form; and

RESOLVED, that the Board of the Agency hereby acknowledges that the authority herein granted shall be in addition to, and not in substitution of, any authorization granted by the Board in respect of any specific project; and

RESOLVED, that the Board of the Agency hereby designates the officers of the Agency as the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all acts and things necessary or proper for carrying out the foregoing resolutions.

Exhibit E

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
Performance Measurements Report
Board of Directors Meeting
September 21, 2021

WHEREAS, the Public Authorities Law requires the New York City Industrial Development Agency (“IDA” or the “Agency”) to publish a self-evaluation report based on performance measurements adopted by the Board of Directors of the Agency (the “Board”) and to submit such report to the New York State Authorities Budget Office (the “ABO”).

WHEREAS, on June 15, 2021, the Board adopted the performance measurements listed in the Performance Measurements Report for the fiscal year ending June 30, 2021 (attached as Attachment A) (the “Performance Measurements Report”).

RESOLVED, that the Board hereby acknowledges that it has reviewed the Performance Measurements Report and hereby approves the Performance Measurements Report.

RESOLVED, that the Board hereby directs the Officers of the Agency to publish the Performance Measurements Report on the Agency’s website and to submit the Performance Measurements Report to the ABO and to any other required persons or entities in accordance with the Public Authorities Law.

ATTACHMENT A

Performance Measurements Report for Fiscal Year 2021

Name of Public Authority:

New York City Industrial Development Agency (NYCIDA)

Public Authority's Mission Statement:

The mission of the New York City Industrial Development Agency (NYCIDA) is to encourage economic development throughout the five boroughs, and to assist in the retention of existing jobs, and the creation and attraction of new ones.

List of Performance Measurements:

Performance Measurements	FY2021 7/1/20 – 6/30/21	FY2020 7/1/19 – 6/30/20
Number of Contracts Closed	6	9
Amount of Private Investment Leveraged	\$30,974,126	\$3,368,825,721
Total net City tax revenues generated in connection with closed contracts ¹	\$170,334,300	\$1,244,583,739
Project three-year job growth in connection with closed contracts	284.5	4,388.5
Current total jobs reported by projects that commenced operations in FY 2018 ² as compared to total jobs reported at the time of application for such projects	6,279/302 (+5,997)	3,304/1,628.5 (+1,675.5)
Current total jobs reported by projects that commenced operations in FY 2018 ³ as compared to the three-year total job growth projections stated in applications for such projects	6,279/5,384 (+895)	3,304/2,043 (+1,261)
Square footage of buildings/improvements receiving benefits	127,949	2,770,244
Number of projects that received a field visit	0	19
% of projects that received a field visit	0%	6.08%
% of projects in good standing ⁴	100%	98%

¹ Represents projected net city tax revenues through contract maturity.

² Also includes projects that closed in FY 2018 but commenced all operations prior to the closing date.

³ Also includes projects that closed in FY 2018 but commenced all operations prior to the closing date.

⁴ Defined as those projects that did not receive a Notice of Event of Default by the end of the Fiscal Year.

Exhibit F

Project Summary

Foodirect, Inc. (the “Company”), a New York corporation that is a full-service food distributor seeks financial assistance in connection with the acquisition, renovation, furnishing or equipping of 70,000 square feet of stall space (the “Stalls”) within the Hunts Point Cooperative Market (the “Project”). The Stalls are located on a 40,000 square foot parcel of land located at 355 Food Center Drive, Building C, Bronx, New York 10474. The Stalls will be subleased from the Hunts Point Cooperative Market to the Company and/or an affiliate and will be used for food distribution. Based on a review of the Project, Agency staff has concluded that the Project is likely to be completed within two years of the closing date.

Project Location

355 Food Center Drive, Building C
Stalls C1-C14, D1-11, D-13, D-14
Bronx, New York 10474

Actions Requested

- Inducement Resolution for an Industrial Program transaction.
- Adopt a negative declaration for this project. The proposed project will not have a significant adverse effect on the environment.

Anticipated Closing

December 2021

Impact Summary

Employment	
Jobs at Application:	123
Jobs to be Created at Project Location (Year 3):	50
Total Jobs (full-time equivalents)	173
Projected Average Hourly Wage (excluding principals)	\$18.17
Highest Wage/Lowest Wage	\$27.00/\$17.00

Estimated City Tax Revenues	
Impact of Operations (NPV 10 years at 6.25%)	\$7,770,730
One-Time Impact of Renovation	\$727,610
Total impact of operations and renovation	\$8,498,340
Additional benefit from jobs to be created	\$2,475,795

Estimated Cost of Benefits Requested: New York City	
Sales Tax Exemption	\$367,466
Agency Financing Fee	(\$196,411)
Total Value of Benefits provided by Agency	\$171,055
Available As-of-Right Benefits (ICAP)	\$0
Agency Benefits In Excess of As-of-Right Benefits	\$171,055

Foodirect, Inc

Costs of Benefits Per Job	
Estimated Total Cost of Benefits per Job	\$988
Estimated City Tax Revenue per Job	\$63,434

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$357,259
Total Cost to NYS	\$357,259

Sources and Uses

Sources	Total Amount	Percent of Total Financing
Commercial Loans	\$12,906,250	72%
New Markets Tax Credit	\$4,593,750	26%
Company Equity	\$437,732	2%
Total	\$17,937,732	100%

Uses	Total Amount	Percent of Total Costs
Construction Hard Costs	\$10,237,029	57%
Construction Soft Costs	\$1,023,703	6%
Furnishings, Fixtures & Equipment and Machinery & Equipment	\$1,000,000	6%
Closing Fees	\$1,677,000	9%
Other ¹	\$4,000,000	22%
Total	\$17,937,732	100%

Fees

	Paid At Closing	On-Going Fees (NPV, 10 Years)
Agency Fee	\$196,411	
Project Counsel	35,000	
Annual Agency Fee	1,250	9,092
Total	232,661	9,092
Total Fees	\$241,753	

Financing and Benefits Summary

It is anticipated that the Company will finance the Project with a syndicated loan (the "Loan") of approximately \$13,000,000 from Capital Impact Partners, and with approximately \$5,000,000 in New Markets Tax Credit ("NMTC") equity provided by Capital Impact Partners, NYC Neighborhood Capital Corporation, and Chase Community Equity, LLC. The NMTC equity will be provided by Chase Community Equity, LLC, a subsidiary of JP Morgan Chase Bank, N.A, which will serve as NMTC investor for the transaction and will purchase the NMTC allocation provided to the project by Capital Impact Partners and NYC Neighborhood Capital Corporation. The financial assistance proposed to be conferred by the Agency will consist of exemption from City and State sales and use taxes.

¹ \$500,000 dedicated to refinancing current debt and \$3,500,000 will go towards new inventory

Foodirect, Inc

Company Performance and Projections

The Company is the largest full-service food distributor within the Hunt's Point Cooperative Market. The Company's diverse customer base created stability during the COVID-19 pandemic despite the many changes in the food service industry. Despite the global pandemic, the Company only experienced a 2% decrease from the net sales of the previous year ending October 31, 2019. Previously, the Company increased their net income to approximately \$2.9 million in 2019. The Company's available cash balance on October 31, 2020 was \$841,427, representing an increase of 190% in year end cash from 2018. The Company's gross margin in 2020 was 11%, consistent with the gross margin from the previous year. The Company is projecting approximately 18% growth in net sales upon completion of the project,

Inducement

- I. The Stalls at the Hunts Point Cooperative Market have not been upgraded in 50 years. Without Agency assistance, the Company would not be able to renovate the Stalls for efficient use.
- II. The financial assistance is necessary to offset the high cost of the Project.
- III. But for the assistance provided by the Agency, the Project would not occur, or would occur out of state.

UTEP Considerations

The Agency finds that the Project meets one or more considerations from Section I-B of the Agency's Uniform Tax Exemption Policy ("UTEP"), including the following:

- I. The Project will create or retain permanent private-sector jobs.
- II. Financial assistance is required to induce the Project.
- III. The environmental impact of the Project is not significant.
- IV. The Project will generate approximately \$17,937,732 in private-sector investment.

Applicant Summary

The Company is a full-service food distributor that has been family-owned and operated since 1944. The Company stocks over 5,000 unique food products and is the largest full-service food distributor in the Hunt's Point Cooperative Market, where the Company has been located since the 1970s. Most of the Company's customer base includes bodegas and small grocery stores in the Bronx and Upper Manhattan. The Company also services family-owned restaurants, diners, and pubs throughout the New York metro area.

Jason Levine, Vice President & Chief Operating Officer

Mr. Levine is a third-generation owner of the Company. He was trained in the business by his father and former Company President Robert Levine and his grandfather and former Company President and founder, Donald Levine. Mr. Levine officially joined the business in August 2003. In November 2017, he and his brother Jared took over the business from their father. Since then, the Company has continued to expand. Mr. Levine attended the University of Central Florida, and prior to working at the Company, worked several roles in sales, customer service and collections.

Jared Levine, Managing Director

Mr. Levine has worked at the Company for sixteen years and has focused on building a larger inventory of stock and product offerings over that time. Starting at the age of seven, Mr. Levine began learning how to negotiate pricing while also cleaning, stocking shelves, picking, organizing shelves, and loading trucks. Mr. Levine joined on a full-time basis in 2004 overseeing the Sales and Purchasing departments, and successfully transformed the Company's original warehouse pickup model into a full-service wholesale food distribution outfit. Mr. Levine shares sole ownership of the Company with his brother, Jason. Mr. Levine attended the University of Central Florida.

Employee Benefits

The Company offers on-the-job training, access to an employee assistance program that confers support to employees experiencing personal hardship, discounts and rewards, and a financial literacy program. Eligible employees may participate in a 401(k) plan as well as a flexible spending account. Full-time employees are eligible

Foodirect, Inc

for medical and dental insurance and vision care. All employees are eligible for bereavement leave and employer-sponsored disability benefits when applicable.

Recapture

Pursuant to UTEP, all benefits are subject to recapture for a 10-year period.

SEQRA Determination

No significant adverse environmental impacts, staff recommends the Board adopt a Negative Declaration for this project. The completed Environmental Assessment Form for this project has been reviewed and signed by Agency staff.

Due Diligence

The Agency conducted a background investigation of the Company and its principals and found no derogatory information.

Compliance Check:	Not Applicable
Living Wage:	Compliant
Paid Sick Leave:	Compliant
Affordable Care Act:	ACA coverage offered
Bank Account:	HSBC Bank
Bank Check:	Relationships are reported to be satisfactory.
Supplier Checks:	Relationships are reported to be satisfactory.
Customer Checks:	Relationships are reported to be satisfactory.
Unions:	Not Applicable
Background Investigation:	No derogatory information was found.
Attorney:	Junie Hahn, Esq. Chiesa Shahinian & Giantomasi P.C. 1 Boland Drive West Orange, NJ 07052
Accountant:	Richard Barber L.H. Frishoff & Co. 546 Fifth Avenue New York, NY 10036
Consultant:	Jeff Monge Monge Capital Advisors 494 Broad Street, Suite 210 Newark, NJ 07102



355 Food Center Drive
C-6
Bronx, NY 10474
Tel: 718.589.2300
Fax: 718. 378. 6456
Web Site: www.foodirect.com

To: Jenny Osman, NYCEDC

Date: September 8, 2021

RE: Proposed Food Distribution Service Expansion at 355 Food Center Drive, Building C

Foodirect, Inc., a 3rd generation family-owned business (the "Company"), seeks to add productivity upgrades and expand their full-service food distribution company (the "Project") located at the Hunts Point Cooperative Market in the Bronx and would like to apply for the NYCIDA Incentive Program for the project.

Foodirect, Inc. has been located at the cooperative since the 1970's initially with 1 stall (approximately 2,280 SF) distributing solely pork and chicken. Today, the growing company owns 20 stalls (51,600 SF) with over 5,000 separate food products in stock. Selling roughly 60,000 boxes a week, the company rotates their entire inventory every 7 business days which is well above the industry average. A large portion of their customer base consists of bodegas and small grocery stores owners in the low-income communities of the Bronx and Upper Manhattan.

The Company, out of necessity, has been looking for areas of expansion after having reached capacity within their current inefficient, noncontiguous, and low ceiling space. Potential areas include attractive offers in New Jersey. However, having a long history in the Bronx and a family of longtime local employees (some with the Company for 45 years), the Company would like to find a solution that allows them to stay.

Recently, a unique opportunity became available when another distributor, who is adjacent to their operations and separates the Company's existing stalls, decided to move their operations out of New York and sell their 7 stalls. The acquisition opportunity provides the Company critical expansion space allowing for 27 contiguous stalls totaling approximately 70,000 SF and providing the opportunity to retain 123 employees, and grow their business with up to 50 additional employees from the low-income community. Coral Realty, a separately incorporated LLC (with related ownership but not a subsidiary of Foodirect, Inc.) will purchase the 7 stalls and provide a master lease to Foodirect, Inc.

Expansion cost and productivity upgrades to the stalls are expected to be \$17.9 million with additional inventory expenses starting at \$10.5 million after the first year. Weekly sales are projected to be approximately \$3.2 million with a profit margin of 10.5% before expenses and taxes. The food distributor projects an 11% growth in sales after the expansion and productivity upgrades have been finalized.

Because the cooperative's buildings are very inefficient by today's standards with low ceiling heights, refrigeration piping hanging from the ceiling, the high cost of real estate and rent, without the program benefits the Company would not be able to move forward with the planned project and would need to look elsewhere for expansion and development. Furthermore, renovation costs are also high in the market with union workers and it is a very labor-intensive job to rehabilitate and refurbish/retrofit the old inefficient buildings. In short, rising build out cost, rising living wages, and other expenses will lead to narrowing profit margins, and in the long run the project would not be viable without NYCIDA Incentive Program's benefits. The savings connected to these benefits would be hugely helpful in making this food distribution services expansion and productivity upgrades succeed, and will be a determining factor in launching this project.

Best Regards,

Jared Levine
Managing Director
Foodirect, Inc.

Exhibit G

**RESOLUTION INDUCING THE FINANCING OF A
DISTRIBUTION FACILITY FOR THE BENEFIT OF
FOODIRECT, INC. AS A STRAIGHT-LEASE TRANSACTION
AND AUTHORIZING THE EXECUTION AND DELIVERY OF
AGREEMENTS IN CONNECTION THEREWITH**

WHEREAS, the New York City Industrial Development Agency, New York, New York (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, Foodirect, Inc. (the “Applicant”), a New York corporation that is a full-service food distributor, entered into negotiations with officials of the Agency in connection with the acquisition renovation and equipping of a facility consisting of the acquisition, renovation, furnishing or equipping of 70,000 square feet of stall space (the “Stalls” or “Facility”) within the Hunts Point Cooperative Market, which Stalls are located on a 40,000 square foot parcel of land located at 355 Food Center Drive, Building C, Bronx, New York 10474 and will be subleased from the Hunts Point Cooperative Market to a real estate holding company affiliated with the Applicant (the “Company”), sub-subleased from the Company to the Agency, further subleased from the Agency to the Company for subsequent sub-sub-sublease in whole to the Applicant, and having an approximate total project cost of approximately \$17,939,732 (the “Project”); and

WHEREAS, the Applicant has submitted an application with respect to the Project (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant employs 123 full time equivalent employees in The City of New York (the “City”) and expects to employ 50 additional full time equivalent employees in within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby maintain and expand its operations in the City; and that, based upon the financial assistance provided through the Agency, the Applicant desire to proceed with the Project and establish and expand its operations in the City; and

WHEREAS, the Agency held a public hearing with respect to the Project on September 16, 2021; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant and the Company are necessary to induce the Applicant to expand its operations and proceed with the Project; and

WHEREAS, in order to provide financial assistance to the Applicant and the Company for the Project, the Agency intends to grant the Applicant and the Company financial assistance through a straight-lease transaction in the form of real property tax abatements and sales tax exemptions all pursuant to the Act;

**NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
HEREBY RESOLVES AS FOLLOWS:**

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant and the Company pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant and the Company to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or the Company or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or the Company or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant and the Company for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency authorizes the Applicant and the Company to proceed with the Project as herein authorized. The Applicant and the Company are authorized to proceed with the Project on behalf of the Agency in accordance with this Resolution, the Company Lease Agreement and the Agency Lease Agreement; provided, however, that it is acknowledged and agreed by the Applicant and the Company that (i) nominal leasehold title to or other interest of the Agency in the Facility shall be for purposes of granting financial assistance, and (ii) the Applicant and the Company are hereby constituted the agents for the Agency solely for the purpose of effecting the Project and neither the Agency nor any of its members, directors, officers, employees or agents (other than the Applicant, as aforesaid) shall have personal liability for any such action taken by the Applicant or the Company or any director, officer, employee, agent or affiliate of either, for such purpose.

Section 4. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant and the Company to assist in the Project.

Section 6. Any costs and expenses incurred by the Agency with respect to the Project and the financial assistance contemplated by this Resolution shall be paid by the Applicant, whether or not the Applicant proceeds with the financing of the Project. By acceptance hereof, the Applicant agrees to pay such costs and expenses and further agrees to indemnify the Agency, its members, directors, officers, employees and agents and hold the Agency and such persons harmless against claims for any loss, liability, damage or injury or cost or expense incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 7. This Resolution is subject to the approval of a private investigative report with respect to the Applicant and the Company. The provisions of this Resolution shall continue to be effective until one year from the date hereof whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 7 hereof) unless prior to the expiration of such year the Agency shall by subsequent resolution extend the effective period of this Resolution.

Section 8. The Agency, as lead agency, is issuing this determination pursuant to the State Environmental Quality Review Act (“SEQRA”) (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Agency’s review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make this determination.

The Agency hereby determines that the Project, an unlisted action, pursuant to SEQRA and the implementing regulations, will not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared for the Project. The reasons supporting this determination with respect to the Project are as follows:

- (a) The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels. The capital improvements to the existing facility would not result in a significant increase in vehicular traffic.
- (b) The proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources of the existing neighborhood.
- (c) The proposed project would not result in result in a change in existing zoning or land use. The Applicant’s distribution use is as-of-right under zoning.
- (d) No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 9. The Chairperson, the Vice Chairperson, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Executive Director and the General Counsel of the Agency, and any member of the Agency, are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits, agreements and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution.

Section 10. In connection with the Project, the Applicant and Company covenant and agree to comply, and to cause each of their respective contractors, subcontractors, agents, persons or entities to

comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(a) The Applicant and Company covenant and agree that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Company New York State sales or use tax savings taken or purported to be taken by the Applicant and the Company, and any agent or any other person or entity acting on behalf of the Applicant and the Company, to which the Company is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 13 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant and the Company, or any agent or any other person or entity acting on behalf of the Applicant and the Company, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and the Company and/or any agent or any other person or entity acting on behalf of the Applicant and the Company. The Applicant and the Company shall, and shall require each agent and any other person or entity acting on behalf of the Applicant and the Company, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Company under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(b) The Applicant and the Company are hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Company or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant and the Company, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from the Company or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is

required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(iii) The foregoing requirements of this Section 12 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant or the Company or any agent or other person or entity acting on behalf of the Applicant or the Company characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 11. In connection with the Project, the Agency intends to grant the Applicant and the Company sales tax exemptions in an amount not to exceed \$724,725 and certain real property tax exemptions.

Section 12. This Resolution shall take effect immediately.

ADOPTED: September 21, 2021

ACCEPTED: _____, 2021

FOODIRECT, INC. CORP.

By: _____
Name:
Title:

Exhibit H

PROJECT SUMMARY

The applicants are MGN 57-77 Rust Street LLC (“MGN Rust Street Project”), MGN 400 Kingsland Avenue LLC (“MGN Kingsland Project”), MGN 1074 Grand Street LLC (“MGN 1074 Grand Project”), and MGN 1086 Grand Street LLC (“MGN 1086 Grand Project,” and, collectively with MGN Rust Street Project, MGN Kingsland Project, and MGN 1074 Grand Project, the “Applicants”). The respective Applicants are New York limited liability companies and indirect wholly owned subsidiaries of MicroGrid Networks, LLC, a Delaware limited liability company (the “Company” or “MGN”) that develops and operates battery storage projects. The Applicants seek financial assistance in connection with four projects (collectively, the “Projects”), for which the respective Applicants will own and operate energy storage equipment on leased property. The Projects will each individually serve as battery energy storage systems capable of charging from, and discharging into, the New York power grid. The Agency will execute separate equipment leases with each of the Applicants. The Projects are expected to begin construction in late fall 2021 and begin operating by Spring 2022 (see more information about the Applicants in the Appendix).

Project Locations

MGN 57-77 Rust Street LLC
 57-77 Rust Street
 Flushing, New York 11378

MGN 400 Kingsland Avenue LLC
 400 Kingsland Avenue
 Brooklyn, New York 11222

MGN 1074 Grand Street LLC & MGN 1086 Grand Street LLC
 1086 Grand Street
 Brooklyn, New York 11211

Actions Requested

- Inducement and Authorizing Resolutions for an Industrial Program transaction for the MGN Rust Street Project, the MGN Kingsland Project, the MGN 1074 Grand Project, and the MGN 1086 Grand Project.
- Adopt a negative declaration for the MGN Rust Street Project, the MGN Kingsland Project, the MGN 1074 Grand Project, and the MGN 1086 Grand Project. The Projects will not have a significant adverse effect on the environment.

Anticipated Closing

November 2021

Impact Summary

MGN Rust Street:

Employment	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	1.5
Total Jobs (full-time equivalents)	1.5
Projected Average Hourly Wage (excluding principals)	\$41.50

Estimated City Tax Revenues	
Impact of Operations (NPV 2 years at 6.25%)	\$1,093,356
One-Time Impact of Renovation	\$498,123
Total impact of operations and renovation	\$1,591,479
Additional benefit from jobs to be created	\$25,123

Noah Schumer, SIG
 Caroline Nguyen, LGL

Nixon Peabody LLP
 Project Numbers – 9801 (1074 Grand); 9802 (1086 Grand);
 9803 (400 Kingsland); and 9804 (57-77 Rust)

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Estimated Cost of Benefits Requested: New York City	
Sales Tax Exemption	\$411,003
Agency Financing Fee	(\$171,595)
Total Cost to NYC Net of Financing Fee	\$238,408
Agency Benefits in Excess of As-of-Right Benefits	\$238,408
Costs of Benefits Per Job	
Estimated Total Cost of Net City Benefits per Job	\$159,605
Estimated City Tax Revenue per Job	\$1,077,734

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$399,586
Total Cost to NYS	\$399,586

MGN Kingsland:

Employment	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	1.5
Total Jobs (full-time equivalents)	1.5
Projected Average Hourly Wage (excluding principals)	\$41.50

Estimated City Tax Revenues	
Impact of Operations (NPV 2 years at 6.25%)	\$1,197,232
One-Time Impact of Renovation	\$550,492
Total impact of operations and renovation	\$1,747,724
Additional benefit from jobs to be created	\$25,123

Estimated Cost of Benefits Requested: New York City	
Sales Tax Exemption	\$449,825
Agency Financing Fee	(\$187,805)
Total Cost to NYC Net of Financing Fee	\$262,020
Agency Benefits in Excess of As-of-Right Benefits	\$262,020
Costs of Benefits Per Job	
Estimated Total Cost of Net City Benefits per Job	\$174,680
Estimated City Tax Revenue per Job	\$1,181,898

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$437,329
Total Cost to NYS	\$437,329

MGN 1074 Grand:

Employment	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	1.5
Total Jobs (full-time equivalents)	1.5
Projected Average Hourly Wage (excluding principals)	\$41.50

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Estimated City Tax Revenues	
Impact of Operations (NPV 2 years at 6.25%)	\$1,137,918
One-Time Impact of Renovation	\$520,419
Total impact of operations and renovation	\$1,658,337
Additional benefit from jobs to be created	\$25,123

Estimated Cost of Benefits Requested: New York City	
Sales Tax Exemption	\$420,728
Agency Financing Fee	(\$179,120)
Total Cost to NYC Net of Financing Fee	\$241,608
Agency Benefits in Excess of As-of-Right Benefits	\$241,608
Costs of Benefits Per Job	
Estimated Total Cost of Net City Benefits per Job	\$161,072
Estimated City Tax Revenue per Job	\$1,122,306

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$409,041
Total Cost to NYS	\$409,041

MGN 1086 Grand:

Employment	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	1.5
Total Jobs (full-time equivalents)	1.5
Projected Average Hourly Wage (excluding principals)	\$41.50

Estimated City Tax Revenues	
Impact of Operations (NPV 2 years at 6.25%)	\$1,061,190
One-Time Impact of Renovation	\$480,304
Total impact of operations and renovation	\$1,541,494
Additional benefit from jobs to be created	\$25,123

Estimated Cost of Benefits Requested: New York City	
Sales Tax Exemption	\$403,119
Agency Financing Fee	(\$167,885)
Total Cost to NYC Net of Financing Fee	\$235,234
Agency Benefits in Excess of As-of-Right Benefits	\$235,234
Costs of Benefits Per Job	
Estimated Total Cost of Net City Benefits per Job	\$156,823
Estimated City Tax Revenue per Job	\$1,044,412

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$391,921
Total Cost to NYS	\$391,921

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Sources and Uses

Sources: MGN Rust Street	Total Amount	Percent of Total Financing
Company Equity	\$11,207,000	100%
Total	\$11,207,000	100%

Uses: MGN Rust Street	Total Amount	Percent of Total Costs
Leasing Costs	\$331,000	3%
Hard Costs	\$2,872,000	26%
Soft Costs	\$678,000	5%
Furnishings, Fixtures & Equipment	\$7,123,000	64%
Closing Fees	\$203,000	2%
Total	\$11,207,000	100%

Sources: MGN Kingsland	Total Amount	Percent of Total Financing
Company Equity	\$12,054,000	100%
Total	\$12,054,000	100%

Uses: MGN Kingsland	Total Amount	Percent of Total Costs
Leasing Costs	\$153,000	1%
Hard Costs	\$3,383,000	28%
Soft Costs	\$676,000	6%
Furnishings, Fixtures & Equipment	\$7,628,000	63%
Closing Fees	\$214,000	2%
Total	\$12,054,000	100%

Sources: MGN 1074 Grand	Total Amount	Percent of Total Financing
Company Equity	\$11,715,000	100%
Total	\$11,715,000	100%

Uses: MGN 1074 Grand	Total Amount	Percent of Total Costs
Leasing Costs	\$375,000	3%
Hard Costs	\$3,155,000	27%
Soft Costs	\$812,000	7%
Furnishings, Fixtures & Equipment	\$7,141,000	61%
Closing Fees	\$232,000	2%
Total	\$11,715,000	100%

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Sources: MGN 1086 Grand	Total Amount	Percent of Total Financing
Company Equity	\$10,558,000	100%
Total	\$10,558,000	100%

Uses: MGN 1086 Grand	Total Amount	Percent of Total Costs
Hard Costs	\$2,596,000	25%
Soft Costs	\$622,000	6%
Furnishings, Fixtures & Equipment	\$7,141,000	67%
Closing Fees	\$199,000	2%
Total	\$10,558,000	100%

Fees

MGN Rust Street	To be paid at Closing	On-Going Fees (NPV, 2 Years)
Agency Fee	\$172,595	
Project Counsel	\$35,000	
Annual Agency Fee	\$1,250	\$2,284
Total	\$208,845	\$2,284
Total Fees	\$211,129	

MGN Kingsland	To be paid at Closing	On-Going Fees (NPV, 2 Years)
Agency Fee	\$187,805	
Project Counsel	\$35,000	
Annual Agency Fee	\$1,250	\$2,284
Total	\$224,055	\$2,284
Total Fees	\$226,339	

MGN 1074 Grand	To be paid at Closing	On-Going Fees (NPV, 2 Years)
Agency Fee	\$179,120	
Project Counsel	\$35,000	
Annual Agency Fee	\$1,250	\$2,284
Total	\$215,370	\$2,284
Total Fees	\$217,654	

MGN 1086 Grand	To be paid at Closing	On-Going Fees (NPV, 2 Years)
Agency Fee	\$167,885	
Project Counsel	\$35,000	
Annual Agency Fee	\$1,250	\$2,284
Total	\$204,135	\$2,284
Total Fees	\$206,419	

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Financing and Benefits Summary

It is anticipated that the Company will finance the Projects with Company equity. The Projects will be compensated under the NYSEDA Retail Storage Incentive Program, as well as by the Value of Distributed Energy Resources (“Value Stack” or “VDER”) tariffs established by the New York State Public Service Commission. The financial assistance proposed to be conferred by the Agency will consist solely of exemption from City and State sales and use taxes.

Company Performance and Projections

The Projects will serve as a battery energy storage systems capable of charging from and discharging into the New York power grid. The Projects are planned to be up to 5-MWs each. Battery energy systems can purchase wholesale power from the market when the power is at lower cost and sell the power into the wholesale market when prices are higher. In doing so the battery system is helping regulate the supply and demand for energy in New York. The Projects will receive compensation under the VDER tariff established by the New York State Public Service Commission for distributed energy resources and from the NYSEDA Retail Storage Incentive Program. For the Projects, ConEd will determine the value of the energy deployed to the grid using the Value Stack methodology, and will compensate the Projects in the form of a bill credit. The Projects are expected to reduce greenhouse gas emissions by displacing the use of existing, older and higher-emitting fossil fuel-powered peaker plants.

Inducement

- I. The Projects would not be financially viable without Agency benefits.
- II. The Projects will expand energy storage capacity within New York City, helping to facilitate the City’s goal of reducing greenhouse gas emissions. Renewable energy sources like wind and solar provide power intermittently. Battery energy storage capacity allows that electricity to be captured during periods of excess generation and deployed during periods of peak demand and lower generation.

UTEP Considerations

The Agency finds that the Projects meet one or more considerations from Section I-B of the Agency’s Uniform Tax Exemption Policy (“UTEP”), including the following:

- I. Financial assistance is required to induce the Projects.
- II. The Projects are likely to be completed in a timely manner.

Applicant Summary

Established in 2017, MGN was created to develop, construct, and operate distributed energy storage sites. The systems are designed for interconnecting to and operating within ConEdison’s distribution networks in order increase system resiliency and the local supply of energy. With over one hundred years of cumulative experience in construction, renewal energy, and telecommunications, MGN’S NYC-based management team consists of ten employees and full-time consultants handling the acquisition, development, and logistics of identifying and permitting these facilities. MGN is majority-owned and funded by SER Capital Partners, a private investment company responsible for making sustainable energy infrastructure investments for institutional pension funds.

Monty Bannerman, Chief Executive Officer

Mr. Bannerman is a veteran technology executive who has been introducing advanced, mission-critical distributed power and communications systems, facilities, and networks into domestic and international markets throughout his 30-plus year career. His technology and market experience spans from technology design, engineering and manufacturing to the development and execution of market strategies for deployment and operation of many of the most advanced and disruptive technologies. Mr. Bannerman’s career background includes over 15 years in senior management with leading global infrastructure management consulting, and subsequent positions as CTO, President and CEO of public and private companies involved in large-scale power and communications infrastructure. He is a co-founder and Director of ArcStar Energy, where he served as CEO until founding MGN in early 2017. Mr. Bannerman is a graduate of Mohawk College of Applied Arts & Technology in Canada.

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Chick Wassell, General Counsel

Mr. Wassell is MGN’s General Counsel and a member of the Company’s finance team. He is a former Senior Partner of several major international law firms and has experience in international finance and risk management in the power, telecommunications and transportation infrastructure sectors. Mr. Wassell also served as the General Counsel and head of the Risk Management Department of PLM International, one of the largest U.S. leasing companies with global operations, and is a co-founder and Managing Partner of ArcStar Energy, a company which has been providing market penetration, project acquisition and managed development services to global renewable developers, equipment manufacturers and energy infrastructure investors throughout the Americas since 2008. He is a graduate of the U.S. Merchant Marine Academy, Stanford University Graduate School of Engineering and Georgetown University School of Law.

Tim Dumbleton, Chief Operating Officer

Mr. Dumbleton is the Chief Operating Officer at MGN and has more than 20 years of experience in design and construction, primarily with large projects in New York City. He is responsible for MGN’s relationships with strategic real estate developers, owners and operators, and for the design and development of the energy facilities the Company integrates and operates in partnership with landowners. Prior to joining MGN, Mr. Dumbleton owned and operated TADA, a design and development office in New York City, where he oversaw a dozen real estate developments in residential and commercial properties. He also served as Design Director for Young Woo & Associates and was Managing Partner of TEN Arquitectos in New York and Mexico City. Mr. Dumbleton has a MArch Degree from Harvard University Graduate School of Design and a BA from University of Pennsylvania. He is a licensed architect in New York, New Jersey, Pennsylvania, Florida and Texas.

Employee Benefits

Employees are expected to be employed by a third-party contractor. Typical market benefits packages include healthcare, dental, vision and retirement plans.

Recapture

Pursuant to UTEP, all benefits are subject to recapture for a 10-year period.

SEQRA Determination

The Projects are Unlisted actions which, if implemented, will not result in significant adverse environmental impacts, and staff recommends the Board adopt a Negative Declaration for the Projects. The completed Environmental Assessment Forms for the Projects have been reviewed and signed by Agency staff.

Due Diligence

The Agency conducted a background investigation of the Applicants and MGN and their principals and found no derogatory information.

Living Wage:	Compliant
Paid Sick Leave:	Compliant
Affordable Care Act:	Compliant
Bank Account:	M&T Bank
Bank Check:	Relationships were reported to be satisfactory.
Supplier Checks:	Relationships were reported to be satisfactory.

MGN 57-77 RUST STREET LLC, MGN 400 KINGSLAND AVENUE LLC, MGN 1074 GRAND STREET LLC & MGN 1086 GRAND STREET LLC

Customer Checks: Not Applicable

Unions: Not Applicable

Background Check: No derogatory information was found.

Attorney: Charles Wassell, Esq.
MicroGrid Networks, LLC
200 Central Park S, #14Q
New York, New York 10019

Accountant: Tom Hake
MicroGrid Networks, LLC
200 Central Park S, #14Q
New York, New York 10019

Consultant/Advisor: Emerick Patterson
Heritage Equity Partners
163 N 6th Street
Brooklyn, New York 11211

Community Boards: Queens, CB #5 (57-77 Rust Street)
Brooklyn, CB #1 (1074 Grand Street and 1086 Grand Street)
Brooklyn, CB #9 (400 Kingsland Avenue)

Appendix

MGN 57-55 Rust Street

MGN 57-77 Rust Street LLC seeks financial assistance in connection with the construction and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of storage capacity) (the "Battery System"). The Battery System will be enclosed in multiple containers totaling 4,285 square feet, located on an 11,000 square foot portion of a parcel of land totaling 22,644 square feet at 57-77 Rust Street in Queens, New York (the "Facility"). The Facility will be operated by the Company on land leased from Rusty Artisan LLC, a New York limited liability company.

MGN 400 Kingsland Avenue

MGN 400 Kingsland Avenue LLC seeks financial assistance in connection with the construction and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of storage capacity) (the "Battery System"). The Battery System will be enclosed in multiple containers totaling 4,309 square feet, located on an 11,468 square foot portion of a parcel of land totaling 89,960 square feet located at 400 Kingsland Avenue in Brooklyn, New York (the "Facility"). The Facility will be operated by the Company on land leased from ExxonMobil Oil Corporation, a Delaware corporation.

MGN 1074 Grand Street

MGN 1074 Grand Street LLC seeks financial assistance in connection with the construction and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of storage capacity) (the "Battery System"). The Battery System will be enclosed in multiple containers totaling 4,534 square feet, located on a parcel of land totaling 22,875 square feet at 1086 Grand Street in Brooklyn, New York (the "Facility"). The Facility will be operated by the Company on land leased from Grand Metro Auto Inc., a New York corporation.

MGN 1086 Grand Street

MGN 1086 Grand Street LLC seeks financial assistance in connection with the construction and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of storage capacity) (the "Battery System"). The Battery System will be enclosed in multiple containers totaling 4,534 square feet, located on a parcel of land totaling 22,875 square feet located at 1086 Grand Street in Brooklyn, New York (the "Facility"). The Facility will be operated by the Company on land leased from Grand Metro Auto Inc., a New York corporation.



Microgrid Networks, LLC
200 Central Park South, ste #14Q
New York, NY 10019

July 20, 2021

Attn: Noah Schumer
NYC Industrial Development Agency
One Liberty Plaza, 165 Broadway, 14th Floor
New York, NY 10006

**Re: NYCIDA Inducement Letter
57-77 Rust Street, Maspeth, NY**

Dear NYCIDA,

Microgrid Networks, LLC ("MGN") is pleased to submit an application to the NYCIDA for a proposed battery energy storage system ("ESS"), to be located at 57-77 Rust St., in Brooklyn, NY. MGN 57-77 Rust St, LLC is the wholly-owned subsidiary of MGN that will own and operate the project. The ESS project will provide approximately 5MW of storage capacity over 4 hours, with the capability of injecting up to 20,000 kilowatt-hours of electricity directly into the power grid during peak hours. The ground mount system will take up 4,285 sq. ft. on a 11,000 sq. ft. of leased premises. The project is located in the Maspeth IBZ and is expected to benefit the Maspeth and New York City electricity network for at least 21 years.

MicroGrid Networks, LLC is a veteran group of mission-critical infrastructure experts focused on deploying battery storage systems in dense urban areas, where the load demand growth is, and where additional capacity and resiliency are needed most. MGN's predecessor, ArcStar Energy, LLC, was founded in New York City in 2008 as a developer and provider of contract development and acquisition services for renewable energy projects, working with many of the world's largest energy companies in markets throughout the Americas. Since 2017, MGN has transitioned its business to developing energy storage projects solely in New York City, to exploit the ability of these technologies to protect life and property from extreme weather and tidal events, deliver health and environmental benefits by reducing fossil fuel emissions and to address the urgent need for storage technology to deliver resiliency to New York City's grid. The MGN team has unique domain and New York City expertise and is well-positioned to effectively deliver energy storage infrastructure to the most congested distribution networks.

The project at 55-77 Rust St. will directly support the local Maspeth network by flattening the demand curve, increasing supply, and improving the efficiency of the distribution network. As a result, the project will help meet electricity demand while reducing the need for expensive feeder and substation upgrades which ultimately come at the expense of rate-payers. In addition, improved efficiency from the batteries will reduce the grid's reliance on local fossil-fuel Peaker Plants, which cause harmful environmental impacts to New York City residents.

In addition to public benefits delivered by our facilities, MGN's projects will drive capital investment and job creation into local NYC communities during and after construction. The



company is committed to having a portion of all subcontracting work be performed by MWBE Certified contractors, and we have enrolled in HireNYC to increase local hiring. MGN's project execution teams include NYC-based engineers, architects, contractors, and subcontractors. Our Development Phase will consist of 12-15 New York City engineering professionals and employ 25 construction professionals at peak construction. Once this project is operational, it will permanently employ 3 New Yorkers.

Since MGN gained site control of 57-77 Rust Street in April 2020, the project costs, including interconnection, labor, equipment, materials, and service costs, have all increased substantially. Additionally, the project has experienced substantial permitting delays due to Covid and complexities in integrating new battery technologies into NYC's Fire and Building codes. Additionally, approximately 65% -70% of project revenues are contracted for New York's Value of Distributed Energy Resources tariff. Although some of the VDER revenues are fixed, over 50% of the income is derived from capacity markets and subject to energy price volatility. In the last year, the outlook for energy prices in Zone J has dropped significantly, causing a further negative impact on project financials.

In summary, our project is not economically viable in the current environment without substantial reductions in our capital and operational costs, including sales and property tax. We look forward to working together with NYCIDA to help get these important and necessary projects off the ground so that they can help protect life, health, and property in our local communities and make our electricity grid more resilient. Together, with our fellow New York City-based companies and workers, we can reduce electricity costs for rate-payers, reduce harmful emissions from fossil-fuel generators, and help our State and New York City meet their clean energy goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Monty Bannerman". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Monty Bannerman, CEO
Microgrid Networks, LLC



Microgrid Networks, LLC
200 Central Park South, ste #14Q
New York, NY 10019

July 20, 2021

Attn: Noah Schumer
NYC Industrial Development Agency
One Liberty Plaza, 165 Broadway, 14th Floor
New York, NY 10006

**Re: NYCIDA Inducement Letter
400 Kingsland., Brooklyn, NY 11211**

Dear NYCIDA,

Microgrid Networks, LLC ("MGN") is pleased to submit an application to the NYCIDA for a proposed battery energy storage system ("ESS"), to be located at 400 Kingsland Avenue., in Brooklyn, NY. MGN 400 Kingsland Avenue, LLC is a wholly-owned subsidiary of MGN and will own and operate the project. The ESS project will provide approximately 5MW of storage capacity over 4 hours and have the capability to inject up to 20,000 kilowatt-hours of electricity directly into the power grid during peak hours. The ground mount ESS will take up 4,309 sq. ft. on a 11,468 sq. ft. lot. The project is located on the Exxon Mobile superfund site in the North Brooklyn IBZ and will benefit the Ridgewood and New York City electricity network for at least 10 years.

MicroGrid Networks, LLC is a veteran group of mission-critical infrastructure experts focused on deploying battery storage systems in dense urban areas, where the load demand growth is, and where additional capacity and resiliency are needed most. MGN's predecessor, ArcStar Energy, LLC, was founded in New York City in 2008 as a developer and provider of contract development and acquisition services for renewable energy projects, working with many of the world's largest energy companies in markets throughout the Americas. Since 2017, MGN has transitioned its business to developing energy storage projects solely in New York City, to exploit the ability of these technologies to protect life and property from extreme weather and tidal events, deliver health and environmental benefits by reducing fossil fuel emissions and to address the urgent need for storage technology to deliver resiliency to New York City's grid. The MGN team has unique domain and New York City expertise and is well-positioned to effectively deliver energy storage infrastructure to the most congested distribution networks.

The project at 400 Kingsland will directly support the local Ridgewood network by flattening the demand curve, increasing supply, and improving the efficiency of the distribution network. As a result, the project will help meet electricity demand while reducing the need for expensive feeder and substation upgrades which ultimately come at the expense of rate-payers. In addition, improved efficiency from the batteries will reduce the grid's reliance on local fossil-fuel Peaker Plants, which cause harmful environmental impacts to New York City residents.

In addition to public benefits delivered by our facilities, MGN's projects will drive capital investment and job creation into local NYC communities during and after construction. The



company is committed to having a portion of all subcontracting work be performed by MWBE Certified contractors, and we have enrolled in HireNYC to increase local hiring. MGN's project execution teams include NYC-based engineers, architects, contractors, and subcontractors. Our Development Phase will consist of 12-15 New York City engineering professionals and employ 25 construction professionals at peak construction. Once this project is operational, it will permanently employ 3 New Yorkers.

Since MGN gained site control of 400 Kingsland in July 2020, the project costs, including interconnection, labor, equipment, materials, and service costs, have all increased substantially. Additionally, the project has experienced substantial permitting delays due to Covid and complexities in integrating new battery technologies into NYC's Fire and Building codes. Additionally, approximately 65% -70% of project revenues are contracted for New York's Value of Distributed Energy Resources tariff. Although some of the VDER revenues are fixed, over 50% of the income is derived from capacity markets and subject to energy price volatility. In the last year, the outlook for energy prices in Zone J has dropped significantly, causing a further negative impact on project financials.

In summary, our project is not economically viable in the current environment without substantial reductions in our capital and operational costs, including sales and property tax. We look forward to working together with NYCIDA to help get these important and necessary projects off the ground so that they can help protect life, health, and property in our local communities and make our electricity grid more resilient. Together, with our fellow New York City-based companies and workers, we can reduce electricity costs for rate-payers, reduce harmful emissions from fossil-fuel generators, and help our State and New York City meet their clean energy goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Monty Bannerman", written in a cursive style.

Monty Bannerman, CEO
Microgrid Networks, LLC



Microgrid Networks, LLC
200 Central Park South, ste #14Q
New York, NY 10019

July 20, 2021

Attn: Noah Schumer
NYC Industrial Development Agency
One Liberty Plaza, 165 Broadway, 14th Floor
New York, NY 10006

**Re: NYCIDA Inducement Letter
1074 Grand St., Brooklyn, NY 11211**

Dear NYCIDA,

Microgrid Networks, LLC ("MGN") is pleased to submit an application to the NYCIDA for a proposed battery energy storage system ("ESS"), to be located at 1074 Grand St., in Brooklyn, NY. MGN 1074 Grand Street, LLC is the wholly-owned subsidiary of MGN that will own and operate the project. The ESS project will provide approximately 5MW of storage capacity over 4 hours, with the capability of injecting up to 20,000 kilowatt-hours of electricity directly into the power grid during peak hours. The ground mount system will take up 4,534 sq. ft. on a 12,577 sq. ft. lot. The project is located in the North Brooklyn IBZ and will benefit the Ridgewood and New York City electricity network for at least 30 years.

MicroGrid Networks, LLC is a veteran group of mission-critical infrastructure experts focused on deploying battery storage systems in dense urban areas, where the load demand growth is, and where additional capacity and resiliency are needed most. MGN's predecessor, ArcStar Energy, LLC, was founded in New York City in 2008 as a developer and provider of contract development and acquisition services for renewable energy projects, working with many of the world's largest energy companies in markets throughout the Americas. Since 2017, MGN has transitioned its business to developing energy storage projects solely in New York City, to exploit the ability of these technologies to protect life and property from extreme weather and tidal events, deliver health and environmental benefits by reducing fossil fuel emissions and to address the urgent need for storage technology to deliver resiliency to New York City's grid. The MGN team has unique domain and New York City expertise and is well-positioned to effectively deliver energy storage infrastructure to the most congested distribution networks.

The project at 1074 Grand St. will directly support the local Ridgewood network by flattening the demand curve, increasing supply, and improving the efficiency of the distribution network. As a result, the project will help meet electricity demand while reducing the need for expensive feeder and substation upgrades which ultimately come at the expense of rate-payers. In addition, improved efficiency from the batteries will reduce the grid's reliance on local fossil-fuel Peaker Plants, which cause harmful environmental impacts to New York City residents.

In addition to public benefits delivered by our facilities, MGN's projects will drive capital investment and job creation into local NYC communities during and after construction. The



company is committed to having a portion of all subcontracting work be performed by MWBE Certified contractors, and we have enrolled in HireNYC to increase local hiring. MGN's project execution teams include NYC-based engineers, architects, contractors, and subcontractors. Our Development Phase will consist of 12-15 New York City engineering professionals and employ 25 construction professionals at peak construction. Once this project is operational, it will permanently employ 3 New Yorkers.

Since MGN gained site control of 1074 Grand St in July 2020, the project costs, including interconnection, labor, equipment, materials, and service costs, have all increased substantially. Additionally, the project has experienced substantial permitting delays due to Covid and complexities in integrating new battery technologies into NYC's Fire and Building codes. Additionally, approximately 65% -70% of project revenues are contracted for New York's Value of Distributed Energy Resources tariff. Although some of the VDER revenues are fixed, over 50% of the income is derived from capacity markets and subject to energy price volatility. In the last year, the outlook for energy prices in Zone J has dropped significantly, causing a further negative impact on project financials.

In summary, our project is not economically viable in the current environment without substantial reductions in our capital and operational costs, including sales and property tax. We look forward to working together with NYCIDA to help get these important and necessary projects off the ground so that they can help protect life, health, and property in our local communities and make our electricity grid more resilient. Together, with our fellow New York City-based companies and workers, we can reduce electricity costs for rate-payers, reduce harmful emissions from fossil-fuel generators, and help our State and New York City meet their clean energy goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Monty Bannerman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Monty Bannerman, CEO
Microgrid Networks, LLC



Microgrid Networks, LLC
200 Central Park South, ste #14Q
New York, NY 10019

July 20, 2021

Attn: Noah Schumer
NYC Industrial Development Agency
One Liberty Plaza, 165 Broadway, 14th Floor
New York, NY 10006

**Re: NYCIDA Inducement Letter
1086 Grand St., Brooklyn, NY 11211**

Dear NYCIDA,

Microgrid Networks, LLC ("MGN") is pleased to submit an application to the NYCIDA for a proposed battery energy storage system ("ESS"), to be located at 1086 Grand St., in Brooklyn, NY. MGN 1086 Grand Street, LLC is the wholly-owned subsidiary of MGN that will own and operate the project. The ESS project will provide approximately 5MW of storage capacity over 4 hours, injecting up to 20,000 kilowatt-hours of electricity directly into the power grid during peak hours. The ground mount system will take up 4,534 sq. ft. on a 12,577 sq. ft. lot. The project is located in the North Brooklyn IBZ and will benefit the Ridgewood and New York City electricity network for at least 30 years.

MicroGrid Networks, LLC is a veteran group of mission-critical infrastructure experts focused on deploying battery storage systems in dense urban areas, where the load demand growth is, and where additional capacity and resiliency are needed most. MGN's predecessor, ArcStar Energy, LLC, was founded in New York City in 2008 as a developer and provider of contract development and acquisition services for renewable energy projects, working with many of the world's largest energy companies in markets throughout the Americas. Since 2017, MGN has transitioned its business to developing energy storage projects solely in New York City, to exploit the ability of these technologies to protect life and property from extreme weather and tidal events, deliver health and environmental benefits by reducing fossil fuel emissions and to address the urgent need for storage technology to deliver resiliency to New York City's grid. The MGN team has unique domain and New York City expertise and is well-positioned to effectively deliver energy storage infrastructure to the most congested distribution networks.

The project at 1086 Grand St. will directly support the local Ridgewood network by flattening the demand curve, increasing supply, and improving the efficiency of the distribution network. As a result, the project will help meet electricity demand while reducing the need for expensive feeder and substation upgrades which ultimately come at the expense of rate-payers. In addition, improved efficiency from the batteries will reduce the grid's reliance on local fossil-fuel Peaker Plants, which cause harmful environmental impacts to New York City residents.

In addition to public benefits delivered by our facilities, MGN's projects will drive capital investment and job creation into local NYC communities during and after construction. The



company is committed to having a portion of all subcontracting work be performed by MWBE Certified contractors, and we have enrolled in HireNYC to increase local hiring. MGN's project execution teams include NYC-based engineers, architects, contractors, and subcontractors. Our Development Phase will consist of 12-15 New York City engineering professionals and employ 25 construction professionals at peak construction. Once this project is operational, it will permanently employ 3 New Yorkers.

Since MGN gained site control of 1086 Grand St in July 2020, the project costs, including interconnection, labor, equipment, materials, and service costs, have all increased substantially. Additionally, the project has experienced substantial permitting delays due to Covid and complexities in integrating new battery technologies into NYC's Fire and Building codes. Additionally, approximately 65% -70% of project revenues are contracted for New York's Value of Distributed Energy Resources tariff. Although some of the VDER revenues are fixed, over 50% of the income is derived from capacity markets and subject to energy price volatility. In the last year, the outlook for energy prices in Zone J has dropped significantly, causing a further negative impact on project financials.

In summary, our project is not economically viable in the current environment without substantial reductions in our capital and operational costs, including sales and property tax. We look forward to working together with NYCIDA to help get these important and necessary projects off the ground so that they can help protect life, health, and property in our local communities and make our electricity grid more resilient. Together, with our fellow New York City-based companies and workers, we can reduce electricity costs for rate-payers, reduce harmful emissions from fossil-fuel generators, and help our State and New York City meet their clean energy goals.

Sincerely,

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Monty Bannerman, CEO
Microgrid Networks, LLC

Exhibit I

Resolution inducing the purchase of equipment and other personal property for MGN 57-77 Rust Street LLC, as a participant in an industrial incentive program (Straight-Lease) Transaction and authorizing and approving the execution and delivery of agreements in connection therewith

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, MGN 57-77 Rust Street LLC, a New York limited liability company (the “Applicant”), has entered into negotiations with officials of the Agency for the construction, and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of energy storage capacity) (the “Battery System”). The Battery System will be enclosed in multiple containers totaling approximately 4,285 square feet, located on an approximately 11,000 square foot portion of a parcel of land totaling approximately 22,644 square feet at 57-77 Rust Street in Queens, New York (Block 2676, Lot 1) (the “Facility”). The Facility will be operated by the Applicant on land leased from Rusty Artisan LLC, a New York limited liability company, and will serve as a battery energy storage system capable of charging from, and discharging into, the New York power grid (the “Project”), and having an approximate total project cost of approximately \$11,207,000; and

WHEREAS, the Applicant has submitted a Project Application (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant, is a subsidiary of MicroGrid Networks, LLC, a Delaware limited liability company, that is a developer of energy storage power projects (“MGN”); that the Applicant expects to employ approximately 1.5 full time equivalent employees within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby expand its operations in the City; that without the Agency’s financial assistance the Applicant would not be able to complete the Project, and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and expand its operations in the City; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant is necessary to induce the Applicant to expand its operations in the City; and

WHEREAS, in order to provide financial assistance to the Applicant for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of City and State sales and use tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency hereby authorizes the Applicant to proceed with the Project as herein authorized. The Applicant is authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant that (i) nominal leasehold title to or other interest of the Agency in the purchased equipment or other personal property in connection with the Project (the "Eligible Items") shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agent for the Agency solely for the purpose of effecting the Project, and the Agency shall have no personal liability for any such action taken by the Applicant for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement from the Applicant leasing the Eligible Items to the Agency, an Equipment Lease Agreement from the

Agency subleasing the Eligible Items to the Applicant (the "Equipment Lease"), the Project Agreement between the Agency and the Applicant, a Sales Tax Agent Authorization Letter from the Agency to the Applicant, and, if applicable, the acceptance of a Guaranty Agreement from the Applicant and/or the Applicant's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the Project.

Section 6. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 7. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The

approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 8. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 9. This Resolution is subject to approval based on an investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective for one year from the date hereof, whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 8 hereof).

Section 10. The Agency, as lead agency ("Lead Agency"), issued its determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. The determination is based upon the Agency's review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make its determination.

The Agency has determined that the proposed project, an Unlisted Action in accordance with Article 8 of the Environmental Conservation Law, the State Environmental Quality Review Act ("SEQRA") and the implementing regulations, would not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

1. The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels. The proposed project will lower cost of electricity and provide cleaner electricity generation from a reduced reliance on peak generation plants.
2. The proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources or the existing neighborhood.
3. The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.
4. The proposed project would not result in a change in existing zoning or land use. The existing uses would be continuing to be as-of-right under zoning.
5. Construction and soil disturbance on this site will consist of either energy storage enclosures and/or inverters or interconnection equipment being placed on piles and concrete slabs. The equipment will be connected by below-grade conduit and above-grade cable connections. A site investigation was conducted on this site and evidence of petroleum-based soil contamination was found. The Phase II recommends

that if soil is excavated, it should be tested and properly disposed. In addition, if an enclosed building is erected, it should have active or passive soil vapor barriers. If these recommendations are followed, we do not expect any hazmat-based impacts from this project.

6. No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 11. In connection with the Project, the Applicant and the covenants and agrees to comply, and to cause each of its contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(1) The Applicant acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Applicant New York State sales or use tax savings taken or purported to be taken by the Applicant, and any agent or any other person or entity acting on behalf of the Applicant, to which the Applicant is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 12 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant, or any agent or any other person or entity acting on behalf of the Applicant, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and/or any agent or any other person or entity acting on behalf of the Applicant. The Applicant shall, and shall require each agent and any other person or entity acting on behalf of the Applicant, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Applicant under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(2) The Applicant is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from Applicant or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(3) The foregoing requirements of this Section 11 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant, or any agent or other person or entity acting on behalf of the Applicant characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 12. In connection with the Project, the Agency intends to grant the Applicant City and State sales and use tax exemptions in an amount not to exceed \$810,589.

Section 13. This Resolution shall take effect immediately

ADOPTED: September 21, 2021

Accepted: _____, 2021

MGN 57-77 Rust Street LLC

By: _____

Name:

Title:

Resolution inducing the purchase of equipment and other personal property for MGN 400 Kingsland Avenue LLC, as a participant in an industrial incentive program (Straight-Lease) Transaction and authorizing and approving the execution and delivery of agreements in connection therewith

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, MGN 400 Kingsland Avenue LLC, a New York limited liability company (the “Applicant”), has entered into negotiations with officials of the Agency for the construction, and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of energy storage capacity) (the “Battery System”). The Battery System will be enclosed in multiple containers totaling approximately 4,309 square feet, located on an approximately 11,468 square foot portion of a parcel of land totaling approximately 89,960 square feet at 400 Kingsland Avenue in Brooklyn, New York (Block 2612, Lot 145) (the “Facility”). The Facility will be operated by the Applicant on land leased from ExxonMobil Oil Corporation, a Delaware corporation, and will serve as a battery energy storage system capable of charging from, and discharging into, the New York power grid (the “Project”), and having an approximate total project cost of approximately \$12,053,000; and

WHEREAS, the Applicant has submitted a Project Application (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant, is a subsidiary of MicroGrid Networks, LLC, a Delaware limited liability company, that is a developer of energy storage power projects (“MGN”); that the Applicant expects to employ approximately 1.5 full time equivalent employees within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby expand its operations in the City; that without the Agency’s financial assistance the Applicant would not be able to complete the Project, and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and expand its operations in the City; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant is necessary to induce the Applicant to expand its operations in the City; and

WHEREAS, in order to provide financial assistance to the Applicant for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of City and State sales and use tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency hereby authorizes the Applicant to proceed with the Project as herein authorized. The Applicant is authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant that (i) nominal leasehold title to or other interest of the Agency in the purchased equipment or other personal property in connection with the Project (the "Eligible Items") shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agent for the Agency solely for the purpose of effecting the Project, and the Agency shall have no personal liability for any such action taken by the Applicant for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement from the Applicant leasing the Eligible Items to the Agency, an Equipment Lease Agreement from the

Agency subleasing the Eligible Items to the Applicant (the "Equipment Lease"), the Project Agreement between the Agency and the Applicant, a Sales Tax Agent Authorization Letter from the Agency to the Applicant, and, if applicable, the acceptance of a Guaranty Agreement from the Applicant and/or the Applicant's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the Project.

Section 6. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 7. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The

approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 8. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 9. This Resolution is subject to approval based on an investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective for one year from the date hereof, whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 8 hereof).

Section 10. The Agency, as lead agency ("Lead Agency"), issued its determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. The determination is based upon the Agency's review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make its determination.

The Agency has determined that the proposed project, an Unlisted Action in accordance with Article 8 of the Environmental Conservation Law, the State Environmental Quality Review Act ("SEQRA") and the implementing regulations, would not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

1. The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels. The proposed project will lower cost of electricity and provide cleaner electricity generation from a reduced reliance on peak generation plants.
2. The proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources or the existing neighborhood.
3. The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.
4. The proposed project would not result in a change in existing zoning or land use. The existing uses would be continuing to be as-of-right under zoning.
5. This site is a Superfund Site and as such is subject to oversight by NYSDEC. In addition, the proposed use will have no enclosed buildings and very little excavation. If the NYSDEC's requirements for handling and disposal of any excavated soil are followed, no hazmat-related impacts are expected for this project.

6. No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 11. In connection with the Project, the Applicant and the covenants and agrees to comply, and to cause each of its contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(1) The Applicant acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Applicant New York State sales or use tax savings taken or purported to be taken by the Applicant, and any agent or any other person or entity acting on behalf of the Applicant, to which the Applicant is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 12 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant, or any agent or any other person or entity acting on behalf of the Applicant, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and/or any agent or any other person or entity acting on behalf of the Applicant. The Applicant shall, and shall require each agent and any other person or entity acting on behalf of the Applicant, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Applicant under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(2) The Applicant is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from Applicant or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the

Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(3) The foregoing requirements of this Section 11 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant, or any agent or other person or entity acting on behalf of the Applicant characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 12. In connection with the Project, the Agency intends to grant the Applicant City and State sales and use tax exemptions in an amount not to exceed \$887,154.

Section 13. This Resolution shall take effect immediately

ADOPTED: September 21, 2021

Accepted: _____, 2021

MGN 400 Kingsland Avenue LLC

By: _____

Name:

Title:

Resolution inducing the purchase of equipment and other personal property for MGN 1074 Grand Street LLC, as a participant in an industrial incentive program (Straight-Lease) Transaction and authorizing and approving the execution and delivery of agreements in connection therewith

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, MGN 1074 Grand Street LLC, a New York limited liability company (the “Applicant”), has entered into negotiations with officials of the Agency for the construction, and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of energy storage capacity) (the “Battery System”). The Battery System will be enclosed in multiple containers totaling approximately 4,534 square feet, located on a parcel of land totaling approximately 22,875 square feet at 1086 Grand Street in Brooklyn, New York (the “Facility”). The Facility will be operated by the Applicant on land leased from Grand Metro Auto Inc., a New York business corporation, and will serve as a battery energy storage system capable of charging from, and discharging into, the New York power grid (the “Project”), and having an approximate total project cost of approximately \$11,715,000; and

WHEREAS, the Applicant has submitted a Project Application (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant, is a subsidiary of MicroGrid Networks, LLC, a Delaware limited liability company, that is a developer of energy storage power projects (“MGN”); that the Applicant expects to employ approximately 1.5 full time equivalent employees within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby expand its operations in the City; that without the Agency’s financial assistance the Applicant would not be able to complete the Project, and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and expand its operations in the City; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant is necessary to induce the Applicant to expand its operations in the City; and

WHEREAS, in order to provide financial assistance to the Applicant for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of City and State sales and use tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency hereby authorizes the Applicant to proceed with the Project as herein authorized. The Applicant is authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant that (i) nominal leasehold title to or other interest of the Agency in the purchased equipment or other personal property in connection with the Project (the "Eligible Items") shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agent for the Agency solely for the purpose of effecting the Project, and the Agency shall have no personal liability for any such action taken by the Applicant for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement from the Applicant leasing the Eligible Items to the Agency, an Equipment Lease Agreement from the

Agency subleasing the Eligible Items to the Applicant (the "Equipment Lease"), the Project Agreement between the Agency and the Applicant, a Sales Tax Agent Authorization Letter from the Agency to the Applicant, and, if applicable, the acceptance of a Guaranty Agreement from the Applicant and/or the Applicant's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the Project.

Section 6. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 7. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The

approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 8. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 9. This Resolution is subject to approval based on an investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective for one year from the date hereof, whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 8 hereof).

Section 10. The Agency, as lead agency ("Lead Agency"), issued its determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. The determination is based upon the Agency's review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make its determination.

The Agency has determined that the proposed project, an Unlisted Action in accordance with Article 8 of the Environmental Conservation Law, the State Environmental Quality Review Act ("SEQRA") and the implementing regulations, would not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

1. The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels. The proposed project will lower cost of electricity and provide cleaner electricity generation from a reduced reliance on peak generation plants.
2. The proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources or the existing neighborhood.
3. The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.
4. The proposed project would not result in a change in existing zoning or land use. The existing uses would be continuing to be as-of-right under zoning.
5. Construction and soil disturbance on this site will consist of either energy storage enclosures and/or inverters or interconnection equipment being placed on piles and concrete slabs. The equipment will be connected by below-grade conduit and above-grade cable connections. A site investigation was conducted on this site and evidence of petroleum-based soil contamination was found. The Phase II recommends

that if soil is excavated, it should be tested and properly disposed. In addition, if an enclosed building is erected, it should have active or passive soil vapor barriers. If these recommendations are followed, we do not expect any hazmat-based impacts from this project.

6. No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 11. In connection with the Project, the Applicant and the covenants and agrees to comply, and to cause each of its contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(1) The Applicant acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Applicant New York State sales or use tax savings taken or purported to be taken by the Applicant, and any agent or any other person or entity acting on behalf of the Applicant, to which the Applicant is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 12 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant, or any agent or any other person or entity acting on behalf of the Applicant, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and/or any agent or any other person or entity acting on behalf of the Applicant. The Applicant shall, and shall require each agent and any other person or entity acting on behalf of the Applicant, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Applicant under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(2) The Applicant is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from Applicant or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(3) The foregoing requirements of this Section 11 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant, or any agent or other person or entity acting on behalf of the Applicant characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 12. In connection with the Project, the Agency intends to grant the Applicant City and State sales and use tax exemptions in an amount not to exceed \$829,769.

Section 13. This Resolution shall take effect immediately

ADOPTED: September 21, 2021

Accepted: _____, 2021

MGN 1074 Grand Street LLC

By: _____

Name:

Title:

Resolution inducing the purchase of equipment and other personal property for MGN 1086 Grand Street LLC, as a participant in an industrial incentive program (Straight-Lease) Transaction and authorizing and approving the execution and delivery of agreements in connection therewith

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, MGN 1086 Grand Street LLC, a New York limited liability company (the “Applicant”), has entered into negotiations with officials of the Agency for the construction, and equipping of an approximately 5-Megawatt (MW) battery energy storage system (consisting of 20MW hours of energy storage capacity) (the “Battery System”). The Battery System will be enclosed in multiple containers totaling 4,534 square feet, located on a parcel of land totaling 22,875 square feet located at 1086 Grand Street in Brooklyn, New York (the “Facility”). The Facility will be operated by the Applicant on land leased from Grand Metro Auto Inc., a New York business corporation, and will serve as a battery energy storage system capable of charging from, and discharging into, the New York power grid (the “Project”), and having an approximate total project cost of approximately \$10,558,000; and

WHEREAS, the Applicant has submitted a Project Application (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant, is a subsidiary of MicroGrid Networks, LLC, a Delaware limited liability company, that is a developer of energy storage power projects (“MGN”); that the Applicant expects to employ approximately 1.5 full time equivalent employees within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby expand its operations in the City; that without the Agency’s financial assistance the Applicant would not be able to complete the Project, and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and expand its operations in the City; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant is necessary to induce the Applicant to expand its operations in the City; and

WHEREAS, in order to provide financial assistance to the Applicant for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of City and State sales and use tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency hereby authorizes the Applicant to proceed with the Project as herein authorized. The Applicant is authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant that (i) nominal leasehold title to or other interest of the Agency in the purchased equipment or other personal property in connection with the Project (the "Eligible Items") shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agent for the Agency solely for the purpose of effecting the Project, and the Agency shall have no personal liability for any such action taken by the Applicant for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement from the Applicant leasing the Eligible Items to the Agency, an Equipment Lease Agreement from the

Agency subleasing the Eligible Items to the Applicant (the "Equipment Lease"), the Project Agreement between the Agency and the Applicant, a Sales Tax Agent Authorization Letter from the Agency to the Applicant, and, if applicable, the acceptance of a Guaranty Agreement from the Applicant and/or the Applicant's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the Project.

Section 6. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 7. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The

approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 8. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 9. This Resolution is subject to approval based on an investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective for one year from the date hereof, whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 8 hereof).

Section 10. The Agency, as lead agency ("Lead Agency"), issued its determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. The determination is based upon the Agency's review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make its determination.

The Agency has determined that the proposed project, an Unlisted Action in accordance with Article 8 of the Environmental Conservation Law, the State Environmental Quality Review Act ("SEQRA") and the implementing regulations, would not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

1. The proposed project would not result in a substantial adverse change in existing traffic, air quality, or noise levels. The proposed project will lower cost of electricity and provide cleaner electricity generation from a reduced reliance on peak generation plants.
2. The proposed project would not result in significant adverse impacts on cultural, archaeological, architectural, or aesthetic resources or the existing neighborhood.
3. The proposed project would not result in significant adverse impacts to natural resources, critical habitats, or water quality.
4. The proposed project would not result in a change in existing zoning or land use. The existing uses would be continuing to be as-of-right under zoning.
5. Construction and soil disturbance on this site will consist of either energy storage enclosures and/or inverters or interconnection equipment being placed on piles and concrete slabs. The equipment will be connected by below-grade conduit and above-grade cable connections. A site investigation was conducted on this site and evidence of petroleum-based soil contamination was found. The Phase II recommends

that if soil is excavated, it should be tested and properly disposed. In addition, if an enclosed building is erected, it should have active or passive soil vapor barriers. If these recommendations are followed, we do not expect any hazmat-based impacts from this project.

6. No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 11. In connection with the Project, the Applicant and the covenants and agrees to comply, and to cause each of its contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(1) The Applicant acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Applicant New York State sales or use tax savings taken or purported to be taken by the Applicant, and any agent or any other person or entity acting on behalf of the Applicant, to which the Applicant is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 12 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant, or any agent or any other person or entity acting on behalf of the Applicant, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and/or any agent or any other person or entity acting on behalf of the Applicant. The Applicant shall, and shall require each agent and any other person or entity acting on behalf of the Applicant, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Applicant under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(2) The Applicant is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from Applicant or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(3) The foregoing requirements of this Section 11 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant, or any agent or other person or entity acting on behalf of the Applicant characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 12. In connection with the Project, the Agency intends to grant the Applicant City and State sales and use tax exemptions in an amount not to exceed \$795,040.

Section 13. This Resolution shall take effect immediately

ADOPTED: September 21, 2021

Accepted: _____, 2021

MGN 1086 Grand Street LLC

By: _____

Name:

Title:

Exhibit J

PROJECT SUMMARY

Steinway, Inc., a Delaware corporation that does business as Steinway & Sons (“Steinway,” or the “Company”), is seeking financial assistance in connection with the renovation, furnishing and equipping of its existing 450,666 square foot facility (the “Facility”), located on a 239,580 square foot parcel of land located at 1 Steinway Place, Queens, New York. The Facility is used as a piano manufacturing plant, and as office space. The Company is planning to implement \$11,000,000 in capital investments, which are anticipated to include renovations to the Facility’s HVAC system, elevators, building façade, bathrooms, and fire safety systems. Steinway will also be purchasing new computer numerical control machines, drilling machines, and sanding and polishing machines, intended for the manufacturing of new pianos (the “Project”). Renovations are expected to begin during 2022 and be completed over a period of five years.

Project Location

1 Steinway Place
Queens New York 11105

Actions Requested

- Inducement and Authorizing Resolution for an Industrial Program transaction.
- Adopt a negative declaration for the Project. The Project will not have a significant adverse effect on the environment.

Anticipated Closing

December 2021

Impact Summary

Employment	
Jobs at Application:	315
Jobs to be Created at Project Location (Year 3):	0
Total Jobs (full-time equivalents)	315
Projected Average Hourly Wage (excluding principals)	\$32.24
Highest/Lowest Hourly Wage	\$90.33/\$16.00

Estimated City Tax Revenues	
Impact of Operations (NPV 15 years at 6.25%)	\$68,798,661
One-Time Impact of Renovation	\$515,411
Total impact of operations and renovation	\$69,314,072

Estimated Cost of Benefits Requested: New York City	
Building Tax Exemption (NPV, 15 years)	\$7,029,777
Land Tax Abatement (NPV, 15 years)	\$3,454,116
Sales Tax Exemption	\$448,200
Agency Financing Fee	(\$177,500)
Total Cost to NYC Net of Financing Fee	\$10,754,593
Available As-of-Right Benefits (ICAP)	\$0
Agency Benefits in Excess of As-of-Right Benefits	\$10,754,593

Steinway, Inc.

Costs of Benefits Per Job	
Estimated Total Cost of Net City Benefits per Job	\$34,141
Estimated City Tax Revenue per Job	\$220,044

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$435,750
Total Cost to NYS	\$435,750

Sources and Uses

Sources	Total Amount	Percent of Total Financing
Company Equity	\$11,500,000	100%
Total	\$11,500,000	100%

Uses	Total Amount	Percent of Total Costs
Hard Costs	\$2,800,000	24%
Soft Costs	\$200,000	2%
Furnishings, Fixtures & Equipment	\$8,000,000	70%
Closing Fees	\$500,000	4%
Total	\$11,500,000	100%

Fees

	Paid At Closing	On-Going Fees (NPV, 15 Years)
Agency Fee	\$177,500	
Project Counsel	\$35,000	
Annual Agency Fee	\$1,250	\$11,944
Total	\$213,750	\$11,944
Total Fees	\$225,694	

Financing and Benefits Summary

Steinway will finance the \$11,000,000 in capital investments, plus closing fees, from Company equity. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes ("PILOT") and exemption from City and State sales and use taxes.

In June, 1999, the NYCIDA Board of Directors authorized a 25-year straight-lease transaction with Steinway, which was amended in 2019 but which will be terminated prior to the closing of the new transaction. For the first five years of the new transaction, the PILOT will be set to equal Steinway's 2021 PILOT obligation under its 1999 transaction, before phasing out over the following 10 years. Steinway will agree to maintain production at the Facility near, or greater than, current levels for the duration of the new transaction.

Company Performance and Projections

The Project will allow Steinway to modernize its Facility, which dates to the late 19th century. The capital investments will include: reconstruction of the Facility's roof; modernization of the fire safety system; replacement of the HVAC system; replacement of the freight elevators; remodeling of the building façade and windows for improved safety and energy efficiency; the addition of new gluing stations and conditions rooms for piano production; remodeling of

Steinway, Inc.

bathrooms; and the purchase of modern drilling machines, sanding and polishing machines, and computer numerical control machines. The Project will allow Steinway to improve the quality of its New York-manufactured line of Grand pianos, with the goal of selling more pianos to the growing Asian consumer market. Steinway also plans to expand production of a new line of digital player piano.

Inducement

- I. The Company's Facility requires modernization in order to expand operations and meet anticipated future demand.
- II. The Project would not be financially viable without Agency benefits.

UTEP Considerations

The Agency finds that the Project meets one or more considerations from Section I-B of the Agency's Uniform Tax Exemption Policy ("UTEP"), including the following:

- I. Financial assistance is required to induce the Project.
- II. The Project is likely to be completed in a timely manner.

Applicant Summary

Steinway was founded in 1853 by a German immigrant, Henry Engelhard Steinway, in a Manhattan loft on Varick Street. Today, the Company is one of the leading piano manufacturers and distributors in the world. Steinway opened its first retail store in New York City in 1866 and established the Facility in Astoria in 1870. Steinway manufactures its pianos at the Facility and in Hamburg, Germany, and sells and distributes its products globally. Steinway is primarily known for producing premium acoustic pianos; the Company also plans to expand its offering of digital products in the years ahead.

Gavin English, President

Mr. English was appointed president of Steinway on July 1, 2021. Mr. English has had a distinguished career with Steinway for the last 23 years, holding numerous jobs since joining the Company as Retail Manager in 1998. Most recently he served as Vice President of Retail Sales. Previously, he served as Co-President with Mr. Ronald Losby. Before working with Steinway, Mr. English worked as a music teacher and choir director at St. Rose High School in Belmar, New Jersey. Mr. English has a Bachelor's Degree in Music Business from Berklee College of Music.

Benjamin Steiner, Chief Financial Officer

Mr. Steiner is the Executive Vice President, Chief Financial Officer & Treasurer of Steinway, which he joined in 2016. Before joining Steinway, Mr. Steiner worked at Paulson & Co., an investment firm. Mr. Steiner holds degrees in law and business from Harvard University and an undergraduate degree from Princeton University.

Ronald Losby, Director and Chairperson

Mr. Losby serves as a Director of Steinway and previously served as Steinway's Co-President alongside Mr. English. Prior to this role, Mr. Losby served as sole President of Steinway since January 1, 2008. Mr. Losby has had a long track record of success at Steinway. He began his tenure as a District Manager in 1987, where he refined his understanding of the retail business in the Americas and attained increasing levels of responsibility within the Company. In 1998, he was promoted to Managing Director of Steinway UK, and in 2005, was appointed to lead Steinway's European retail operations. Mr. Losby is an accomplished pianist and has studied at both the San Francisco Conservatory and The Juilliard School in New York City, receiving degrees in Piano Performance.

Employee Benefits

Steinway provides comprehensive health insurance, paid time off, and professional development training to full-time employees.

Steinway, Inc.

Recapture

Pursuant to UTEP, all benefits are subject to recapture for a 10-year period.

SEQRA Determination

No significant adverse environmental impacts, staff recommends the Board adopt a Negative Declaration for this project. The completed Environmental Assessment Form for this project has been reviewed and signed by Agency staff.

Due Diligence

The Agency conducted a background investigation of Steinway and its principals and found no derogatory information.

Compliance Check:	Compliant
Living Wage:	Compliant
Paid Sick Leave:	Compliant
Affordable Care Act:	ACA Compliant
Bank Account:	Bank of America Merrill Lynch
Bank Check:	Relationships are reported to be satisfactory.
Supplier Checks:	Relationships are reported to be satisfactory.
Customer Checks:	Relationships are reported to be satisfactory.
Unions:	Relationships are reported to be satisfactory.
Background Check:	No derogatory information was found.
Attorney:	Jennifer Wang, Esq. Steinway, Inc. 1 Steinway Place Queens, New York 11105
Accountant:	Maia Moutopoulos Steinway, Inc. 1 Steinway Place Queens, New York 11105
Community Board:	Queens, CB 1



S T E I N W A Y & S O N S

July 19, 2021

VIA EMAIL

New York City Economic Development Corporation
Attention: Krishna Omolade, Vice President, Strategic Investments Group
Email: komolade@edc.nyc

Re: Steinway, Inc. (“Steinway”) Request for Continuation of PILOT Benefits for Parcel at 1 Steinway Place, Astoria 11105

Dear Mr. Omolade,

As you know, Steinway owns the parcel located at 1 Steinway Place, Astoria 11105 (the “Parcel”) and has been manufacturing pianos at this location since the late 1800’s. In 1999, Steinway and the New York City Industrial Development Agency (“IDA”) entered into a transaction whereby Steinway was able to receive certain financial assistance from the IDA in the form of certain payments in lieu of real estate taxes (the “PILOT Benefits”). Subsequently, on July 17, 2019, in connection with a sale of a portion of the original Parcel to WF Industrial IV, LLC, that arrangement was amended to apply only to the remaining Parcel that belonged to Steinway, but the PILOT Benefits remained substantively intact for such Parcel. The term of these PILOT Benefits is expiring in the next few years, and the impact of such PILOT Benefits is now also decreasing year by year. Therefore, Steinway is submitting this application for consideration for new PILOT Benefits to commence January 2022.

In exchange for new PILOT Benefits to commence January 2022, Steinway is prepared to commit to capital investment projects in its piano factory at the Parcel (the “Project”) totaling approximately \$11M from 2022 through 2026. As of now (subject to updates to fit Steinway’s business needs), the Project comprises facilities upgrades, including roof reconstruction, health and safety updates, an HVAC system revamp, elevator and lift upgrades, façade remodeling, production area improvements and bathroom renovations as well as manufacturing modernization projects, including replacement of drilling machines, implementation of sanding and polishing machines and implementation of computer numerical control machines. The Project will improve our quality of manufacturing to allow New York made pianos to compete, and gain acceptance, in international markets. We are hopeful that this will lead to greater demand of New York made pianos globally. The Project will also immediately better the working conditions at our factory for our workers and result in efficiencies in energy usage.

Unfortunately, as you know, the piano manufacturing industry has been in a slow and steady decline. We have two manufacturing facilities – New York and Hamburg, Germany – and the costs of producing a piano in Germany are lower and the quality is higher. We face significant pressure to consolidate facilities, but we are committed to finding a way to stay in New York,

where the history of the company is so intertwined with the history of New York City. However, a significant increase in the amount of property taxes that we pay in New York would make it untenable for us to stay in the long term. Therefore, we would not be able to commit to the Project without receiving new PILOT Benefits.

Please feel free to contact me with any questions or for any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Steiner". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Ben Steiner
CFO/COO

Exhibit K

**RESOLUTION INDUCING THE FINANCING OF A
MANUFACTURING FACILITY FOR THE BENEFIT OF
STEINWAY, INC. (D/B/A STEINWAY & SONS) AS A
STRAIGHT-LEASE TRANSACTION AND AUTHORIZING
THE EXECUTION AND DELIVERY OF AGREEMENTS
IN CONNECTION THEREWITH**

WHEREAS, the New York City Industrial Development Agency, New York, New York (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, Steinway, Inc., a Delaware corporation doing business as Steinway & Sons (collectively referred to herein as the “Applicant”), has entered into negotiations with officials of the Agency for the renovation and equipping of a facility (the “Facility”), consisting of the renovation, furnishing and equipping of its existing 450,666 square foot building located on a 239,580 square foot parcel of land located at 1 Steinway Place, Astoria, New York, all for the use by the Applicant in the manufacturing of pianos, for lease to the Agency by the Applicant, and sublease by the Agency to the Applicant, and having an approximate total project cost of approximately \$11,500,000 (the “Project”); and

WHEREAS, the Applicant has submitted an application with respect to the Project (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant; that the Applicant previously entered into a straight-lease transaction with the Agency in connection with the Facility; that the Applicant currently employs 315 full time equivalent employees in The City of New York (the “City”); that the Applicant intends to make a substantial capital investment in the Facility in order to modernize the Facility and remain competitive in its industry; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby establish and expand its operations in the City; and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and maintain and/or expand its operations in the City; and

WHEREAS, the Agency held a public hearing with respect to the Project on September 16, 2021; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant is necessary to induce the Applicant to expand its operations and proceed with the Project; and

WHEREAS, in order to provide financial assistance to the Applicant for the Project, the Agency intends to grant the Applicant financial assistance through a straight-lease transaction in the form of real property tax abatements and sales tax exemptions all pursuant to the Act;

**NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
HEREBY RESOLVES AS FOLLOWS:**

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency authorizes the Applicant to proceed with the Project as herein authorized. The Applicant is authorized to proceed with the Project on behalf of the Agency in accordance with this Resolution, the Company Lease Agreement and the Agency Lease Agreement; provided, however, that it is acknowledged and agreed by the Applicant that (i) nominal leasehold title to or other interest of the Agency in the Facility shall be for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agents for the Agency solely for the purpose of effecting the Project and neither the Agency nor any of its members, directors, officers, employees or agents (other than the Applicant, as aforesaid) shall have personal liability for any such action taken by the Applicant or any director, officer, employee, agent or affiliate thereof, for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement and an Agency Lease Agreement (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and

all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution.

Section 6. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the Project.

Section 7. Any costs and expenses incurred by the Agency with respect to the Project and the financial assistance contemplated by this Resolution shall be paid by the Applicant, whether or not the Applicant proceeds with the financing of the Project as contemplated herein or financial assistance by the Agency to the Applicant, through the straight lease transaction between the Agency and the Applicant, is provided as herein authorized (other than by the sole fault of the Agency). By acceptance hereof, the Applicant agrees to pay such costs and expenses and further agrees to indemnify the Agency, its members, directors, officers, employees and agents and hold the Agency and such persons harmless against claims for any loss, liability, damage or injury or cost or expense incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project and the financing thereof.

Section 8. This Resolution is subject to the approval of a private investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective until one year from the date hereof whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 7 hereof) unless prior to the expiration of such year the Agency shall by subsequent resolution extend the effective period of this Resolution.

Section 9. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or any of the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in any Agency Document shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity thereof and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 10. The Agency, as lead agency, is issuing this determination pursuant to the State Environmental Quality Review Act (“SEQRA”) (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Agency’s review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make this determination. The Agency hereby determines that the Project, a Type II action, pursuant to 6 NYCRR Part 617.5(c)(2), ‘replacement, rehabilitation or

reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building or fire codes...' which would not result in adverse environmental impacts requiring the preparation of an Environmental Impact Statement.

Section 11. The Chairperson, the Vice Chairperson, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Executive Director and the General Counsel of the Agency, and any member of the Agency, are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits, agreements and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution and the Agency Documents.

Section 12. In connection with the Project, the Applicant covenants and agrees to comply, and to cause each of their respective contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(a) The Applicant covenants and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Company New York State sales or use tax savings taken or purported to be taken by the Applicant, and any agent or any other person or entity acting on behalf of the Applicant, to which the Applicant is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 13 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant, or any agent or any other person or entity acting on behalf of the Applicant, failed to comply with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant and/or any agent or any other person or entity acting on behalf of the Applicant. The Applicant shall, and shall require each agent and any other person or entity acting on behalf of the Applicant, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Company under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(b) The Applicant is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from the Company or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(iii) The foregoing requirements of this Section 12 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant or the Company or any agent or other person or entity acting on behalf of the Applicant or the Company characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 13. In connection with the Project, the Agency intends to grant the Applicant sales tax exemptions in an amount not to exceed \$883,950 and certain real property tax exemptions.

Section 14. This Resolution shall take effect immediately.

ADOPTED: September 21, 2021

ACCEPTED: _____, 2021

STEINWAY, INC.

By: _____
Name:
Title:

Exhibit L

Project Summary

It is proposed that the Agency enter into a services agreement with New York City Economic Development Corporation (“NYCEDC”) to retain a consultant to support a strategy updated quadrennially since 2015 to secure New York City’s future against the challenges of climate change (“OneNYC,” formerly known as “PlanNYC” prior to 2015), and to continue the development of a Climate Adaptation Roadmap (the “Roadmap”) that will evaluate the expected impacts of climate hazards on New York City, evaluate the latest innovations in climate science to adapt to those hazards, and ultimately build consensus among key stakeholders in local government to address them. NYCEDC is seeking to continue existing services and provide additional services, as described below.

Project Location

Citywide

Background

In 2013, in the aftermath of Hurricane Sandy, The City of New York (the “City”) began its efforts to build more storm resilient neighborhoods with the release of “A Stronger, More Resilient New York.” The report contained detailed analyses of the flood risks posed to the City, as well as proposed strategies to protect critical infrastructure and acutely vulnerable communities.

The City has since undertaken an expansive effort to begin executing on this plan; while recognizing the importance of updating its resiliency strategies. As the threat of climate change grows, the expected scope and severity of associated climate hazards to New York City increases. Accordingly, in 2019, as part of OneNYC, the City committed to develop a multi-climate hazard adaptation roadmap to serve as a long-term strategy for City policymakers to respond to this threat.

In 2018, and in cooperation with The New York City Mayor’s Office of Climate Policy and Programs and The New York City Mayor’s Office of Climate Resiliency, NYCEDC released a competitive mini-RFP to retain consultants to support the objectives of the 2019 update to OneNYC. NYCEDC selected HR&A Advisors, Inc. (“HR&A”) and a team of subcontractors to perform services in support of OneNYC under the terms and conditions of an ongoing retainer contract with NYCEDC for the provision of on-call management and economic development consulting services. That retainer contract contemplates services for future analytical and thought leadership work related to priority areas in OneNYC, including the development of the Roadmap.

The Roadmap will use the latest findings and recommendations by The New York City Panel on Climate Change to ensure that New York City’s planning is based on the best available climate science. The Roadmap will also apply new methods to estimate the City’s future climate vulnerability and to develop a plan that prioritizes adaptation initiatives over the short, medium, and long terms. This work will build upon and refine the foundational strategies for recovery and resiliency described in past OneNYC updates and the Special Initiative for Rebuilding and Resiliency (an associated 2012 initiative addressing the creation of a more resilient New York City in the wake of Hurricane Sandy), applying lessons learned through more than seven years of resiliency project implementation.

OneNYC – Climate Adaptation Roadmap

Services to be Provided

It is proposed that NYCEDC, through HR&A and its subcontractors, will provide the following services:

Support the operation of an advisory group to MOCR, comprised of key stakeholders in New York City's resiliency efforts, that will inform final adaptation strategies, including honoraria to stakeholders for participation

- Create final deliverables including:
 - A fully developed Roadmap
 - A web page to serve as a landing page for the Roadmap, with associated climate impacts data and maps, related resiliency reports of the City, and links to related resources

Timeline

The proposed services contract will require NYCEDC to provide services during fiscal year 2022.

Contract Value

Up to \$135,000

Anticipated Contract Date

October 2021

Actions Requested

Authorization of the execution and delivery by the Agency of a services contract with NYCEDC, on a sole source basis, on the terms and for the purposes described herein.