



MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 28, 2023

A regular meeting of the Board of Directors (the “Board”) of New York City Economic Development Corporation (“NYCEDC”) was held, pursuant to notice by an Assistant Secretary, on Thursday, September 28, 2023, in Conference Center A/B, at the offices of NYCEDC at One Liberty Plaza, New York, New York.

The following Directors of NYCEDC were present:

Margaret Anadu
Nathan Bliss (as alternate for Maria Torres-Springer)
Paula Roy Carethers (by Zoom)
Mitchell Draizin (by Zoom)
Paul Fernandes
Adam Friedman
Matthew Hiltzik (by Zoom)
Andrew Kimball
James McSpiritt
Morris Missry (by Zoom)
Ngozi Okaro
Patrick J. O’Sullivan, Jr.
Janet Peguero (by Zoom)
Joseph Shamie (by Zoom)
Jeff Thamkittikasem (by Zoom)
Elizabeth Velez (by Zoom)
Betty Woo
Kathryn Wylde (by Zoom)

Members of NYCEDC staff and a member of the public also were present.

The meeting was chaired by Margaret Anadu, Chairperson of NYCEDC, and called to order at 8:41 a.m. Meredith Jones, Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms contained in the Exhibits attached hereto.)

1. Approval of the Minutes of the August 8, 2023 Regular Meeting of the Board of Directors

There being no questions or comments with respect to the minutes of the August 8, 2023 regular meeting of the Board of Directors, as submitted, a motion was made to approve such minutes, as submitted. Such motion was seconded and unanimously approved.

2. Report of NYCEDC's President

At this time, Andrew Kimball, President of NYCEDC, presented a report to the Directors. First, he discussed the September 2023 edition of NYCEDC's New York City Economic Snapshot, noting that the City of New York (the "City") was now only 800 jobs short of a full recovery of jobs lost during Covid. Mr. Kimball then summarized some highlights of NYCEDC's recent activities and accomplishments.

Ms. Okaro joined the meeting at this time.

3. Election of Officers

Under NYCEDC's Bylaws, the Board shall elect such Senior Vice Presidents as it may from time to time determine. At this time, Mr. Kimball proposed that each of Frances (Franny) Civitano, Matthew Petric and Bryan Schwartz be elected as a Senior Vice President of NYCEDC.

A description of certain responsibilities of Senior Vice Presidents may be found in Article IV of NYCEDC's Bylaws. It was anticipated that Ms. Civitano and Mr. Petric would oversee aspects of NYC Ferry and Mr. Schwartz would oversee aspects of NYCEDC's Budget Department. Each shall perform such duties as are assigned to her or him by NYCEDC's President.

A motion was then made to elect each of Frances (Franny) Civitano, Matthew Petric and Bryan Schwartz as a Senior Vice President of NYCEDC. Such motion was seconded and unanimously approved. The position of each of Frances (Franny) Civitano, Matthew Petric and Bryan Schwartz as an officer shall be conditioned upon the continuance of her or his employment by NYCEDC.

4. Seaport Coastal Resiliency Project

Kathleen Chan, a Vice President of NYCEDC, presented a proposal for (i) a consultant contract and any necessary amendments thereto with AECOM USA, Inc. to provide project design and related services, (ii) a construction management contract (a "CM Contract") and any necessary amendments thereto with a construction manager to be selected to provide project construction management and related services (including pre-construction, construction, and post-construction services), (iii) a special inspections contract and any necessary amendments thereto for the project if a new agreement is being entered into, (iv) a force account agreement and any necessary amendments

thereto to be entered into with the Metropolitan Transportation Authority and/or an affiliated entity (“MTA”) for MTA to provide project accommodation and related services as a result of project work being undertaken by NYCEDC neighboring MTA facilities, including underground subway tunnels, (v) any agreements necessary to obtain funds (“Funding Source Agreements”) for any aspect(s) of this project, and (vi) making any other project expenditures, all in connection with the Seaport Coastal Resiliency Project, which is located along the waterfront by the South Street Seaport District with tie-ins to the Brooklyn Bridge-Montgomery Street Coastal Resiliency Project on the north and to the vicinity of John Street or Fulton Street in the south, in order to provide for improvements to address and protect against sea level rise to 2100-level and 2050-level storm surge events and resultant flooding in the Seaport District of Manhattan, all on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Bliss, Ms. Chan stated that NYCEDC’s practice was to look at a project’s budget from a number of sources and then design with that budget in mind. She explained that when looking at a project, particularly during the design phase, NYCEDC tried to manage the project to the budget not only by doing budget estimating, but also by bringing the construction manager into the process early, and looking at value engineering opportunities. Mr. Missry also noted that NYCEDC should consult with the people from the Netherlands who established the flood protection program there.

In answer to a question from Mr. Friedman, Jennifer Cass, a Senior Vice President of NYCEDC, explained that this project was to address sea-level rise and that future projects coming out of the Financial District and Seaport Climate Resilience Master Plan (the “FiDi Seaport Master Plan”), such as the East Side Coastal Resiliency project (“ESCR”) and others, would address higher flooding elevations. She added that under the ESCR project the New York City Department of Design and Construction elected to build to a higher elevation all at once. In answer to a second question from Mr. Friedman, Ms. Cass explained that NYCEDC’s approach at the Battery and South Street Seaport (the “Seaport”) areas was to provide as much contact with the waterfront as possible for the community and to not build out much higher elevation, and that this approach was taken because these areas had limitations on the space available to raise the shoreline and the elevation that could be accommodated. At this time, Mr. Kimball noted that much more would be coming to the Board over the next few years out of the FiDi Seaport Master Plan, and that this project was a small piece of a much larger long-term project. NYCEDC was only working on a shall portion of the City’s resiliency efforts. Mr. Bliss then suggested that it may be beneficial to provide this Board with a briefing by the Mayor’s newly appointed Director of Climate and Environmental Justice, Elijah Hutchinson, as there is a much more comprehensive plan that is all about layers of protection and different timeframes. Ms. Chan added that this project was needed in the short term because the Seaport is a low-lying area and susceptible to flooding.

In answer to a question from Ms. Anadu, Ms. Chan stated that while this particular project was looking to protect against sea-level rise, the FiDi Seaport Master Plan was a much larger project that would take into consideration what has and will be done at the Seaport in conjunction with addressing higher storm surges. Ms. Cass

added that with anything built for the Seaport, NYCEDC would aim to build-in future adaptations and take into account the future master plan work. In answer to a question from Ms. Velez, Ms. Cass stated that NYCEDC tracked Minority and Women-Owned Business Enterprise (“MWBE”) participation and goals for all of its projects. She explained that NYCEDC tracked MWBE goals throughout the projects as it was awarding work and making payments, and that NYCEDC then closely monitored MWBEs and evaluated them at the end of each project. In answer to a second question from Ms. Velez, Mr. Kimball stated that NYCEDC would alert the Board if or when these great projects fall short of the goals.

A motion was made to approve the matters set forth for approval in the Proposed Resolution section of Exhibit A hereto. Such motion was seconded and unanimously approved.

5. Usage Agreements with Carnival Corporation, NCL (Bahamas) LTD., and MSC Cruises SA

Felix Ceballos, a Vice President of NYCEDC, presented a proposal for (i) a usage agreement between NYCEDC and Carnival Corporation d/b/a Carnival Cruise Lines or an affiliated entity (“CCL”), (ii) an amendment and restatement of an existing usage agreement between NYCEDC and NCL (Bahamas) Ltd. or an affiliated entity (“NCL”), and (iii) a usage agreement between NYCEDC and MSC Cruises SA or an affiliated entity (“MSC”), all to bring stability and growth to the City’s cruise program and committing CCL, NCL and MSC to bring a guaranteed volume of passengers to the Manhattan Cruise Terminal, in Manhattan, and the Brooklyn Cruise Terminal, in Red Hook, Brooklyn (collectively, the “Cruise Terminals”), and other commitments, in exchange for guaranteed berthing space at the Cruise Terminals and incentives and discounts on substantially the terms set forth in Exhibit B hereto.

In response to a request from Ms. Anadu, Mr. Ceballos summarized the proposed agreements and explained any aspects of the agreements that were new or that differed from what had been done previously. In answer to another question from Ms. Anadu, Mr. Ceballos stated that there were other ports regionally where cruise lines could choose to do business, such as Boston or Baltimore, but that the City had a competitive advantage by having the unique brand of New York City.

In answer to a question from Mr. Friedman, Mr. Ceballos stated that there was no obligation in these agreements for the City to make hook-up facilities available, but that NYCEDC and the City were committing to improving the infrastructure in Brooklyn and studying potential capital investments in Manhattan. Mr. Kimball then explained that New York City was the first port (i.e. in Brooklyn) to have shore-port power anywhere in the United States, and that the City was now adjusting that shore power to handle a new class of larger ships. This would reduce emissions in the neighborhood. He also noted that cruise lines, as a trade association, agreed that they all must be hooked up to shore power by a date certain, and that this served as additional leverage to offer shore power because the City would lose the cruise industry business if it did not offer shore power. In answer to another question from Mr. Friedman, Mr. Ceballos explained that

NYCEDC would soon be kicking off a working group tasked with identifying the New York Harbor School, Kingsborough Community College, SUNY Maritime College, schools that have engineering and theater programs, and other institutions to create connections for employment opportunities.

A motion was made to approve the matters set forth for approval in the Proposed Resolution section of Exhibit B hereto. Such motion was seconded and unanimously approved.

Ms. Peguero had left the meeting by this time.

6. Financial Report Pursuant to Section 2800 of the Public Authorities Law and Annual Investment Report

Amy Chan, a Senior Vice President, Assistant Treasurer and Controller of NYCEDC, presented the proposed audited financial statements of NYCEDC for Fiscal Year (“FY”) 2023 (“FY2023”), which, pursuant to Section 2800 of the Public Authorities Law, are to be submitted to various City officials and to the New York State Authorities Budget Office (“ABO”). ABO has also designated a form in which a financial report containing information from the financials is to be submitted. The Board of Directors of NYCEDC is to approve the audited financials and the financial report that are submitted. The financial report and audited financials are attached in Exhibit C hereto. Ms. Chan stated that the draft reports presented were basically final drafts and that upon approval by the Board, the auditors would finalize updates for formatting and pagination and insert dates and signatures. Ms. Chan then stated that it was anticipated that NYCEDC would receive a clean unmodified opinion from Ernst & Young LLP (“EY”), and that EY found no significant deficiencies and identified no adjustments over the course of the audit. At this time, Leslie Escobar, an Assistant Treasurer and Deputy Controller of NYCEDC, summarized the financials.

Ms. Escobar then indicated that the Board of Directors of NYCEDC had adopted investment policies, procedures and guidelines (the “Investment Guidelines”). The Investment Guidelines require the Board of Directors of NYCEDC to approve an Annual Investment Report containing specified information and to submit the report to the City’s Mayor and Comptroller and the New York State Department of Audit and Control. NYCEDC’s Annual Investment Report for FY2023 (the “Annual Investment Report”) is attached in Exhibit D hereto. There are certain blank dates in the reports of the auditors included in Exhibit D, which dates will be filled in after the Board approves the Annual Investment Report. Ms. Escobar summarized the Annual Investment Report.

Mr. McSpiritt, a member of NYCEDC’s Audit Committee, then stated that the Audit Committee had met with the external auditors, EY, and that it had reviewed the financial statements and financial report as well as the Annual Investment Report for FY2023. He stated that NYCEDC would be receiving an unmodified opinion on its FY2023 Financials reports, and that EY found no deficiencies in internal control during the audit. In conclusion, Mr. McSpiritt thanked the leadership and staffs of NYCEDC and EY, and he stated that the Audit Committee recommended to the Board that it

approve the statements and report in Exhibit C, as well as the Annual Investment Report in Exhibit D.

In answer to a question from Ms. Anadu, Spencer Hobson, an Executive Vice President and Treasurer of NYCEDC, stated that NYCEDC was still investigating using certain MWBE-owned money market funds. In answer to a question from Mr. Shamie, Mr. Hobson explained that “US Agency Securities” referred to treasuries, Federal Home Loan Banks, Federal Farm Credit Banks, and Fanny Mae. In answer to a second question from Mr. Shamie, Mr. Hobson stated that he would have to check whether NYCEDC’s investment policy allowed for using securities that benefited the City such as City bonds. Jeanny Pak, an Executive Vice President and Chief Financial Officer of NYCEDC, added that these were tax-exempt securities. They would pay a low rate.

In answer to a request from Mr. Bliss, Ms. Escobar provided a brief overview of GASB 87 and how it impacted the presentation of and the amounts recorded on NYCEDC’s financials. Ms. Chan explained that the implementation of GASB 87 was as of July 1, 2021, that the heavy lift of reviewing all 500+ of NYCEDC’s leases and carrying them on the books was done before this year, and that FY2023 was therefore a little easier because NYCEDC was able to roll information forward from the prior year and then review for any additions and removals of expired leases.

Approval of Section 6 Matters

A motion was then made to adopt the resolutions set forth in Exhibits C and D hereto. Such motion was seconded and unanimously approved.

7. Performance Measurement Report

The Public Authorities Law requires NYCEDC to annually review its mission statement and measurements by which the performance of NYCEDC may be evaluated and, on November 15, 2022, NYCEDC’s Board approved a mission statement and performance measures for FY2023.

ABO requires that NYCEDC annually report on performance results with regard to the approved measures. NYCEDC’s report with regard to the performance measures for FY2023 and a chart that includes definitions/explanations of how the information in the measurement report was determined are included in Exhibit E attached hereto. For comparison purposes, the measurements for FY2022 and FY2021 are also included in Exhibit E. Shin Mitsugi, a Senior Vice President of NYCEDC, presented the report and then summarized the results.

Mr. Mitsugi additionally noted that a new set of performance measures for FY2024, centered around NYCEDC’s current strategic priorities and goals, would be presented to the Board at a future meeting. At this time, Ms. Anadu commented that having very large projects with large MWBE percentages in previous years should serve as encouragement to strive for high percentages in the future. Mr. Mitsugi then stated

that NYCEDC would aim to improve on its reporting going forward so that the type of reporting is more multi-dimensional and the numbers provide greater context.

8. Approval

With respect to the approved items set forth above, it was understood that authorization and approval of such matters included authorization for the President and other empowered officers to execute the necessary legal instruments, and for the President and other empowered officers to take such further actions as are or were necessary, desirable or required, to implement such matters on substantially the terms described above.

9. Adjournment

There being no further business to come before the meeting, pursuant to a motion made, seconded and unanimously approved the meeting of the Board of Directors was adjourned at 9:40 a.m.

Assistant Secretary

Dated: _____
New York, New York

DRAFT

ATTACHMENT 1

DEFINITIONS

Apple	Apple Industrial Development Corp.
Armand	Armand Corporation d/b/a Armand of New York
BAT	Brooklyn Army Terminal
Bovis	Bovis Lend Lease LMB, Inc.
CDBG	Federal Community Development Block Grant
CDBG-DR Funds	Federal Community Development Block Grant-Disaster Recovery Program funds
CEQR	City Environmental Quality Review process
City DEP	New York City Department of Environmental Protection
City DOT	New York City Department of Transportation
City Parks	New York City Department of Parks and Recreation
City Planning	New York City Department of City Planning or City Planning Commission
CM	A construction manager
CM Contract	A construction management contract
DCAS	New York City Department of Citywide Administrative Services
EIS	Environmental Impact Statement
ESDC	New York State Urban Development Corporation d/b/a Empire State Development Corporation
FEMA	Federal Emergency Management Agency
FM	A facilities manager
FM/CM Contract	A facilities management/construction management contract
Funding Source Agreement	Any agreement necessary to obtain funds for the Project, including IDA Agreements
Gilbane.....	Gilbane Building Company
HDC	New York City Housing Development Corporation
HPD	New York City Department of Housing Preservation and Development
Hunter Roberts	Hunter Roberts Construction Group, L.L.C.
IDA	New York City Industrial Development Agency
IDA Agreement	Agreement with IDA pursuant to which IDA retains NYCEDC to accomplish all or part of the Project and reimburses NYCEDC for the costs of the work
LiRo	LiRo Program and Construction Management, PE P.C.
LMDC	Lower Manhattan Development Corporation
McKissack	The McKissack Group, Inc. d/b/a McKissack & McKissack

MOU	A memorandum of understanding
NYCEDC	New York City Economic Development Corporation, survivor of a November 1, 2012 merger of a local development corporation (the “LDC”) named New York Economic Development Corporation with and into New York City Economic Growth Corporation. References to NYCEDC prior to such merger are references to the LDC.
NYCHA	New York City Housing Authority
NYCLDC	New York City Land Development Corporation
Noble Strategy	Noble Strategy NY Inc.
OMB	New York City Office of Management and Budget
Port Authority	The Port Authority of New York and New Jersey
RFP	Request for Proposals
Sanitation	New York City Department of Sanitation
SBS	New York City Department of Small Business Services
SEMO	New York State Emergency Management Office
SEQR	State Environmental Quality Review process
Skanska	Skanska USA Building Inc.
State DEC	New York State Department of Environmental Conservation
State DOS	New York State Department of State
State DOT	New York State Department of Transportation
State Parks	New York State Office of Parks, Recreation and Historic Preservation
Tishman	Tishman Construction Corporation of New York
Turner	Turner Construction Company
ULURP	Uniform Land Use Review Procedure

EXHIBIT A

SEAPORT COASTAL RESILIENCY PROJECT
Board of Directors Meeting
September 28, 2023

Project Description: Design and construction management services and related services for improvements to address sea level rise to 2100-level and 2050-level storm surge events and resultant flooding in the Seaport District of Manhattan

Borough: Manhattan

Types of Contracts: Design contract, CM Contract, force account agreement and special inspection contract, and any needed Funding Source Agreements, for the Project

Amounts to be Approved: Up to \$228,800,000 in aggregate for the Project, of which it is anticipated that approximately \$23,000,000 will be used for the design contract, approximately \$1,000,000 will be used for a new special inspections contract or for services under a then existing NYCEDC special inspections retainer contract, approximately \$400,000 for a force account agreement with the Metropolitan Transportation Authority and/or an affiliated entity (“MTA”), and all or most of the remaining balance for the CM Contract

Types of Funds: City Capital Budget funds, FEMA Building Resilient Infrastructure and Communities funds, and funds provided by the tenant under a Seaport Marketplace lease to support coastal resiliency improvements to be implemented in the Seaport area

Procurement Methods: Publicly advertised RFPs for (a) the design contract, and (b) the special inspection retainer contract (if a new special inspections contract is to be used), competitive sealed proposals for the CM Contract and sole source for the MTA force account agreement. The specific contractor for the new special inspections contract and the selected CM will be approved by the President or an Executive Vice President of NYCEDC

Agreements to be Approved:

- A consultant contract and any necessary amendments thereto with AECOM USA, Inc. (the “Design Contract”) to provide design and related services for

the Project;

- A CM Contract and any necessary amendments thereto with the selected CM (the “Project CM Contract”) to provide CM and related services (including pre-construction, construction, and post-construction services) for the Project;
- A special inspections contract and any necessary amendments thereto (the “Special Inspections Contract”) for the Project if a new agreement is being entered into;
- A force account agreement and any necessary amendments thereto (the “MTA Agreement”) to be entered into with MTA for MTA to provide project accommodation and related services as a result of Project work being undertaken by NYCEDC neighboring MTA facilities, including underground subway tunnels; and
- Any needed Funding Source Agreements.

Scope of Work: The Seaport Coastal Resiliency Project is located along the waterfront by the South Street Seaport District (approximately as shown in Attachment A) with ties to the Brooklyn Bridge-Montgomery Street Coastal Resilience Project on the north and to the vicinity of John or Fulton Street in the south, in order to provide protection against sea level rise utilizing an elevated waterfront structure and some upland grade raising while maintaining universal access to the waterfront. The intended elevation will ensure protection from 2050-level storm surge events and 2100-level sea level rise. The Project also includes reconstruction of the existing New Market Pier to a higher, protected elevation that integrates with adjacent properties for flood control.

A portion of the \$228,000,000 in this item for the Project may be used for the Project for other small contracts that are of a size that does not require Executive Committee approval and to fund Project work under other existing retainer agreements (in addition to possibly work under an existing special inspections retainer) up the remaining amount for which those retainers have been previously authorized.

Proposed Resolution: To authorize the President and any empowered officer to enter into the Design Contract, the Project CM Contract, the Special Inspections Contract, the MTA Agreement, any needed Funding Source Agreements, and any needed amendments to these agreements, and to make other Project expenditures, substantially as described herein.

Relevant Staff: Andrew Abend, Project Director, Capital Program
Kathleen Chan, Vice President, Capital Program
Kathryn Prybylski, Senior Vice President, Capital Program
Michael Barone, Senior Counsel, Legal

Project Code: 10465

Attachment A – Project Siting



NYC/EDC 2022

NYC/EDC 2022

EXHIBIT B

**USAGE AGREEMENTS WITH CARNIVAL CORPORATION, NCL (BAHAMAS) LTD. and
MSC CRUISES SA
Board of Directors Meeting
September 28, 2023**

Project Description:	A usage agreement with each of Carnival Corporation d/b/a Carnival Cruise Lines or an affiliated entity ("CCL"), NCL (Bahamas) Ltd. or an affiliated entity ("NCL"), and MSC Cruises SA or an affiliated entity ("MSC"), each of which operates cruise lines (each a "Cruise Line," and collectively the "Cruise Lines")
Boroughs:	Manhattan and Brooklyn
Type of Contracts:	Cruise terminal usage agreements
Procurement Method:	Sole source
Contractor:	CCL, NCL and MSC

Agreements to be Approved: Three usage agreements (individually, an "Agreement," and collectively, the "Agreements"), one between NYCEDC and CCL, one between NYCEDC and NCL (being an amendment and restatement of an existing usage agreement), and one between NYCEDC and MSC

Scope of Work/Background: NYCEDC manages both the Manhattan Cruise Terminal ("MCT"), located on the Hudson River between 47th and 53rd Streets in Manhattan, and the Brooklyn Cruise Terminal ("BCT"), located at Pier 12 in Red Hook, Brooklyn (collectively the "Cruise Terminals"). The Cruise Terminals are operated for NYCEDC through a lease and operating agreement, respectively, with Ports America, Inc.

As part of its management of the Cruise Terminals, NYCEDC proposes to enter into long term usage agreements with each of the Cruise Lines to bring stability and growth to the City's cruise program. The usage agreements commit the Cruise Lines to bring a guaranteed volume of passengers to the Cruise Terminals in exchange for guaranteed berthing space at the Cruise Terminals.

NYCEDC has been working with the Cruise Lines to secure additional commitments as well, including emission reductions, local vendor sourcing, workforce development, educational partnerships, capital contributions to fund infrastructure improvements at the Cruise Terminals and contributions to a community development fund. In addition to guaranteed berth space, the Agreements will provide volume incentives and discounts on the port facility charges to the Cruise Lines. Each Cruise Line will give a separate guaranty of passenger volume for each year.

- CCL's usage agreement expired on December 31, 2017 and since then CCL has been operating without guaranteeing passenger volumes.
- NCL entered into a new usage agreement on January 1, 2018 which is now being amended and restated, and which includes a guarantee by NCL to increase passenger volumes, along with additional commitments.

- MSC has operated from the City since 2018 without a usage agreement guaranteeing passenger volumes.

The COVID-19 pandemic devastated the cruise industry, and effectively shut down the industry for about two years. In March 2022, the cruise industry resumed operations and by year's end recovered to approximately 86% average occupancy.

The Agreements with the Cruise Lines will be on substantially the following terms:

Term: All three agreements will be effective as of January 1, 2023. The CCL Usage Agreement will have an initial term of three years and will have one five-year renewal option, for a total potential term of eight years. The NCL amended and restated Usage Agreement will have a term of 10 years from January 1, 2023 with one five year renewal option, for a total potential term of 15 years. The MSC Usage Agreement will have an initial term of 15 years with six five-year renewal options, for a total potential term of 45 years.

Facility Usage Fees: Effective as of January 1, 2023 there are facility charges calculated as a bundled dockage and wharfage rate (the "Bundle Rate"). The initial Bundle Rate effective as of January 1, 2023 includes a wharfage fee of \$27.69 per passenger embarking, disembarking or in transit at the Cruise Terminals. There is no dockage fee charged for the initial 24 hours period a vessel is berthed. After the initial 24 hours, a daily dockage fee of \$0.14 per gross registered ton is charged for a vessel. The Bundle Rate and dockage fee may be increased annually at no more than 3% per annum.

Passenger Guarantee: Each Cruise Line has agreed to an annual minimum passenger guarantee based on a specific percentage of the projected annual passenger volume. If a Cruise Line does not reach the minimum passenger guarantee in a given year, it will be required to make a shortfall payment equal to the reduction in the amount of wharfage fees paid as a result of actual passenger numbers totaling less than the minimum passenger guarantee.

Preferential Berth Allocation: For the duration of the Agreements, NYCEDC is agreeing to provide each Cruise Line with preferential berthing status (a "Preferential Berth"), allowing for the use of berths at the Cruise Terminals, as follows:

- Manhattan Cruise Terminal:
 - NCL - Pier 88 Berth 2, seven days a week, and Pier 88 Berth 1 either Saturday or Sunday.
 - CCL - Pier 90 Wednesday, Friday, Saturday; Pier 88 a second preference to NCL on days that NCL has a first preference and Pier 90 a second preference to MSC on Sunday, Monday and Thursday
 - MSC - Pier 90 Sunday, Monday, Thursday
- Brooklyn Cruise Terminal:
 - CCL - All dates for its Cunard brand ship, the Queen Mary 2, indicated at the time of signing the related Agreement

This will allow the Cruise Lines to plan for future deployments with the assurance that berths will be available for their ships.

Vessel Cancellation Fees: The Cruise Lines have agreed to a vessel cancellation fee, in the event that certain vessel calls are cancelled after the cruise season calendar is published.

Incentives: For each year that a Cruise Line meets and/or exceeds its passenger guarantee, it will receive a multi-tiered volume incentive reducing the wharfage portion of the facility usage fees.

Community Priority Fund: The Cruise Lines have agreed to pay a \$1.00 per passenger fee to go towards a community priority fund to be spent by NYCEDC. The funds will be programmed to address community needs related to cruise activities as identified by the local community.

Emission Reductions: The Cruise Lines commit to continuously analyze the marine operations of their cruise vessels and emissions associated with calls at the Cruise Terminals and to work with NYCEDC to implement measures that reduce such emissions where commercially and operationally feasible. If NYCEDC installs an electrical shore power connection on the piers of the MCT, the Cruise Lines will make use of this connection when commercially and operationally feasible. The BCT is currently equipped with a shore power connection. The Cruise Lines have agreed to make use of that connection if operationally feasible. Failure to connect to the shore power system when operationally feasible will result in loss of annual incentive fees. The Cruise Lines are committing that all newly built cruise ships calling to New York City after 2028 will have shore power connections. The Cruise Lines are committing to outfitting and or retrofitting all vessels calling to New York City ahead of the Cruise Line International Association (CLIA) goal date of 2035.

Provisioning: Each Cruise Lines commits to develop a local vendor provisioning plan that analyzes the spending for its purchases of goods and services associated with its cruise operations at the Cruise Terminals from vendors, providers and labor located within the City and to work with NYCEDC to maximize this spending with New York State-certified Minority and Women Owned Business Enterprises. Cruise Lines that fail to provide NYCEDC with the local vendor plans shall no longer be eligible to receive the annual incentive fees.

Educational Partnerships: The Cruise Lines are to establish partnerships with New York City Educational institutions and participate in at least one annual career fair and one annual networking event for each year of the term of their Agreements. Cruise Lines that fail to meet these requirements will no longer be eligible to receive annual incentive fees.

Guarantee: Under the Agreements each of the Cruise Lines has guaranteed annual minimum passenger volumes (embarking, disembarking, or in transit) at the Cruise Terminal for the term of its Agreement. These guarantees total as follows for the periods indicated below:

- CCL- A minimum of 900 thousand passengers over the initial three years, generating an estimated \$25 million in gross revenue.
- NCL - A minimum of seven million passengers over the initial 10 years generating an estimated \$226 million in gross revenue.
- MSC - A minimum of five million passengers, over the initial 15 years, generating an estimated \$172 million in gross revenue.

If, during a period when construction work is being performed at the Cruise Terminals, NYCEDC cannot honor one or more berth requests for a Cruise Line's Preferential Berth, such Cruise Line's annual minimum passenger guarantee for the calendar year in which such unfulfilled Preferential Berth request occurs shall be reduced by an amount equal to the passenger capacity for such vessel(s) for which NYCEDC cannot honor a Preferential Berth request, thereby reducing the threshold for determining when a shortfall payment is due.

Proposed Resolution: To authorize the President and any empowered officer to enter into the Agreements substantially as described herein

Relevant Staff: Sabina Lippman, Senior Vice President, Asset Management
Felix M. Ceballos, Vice President, Asset Management
Allison Dees, Vice President, Asset Management
Mary Clarke, Assistant Vice President, Asset Management
Sudhir Puthran, Assistant Vice President, Asset Management
Judy Fensterman, Assistant General Counsel, Legal
Mary Adams, Senior Counsel, Legal

NYCEDC Project Code: 1711

EXHIBIT C

**FINANCIAL REPORT PURSUANT TO SECTION 2800 OF THE
PUBLIC AUTHORITIES LAW
Board of Directors Meeting
September 28, 2023**

WHEREAS, the Public Authorities Accountability Act of 2005, as amended (the “PAAA”), includes NYCEDC in its definition of a local authority; and

WHEREAS, Section 2800 of the Public Authorities Law (a part of the PAAA) requires a local authority to submit to various City officials and the New York State Authorities Budget Office (“ABO”) audited financials with regard to the previous fiscal year; and

WHEREAS, ABO has also designated a form in which a financial report containing information from the financials is to be submitted; and

WHEREAS, the Board of Directors of the local authority is to approve the audited financials and the financial report that are submitted; and

WHEREAS, attached hereto are the audited financials and financial report that NYCEDC proposes to submit with regard to the fiscal year ended June 30, 2023; and

WHEREAS, there are certain blank dates in the attached reports of the auditors, which dates will be filled in after the Board approves the financial statements.

NOW, THEREFORE, RESOLVED that the Board approves (i) the attached financial report and audited financial statements and related documents with regard to NYCEDC’s fiscal year ended June 30, 2023, with the understanding that the blank dates in the reports of the auditors will be filled in after the Board approves the audited financial statements, and (ii) their submission, with the dates filled in, pursuant to Section 2800 of the Public Authorities Law.

STAFF: Spencer Hobson, Executive Vice President and Treasurer
Amy Chan, Senior Vice President and Assistant Treasurer

FINANCIAL STATEMENTS, REQUIRED
SUPPLEMENTARY INFORMATION, AND
SUPPLEMENTARY INFORMATION

New York City Economic Development Corporation
(A Component Unit of The City of New York)
Years Ended June 30, 2023 and 2022
With Reports of Independent Auditors

DRAFT

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Financial Statements, Required Supplementary Information,
and Supplementary Information

Years Ended June 30, 2023 and 2022

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

I. Financial Section

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Auditors

The Management and the Board of Directors
New York City Economic Development Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the New York City Economic Development Corporation (the Corporation), a component unit of The City of New York, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Corporation as of June 30, 2023 and 2022, and the respective changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net OPEB liability, the schedule of investment returns and the schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 of America, 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 audit 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining schedule of revenues, expenses and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenues, expenses, and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2023 on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

_____, 2023

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis

June 30, 2023 and 2022

This section of New York City Economic Development Corporation's (NYCEDC or the Corporation) annual financial report presents our discussion and analysis of NYCEDC's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2023 Financial Highlights

Net position was \$674.7 million at June 30, 2023:

- Cash, cash equivalents and investments increased \$90.4 million (or 18%)
- Due from The City, net, increased \$16.8 million (or 11%)
- Right to use lease assets, net and Capital assets, net, decreased \$28.7 million (or 5%)
- Loans receivables and mortgage receivables, net of allowance for uncollectible amounts, decreased \$7.0 million (or 15%)
- Other assets increased \$12.5 million (or 93%)
- Lease receivable decreased \$75.9 million (or 3%)
- Account payable and accrued expenses decreased \$56.8 million (or 27%)
- Unearned revenue decreased \$18.2 million (or 12%)
- Retainage payable increased \$13.2 million (or 17%)

Change in net position is an increase of \$32.5 million for the fiscal year ended June 30, 2023:

- Grant revenues decreased \$48.2 million (or 5%)
- Property rental, lease and interest revenue increased \$22.1 million (or 9%)
- Other income decreased \$52.9 million (or 59%)
- Ferry related expenses, net decreased \$4.1 million (or 9%)
- Other general expenses decreased \$5.7 million (or 24%)

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Overview of the Basic Financial Statements

This annual financial report consists of four parts: management's discussion and analysis (this section), basic financial statements which include footnote disclosures, required supplementary information, and supplementary information. NYCEDC is organized under the not-for-profit corporation law of The State of New York. NYCEDC is also a discretely presented component unit of The City of New York (The City). NYCEDC follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Corporation.

While detailed sub-fund information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that NYCEDC is properly executing on its contractual obligations.

Financial Analysis of the Corporation

Condensed Statements of Net Position

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). 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. GASB 87 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.

As a result of adopting this pronouncement as of July 1, 2021, the Corporation recognized lease receivables, deferred inflows of resources, lease liabilities and right to use lease assets on the statement of net position based on the present value of future lease obligations and receivables.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

The following table summarizes NYCEDC's financial position at June 30, 2023, 2022 and 2021 (dollars in thousands) and the percentage changes between June 30, 2023 and 2022:

	2023	2022*	2021	% Change 2023–2022
Current assets	\$ 843,037	\$ 767,188	\$ 526,794	10%
Non-current assets	3,169,108	3,254,098	698,502	(3)%
Total assets	4,012,145	4,021,286	1,225,296	–%
Deferred outflows of resources	5,655	5,884	2,961	(4)%
Current liabilities	358,226	311,342	279,131	15%
Non-current liabilities	648,893	660,076	394,098	(2)%
Total liabilities	1,007,119	971,418	673,229	4%
Deferred inflows of resources	2,335,982	2,413,586	8,564	(3)%
Net position:				
Restricted	109,012	118,753	87,647	(8)%
Unrestricted	335,524	273,534	146,405	23%
Net investment in capital assets	230,163	249,879	312,412	(8)%
Total net position	\$ 674,699	\$ 642,166	\$ 546,464	5%

*GASB 87 was implemented as of July 1, 2021.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

The Corporation's total assets at June 30, 2023 decreased by \$9.1 million, as compared to fiscal year ended 2022. Cash, cash equivalents, and investments increased by \$90.4 million mainly due to income from investments of \$10.0 million, the receipt of \$45.0 million in receivables due from City and Federal grants for prior year costs associated with NYC Ferry, and an increase in tenant security deposits of \$20.1 million. A net increase in Due from/to The City of \$16.8 million is primarily a result of City reimbursement grants due for project and program costs. Loan and mortgage receivables decreased by \$7.0 million mainly due to \$6.0 million in repayments from a hospital in connection with the hospital loan fund. At The City's request, the fund was established to address the needs of certain City hospitals caused by COVID-19 (see Note 7). Other assets increased by \$12.5 million primarily due to an \$8.8 million change in cash and investment positions related to the Corporation's fuel hedging activities. In accordance with the requirements of GASB 87, lease receivable decreased by \$75.9 million primarily due to cash received from tenants during the fiscal year.

The Corporation's total liabilities increased by \$35.7 million or 4%. Accounts payable and accrued expenses increased by \$56.8 million primarily due to accruals for several programs, including \$38.0 million for the Department of Education's Early Childhood Education Stabilization Fund and \$12.6 million for the Con Edison funded Water Street Corridor Streetscape Improvement project. Tenant security and deposits payable increased by \$20.1 million due to deposits received into escrow from Con Edison for the aforementioned Water Street Corridor Streetscape Improvement project. Unearned revenue decreased by \$18.2 million or 12% primarily due to PILOMRT income recognized from a tenant within the 42nd Street Portfolio. In accordance with GASB 87, lease liabilities decreased by \$9.0 million as a result of payments made on long term leases for office space and Pier 11/12.

The Corporation's deferred inflows of resources decreased by \$77.6 million or 3% as a result of \$90.2 million recognized on a straight-line basis as lease revenues offset with \$24.1 million of net additions related to the Corporation's various lessor arrangements during the fiscal year.

The Corporation's overall net position during fiscal year 2023 increased by \$32.5 million, or 5%, as a result of the fiscal year operating and non-operating activities. This increase consisted of a \$9.7 million decrease in restricted net position, \$62.0 million increase in unrestricted net position, offset by a \$19.7 million reduction in net investment in capital assets.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Prior Year

The Corporation's total assets increased by \$2.8 billion or 228% during fiscal year 2022. Cash, cash equivalents, and investments increased by \$72.7 million mainly due to income generated from the partial sale of the leasehold interest at Kaufman Astoria Studios amounting to \$26.3 million and the transfer of development rights at the Brooklyn properties of 69 Adams Street and Atlantic Yards totaling of \$22.5 million. A net increase in Due from/to The City of \$55.0 million is primarily a result of a \$45.0 million receivable generated from City and Federal grants to offset the costs of NYC Ferry and \$6.2 million of receivables for personnel services costs. The reimbursements primarily relate to prior year costs incurred, during and in response to COVID-19. Loan and mortgage receivables increased by \$23.6 million mainly due to the establishment of a hospital loan program with a bank lender that facilitated funding to address the needs of certain City hospitals caused by COVID-19 and emerging variants. As a result of the adoption of GASB 87, \$2.4 billion of leases receivable was recognized for the present value of future lease amounts due to the Corporation from tenants and \$243.1 million of right to use lease assets were recognized for the present value of future lease obligations owed for office space, Pier 11/12, vehicles and equipment.

The Corporation's total liabilities increased by \$298.2 million or 44%. As a result of the implementation of GASB 87, lease liabilities increased by \$283.1 million to offset the right to use assets recognized. Additionally, \$24.2 million of notes payable, including interest, were executed and due to a bank lender relating to the hospital loan program.

The Corporation's deferred inflows of resources increased by \$2.4 billion or 28,083% as a result of the adoption of GASB 87 which required the recognition of deferred inflows of resources to offset future leases receivables.

The Corporation's overall net position during fiscal year 2022 increased by \$95.7 million, or 18%, as a result of the fiscal year operating and non-operating activities. This increase consisted of a \$31.1 million increase in restricted net position, \$127.1 million increase in unrestricted net position, offset by a \$62.5 million reduction in net investment in capital assets.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Operating Activities

NYCEDC is The City's primary engine for economic development and is charged with leveraging The City's assets to drive growth, create jobs, and improve the overall quality of life within The City. Through its various divisions, NYCEDC provides a variety of services to eligible businesses that want to become more competitive, more productive and more profitable. In order to provide these services, NYCEDC primarily generates revenues from property rentals and real estate sales.

The following table summarizes NYCEDC's change in net position for the fiscal years ended June 30, 2023, 2022 and 2021 (dollars in thousands) and the percentage changes between fiscal years 2023 and 2022:

	2023	2022*	2021	% Change 2023-2022
Operating revenues:				
Grants	\$ 838,705	\$ 886,928	\$ 652,456	(5)%
Real estate sales, net and property rentals and lease revenues	203,943	180,831	202,292	13%
Fees and other income	52,168	99,625	67,550	(48)%
Total operating revenues	<u>1,094,816</u>	<u>1,167,384</u>	<u>922,298</u>	(6)%
Operating expenses:				
Project and program costs	840,711	835,356	662,592	1%
Property rentals and related operating expenses	91,467	88,663	86,397	3%
Ferry related expenses, net	41,190	45,292	32,518	(9)%
Personnel services	73,140	67,908	70,195	8%
Contract and other expenses to The City	28,124	26,923	28,767	4%
Other expenses	51,530	58,569	67,750	(12)%
Total operating expenses	<u>1,126,162</u>	<u>1,122,711</u>	<u>948,219</u>	-
Operating (loss) income	<u>(31,346)</u>	44,673	(25,921)	>(100)%
Total non-operating (loss) income	<u>63,879</u>	51,029	77	25%
Change in net position before capital contributions	32,533	95,702	(25,844)	(66)%
Capital contributions	-	-	8,061	-
Change in net position	<u>32,533</u>	<u>95,702</u>	<u>(17,783)</u>	(66)%
Total net position, beginning of fiscal year	642,166	546,464	564,247	18%
Total net position, end of fiscal year	<u>\$ 674,699</u>	<u>\$ 642,166</u>	<u>\$ 546,464</u>	5%

*GASB 87 was implemented as of July 1, 2021.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

During fiscal year ended 2023, operating revenues decreased by \$72.6 million, or 6%. The decrease in operating revenues is largely due to the decrease in reimbursable grants of \$48.2 million and other income of \$52.9 million, offset by an increase in property rental, lease and interest revenue of \$23.1 million. The decrease in reimbursable grants is primarily the result of \$45 million of non-recurring funding for NYC Ferry Operations from City tax levy (\$15 million) and federal relief funds (\$30 million) allocated to the Corporation during fiscal year 2022. Other income decreased as a result of several fiscal year 2022 non-recurring transactions at 69 Adams Street, Atlantic Yards in Brooklyn and Kaufman Astoria Studios in Queens which generated combined income of \$49.3 million. Increases in property rental, lease and interest revenue was driven by continued recovery of rental and cruise activity back to pre-pandemic levels.

Operating expenses during the fiscal year ended 2023 increased by \$3.4 million, remaining flat as compared to prior year. Reimbursable project costs decreased \$10.1 million mainly due to the close out of the COVID-19 vaccine incentives program which incurred costs of \$96.2 million in fiscal year 2022, offset with 2023 project costs incurred for the Early Childhood Education Stabilization fund of \$48.4 million, Water Street Corridor Streetscape project of \$17.2 million and the NYC Summer Concert Series of \$5.6 million. Program costs increased by \$15.4 million due to expenses incurred on 29 new capital projects. The decrease of \$4.1 million in ferry related expenses is primarily due to \$6.0 million of rebates recognized from NYC Ferry's participation in The State's petroleum business and sales tax reimbursement programs, which were utilized to offset ferry fuel costs. Personnel services increased by \$5.2 million due to backfilling of vacant positions. Other expenses decreased by \$7.0 million primarily due to pandemic-driven tenant bad debt expenses recognized in fiscal year 2022, not continuing in fiscal year 2023.

Accordingly, operating income decreased by \$76.0 million as compared to fiscal year 2022 with the Corporation recognizing a net operating loss of \$31.3 million during fiscal year 2023.

Non-Operating Activities

Total non-operating revenues for fiscal years ended 2023 and 2022 totaled \$63.9 million and \$51.0 million, respectively. The fiscal year 2023 total was primarily made up of \$53.9 million of interest revenues earned on leases recognized in accordance with the requirements of GASB 87. Prior to the adoption of this standard, all property rental and lease revenues recognized were classified as operating income. Additionally, \$10.0 million of investment income was recognized during fiscal year 2023, due to rising interest rates and market recovery.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Net Position

The Corporation's net operating loss of \$31.3 million and non-operating revenue of \$63.9 million, resulted in an increase in net position of \$32.5 million during fiscal year 2023. This constitutes a decrease of \$63.2 million or 66% as compared with the change in fiscal year 2022.

Prior Year

During fiscal year 2022, operating revenues increased by \$245.1 million, or 27%. The increase in operating revenues is largely due to the increase in reimbursable grants of \$234.5 million, real estate sales, property rental, lease and interest revenue of \$33.4 million and other income of \$35.0 million. The increase in reimbursable grants is primarily due to the following programs: \$99.4 million for the COVID-19 vaccine incentive program, \$56.0 million for NYC Green Infrastructure, \$50.4 million for Manhattan Greenway, \$39.3 million for NYC Ferry capital infrastructure, and \$20.7 million for Wildlife Conservation. Additionally, \$15.0 million of City tax levy funding and \$30.0 million in federal relief funds were allocated to the Corporation during the fiscal year for NYC Ferry operations. These revenue increases were offset by a decrease of \$34.2 million in other COVID-19 response expenses and a decrease of \$14.6 million relating to the Queens Small Business Grant Program. Property rental, lease and interest revenue increased by \$38.4 million mainly due to the following: \$9.5 million more in permit revenues received mainly from the Coney Island Amusement operator and from the Bathgate Industrial Campus, \$8.0 million of pass-through PILOT income received for a site in the 42nd Street Development Project district, \$5.1 million received as a site acquisition payment for 11 Metro Tech in downtown Brooklyn and \$4.1 million earned in wharfage and dockage revenues from the cruise terminals. The increase in other income of \$35.0 million is driven by the transfer of development rights at 69 Adams Street and Atlantic Yards in Brooklyn which generated \$17.8 million and \$5.3 million, respectively, and the partial sale of a leasehold interest at Kaufman Astoria Studios of \$26.2 million.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Operating expenses during fiscal year 2022 increased by \$174.5 million, or 18%. The increase in reimbursable project costs of \$51.8 million and increase in program costs of \$121.0 million were primarily due to the costs incurred for the aforementioned projects for vaccine incentives, green infrastructure, and Manhattan Greenway. The increase of \$12.8 million in ferry related expenses is due to the result of ferry services continuing to return to pre-pandemic levels. Other expenses decreased by \$9.2 million primarily due to pandemic-driven tenant bad debt expense recognized in fiscal year 2021, not continuing in fiscal year 2022.

Non-Operating Activities

Total non-operating revenues for fiscal year 2022 totaled \$51.0 million, primarily made up of interest revenues earned on leases recognized in accordance with the requirements of GASB 87. Prior to the adoption of this standard, all property rental and lease revenues recognized were classified as operating income.

Net Position

The Corporation's net operating income of \$44.7 million and non-operating revenue of \$51.0 million, resulted in an increase in net position of \$95.7 million during fiscal year 2022. This constitutes an increase of \$121.5 million, or 470%, as compared with the change in fiscal year 2021.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Capital Assets and Right to Use Lease

The following table summarizes NYCEDC's capital and right to use lease assets for the fiscal years ended June 30, 2023 and 2022, (dollars in thousands) and the percentage change between June 30, 2023 and 2022:

Capital assets	2023	2022	% Change 2023–2022
Leasehold improvements	\$ 92,100	\$ 92,100	–%
Equipment and computer software	21,514	21,443	–%
Vessels	239,045	239,045	–%
Work-in progress – other	376	376	–%
	<u>353,035</u>	<u>352,964</u>	–%
Less accumulated depreciation and amortization	<u>(79,857)</u>	<u>(63,135)</u>	26%
Net capital assets	<u>\$ 273,178</u>	<u>\$ 289,829</u>	(6)%
Right to use lease assets			
Vehicles and equipment	\$ 863	\$ 564	53%
Office space	181,737	181,737	–%
Pier 11/12	73,166	73,166	–%
	<u>255,766</u>	<u>255,467</u>	–%
Less accumulated depreciation and amortization	<u>(24,689)</u>	<u>(12,331)</u>	100%
Net right to use lease assets	<u>\$ 231,077</u>	<u>\$ 243,136</u>	(5)%

New York City Economic Development Corporation
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Management's Discussion and Analysis (continued)

Financial Analysis of the Corporation (continued)

Additional information about NYCEDC's capital and right to use lease assets are presented in Note 9 to the financial statements.

Contacting NYCEDC's Financial Management

This financial report is designed to provide NYCEDC's customers, clients and the public with a general overview of the Corporation's finances and to demonstrate NYCEDC'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 of New York City Economic Development Corporation, One Liberty Plaza, New York, NY 10006, or visit NYCEDC's website at: <http://edc.nyc/contact-us>.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Net Position
(In Thousands)

	June 30	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents – current	\$ 58,959	\$ 54,780
Restricted cash and cash equivalents – current	127,627	132,705
Unrestricted investments	79,772	40,096
Restricted investments	44,535	26,400
Current portion of loans and mortgage notes receivable	20,930	4,409
Due from The City, including \$235,836 and \$229,189 under contracts with The City, respectively	306,584	312,504
Tenant receivables, net of allowance for uncollectible amounts of \$40,755 and \$49,934, respectively	16,075	11,352
Current portion of leases receivable	152,837	148,795
Prepaid expenses and other current assets	4,218	2,702
Other receivables	31,500	33,445
Total current assets	843,037	767,188
Non-current assets:		
Restricted cash and cash equivalents	200,900	153,273
Unrestricted investments	47,699	47,989
Restricted investments	22,617	36,509
Loans and mortgage notes receivable, less current portion (less allowance for loan losses of \$6,996 and \$8,879), respectively	18,829	42,317
Leases receivable, less current portion	2,213,019	2,292,977
Right to use lease assets, net	231,077	243,136
Capital assets, net	273,178	289,829
OPEB asset	3,409	2,188
Land held for development, at cost	132,387	132,387
Other assets	25,993	13,493
Total non-current assets	3,169,108	3,254,098
Total assets	4,012,145	4,021,286
Deferred outflows of resources		
Deferred outflows of resources – OPEB	4,862	5,884
Accumulated decrease in fair value of hedging derivatives	793	–
Total deferred outflows of resources	5,655	5,884

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Net Position (continued)
(In Thousands)

	June 30	
	2023	2022
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses, including \$153,267 and \$134,153, respectively, under contracts with The City	\$ 267,509	\$ 210,725
Current portion of lease liabilities	13,701	13,548
Deposits received on pending sales of real estate	5,956	5,469
Due to The City: real estate obligations and other	18,018	40,787
Unearned revenue	48,282	36,660
Other liabilities	4,760	4,153
Total current liabilities	358,226	311,342
Non-current liabilities:		
Tenant security and escrow deposits payable	67,808	47,659
Due to The City: real estate obligations	125,021	125,021
Lease liabilities, less current portion	260,391	269,538
Unearned revenue, including unearned grant revenue of \$4,864 and \$4,960, respectively, under contracts with The City	84,731	114,546
Retainage payable	90,755	77,486
Other liabilities	20,187	25,826
Total non-current liabilities	648,893	660,076
Total liabilities	1,007,119	971,418
Deferred inflows of resources		
Deferred inflows of resources – leases	2,328,082	2,394,266
Deferred inflows of resources – OPEB	7,900	8,840
Accumulated increase in fair value of hedging derivatives	–	10,480
Total deferred inflows of resources	2,335,982	2,413,586
Net position		
Restricted by law or under various agreements	109,012	118,753
Unrestricted	335,524	273,534
Net investment in capital assets	230,163	249,879
Total net position	\$ 674,699	\$ 642,166

See accompanying notes.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

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

	Year Ended June 30	
	2023	2022
Operating revenues:		
Grants	\$ 838,705	\$ 886,928
Property rentals and lease revenue	203,943	180,831
Fee income	15,734	10,324
Other income	36,434	89,301
Total operating revenues	1,094,816	1,167,384
Operating expenses:		
Project costs	154,774	164,825
Program costs	685,937	670,531
Property rentals and related operating expenses	91,467	88,663
Ferry related expenses, net	41,190	45,292
Personnel services	73,140	67,908
Contract and other expenses to The City	28,124	26,923
Interest expenses – leases	4,129	4,232
Depreciation and amortization	29,042	30,301
Other general expenses	18,359	24,036
Total operating expenses	1,126,162	1,122,711
Operating (loss) income	(31,346)	44,673
Non-operating revenues (losses):		
Income (loss) from investments	9,996	(1,855)
Interest revenue – leases	53,883	54,858
Other non-operating expenses	–	(1,974)
Total non-operating revenues, net	63,879	51,029
Change in net position	32,533	95,702
Net position, beginning of fiscal year	642,166	546,464
Net position, end of fiscal year	\$ 674,699	\$ 642,166

See accompanying notes.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Cash Flow
(In Thousands)

	Year Ended June 30	
	2023	2022
Cash flows from operating activities		
Property rentals and related leasing revenue	\$ 246,597	\$ 249,713
Grants from The City	847,321	832,200
Fee income	15,709	10,337
Other income	28,817	86,496
Project costs	(117,007)	(149,999)
Program costs	(667,476)	(676,127)
Property rentals and related operating expenses	(91,226)	(90,678)
Ferry expenses	(47,614)	(38,388)
Personnel services	(72,422)	(68,516)
Office rent	(11,802)	(11,708)
Contract and other payments to The City	(52,488)	(26,923)
Other general and administrative expenses	(16,588)	(29,653)
Repayments of loans and mortgage receivable	6,967	(24,452)
Tenant security and escrow deposits	20,148	5,165
Other	(7,123)	7,261
Net cash provided by operating activities	<u>81,813</u>	<u>74,728</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(71)	(131)
Net cash used in capital and related financing activities	<u>(71)</u>	<u>(131)</u>
Cash flows from investing activities		
Sale of investments	90,877	129,101
Purchase of investments	(125,891)	(155,354)
Net cash used in investing activities	<u>(35,014)</u>	<u>(26,253)</u>
Net increase in cash and cash equivalents	46,728	48,344
Cash and cash equivalents, beginning of fiscal year	340,758	292,414
Cash and cash equivalents, end of fiscal year	<u>\$ 387,486</u>	<u>\$ 340,758</u>

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Cash Flow (continued)
(In Thousands)

	Year Ended June 30	
	2023	2022
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss) income	\$ (31,346)	\$ 44,673
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation and amortization	29,042	30,301
Provision for bad debts	9,246	16,523
Interest revenue – leases	53,883	54,858
Other	506	(2,502)
Changes in operating assets, liabilities and deferred inflow/outflow of resources:		
Due to/from The City	(16,849)	(54,953)
Other non-current assets	(12,501)	(4,105)
Tenant receivables	(13,819)	(19,763)
Prepaid expenses and other receivables	(10,070)	(8,914)
Loans and mortgage notes receivable	6,837	(23,579)
Tenant security and escrow deposits payable	20,148	5,165
Accounts payable and accrued expenses	57,842	(8,646)
Deposits received on pending sales of real estate	487	(3,281)
Net OPEB liability	1,221	2,869
Unearned grant revenue	(19,354)	10,632
Deferred inflows of resources	82	2,137
Retainage payable	13,269	7,904
Other current liabilities	(76)	1,359
Other non-current liabilities	(6,735)	24,050
Net cash provided by operating activities	\$ 81,813	\$ 74,728
Supplemental disclosures of noncash activities		
Unrealized gain on investments	\$ 1,381	\$ (2,357)

See accompanying notes.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Fiduciary Net Position
(In Thousands)

OPEB Trust

	June 30	
	2023	2022
Assets		
Cash and cash equivalents	\$ 136	\$ 76
Investments: Mutual funds	19,721	20,119
Due from NYCEDC	32	–
Accrued interest receivable	1	–
Total assets	19,890	20,195
Liabilities		
Accrued expenses	51	70
Due to NYCEDC	–	184
Total liabilities	51	254
Net position – restricted for OPEB	\$ 19,839	\$ 19,941

See accompanying notes.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Statements of Changes in Fiduciary Net Position
(In Thousands)

OPEB Trust

	Year Ended June 30	
	2023	2022
Additions		
Interest and dividends	\$ 644	\$ 686
Total additions	644	686
Deductions		
Benefit payments	375	408
Administrative expenses	96	116
Net decrease in fair value of investments	275	4,156
Total deductions	746	4,680
Net decrease in fiduciary net position	(102)	(3,994)
Net position – restricted for OPEB		
Beginning of fiscal year	19,941	23,935
End of fiscal year	\$ 19,839	\$ 19,941

See accompanying notes.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements

June 30, 2023 and 2022

1. Background and Organization

The accompanying financial statements include the assets, liabilities, net position and the financial activities of the New York City Economic Development Corporation (NYCEDC or the Corporation) and its blended component units (Note 16).

NYCEDC is a not-for-profit corporation organized under the New York State Not-for-Profit Corporation Law (the NPCL) that generates income that is exempt from federal taxation under section 115 of the Internal Revenue Code (IRC). NYCEDC's primary activities consist of rendering a variety of services to administer certain economic development programs on behalf of The City of New York (The City) relating to the attraction, retention and expansion of commerce and industry in The City. These services and programs include encouragement of construction, acquisition, rehabilitation and improvement of commercial and industrial enterprises within The City, the provision of financial assistance to qualifying business enterprises as a means of helping to create and retain employment therein, managing, developing and promoting The City's waterfront, markets, aviation, freight and intermodal transportation, including the NYC Ferry system, and workforce development and recruitment programs. These services are generally provided under two annual contracts with The City: the amended and restated contract Master Contract and the amended and restated Maritime Contract. The services provided under these contracts and other related agreements with The City are herein referred to as the Contract Services.

In order to provide these services, NYCEDC primarily generates revenues from property rentals and real estate sales. To present the financial position and the changes in financial position of NYCEDC's rental portfolio in a manner consistent with the limitations and restrictions placed upon the use of resources and NYCEDC's contractual agreements with The City and other third parties, NYCEDC classifies its asset management operations into the following five portfolios:

Commercial Leases Portfolio: NYCEDC manages property leases with various commercial and industrial tenants. For ground leases, these agreements include restrictions on the use of the land to the construction or development of commercial, manufacturing, industrial or residential facilities. The City-owned properties are leased to NYCEDC, which, in turn subleases the properties to commercial and industrial tenants. The leases generally provide for base rent payments plus provisions for additional rent.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

1. Background and Organization

Brooklyn Army Terminal Portfolio: The Brooklyn Army Terminal (BAT) is an industrial property owned by The City that is leased to NYCEDC. NYCEDC, in turn, subleases the properties to commercial and industrial tenants. Under the terms of the BAT lease, a reserve account of \$500,000 was established from net BAT revenues for property operating and capital expenses.

Maritime Portfolio: This portfolio was established to account for NYCEDC's management and maintenance of wharf, waterfront, public market, public aviation, and intermodal transportation properties and the NYC Ferry system on The City's behalf pursuant to the Maritime Contract.

Other Properties Portfolio: This portfolio was established to account for the activities of certain City-owned properties and other assets for which NYCEDC assumed management responsibilities. Pursuant to various agreements between NYCEDC and The City, the net revenue from three of the properties is retained for property operating and capital expenses or for expenses of projects in the area.

42nd Street Development Project Portfolio: This portfolio was established as a joint effort between The City and New York State (The State) to redevelop the 42nd Street district between 7th and 8th Avenues into a vibrant office and cultural center. By October 2012, ownership of all the properties was transferred from The State to The City. NYCEDC also assumed management and administrative responsibilities for all leases in connection with the 42nd Street Development Project as governed by the Master Contract with The City.

Beginning in fiscal year 2017, to partially offset the costs to NYCEDC for establishing and operating the NYC Ferry service (Note 12), the Corporation has not been required to remit rental revenues from the Project to The City. NYCEDC, however, is required to pass through to The City, all payments in lieu of taxes and real estate taxes collected from the Project.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

NYCEDC follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. In its accounting and financial reporting, the Corporation follows the pronouncements of the Governmental Accounting Standards Board (GASB).

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). 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). Provisions of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of this standard did not have a significant impact on the Corporation's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of this standard did not have a significant impact on the Corporation's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain paragraphs of this statement were effective immediately and did not have a significant impact on the Corporation's financial statements. The remaining requirements of this statement are effective for fiscal years beginning after June 15, 2022 and beyond. The adoption of this standard did not have a significant impact on the Corporation's financial statements.

New York City Economic Development Corporation
(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 June of 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Corporation is evaluating the impact this standard will have on its financial statements.

Impact of GASB Statement No. 87, Leases (GASB 87)

In June 2017, GASB 87 was issued. 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. GASB 87 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.

As discussed in Note 1, while the Corporation classifies its asset management operations into five portfolios, the Corporation evaluated whether each arrangement within each portfolio would be considered a lease within the scope of GASB 87. NYCEDC is contracted by The City to manage and maintain properties on behalf of The City, including certain City-owned properties that are leased to NYCEDC and City-owned properties that are leased to private parties. In the case of properties leased to the Corporation, NYCEDC, in turn, subleases the properties to commercial and industrial tenants.

In accordance with GASB 87, as the Corporation (1) acts as either the property manager/lease administrator for The City or (2) the nominal rents remitted to The City are deemed non-exchange for The City-owned property, there is no lessor-lessee relationship between The City and NYCEDC recognized in the accompanying financial statements. However, for those City-owned properties that are leased to NYCEDC, NYCEDC's subleases to commercial and industrial tenants are considered leases under GASB 87 and these lessor relationships are recognized as leases receivable (Note 11).

New York City Economic Development Corporation
(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 as of July 1, 2021, the Corporation recognized lease receivables and deferred inflows of resources related to its lessor arrangements, as described in Note 11, as well as lease liabilities and right to use lease assets related to its various lessee arrangements as discussed in Note 13. The lease receivables and lease liabilities as recorded in the statement of net position were based on the present value of future payments. Within the statement of revenues, expenses and changes in net position, the right to use lease assets and deferred inflow of resources were recognized on a straight-line basis as amortization expense and lease revenues, respectively, over the life of the leases. The interest portion of cash payments received towards lease receivables and paid on lease liabilities are recognized as interest revenue and expense, respectively, based on rates implicit in the leases or the incremental borrowing rate.

Revenue and Expense Classification

NYCEDC distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing the Contract Services to The City in connection with NYCEDC's principal ongoing operations. The principal operating revenues are grants from and through The City, rentals of City-owned property, and sales of property (see Real Estate Sales under this Note). NYCEDC's operating expenses include project and program costs, property maintenance charges, and general administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is NYCEDC's policy to use restricted resources first and then unrestricted resources as needed.

Grants

NYCEDC administers certain reimbursement and other grant funds from and through The City under its contracts with The City.

A reimbursement grant is a grant awarded for a specifically defined project and is generally administered such that NYCEDC is reimbursed for any qualified expenditures associated with such projects.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

NYCEDC records reimbursement grants from and through The City as revenue when the related program costs are incurred. Differences between the program costs incurred on specific projects and the related receipts are reflected as due from The City or as a part of unearned revenue in the accompanying statements of net position.

Other grants are recorded as revenue when earned.

Property Rental and Lease Revenues

Property rental and lease revenues include amounts earned for additional performance or usage-based rent, other variable rents, pass-through rents and short-term lease revenue. It also includes amortization of the deferred inflows of resources recognized, in accordance with GASB 87, on a straight-line basis over the remaining term of the leases.

Real Estate Sales

Proceeds from sales of City-owned properties, other than proceeds in the form of a promissory note from the purchaser in favor of NYCEDC, are recognized as income at the time of closing of the sale. For property sales in which NYCEDC accepts a long-term promissory note from a purchaser in lieu of cash, in addition to the note receivable, the corresponding unearned revenue is recorded at the time of closing. Due to collectability risks associated with these promissory notes, such unearned revenue is amortized into income ratably as payments are made.

Deposits received from prospective purchasers prior to closing are included in the accompanying statements of net position as deposits received on pending sales of real estate.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflow of Resources

The Corporation reports Deferred Outflows of Resources in the Statement of Net Position in a separate section following Assets and Deferred Inflows of Resources in a separate section following Liabilities. Changes in fair value in connection with fuel hedging for NYC Ferry are recorded as either a deferred outflow (loss) or as a deferred inflow (gain) of resources. The net differences between projected and actual earnings on OPEB plan investments, changes in assumptions for OPEB, and differences in expected and actual experience for OPEB are recorded as either a deferred outflow or as a deferred inflow of resources. The offset to the present value of future tenant lease payments (leases receivable) are recognized as deferred inflow of resources and is amortized on a straight-line basis over the remaining term of the leases.

Retainage Payable

Retainage payable is treated as non-current due to the long-term nature of the related contracts.

Loans and Mortgage Notes Receivable

Loans to finance the acquisition of land and buildings are generally repayable over a 15 to 25 year period. Generally, all such loans for acquisition are secured by second mortgages or other security interests and carry below market interest rates. NYCEDC has also provided loans to City businesses to advance certain economic development objectives.

NYCEDC provides an allowance for loan losses based on an analysis of a number of factors, including the value of the related collateral. Based on established procedures, NYCEDC writes off the balances of those loans determined by management to be uncollectible.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and on hand, money market funds, money market deposit accounts, applicable certificates of deposit, and highly liquid debt instruments with original maturities of three months or less. Cash equivalents are stated at fair value, other than certificates of deposit, which are valued at cost.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

Investments held by NYCEDC are recorded at fair value.

Restricted Cash and Investments

Restricted cash and investments include amounts related to operations or programs administered on behalf of The City, and, accordingly, such amounts are not available for use by NYCEDC for general corporate purposes.

Capital Assets

Assets purchased for internal use by NYCEDC in excess of \$10,000 are capitalized and consist primarily of vessels operating under the NYC Ferry system, leasehold improvements and equipment. Vessels are depreciated over a useful life of 25 years. Leasehold improvements are depreciated using the straight-line method over the shorter of the life of the lease or the estimated useful life assigned. Accordingly, leasehold improvements have useful lives from 7 to 20 years.

The Corporation also uses the straight-line method for depreciating or amortizing furniture and equipment over the estimated useful life assigned. The useful life of furniture and equipment varies from three to five years.

Disbursements made by NYCEDC on behalf of The City for, among other things, capital projects, tenant build-out reimbursements, and leasing commissions in connection with rental operations are reflected as expenses in the year they are incurred.

Right to Use Lease Assets

Right to use lease assets are recorded to offset lease liabilities and adjusted as necessary for payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives from the lessor. The Corporation uses the straight-line method for amortizing these assets over the remaining terms of the leases.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Tax Status

The currently reported income of NYCEDC qualifies for exclusion from gross income for federal income tax purposes under IRC Section 115.

Net Position

In order to present the financial condition and operating results of NYCEDC in a manner consistent with the limitations and restrictions placed upon the use of resources, NYCEDC classifies its net position into three categories: restricted net position, unrestricted net position and net investment in capital assets. The restricted net position includes net position that has been restricted in use in accordance with the terms of an award or agreement (other than the net position generally available for City program activities under the Master Contract and the Maritime Contract) or by law.

Net investment in capital assets includes capital assets net of accumulated depreciation used in NYCEDC's operations. The unrestricted net position includes all net position not included above.

The Master Contract and the Maritime Contract limit the use of all unrestricted net position to City program activities except for unrestricted net position resulting from income self-generated by NYCEDC.

Fiduciary Fund Statements

The statement of fiduciary net position and the statement of changes in fiduciary net position provide information on the Corporation's fiduciary activities in its Other Post-Employment Benefits Trust Fund, which reports resources that are required to be held in trust for members and beneficiaries of the Corporation's OPEB plan.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

3. Contracts With The City of New York

NYCEDC Master Contract

The City and NYCEDC have entered into the Master Contract, under which the Corporation has been retained to perform various services primarily related to the retention and expansion of industrial and commercial development within The City, including, among other activities: (1) facilitating commercial and industrial development projects; (2) stabilizing and improving industrial areas; (3) administering public loan, grant, and subsidy programs; (4) encouraging development of intrastate, interstate and international commerce; (5) managing and maintaining certain City owned -properties; and (6) workforce development and recruitment programs.

In partial consideration of the services rendered by NYCEDC pursuant to the Master Contract, the Corporation may retain (1) net revenues from the sale or lease of City-owned properties and (2) certain interest and other related income received by NYCEDC for financing programs administered on behalf of The City, up to a cap. Income self-generated by NYCEDC, including interest on all cash accounts related to unrestricted operations and certain fees for services, may be retained by NYCEDC under the Master Contract without regard to the contract cap.

Pursuant to section 11.05 of the Master Contract, at any time upon written request of the Mayor of The City or the Mayor's designee, NYCEDC must remit to The City assets having a fair market value up to the amount, if any, by which the Corporation's unrestricted net position exceeds \$7 million. At the direction of The City, NYCEDC remitted \$2.6 million and \$3.2 million from its unrestricted net position in fiscal years ended 2023 and 2022, respectively, which is accounted for under contract and other expenses to The City in the statements of revenues, expenses, and changes in net position.

The term of the Master Contract is one year commencing on July 1 and may be extended by The City for up to one year. The City may terminate this contract at its sole discretion upon 90 days' written notice. Upon termination of this contract, NYCEDC must remit to The City all program funds or other assets subject to certain prescribed limitations.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

3. Contracts With The City of New York (continued)

Maritime Contract

The City and NYCEDC have entered into the Maritime Contract under which the Corporation has been retained to perform various services primarily related to the retention and expansion of waterfront, intermodal transportation, market, freight and aviation development and commerce.

The services provided under this contract include (1) retaining maritime business and attracting maritime business to The City; (2) managing, developing, maintaining, and promoting The City's waterfront, markets, aviation, freight and intermodal transportation, including the NYC Ferry system; and (3) administering leases, permits, licenses, and other occupancy agreements pertaining to such related properties.

In the performance of its services under the Maritime Contract, NYCEDC collects monies, including, but not limited to, rents and other revenues from tenants of certain City-owned properties managed by NYCEDC in connection with its maritime program. In consideration of the services rendered by the Corporation pursuant to the Maritime Contract, The City has agreed to pay NYCEDC for all costs incurred in the furtherance of The City's objectives under this contract, to the extent such costs have been provided for in The City-approved budget (the Budget) as called for by the Maritime Contract. Any reimbursable expenses, as defined in the Maritime Contract, may be retained by NYCEDC out of the net revenues generated on The City's behalf, to the extent such expenses are not provided for in the Budget (the Reimbursed Amount). Net revenues generated on The City's behalf for services under the Maritime Contract in excess of the Reimbursed Amount must be remitted to The City on a periodic basis. Historically, at the direction of The City, NYCEDC was required to remit \$16.7 million for each fiscal year pursuant to the Maritime Contract, and such amounts were included in contract and other expenses to The City. Beginning in fiscal year 2017, to partially offset the cost of establishing and operating the NYC Ferry service (Note 12), this amount was not required to be remitted to The City.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

3. Contracts With The City of New York (continued)

Pursuant to section 9.06 of the Maritime Contract, at any time upon written request of the Mayor of The City or the Mayor's designee, NYCEDC must remit to The City assets having a fair market value up to the amount, if any, by which NYCEDC's maritime net position exceeds \$7 million.

The term of the Maritime Contract is one year commencing on July 1 and may be extended by The City for up to one year. The City may terminate this contract at its sole discretion upon 90 days' written notice. Upon termination of this contract, NYCEDC must remit to The City all program funds or other assets subject to certain prescribed limits.

Other Agreements

In addition, NYCEDC remits to The City certain amounts collected from the 42nd Street Development Project. The amount remitted from this source for fiscal years ended 2023 and 2022 was \$25.4 million and \$23.7 million, respectively (Note 1).

4. Grants

NYCEDC receives grants for specifically defined projects. For the years ended June 30, 2023 and 2022, grant revenue was \$838.7 million and \$886.9 million, of which \$797.6 million and \$853.3 million comprised of reimbursement grants from and through The City, and the remaining \$41.1 million and \$33.6 million was provided by other sources, respectively.

5. Land Held for Development and Real Estate Obligations Due to The City

NYCEDC may purchase land to help achieve The City's and the Corporation's redevelopment goals. In fiscal years ended 2023 and 2022, the land held for development totaled \$132.4 million. Several acquisitions were obtained using capital funds from The City, and these amounts are reflected as real estate obligations due to The City on the statements of net position. As of June 30, 2023 and 2022, real estate obligations due to The City was \$125.0 million.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

5. Land Held for Development and Real Estate Obligations Due to The City (continued)

The following table summarizes land held for development and real estate obligations due to The City for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
225 125th Street, B1790, L12	\$ 1,972	\$ 1,972
2309–2313 3rd Avenue, B1790, L3, 49	858	858
236 East 126th Street, B1790 L31	183	183
246 E. 127th Street, B1791, L25	4,300	4,300
Springfield Gardens, Queens, B13432, L57	53	53
Land held for development	7,366	7,366
Boardwalk, Coney Island	105,345	105,345
1047 Home Street, Bronx, B3006, L21	800	800
1051 Home Street, Bronx, B3006, L19	1,200	1,200
1057 Home Street, Bronx, B3006, L17	500	500
1174 Longfellow Avenue, Bronx, B2758, L14	4,000	4,000
3050 W. 21st Street, Brooklyn, B7071, L123	13,176	13,176
Due to The City: real estate obligations	125,021	125,021
Total land held for development	\$ 132,387	\$ 132,387

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

6. Other Income

The following table summarizes other income for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Tenant reimbursements	\$ 12,094	\$ 11,284
Developer contributions	6,149	3,499
Recovery income	5,216	6,802
Sale of leasehold interest	–	26,289
Transfer of development rights	–	22,528
Funding agreement repayment	–	4,500
Tenant-liquidated damages	–	2,245
Other miscellaneous income	12,975	12,154
Total	\$ 36,434	\$ 89,301

7. Loans and Mortgage Notes Receivable

NYCEDC has received installment notes from purchasers of certain real property sold by the Corporation following NYCEDC's purchase of such property from The City. The installment notes are secured by separate purchase money mortgages on the properties sold. At June 30, 2023 and 2022, these mortgage notes totaled \$7.0 million and \$7.3 million exclusive of any interest receivable, respectively.

NYCEDC has also provided loans to City businesses to advance certain economic development objectives consistent with its corporate mission and contractual obligations with The City. These loans were made to borrowers whose business operations are likely to generate employment, increase tax revenue, improve the physical environment of areas, stabilize neighborhoods, or provide other benefits to The City. Collectively, the installment notes and loans form the Finance Programs.

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Notes to Financial Statements (continued)

7. Loans and Mortgage Notes Receivable (continued)

During fiscal year 2022, NYCEDC facilitated a hospital loan fund to address the needs of hospitals in The City caused by the COVID-19 pandemic and related variants. At June 30, 2023, there were six outstanding loans, which mature on December 29, 2023, bear interest at 1.85% and are managed through one loan servicer. The outstanding principal, as of June 30, 2023 and 2022, totaled \$18.0 million and \$24.0 million, exclusive of any interest receivable, respectively. Loan repayments from this program are used to pay back the offsetting notes payable, bearing interest at 1.6%, due to the bank lender, the originator of the funds to source the loans. The outstanding notes payable balance, recorded on the Corporation's statement of net position as non-current other liabilities, is due on December 31, 2024 and has accrued interest of \$457,000 as of June 30, 2023.

At June 30, 2023, the loan and mortgage notes portfolio consisted of 20 loans that bear interest at rates ranging from 0% to 8% and mature at various dates through October 1, 2046.

The six hospital loans represented approximately 38% of the loan portfolio balance. Of the remaining loans, the three largest loans represent approximately an additional 37% of the loan portfolio balance. The composition of the entire portfolio, by industry type, at June 30, 2023 was as follows: real estate development 16%, hospitals 38% and other services 46%.

Scheduled maturities of principal for these loans for the next five years and thereafter are as follows (dollars in thousands):

	Principal Maturity	Interest
Fiscal year		
2024	\$ 20,930	\$ 442
2025	683	465
2026	390	327
2027	2,900	320
2028	1,204	313
2029–33	8,709	1,447
2034–38	2,074	1,136
2039–43	8,503	433
2044–48	1,362	71
	46,755	\$ 4,953
Allowance for uncollectible amounts	(6,996)	
Loans and mortgage notes receivable, net	\$ 39,759	

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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Notes to Financial Statements (continued)

8. Due to/From The City of New York

NYCEDC is required to remit portions of certain amounts to The City under the Master Contract (Note 3). The unremitted portion of such amounts at June 30, 2023 and 2022, amounted to \$18.0 million and \$40.8 million, respectively.

Pursuant to the Master Contract with The City, NYCEDC recorded total grants from and through The City in the amount of \$797.6 million and \$853.3 million during fiscal years 2023 and 2022, respectively, of which \$235.8 million and \$229.2 million in capital funds were unpaid by The City as of June 30, 2023 and 2022, respectively. These unpaid amounts are included in the accompanying statement of net position as due from The City.

9. Capital and Right to Use Lease Assets

Changes in lease and capital assets for the years June 30, 2021 to June 30, 2023, consisted of the following (dollars in thousands):

	June 30, 2021	Additions/ Depreciation	Disposals	June 30, 2022	Additions/ Depreciation	Disposals	June 30, 2023
Capital assets							
Equipment	\$ 17,670	\$ 1,310	\$ (47)	\$ 18,933	\$ 71	\$ –	\$ 19,004
Leasehold improvements	84,253	10,534	(2,687)	92,100	–	–	92,100
Vessels	239,045	–	–	239,045	–	–	239,045
Computer software	2,510	–	–	2,510	–	–	2,510
Work-in-progress – other	13,912	(11,714)	(1,822)	376	–	–	376
Capital assets	357,390	130	(4,556)	352,964	71	–	353,035
Less: Accumulated depreciation/amortization	(44,978)	(19,491)	1,334	(63,135)	(16,722)	–	(79,857)
Capital assets, net	\$ 312,412	\$ (19,361)	\$ (3,222)	\$ 289,829	\$ (16,651)	\$ –	\$ 273,178

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Notes to Financial Statements (continued)

9. Capital and Right to Use Lease Assets (continued)

	June 30, 2021	Additions/ Depreciation	Disposals	June 30, 2022	Additions/ Depreciation	Disposals	June 30, 2023
Right to Use (RTU)							
lease assets							
Vehicles and equipment	\$ 564	\$ –	– \$	\$ 564	\$ 299	– \$	\$ 863
Office space	181,737	–	–	181,737	–	–	181,737
Pier 11/12	73,166	–	–	73,166	–	–	73,166
RTU lease assets	255,467	–	–	255,467	299	–	255,766
Less: Accumulated amortization	–	(12,331)	–	(12,331)	(12,358)	–	(24,689)
RTU lease assets, net	\$ 255,467	\$ (12,331)	\$ –	\$ 243,136	\$ (12,059)	\$ –	\$ 231,077

Depreciation and amortization of capital assets and right to use lease assets for the fiscal years ended June 30, 2023 and 2022, totaled \$29.1 million and \$31.8 million, of which approximately \$38,000 and \$1.5 million was reclassified to ferry related expenses, respectively.

10. Deposits and Investments

Deposits

At June 30, 2023, NYCEDC's cash and cash equivalents bank balance was \$386.1 million, of which \$12.3 million was FDIC insured. Of the remaining balance, \$167.4 million was invested in money market funds and \$206.4 million was unsecured. Emergency funds on hand amounted to \$10,000.

Investments

NYCEDC's investment policy permits the Corporation to invest in obligations of the United States of America, where the payment of principal and interest is guaranteed, or in obligations issued by an agency or instrumentality of the United States of America. Other permitted investments include short-term commercial paper, certificates of deposit and bankers' acceptances.

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Notes to Financial Statements (continued)

10. Deposits and Investments (continued)

As of June 30, 2023 and 2022, the Corporation had the following investments. Investments maturities are shown for June 30, 2023, only (dollars in thousands):

	Fair Value		Investment Maturities at June 30, 2023, in Years		
	2023	2022	Less Than 1	1 to 2	Greater Than 2
Money market mutual funds	\$ 167,051	\$ 176,772	\$ 167,051	\$ –	\$ –
Money market deposit account	356	360	356	–	–
FHLB notes	110,850	56,722	56,963	50,932	2,955
FFCB notes	42,938	66,604	37,989	4,949	–
FHLMC	16,772	–	5,293	9,508	1,971
Commercial paper	23,859	32,427	23,859	–	–
Certificates of deposit	204	201	204	–	–
	362,030	333,086	\$ 291,715	\$ 65,389	\$ 4,926
Less amount classified as cash equivalents	(167,407)	(182,092)			
Total investments	\$ 194,623	\$ 150,994			

Fair Value Measurements – 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.

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 agency securities and commercial paper, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Corporation limits 80% of its investments to instruments maturing within two years of the date of purchase. The remaining 20% of the portfolio may be invested in instruments with maturities up to a maximum of seven years.

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Notes to Financial Statements (continued)

10. Deposits and Investments (continued)

Credit Risk – It is the Corporation’s policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government or issued by its agencies. As of June 30, 2023 and 2022, the Corporation’s investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Co (FHLMC) and U.S. Treasuries were rated AA+ by Standard & Poor’s, Aaa by Moody’s and AAA by Fitch Ratings. Commercial papers held were rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investor’s Service, Inc.

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

The Corporation manages custodial credit risk by limiting possession of its investments to highly rated institutions and/or requiring that high-quality collateral be held by the counterparty in the name of NYCEDC. At June 30, 2023 and 2022, the Corporation was not subject to custodial credit risk.

Concentration of Credit Risk – The Corporation places no limit on the amount NYCEDC may invest in any securities backed by the United States of America government. The following table shows investments that represent 5% or more of total investments as of June 30 (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments			
	June 30			
	2023		2022	
Federal Home Loan Bank	\$ 110,850	30.6%	\$ 66,604	20.0%
Federal Farm Credit Bank	42,938	11.9	56,722	17.0

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Notes to Financial Statements (continued)

10. Deposits and Investments (continued)

Investment Income

Investment income includes unrealized gains and losses on investments as well as interest earned on bank accounts, certificates of deposit and securities. Investment income (loss) amounted to \$10.0 million and (\$1.9) million for the fiscal years ended June 30, 2023 and June 30, 2022 respectively.

11. Leases Receivable

As described further in Note 2, lease receivables relate to NYCEDC subleases of City-owned properties to commercial and industrial tenants. All managed leases generally provide for base rents plus provisions for additional rent. Certain agreements also provide for renewals at the end of the initial lease term for periods ranging from 10 to 50 years.

Upon implementation of GASB 87 as of July 1, 2021, the Corporation recognized and measured the lease receivable at the present value of the lease payments expected to be received during the applicable lease, using an applicable discount rate stated or implicit in the lease, less any provisions for uncollectible amounts. The Corporation also recognized a deferred inflow of resources at the amount of the lease receivable, including any lease payments received from the lessee before commencement related to future periods and less any lease incentives.

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Notes to Financial Statements (continued)

11. Leases Receivable (continued)

The future minimum lease payments as of June 30, 2023, payable by the tenants under leases and subleases, is as follows (dollars in thousands):

	<u>Total Minimum Payments</u>
2024	\$ 152,837
2025	148,691
2026	144,906
2027	140,763
2028	128,934
2029–2033	600,125
2034–2038	537,779
2039–2043	520,768
2044–2048	522,121
2049–2053	528,942
Thereafter	<u>5,162,968</u>
Total	8,588,834
Less: Present value adjustment	<u>(6,222,979)</u>
Leases receivable	<u><u>\$ 2,365,856</u></u>

The present value of minimum lease payments shown above is comprised of current and long-term amounts shown in the statement of net position. The thereafter category includes 46 leases with expiration dates between January 1, 2054 and April 18, 2118.

12. NYC Ferry System

In 2016, NYCEDC contracted with HNY Ferry, LLC (HNY) for the provision of ferry services under the new NYC Ferry system. The system is currently made up of six routes and a seasonal shuttle that were designed to meet the transportation needs of neighborhoods traditionally underserved by public transportation. HNY assumed operational responsibility for the then-existing East River Ferry route in December 2016 to incorporate that route into the NYC Ferry system. The initial NYC Ferry routes began operations between 2017 and 2018.

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Notes to Financial Statements (continued)

12. NYC Ferry System (continued)

The net cost of these operations, which excludes capital costs, as of June 30, 2023 and 2022, was \$41.2 million and \$45.3 million, respectively. To partially offset the costs to NYCEDC for establishing and operating the ferry system, NYCEDC was not required to remit to The City \$16.7 million under the Maritime Contract or commercial rents received from the 42nd Street Development Project (Notes 1 and 3) during fiscal years ended June 30, 2023 and 2022. Additionally, during fiscal year ended June 30, 2022, the Corporation recognized \$15.0 million and \$30.0 million of funding for NYC Ferry from City tax levy and Federal Transit Administration funds, respectively. Any remaining deficit is funded by unrestricted resources.

13. Lease Liabilities

The Corporation classified agreements that meet the criteria for GASB 87 as lease liabilities. At June 30, 2023 and 2022, the Corporation held leases for vehicles, equipment, office space and piers. The vehicle and equipment leases range in duration of three to five years and terminate at various dates through May 2026. Additionally, NYCEDC entered into two long term lease agreement for its office space and Pier 11/12 (Brooklyn Cruise Terminal). The office lease is effective March 2018 with an expiration date of May 31, 2039. The Pier 11/12 lease, amended and restated as of January 1, 2009, expires on December 31, 2058.

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Notes to Financial Statements (continued)

13. Lease Liabilities (continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2023 are as follows:

	Vehicles and Equipment	Office Space	Pier 11/12	Total
2024	\$ 336	\$ 11,937	\$ 1,428	\$ 13,701
2025	190	12,972	1,493	14,655
2026	32	12,976	1,561	14,569
2027	–	12,980	1,631	14,611
2028	–	12,984	1,704	14,688
2029–2033	–	69,580	9,728	79,308
2034–2038	–	75,333	12,052	87,385
2039–2043	–	14,017	14,880	28,897
2044–2048	–	–	18,321	18,321
2049–2053	–	–	22,507	22,507
Thereafter	–	–	30,690	30,690
Total	\$ 558	\$ 222,779	\$ 115,995	339,332
Less: adjustment for present value				(65,240)
Lease liabilities at June 30, 2023				<u><u>\$ 274,092</u></u>

14. Pension Plan

NYCEDC maintains a 401(a) defined contribution pension plan that covers substantially all full-time employees. The pension plan provides for variable contribution rates by NYCEDC ranging from 6% to 18% of the employees' eligible wages, as defined in the IRC. NYCEDC employees receive a nonmatching contribution in the amount of 6% of wages at the beginning of the 2nd year of employment. This amount increases to 10% at the beginning of the 4th year of employment, 12% at the beginning of the 5th year of employment, 14% at the beginning of the 6th year of employment, 16% at the beginning of the 11th year of employment, and 18% at the beginning of the 16th year of employment. Employees are 100% vested at the time of contribution. Contributions are made quarterly and are current. The plan is administered at the direction of the NYCEDC Retirement Plan Investment Committee. Pension expense for the fiscal years ended

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Notes to Financial Statements (continued)

14. Pension Plan (continued)

June 30, 2023 and 2022, amounted to \$6.1 million and \$6.2 million, respectively, and is included in personnel services in the accompanying statements of revenues, expenses, and changes in net position.

15. Postemployment Benefits Other Than Pensions

NYCEDC sponsors a single employer defined benefit health care plan that provides postemployment medical benefits for eligible retirees and their spouses. Commonly referred to as a plan for other post-employment benefits, this plan was amended during February 2011 with an effective date of July 1, 2011, and again in July 2016 with an effective date of June 30, 2016. The amendments include revisions to the definition of what constitutes an eligible participant and the closure of the plan to new participants. As a result of these amendments, the plan maintains the current benefit structure, but plan participation will continue for only certain groups of members, who are (i) all retired members, (ii) all active employees hired prior to April 1, 1986, who are ineligible for Medicare coverage when they depart EDC, and (iii) all active employees who started working prior to January 1, 2011, with (a) at least 10 years of service as of that date or (b) who will be age 60 or older by June 30, 2024 and will have at least 10 years of service by the time they retire.

Benefit provisions and contribution requirements for the plan are administered and managed by a committee consisting of NYCEDC employees and can be amended by the Corporation. There is no statutory requirement for NYCEDC to continue this plan. The plan is a contributory plan with retirees subject to contributions established for either the Low or High version of the plan. Retirees receiving the post-employment health benefits pay a premium amount equal to what a current NYCEDC active employee pays, based on the retiree's family status. Under the Low option, retirees make contributions in the amount of \$50 a month for single coverage and \$100 a month for family coverage. Effective September 1, 2022, these amounts increased to \$60 monthly for single and \$120 monthly for family. Under the High option, retiree contributions are \$100 a month for single coverage and \$200 a month for family coverage. Additional costs may be incurred by the retiree under either the Low or High plan version.

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

On June 27, 2018, NYCEDC established and funded the New York City Economic Development Corporation OPEB Trust (the Trust), an irrevocable trust for the payments to fund this obligation. All of the plan assets are maintained within the Trust, and detailed information about the OPEB plan's fiduciary net position is presented in the Corporation's statement of fiduciary net position and statement of changes in fiduciary net position.

Employees Covered by Benefit Terms – At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

Active employees	\$	61
Inactive employees and/or beneficiaries currently receiving benefit payments		42
Future retirees and beneficiaries not currently receiving benefit payments		6
Total participants	\$	<u>109</u>

At June 30, 2023 and 2022, benefit payments amounting to \$0 and \$183,952, respectively, were paid by NYCEDC and reimbursed by the Trust in the following year from net position available for plan benefits.

Contributions – NYCEDC has the right to establish and amend the contribution requirements. For the fiscal years ended June 30, 2023 and 2022, the average contribution rate was 0% of covered payroll.

Net OPEB Asset/Liability

The Corporation's net OPEB liability and total OPEB liability was determined as of June 30, 2023 based on a roll-forward of the June 30, 2022 valuation using data as of July 1, 2021.

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per annum, compounded annually
Investment rate of return	2022 – 4.96% per annum, compounded annually 2023 – 5.75% per annum, compounded annually
Salary increases	4.25%
Health care costs trend rates	7.55% grading down to an ultimate rate of 4.75% for <65, 7.15% grading down to an ultimate rate of 4.75% for >65

Mortality rates were based on the Pub-2010 Above Median Headcount Weighted General Mortality table with application of the MP-2021 improvement scale on a fully generational basis. The MP-2021 improvement scale was released by the Society of Actuaries in 2021 and reflects additional data from the Social Security Administration.

Long-Term Expected Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate – The discount rate used to measure the total OPEB liability was 5.74% and 4.78% at June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate does not assume any additional contributions. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2056. After that time, benefit payments for current plan members will be funded on a pay-as-you-go basis.

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

Investments

Investment Policy – The Trust’s investments are made in accordance with the provisions of the Trust’s investment policy (the Investment Policy). The goals of the Investment Policy are to invest for the sole purpose of funding the OPEB plan’s obligation of the Corporation in a prudent manner and to conserve and enhance the value of the Trust’s assets through appreciation and income generation while maintaining a moderate investment risk.

The Trust has retained an investment consultant to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Investment Policy was adopted in April 2019 and updated in March 2023. The Trust is currently invested in the following securities within the current investment policy limitations:

Asset Class	Allocation
US equity	20%
Non-US equity	10
Mult-Asset	10
Aggregate bond	60
Cash	–

The Investment Policy limits the Trust to investing no more than 5% of the total portfolio in the common stock of any one corporation. The Trust may not hold more than 5% of the outstanding shares of any one company. Fixed-income securities of any one issuer shall not exceed 5% of the total fixed income portfolio at the time of purchase if held in a separate account. Holdings of any individual issue, other than issues of the United States government, may not exceed 5% of the value of the total issue. Commingled investment vehicles such as mutual funds or common trust or collective investment funds will be evaluated based on their diversification characteristics as presented in their investment strategy and discipline.

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 – Value based on quoted prices in active markets for identical assets.

Level 2 – Value based on significant other observable inputs such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Level 3 – Value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

The following summarizes the Trust’s investments by type held at June 30, 2023 and 2020. Investment maturities are shown for June 30, 2023, only (dollars in thousands):

	Level	Fair Value		Maturities		
		2023	2022	> 1 Year	1–5 Years	6–10 Years
Investment type						
Money market fund	1	\$ 136	\$ 76	\$ 136	\$ –	\$ –
Mutual funds	1	19,721	20,119	19,721	–	–
Total investments by fair value level		19,857	20,195	\$ 19,857	\$ –	\$ –
Less amounts reported as cash equivalents per the financial statements		(136)	(76)			
Total investments per the financial statements		\$ 19,721	\$ 20,119			

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

The Trust manages custodial credit risk by limiting possession of investments to highly rated institutions or requiring that high-quality collateral be held by the counterparty in the name of the Corporation.

Credit Risk – Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Trust has an investment policy regarding the management of Credit Risk, as outlined above. GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

At June 30, 2023 and 2022, the Trust did not have any investment in debt securities.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the Corporation's investment policy, which defines guidelines for the investment holdings. The asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy and the securities markets. At June 30, 2023 and 2022, no more than 5% of the Trust's investments were in a single issuer.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Within cash portions of the portfolio, interest rate risk is managed using the effective duration methodology. This methodology is widely used in the management of cash and fixed income portfolios in that it quantifies with greater precision the amount of risk due to interest rate changes. Interest rate risk is managed by investing in mutual funds that limit risk by diversifying holdings and purchasing companies of lower risk.

Rate of Return – As required by GASB Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, the annual money-weighted rate of return on trust investments, net of investment expenses was 1.8% and (15.8)% for the fiscal years ended June 30, 2023 and 2022, respectively. The calculation is based on investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

Changes in Net OPEB (Asset) Liability

For the fiscal year ended June 30, 2023 (dollars in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at beginning of the year	\$ 17,753	\$ 19,941	\$ (2,188)
Changes for the year:			
Service cost	344	—	344
Interest	856	—	856
Changes of benefit terms	—	—	—
Difference between expected and actual experience	(185)	—	(185)
Changes of assumptions	(1,963)	—	(1,963)
Contributions – employer	—	—	—
Net investment income	—	369	(369)
Benefit payments	(375)	(375)	—
Plan expense	—	(96)	96
Net changes	(1,323)	(102)	(1,221)
Net OPEB (asset) liability at end of year	\$ 16,430	\$ 19,839	\$ (3,409)

New York City Economic Development Corporation
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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB (asset) liability of the Corporation, as well as what NYCEDC’s net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.74%) or 1 percentage point higher (6.74%) than the current discount rate (dollars in thousands):

	1% Decrease	Discount Rate (5.74%)	1% Increase
Net OPEB (asset) liability, June 30, 2023	\$ (1,358)	\$ (3,409)	\$ (5,146)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates – The following presents the net OPEB (asset) liability of the Corporation, as well as what NYCEDC’s net OPEB (asset) liability would be if it were calculating using health care cost trend rates that are 1 percentage point lower or 1 percent point higher (dollars in thousands):

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB (asset) liability, June 30, 2023	\$ (5,609)	\$ (3,409)	\$ (732)

New York City Economic Development Corporation
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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal years ended June 30, 2023 and 2022, NYCEDC recognized OPEB income of \$1.1 million and \$0.7 million, respectively. OPEB income and expense are reported in the Corporation's financial statements as part of personnel services expense. At June 30, 2023, NYCEDC reported deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	Deferred Inflows	Deferred Outflows
Difference between expected and actual experience	\$ 402	\$ 500
Changes in assumptions	7,103	1,215
Difference between projected and actual investment earnings/loss	395	3,147
	\$ 7,900	\$ 4,862

Amounts reported will be recognized in OPEB expense as follows (dollars in thousands):

Fiscal year ended June 30:	
2024	\$ 1,197
2025	470
2026	459
2027	764
2028 and thereafter	148
	\$ 3,038

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Notes to Financial Statements (continued)

16. Blended Component Units

The Corporation's operations include blended component units which are included in the Corporation's basic financial statements, in accordance with GASB 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34. The Corporation includes these entities as blended component units as: (1) the Corporation and these entities have financial benefit and burden relationships and (2) the Corporation has operational responsibility for these entities. The blended component units include:

CLIC Captive Insurance

In 2016, NYCEDC established the City Lights Insurance Company (CLIC) as a single parent captive insurance company wholly owned by NYCEDC. CLIC was incorporated on May 26, 2016, and is domiciled in The State. It commenced business operations on July 1, 2016.

CLIC continues to provide coverage for two lines of insurance: cyber insurance and additional terrorism insurance. CLIC provides excess cyber coverage to NYCEDC and each company that is more than 50% owned and controlled by NYCEDC, with limits of \$9 million per claim and in the aggregate, in excess of \$5 million of underlying insurance and self-insured retentions.

CLIC also began directly providing terrorism insurance for acts of Nuclear, Biological, Chemical or Radiological terrorism, with limits of \$6 million per occurrence and in the aggregate for any one certified act of terrorism.

All policies provided by CLIC cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and subsequent extensions. Under the TRIA coverage, the United States Government provides a backstop on a quota share basis for 85% (beginning on January 1, 2016 and decreasing by 1% per calendar year until equal to 80%) if the total loss affecting all involved insurers exceeds \$100 million. Additionally, under Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA), the federal government's share of insured losses gradually decreases from 85% to 80%, dropping one percent annually beginning on January 1, 2016. During 2019, TRIA was extended again by the U.S. Treasury through 2027 with a loss trigger of \$200,000,000 and coinsurance protection of 80% for calendar year 2020 going forward.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

Effective December 10, 2018, CLIC began directly providing flood deductible and self-insured retention reimbursement coverage for locations not covered by a National Flood Insurance Program or located in Special Flood Hazard Areas as defined by the Federal Emergency Management Agency to NYCEDC and its affiliates, with limits ranging from \$500,000 to \$1,000,000 in excess of a \$25,000 deductible per occurrence, with no aggregate limits.

Statement of Net Position

The following table summarizes CLIC's financial position at June 30 (dollars in thousands):

	2023	2022
Total assets	\$ 4,523	\$ 3,893
Total liabilities	10	34
Total net position	\$ 4,513	\$ 3,859

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes CLIC's change in net position for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Operating revenues	\$ 755	\$ 621
Operating expenses	101	117
Operating income	654	504
Change in net position	654	504
Total net position, beginning of fiscal year	3,859	3,355
Total net position, end of fiscal year	\$ 4,513	\$ 3,859

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

City of New York Early Stage Life Sciences Fund LLC

The City of New York Early Stage Life Sciences Fund LLC (ESLSF) was formed in December of 2013, as a result of an initiative designed to champion The City’s early-stage life sciences ecosystem. It is designed to support the development of new technologies and products for patients and researchers, including therapeutics, medical devices, diagnostics, research and development instrumentation, and digital life sciences technologies.

Statement of Net Position

The following table summarizes ESLSF’s financial position at June 30, 2023 and 2022 (dollars in thousands):

	2023	2022
Total assets	\$ 4,332	\$ 3,495
Total liabilities	800	—
Total net position	\$ 3,532	\$ 3,495

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes ESLSF’s change in net position for the fiscal years ended June 30, (dollars in thousands):

	2023	2022
Operating revenues	\$ —	\$ —
Operating expenses	—	—
Operating income (loss)	—	—
Non-operating income	37	1
Change in net position	37	1
Total net position, beginning of fiscal year	3,495	3,494
Total net position, end of fiscal year	\$ 3,532	\$ 3,495

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

New York City Entrepreneurial Fund LLC

The New York City Entrepreneurial Fund LLC (NYCEF) was formed in February of 2010 to facilitate the expansion of The City’s entrepreneurial sector by incentivizing new private sector seed and early stage financing for companies based in The City.

Statement of Net Position

The following table summarizes NYCEF’s financial position at June 30 (dollars in thousands):

	2023	2022
Total assets	\$ 200	\$ 325
Total liabilities	—	—
Total net position	\$ 200	\$ 325

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes NYCEF’s change in net position for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Operating revenues	\$ —	\$ —
Operating expenses	125	—
Operating income (loss)	(125)	—
Non-operating income	—	(600)
Interfund transfers	—	(384)
Change in net position	(125)	(984)
Total net position, beginning of fiscal year	325	1,309
Total net position, end of fiscal year	\$ 200	\$ 325

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

NYC Ferry Fleet, LLC

The NYC Ferry Fleet, LLC (NYCFF) was formed in October of 2018 to take title of purchased ferry vessels operating in the NYC Ferry system. Depreciation expense of titled vessels is reflected as operating costs of NYCFF.

Statement of Net Position

The following table summarizes NYCFF's financial position at June 30 (dollars in thousands):

	2023	2022
Total assets	\$ 197,790	\$ 207,112
Total liabilities	—	—
Total net position	\$ 197,790	\$ 207,112

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes NYCFF's change in net position for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Operating revenues	\$ —	\$ —
Operating expenses	9,322	9,322
Operating loss	(9,322)	(9,322)
Capital contributions	—	—
Change in net position	(9,322)	(9,322)
Total net position, beginning of year	207,112	216,434
Total net position, end of year	\$ 197,790	\$ 207,112

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

NYC COVID-19 Emergency Services, LLC

The NYC COVID-19 Emergency Services LLC (NYCCES) was formed in April of 2020 to take all appropriate and necessary steps to render all required and available assistance to protect the security, well-being and health of the residents of The City and property in which The City or NYCEDC has an interest. Such services may include, but are not limited to, making emergency procurements of goods and services for such purposes.

Statement of Net Position

The following table summarizes NYCCES's financial position at June 30 (dollars in thousands):

	2023	2022
Total assets	\$ 968	\$ 944
Total liabilities	934	934
Total net position	\$ 34	\$ 10

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes NYCCES's change in net position for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Operating revenues	\$ —	\$ 27
Operating expenses	—	27
Operating income	—	—
Non-operating income	24	1
Change in net position	24	1
Total net position, beginning of fiscal year	10	9
Total net position, end of fiscal year	\$ 34	\$ 10

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

16. Blended Component Units (continued)

NYC COVID-19 Response, LLC

The NYC COVID-19 Response LLC (NYCCR) was formed in March of 2021 to establish a program that will facilitate funding to address the needs of hospitals in The City caused by the COVID-19 pandemic and the emerging new variants of the COVID-19 virus.

Statement of Net Position

The following table summarizes NYCCR's financial position at June 30 (dollars in thousands):

	2023	2022
Total assets	\$ 19,144	\$ 24,862
Total liabilities	19,144	24,862
Total net position	\$ —	\$ —

Statement of Revenues, Expenses, and Changes in Net Position

The following table summarizes NYCCR's change in net position for the fiscal years ended June 30 (dollars in thousands):

	2023	2022
Operating revenues	\$ 447	\$ 383
Operating expenses	447	383
Operating income (loss)	—	—
Non-operating income (loss)	—	—
Change in net position	—	—
Total net position, beginning of fiscal year	—	—
Total net position, end of fiscal year	\$ —	\$ —

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

17. Other Related-Party Transactions

New York City Land Development Corporation (LDC)

On May 8, 2012, The City formed LDC as a local development corporation organized under section 1411 of the NPCL. LDC is engaged in economic development activities by means of the leasing and selling of certain City-owned properties. No fees were established between NYCEDC and LDC in the current fiscal year. Instead, the Corporation provides LDC with operating grant funding for LDC's general and administrative expenses. For the fiscal years ended June 30, 2023 and 2022, \$2,022 and \$2,021, respectively, was provided to LDC for such expenses.

New York City Industrial Development Agency (IDA)

IDA was established in 1974 as a public benefit corporation of The State. NYCEDC is responsible for administering the economic development programs of IDA. For fiscal years ended June 30, 2023 and 2022, the Corporation earned management fee income from IDA of \$4.4 million and \$4.4 million, respectively. At June 30, 2023 and 2022, the amount due from IDA totaled \$1.5 million and \$0.7 million, respectively.

Build NYC Resource Corporation (Build NYC)

Build NYC was incorporated under section 1411 of the NPCL in 2013. Pursuant to an annual agreement between NYCEDC and Build NYC, the Corporation provides management services to Build NYC and administers its financial books and records. For fiscal years ended June 30, 2023 and 2022, NYCEDC earned management fee income from Build NYC of \$2.2 million and \$2.2 million, respectively. At June 30, 2023 and 2022, the amount due from Build NYC totaled \$11,047, and \$422,679, respectively.

The Trust for Cultural Resources of New York City (TCR)

Pursuant to an annual agreement between NYCEDC and TCR, a public benefit corporation created pursuant to Articles 20 and 21 of the New York Arts and Cultural Affairs Law, the Corporation provides TCR with management services. For the fiscal years ended June 30, 2023 and 2022, NYCEDC earned management fees of \$0.3 million and \$0.3 million, respectively, from TCR. At June 30, 2023 and 2022, the amount due from TCR totaled \$22,713 and \$0, respectively.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

17. Other Related-Party Transactions (continued)

New York City Neighborhood Capital Corporation (NCC)

NCC is a not-for-profit corporation organized under the NPCL. NCC has all power and authority to make qualified low-income community investments in The City of New York and to allocate federal tax credits for this purpose. NYCEDC provided full management services to NCC, and no fees were charged for these services for the fiscal years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, the amounts due from NCC for the reimbursement of costs paid by the Corporation on behalf of NCC totaled \$250 and \$1,977, respectively.

Public Realm Improvement Fund Governing Group Inc. (PRIF)

PRIF, which was incorporated under NPCL and commenced operation in 2017, was created to administer the Public Realm Improvement Fund (the Fund) for the exclusive charitable and public purpose of lessening the burdens of government for The City and acting in the public's interest. Specifically, this is done by allocating funds from the Fund to implement public realm improvement projects in East Midtown. The Corporation provided full management services to PRIF, and no fees were charged for these services for fiscal years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, the amounts due from PRIF for the reimbursement of costs paid by NYCEDC on behalf of PRIF, totaled \$34,634 and \$24,634, respectively.

18. Accounting for Derivatives and Fuel Hedging Activity

As described in Note 12, NYCEDC, on behalf of The City, contracted in June 2016 with HNY for the provision of ferry services for the NYC Ferry system. Under the contract, NYCEDC reimburses HNY for the cost of fuel, for which the price per gallon is subject to market conditions. Consequently, the Corporation was authorized by its Board of Directors to implement an energy price risk management program to manage NYCEDC's exposure to the cost of fuel for NYC Ferry.

NYCEDC enters into all fuel hedging arrangements for the sole purpose of hedging against cash flow fluctuations and increasing budgetary certainty. NYCEDC is represented in these transactions by an advisor and designated evaluation agent, also known as a qualified independent representative (QIR).

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

18. Accounting for Derivatives and Fuel Hedging Activity (continued)

The following risks are generally associated with hedging instruments:

Basis Risk – A systemic risk that arises from variations between hedge-relative price and cash/spot price of the hedged commodity at any given point of time. However, NYCEDC uses the NY harbor low-sulfur diesel futures pricing index as the reference for both the hedging instruments and the delivery contracts, so there is a high correlation between the prices paid for the commodity and the futures contracts pricing.

Cash Flow Risk – The risk of experiencing outflow of cash to meet margin calls for future contracts due to falling prices for future contracts. This risk is naturally mitigated by the opposite movement of the actual prices paid as compared to the futures contract prices.

Counterparty Risk – The risk that the counterparty will not fulfill its obligations under the option contracts. NYCEDC uses exchange-traded diesel fuel futures contracts as its hedging instrument. With this, the New York Mercantile Exchange Clearing House is the financial counterparty. Due to a high level of regulation of the U.S. futures markets, the risk of exchange clearing house default is extremely remote.

Termination Risk – The risk that the underlying hedge transactions will not run to maturity due to a counterparty event. To minimize this risk, NYCEDC will not purchase contracts where the counterparty has an option to terminate while NYCEDC is performing.

Beginning in September 2017, NYCEDC executed International Swaps and Derivatives Association (ISDA) master agreements with Chase Bank, N.A. (JPMorgan) and Citibank, N.A. (Citibank), paving the way to use swap and call option contracts for fuel hedging purposes. As of June 30, 2023 and 2022, NYCEDC did not own any swap or call option contracts.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

18. Accounting for Derivatives and Fuel Hedging Activity (continued)

As of June 30, 2023, the fair values of NYCEDC's commodity futures contracts, based on average daily rates, are listed below. These contracts fall within the Level 2 category investments of the fair value hierarchy.

Diesel Fuel	Notional Amount – Gallon	Number of Contracts	Maturity Date	Fair Value June 30, 2023	Average Futures Price \$/Gallon
	420,000	10	Jul-23	\$ (162,725)	\$ 2.8350
	378,000	9	Aug-23	(194,620)	2.9569
	336,000	8	Sep-23	(146,181)	2.8729
	252,000	6	Oct-23	(89,712)	2.7866
	252,000	6	Nov-23	(99,036)	2.8139
	252,000	6	Dec-23	(72,479)	2.7026
	168,000	4	Jan-24	8,026	2.3588
	126,000	3	Feb-24	17,779	2.2500
	294,000	7	Mar-24	(13,054)	2.4112
	336,000	8	Apr-24	(17,942)	2.4039
	378,000	9	May-24	(22,529)	2.3972
Total fair value				<u>\$ (792,473)</u>	

Additionally, as a qualified operator of passenger commuter ferries providing local transit service within New York State, NYC Ferry participates in The State's petroleum business and sales tax reimbursement programs. For the year ending June 30, 2023, \$6.0 million was recognized as an offset to Ferry related expenses, net, for rebates received. Of this amount, \$4.0 million was for fuel taxes HNY paid in fiscal year 2022 and prior, due to the timing of The State's reimbursements.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

19. Commitments and Contingencies

NYCEDC has an aggregate contractual commitment of \$94.0 million under different self-funded economic development initiatives and projects, including but not limited to the NYC Ferry system and cybersecurity initiatives.

The Corporation's loan and loan guarantee finance programs are designed to provide financial assistance to certain eligible businesses with the expectation of spurring economic development benefits for The City. As of June 30, 2023, NYCEDC's aggregate remaining commitments for these programs is \$52.9 million.

NYCEDC was the co-trustee along with 42nd Street Development Corporation (a subsidiary of New York State Urban Development Corporation d/b/a Empire State Development Corporation (ESDC)) for the use of certain development funds under the 42nd Street Development Project. The trustees jointly extended a loan to the New Amsterdam Development Corporation (NADC) for renovation of the New Amsterdam Theatre. The principal loan amount of \$25.6 million was equally disbursed by the trustees and matures on January 31, 2027. Interest on the loan has ranged between 3.0% and 3.5%. NYCEDC's portion of the loan, \$12.8 million, was reimbursed to the Corporation by The City. The conduit loan payment constitutes both a receivable from NADC and a payable to The City. This transaction is not reflected in the financial statements as it does not have any impact on NYCEDC's financial position.

NYCEDC, and in certain situations as co-defendant with The City, LDC, NYC Ferry Fleet LLC and/or IDA is involved in personal injury, property damage, breach of contract, environmental and other miscellaneous claims and lawsuits in the ordinary course of business. NYCEDC believes it has meritorious defenses or positions with respect thereto. In management's opinion, such litigation is not expected to have a materially adverse effect on the financial position of NYCEDC.

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

20. Risk Management

Given the diverse nature of projects, initiatives and assets managed by NYCEDC and its concentrated operational geography, the Corporation is exposed to a variety of exposures and their potential risks. Based on NYCEDC's operations, the Corporation's risk can largely be categorized as theft of, damage to, and destruction of real assets; various types of injury or harm to employees and third parties; tort law; and reputational. In response, NYCEDC diligently works to identify, understand and, where possible, quantify these risks associated with current and potential operations to ensure the appropriate action is implemented to properly address them. The Corporation uses several methods to mitigate these risks, including but not limited to loss prevention/risk engineering, contractual risk transfer, and the use of financial and commercial insurance products.

Required Supplementary Information

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of Changes in Net OPEB Liability
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 344	\$ 473	\$ 407	\$ 380	\$ 531	\$ 561	\$ 613
Interest	856	832	897	816	704	665	593
Changes of benefit terms	-	-	-	900	-	-	-
Difference between expected and actual experience	(185)	(277)	(99)	1,440	(206)	(103)	-
Changes in assumptions	(1,963)	(7,483)	2,379	(1,177)	(3,180)	(147)	-
Benefit payments	(375)	(408)	(330)	(208)	(201)	(225)	(225)
Net change in total OPEB liability	(1,323)	(6,863)	3,254	2,151	(2,352)	(752)	(584)
Total OPEB liability – beginning	17,753	24,616	21,362	19,211	21,563	20,811	21,395
Total OPEB liability – ending (a)	<u>\$ 16,430</u>	<u>\$ 17,753</u>	<u>\$ 24,616</u>	<u>\$ 21,362</u>	<u>\$ 19,211</u>	<u>\$ 21,563</u>	<u>\$ 20,811</u>
Total fiduciary net position:							
Contributions – employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -
Net investment income	369	(3,470)	1,294	2,434	1,195	-	-
Administrative expenses paid by the Trust	(96)	(116)	(98)	(36)	-	-	-
Benefit payments	(375)	(408)	(330)	-	-	-	-
Benefits and expenses payable	-	-	-	(524)	-	-	-
Net change in fiduciary net position	(102)	(3,994)	866	1,874	1,195	20,000	-
Trust fiduciary net position – beginning	19,941	23,935	23,069	21,195	20,000	-	-
Trust fiduciary net position – ending (b)	<u>\$ 19,839</u>	<u>\$ 19,941</u>	<u>\$ 23,935</u>	<u>\$ 23,069</u>	<u>\$ 21,195</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Corporation’s net OPEB (asset) liability – end of fiscal year (a-b)	<u>\$ (3,409)</u>	<u>\$ (2,188)</u>	<u>\$ 681</u>	<u>\$ (1,707)</u>	<u>\$ (1,984)</u>	<u>\$ (1,563)</u>	<u>\$ 20,811</u>
Trust fiduciary net position as a percentage of the total OPEB liability	121%	112%	97%	108%	110%	93%	-%

This schedule is intended to present information for 10 years.
Additional years will be presented when available.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of Changes in Net OPEB Liability (continued)
(In Thousands)

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of Changes in Net OPEB Liability (continued)
(In Thousands)

Notes to schedule

Benefit Changes:

Since the prior full valuation as of June 30, 2020, assumed contributions for all future retirees were increased from \$50.00 monthly for single and \$100.00 monthly for family to \$60.00 monthly for single and \$120.00 monthly for family. These amounts are not assumed to increase in future years, and the change, effective September 1, 2022, has been reflected as of June 30, 2022 and valued as an assumption change.

Changes of Assumptions:

- 1 Discount rate was changed from 4.78% at June 30, 2022, to 5.74% at June 30, 2023.
- 2 Rate of return was changed from 4.96% at June 30, 2022, to 5.75% at June 30, 2023.
- 3 The mortality improvement scale was updated to use MP-2021 at June 30, 2022, from the MP-2020 at June 30, 2021.
- 4 Healthcare cost trend rate assumptions changed from an initial rate of 6.55% for pre-Medicare and 6.15% for Medicare benefits grading down to an ultimate rate of 4.75% in FY2027 to an initial rate of 7.55% for pre-Medicare and 7.15% for Medicare benefits grading down to an ultimate rate of 4.75% in FY2030.
- 5 Demographic assumptions including the rates of retirement, termination, participation, and spousal coverage assumptions updated to be consistent with those used for the general population in the New York City Employees' Retirement System (NYCERS) valuation.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of OPEB Contributions
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	20,000	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—	—	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	20,000	\$ —
Covered-employee payroll	\$ 7,380	\$ 7,903	\$ 8,031	\$ 8,405	\$ 8,018	\$ 8,231	\$ 7,895
Contributions as a percentage of covered-employee payroll	—%	—%	—%	—%	—%	243%	264%

Valuation dates: June 30, 2022; results were rolled forward to June 30, 2023.

Actuarial cost method: Entry age normal, level percent of pay; service costs are attributed through all assumed ages of exit from active service.

Amortization method: N/A

Asset valuation method: Market values

Inflation: 3.0% per annum

Salary increases: 4.25% per annum

Investment rate of return: 5.75% for 2023

Health care trend rates: 7.55% grading down to an ultimate rate of 4.75% for <65, 7.15% grading down to an ultimate rate of 4.75% for >65

Mortality: Based on the Pub-2010 Above Median Headcount Weighted General Mortality table published by the Society of Actuaries in 2021. The mortality improvement scale was updated to the MP-2021 scale.

Benefit changes: Since the prior full valuation, assumed contributions for all future retirees were increased from \$50.00 monthly for single and \$100.00 monthly for family to \$60.00 monthly for single and \$120.00 monthly for family. These amounts are not assumed to increase in future years, and the change, effective September 1, 2022, has been reflected as of June 30, 2022 and valued as an assumption change.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of Investment Returns

This schedule is intended to present information for 10 years. Additional years will be presented when available.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Schedule of Investment Returns

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	1.8%	(15.8)%	5.6%	11.5%	6.0%	–%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Supplementary Information

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of The City of New York)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
(In Thousands)

	Total Unrestricted	Maritime Fund	NYC Ferry	Adjustment	Total Maritime and NYC Ferry	NYC Ferry Fleet, LLC	Brooklyn Army	Other Properties	Finance Programs	Capital Programs	Public Purpose and Other Fund	Apple 42nd Street	Total	Adjustments for GASB 87	June 30, 2023	June 30, 2022
Operating revenues:																
Grants	\$ 150,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,569	\$ 3,048	\$ -	\$ 838,705	\$ -	\$ 838,705	\$ 886,928
Property rentals	55,222	75,663	-	-	75,663	-	33,013	4,471	-	-	-	100,350	268,719	(64,776)	203,943	180,831
Ferry related revenues	-	-	19,772	(19,772)	-	-	-	-	-	-	-	-	-	-	-	-
Fee income	15,319	221	-	-	221	-	92	3	-	-	17	82	15,734	-	15,734	10,324
Other income	14,217	8,837	1,577	(1,577)	8,837	-	5,667	403	302	-	6,616	392	36,434	-	36,434	89,301
Other Income – 42nd Street	73,841	-	-	-	-	-	-	-	-	-	-	(73,841)	-	-	-	-
Total operating revenues	308,687	84,721	21,349	(21,349)	84,721	-	38,772	4,877	302	685,569	9,681	26,983	1,159,592	(64,776)	1,094,816	1,167,384
Operating expenses:																
Project costs	143,080	-	-	-	-	-	-	-	-	-	11,694	-	154,774	-	154,774	164,825
Program costs	-	-	-	-	-	-	-	-	368	685,569	-	-	685,937	-	685,937	670,531
Property rentals and related operating expenses	13,121	49,895	-	-	49,895	-	24,344	3,762	-	-	-	1,710	92,832	(1,365)	91,467	88,663
Ferry related expenses	-	-	62,539	(21,349)	41,190	-	-	-	-	-	-	-	41,190	-	41,190	45,292
Personnel Services	61,824	7,585	-	-	7,585	-	1,773	287	192	-	928	551	73,140	-	73,140	67,908
Contract and other expenses to The City	3,341	-	-	-	-	-	-	-	-	-	58	24,725	28,124	-	28,124	26,923
Office rent	11,802	-	-	-	-	-	-	-	-	-	-	-	11,802	(11,802)	-	-
Interest expense – leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,129	4,232
Depreciation and amortization	5,623	386	-	-	386	9,322	913	-	-	440	-	-	16,684	12,358	29,042	30,301
Other general expenses	15,224	413	-	-	413	-	2,652	-	153	-	133	-	18,575	(216)	18,359	24,036
Total operating expenses	254,015	58,279	62,539	(21,349)	99,469	9,322	29,682	4,049	713	686,009	12,813	26,986	1,123,058	3,104	1,126,162	1,122,711
Operating income (loss)	54,672	26,442	(41,190)	-	(14,748)	(9,322)	9,090	828	(411)	(440)	(3,132)	(3)	36,534	(67,880)	(31,346)	44,673
Non-operating revenues (expenses):																
Income (loss) from Investments	7,265	493	-	-	493	-	-	408	931	-	896	3	9,996	-	9,996	(1,855)
Interest revenue – leases	-	-	-	-	-	-	-	-	-	-	-	-	-	53,883	53,883	54,858
Non-operating income/(expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,974)
Total non-operating revenues (expenses):	7,265	493	-	-	493	-	-	408	931	-	896	3	9,996	53,883	63,879	51,029
Income before transfers	61,937	26,935	(41,190)	-	(14,255)	(9,322)	9,090	1,236	520	(440)	(2,236)	-	46,530	(13,997)	32,533	95,702
Interfund transfers	10,016	(19,090)	19,090	-	-	-	(10,003)	-	-	-	(13)	-	-	-	-	-
Change in net position	71,953	7,845	(22,100)	-	(14,255)	(9,322)	(913)	1,236	520	(440)	(2,249)	-	46,530	(13,997)	32,533	95,702
Total net position, beginning of fiscal year	401,787	968	(90,643)	-	(89,675)	207,112	14,794	3,143	48,566	3,452	50,900	-	640,079	2,087	642,166	546,464
Total unrestricted net position, end of fiscal year	473,740	8,813	(112,743)	-	(103,930)	-	-	-	-	-	-	-	307,803	27,721	335,524	273,534
Total restricted net position, end of fiscal year	-	-	-	-	-	197,790	13,881	4,379	49,086	3,012	48,651	-	105,628	3,384	109,012	118,753
Total net investment in capital assets, end of fiscal year	60,182	1,813	12	-	1,825	197,790	13,381	-	-	-	-	-	273,178	(43,015)	230,163	249,879
Total net position, end of fiscal year	\$ 413,558	\$ 7,000	\$ (112,755)	\$ -	\$ (105,755)	\$ -	\$ 500	\$ 4,379	\$ 49,086	\$ 3,012	\$ 48,651	\$ -	686,609	\$ (11,910)	\$ 674,699	\$ 642,166

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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 Economic Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of the New York City Economic Development Corporation (the Corporation), a component unit of The City of New York, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated _____, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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.

_____, 2023

Annual Report for New York City Economic Development Corporation

Fiscal Year Ending: 06/30/2023

Run Date: 09/21/2023

Status: UNSUBMITTED

Certified Date: N/A

Summary Financial Information
SUMMARY STATEMENT OF NET ASSETS

			Amount
Assets			
Current Assets			
	Cash and cash equivalents		\$186,586,630.00
	Investments		\$124,307,173.00
	Receivables, net		\$527,924,894.00
	Other assets		\$4,218,279.00
	Total current assets		\$843,036,976.00
Noncurrent Assets			
	Restricted cash and investments		\$271,215,883.00
	Long-term receivables, net		\$2,231,847,822.00
	Other assets		\$35,057,197.00
Capital Assets			
	Land and other nondepreciable property		\$132,387,246.00
	Buildings and equipment		\$608,800,570.00
	Infrastructure		\$0.00
	Accumulated depreciation		\$104,545,946.00
	Net Capital Assets		\$636,641,870.00
	Total noncurrent assets		\$3,174,762,772.00
Total assets			\$4,017,799,748.00
Liabilities			
Current Liabilities			
	Accounts payable		\$109,225,824.00
	Pension contribution payable		\$0.00
	Other post-employment benefits		\$0.00
	Accrued liabilities		\$195,958,291.00
	Deferred revenues		\$48,281,753.00
	Bonds and notes payable		\$0.00
	Other long-term obligations due within one year		\$4,760,106.00
	Total current liabilities		\$358,225,974.00
Noncurrent Liabilities			

Annual Report for New York City Economic Development Corporation

Fiscal Year Ending: 06/30/2023

Run Date: 09/21/2023

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		\$260,390,899.00
	Other long-term obligations		\$2,724,484,137.00
	Total noncurrent liabilities		\$2,984,875,036.00
Total liabilities			\$3,343,101,010.00
Net Asset (Deficit)			
Net Assets			
	Invested in capital assets, net of related debt		\$230,162,761.00
	Restricted		\$109,011,827.00
	Unrestricted		\$335,524,150.00
	Total net assets		\$674,698,738.00

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

			Amount
Operating Revenues			
	Charges for services		\$862,109,279.00
	Rental and financing income		\$216,972,326.00
	Other operating revenues		\$15,734,441.00
	Total operating revenue		\$1,094,816,046.00
Operating Expenses			
	Salaries and wages		\$60,095,612.00
	Other employee benefits		\$13,044,883.00
	Professional services contracts		\$1,000,845,827.00
	Supplies and materials		\$836,418.00
	Depreciation and amortization		\$29,042,718.00
	Other operating expenses		\$22,297,183.00
	Total operating expenses		\$1,126,162,641.00
Operating income (loss)			(\$31,346,595.00)
Nonoperating Revenues			
	Investment earnings		\$9,996,520.00
	State subsidies/grants		\$0.00
	Federal subsidies/grants		\$0.00
	Municipal subsidies/grants		\$0.00
	Public authority subsidies		\$0.00

Annual Report for New York City Economic Development Corporation

Fiscal Year Ending: 06/30/2023

Run Date: 09/21/2023

Status: UNSUBMITTED

Certified Date: N/A

	Other nonoperating revenues		\$53,883,173.00
	Total nonoperating revenue		\$63,879,693.00
Nonoperating Expenses			
	Interest and other financing charges		\$0.00
	Subsidies to other public authorities		\$0.00
	Grants and donations		\$0.00
	Other nonoperating expenses		\$0.00
	Total nonoperating expenses		\$0.00
	Income (loss) before contributions		\$32,533,098.00
Capital contributions			\$0.00
Change in net assets			\$32,533,098.00
Net assets (deficit) beginning of year			\$642,165,640.00
Other net assets changes			\$0.00
Net assets (deficit) at end of year			\$674,698,738.00

EXHIBIT D

ANNUAL INVESTMENT REPORT
Board of Directors Meeting
September 28, 2023

WHEREAS, pursuant to the requirements of the Public Authorities Accountability Act of 2005, as amended, the Board of Directors of NYCEDC adopted investment policies, procedures and guidelines (the “investment guidelines”); and

WHEREAS, the adopted investment guidelines require the Board to approve an Annual Investment Report containing specified information and to submit the report to the City’s Mayor and Comptroller and the New York State Department of Audit and Control; and

WHEREAS, attached hereto is the Annual Investment Report for NYCEDC for the fiscal year ended June 30, 2023; and

WHEREAS, there are certain blank dates in the reports of the auditors included in the attached Schedule of Investments, which dates will be filled in after the Board approves the Annual Investment Report;

NOW, THEREFORE, RESOLVED that the Board approves the Annual Investment Report attached hereto, with the understanding that the blank dates in the reports of the auditors will be filled in after the Board approves the Annual Investment Report and that the Annual Investment Report will be submitted to the required officials with the dates filled in.

Staff: Spencer Hobson, Executive Vice President and Treasurer
Amy Chan, Senior Vice President and Assistant Treasurer

**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
ANNUAL INVESTMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

Investment Guidelines and Amendments

Attached hereto as Schedule 1 is the current investment policies, procedures and guidelines (the “Investment Guidelines”) of New York City Economic Development Corporation (“NYCEDC”). In the fiscal year ended June 30, 2023, the Board did not approve any changes to the Investment Guidelines previously adopted.

Summary of Investment Guidelines

The portfolio is managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of NYCEDC’s investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of NYCEDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments, taking into account the other investment objectives.

The portfolio is structured to diversify investments to reduce risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The types of investments permitted are based on those permitted for the investment of City funds.

Independent Audit Report

Attached hereto as Schedule 2 is the annual audit report on investments for the fiscal year ended June 30, 2023 by Ernst & Young LLP.

Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposit and securities was approximately \$8,600,000 for the fiscal year ended June 30, 2023.

Fees, Commissions and Other Charges

NYCEDC did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor during the fiscal year.

SCHEDULE 1

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

I. Purpose

The purpose of this document is to establish policies, procedures and guidelines regarding the investing, monitoring and reporting of funds of the Corporation.

II. Scope of the Investment Policy

This policy applies to the funds of the Corporation, which for purposes of these guidelines consist of all moneys and other financial resources available for investment by the Corporation on its own behalf or on behalf of any other entity or individual.

III. Investment Objectives

The portfolio shall be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of the Corporation’s investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio 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 Corporation.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

IV. Implementation of Guidelines

The Chief Financial Officer shall be responsible for the prudent investment of funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with these guidelines.

V. Authorized Investments

- A. The Treasurer or an Assistant Treasurer of the Corporation is authorized to invest funds of the Corporation as summarized and restricted below:
 - 1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or

any other obligation guaranteed as to principal and interest by the United States.

2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.
 3. Repurchase Agreements. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or commercial paper (of a type defined below) in a range of 100% to 102% of the matured value of the repurchase agreements and have a term to maturity of no greater than ninety (90) days. They must be physically delivered for retention to the Corporation or its agent (which shall not be an agent of the party with whom the Corporation enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case the Corporation shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.
 4. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.
 5. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
 6. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
 7. Other investments approved by the Comptroller of New York City for the investment of City funds.
- B. In addition to the above investments, the Corporation may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:
1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
 2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions

approved by the Deputy Mayor for Economic Development or his successor in function.

VI. Written Contracts

The Corporation shall enter into written contracts pursuant to which investments are made which conform with the requirements of these guidelines and Section 2925.3(c) of the Public Authorities Law unless the Board or Executive Committee 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 or Executive Committee shall adopt procedures covering such investment or transaction.

VII. Diversification

The portfolio shall be structured to diversify investments 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 in the indicated type of eligible security is as follows:

A.	U.S. Treasury	100% maximum
B.	Federal Agency	100% maximum
C.	Repurchase Agreements	5% maximum
D.	Commercial Paper	25% maximum
E.	Bankers Acceptances and Time Deposits	25% maximum
F.	Certificates of Deposit	20% maximum
G.	Other Investments Approved by Comptroller for City Funds	A percentage deemed prudent by CFO

VIII. Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the Corporation is essential. Accordingly, the portfolio 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 investment 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 deposited in Deposit Accounts. Generally, 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. However, up to twenty percent (20%) of assets categorized as Investments may be invested in permitted investments with a stated maturity of no more than seven (7) years from the date of purchase.

IX. Monitoring and Adjusting the Portfolio

Those responsible for the day-to-day management of the portfolio 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 investment objectives listed above. 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

The Treasurer or an Assistant Treasurer, under the direction of the Chief Financial Officer, 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

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
2. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").

- B. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.
- C. Investment Bankers: firms retained by the Corporation to serve as senior managing underwriters for negotiated sales must be registered with the SEC.
- D. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

XII. Reporting

A. Quarterly

The Treasurer or an Assistant Treasurer, under the direction of the Chief Financial Officer, shall prepare and deliver to the Board of Directors once for each quarter of the Corporation'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 Corporation's independent accountants shall conduct an annual audit of the Corporation's investments for each fiscal year of the Corporation, 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. The Investment Guidelines and amendments thereto since the last report;
 - b. An explanation of the Guidelines and any amendments made since the last report;
 - c. The independent audit report required by Subsection (1) above;
 - d. The investment income record of the Corporation 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 Corporation 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 these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investments of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

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. No Conflict With Other Policies of the Corporation

These Investment Guidelines do not modify the powers given by the Corporation's Board of Directors which authorized and resolved that (i) officers of the Corporation are authorized and directed to obtain and maintain any bank, investment, securities and other financial accounts as may be necessary or useful to the Corporation in furtherance of the Corporation's operations (the "Accounts"); (ii) the Treasurer and Assistant Treasurer are authorized and directed to engage in trading or otherwise deal in securities and other investments on behalf of the Corporation and to the extent authorized pursuant to these Guidelines; (iii) the officers of the Corporation are authorized and directed to perform those tasks necessary or useful to ensure that the Corporation, acting through those authorized officers listed in the Bylaws of the Corporation, has access to and control over the Accounts; (iv) the Directors adopted the standard forms of banking resolutions and incumbency certificates ordinarily used by such financial institutions selected by the officers of the Corporation; and (v) any officer of the Corporation was authorized to certify, to the due adoption of such banking resolutions and incumbency certificates. Empowered officers may enter into agreements with banks and financial institutions for bank accounts and to purchase investments of the type indicated in these Investment Guidelines and other investments specifically approved by the Corporation's Board of Directors.

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by the Corporation, such as any restrictions set forth in any third party contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern. If possible, all sets of restrictions should be

complied with. Furthermore, by adopting these Investment Guidelines, the Board is not amending or superseding any approval given or hereafter given for investments related to particular projects.

SCHEDULE 2

SCHEDULE OF INVESTMENTS

New York City Economic Development Corporation
(A Component Unit of the City of New York)
Years Ended June 30, 2023 and 2022
With Reports of Independent Auditors

DRAFT

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Schedule of Investments

Years Ended June 30, 2023 and 2022

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Auditors

The Management and the Board of Directors
New York City Economic Development Corporation

Report on the Audit of the Schedule of Investments

Opinion

We have audited the Schedule of Investments of the New York City Economic Development Corporation (the Corporation), a component unit of the City of New York, as of June 30, 2023 and 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the investments of the Corporation at June 30, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Financial Statements as of June 30, 2023 and 2022

We have audited, in accordance with GAAS and *Government Auditing Standards*, the financial statements of the Corporation as of and for the years ended June 30, 2023 and 2022, and our report thereon, dated _____, 2023, 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 _____, 2023, on our consideration of the Corporation'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. 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 Corporation'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 Corporation's internal control over financial reporting and compliance with respect to the schedule.

_____, 2023

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Schedule of Investments
(In Thousands of Dollars)

	June 30,	
	2023	2022
Operating	\$ 154,691	\$ 110,110
Restricted	207,339	222,976
Total investments	<u>\$ 362,030</u>	<u>\$ 333,086</u>

The accompanying notes are an integral part of this schedule.

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Notes to Schedule of Investments

June 30, 2023

1. Background and Organization

NYCEDC is a not-for-profit corporation organized under the New York State Not-for-Profit Corporation Law (the NPCL) that generates income that is exempt from federal taxation under section 115 of the Internal Revenue Code (IRC). NYCEDC's primary activities consist of rendering a variety of services to administer certain economic development programs on behalf of the City of New York (the City) relating to the attraction, retention and expansion of commerce and industry in the City. These services and programs include encouragement of construction, acquisition, rehabilitation and improvement of commercial and industrial enterprises within the City, the provision of financial assistance to qualifying business enterprises as a means of helping to create and retain employment therein, managing, developing and promoting the City's waterfront, markets, aviation, freight and intermodal transportation, including the NYC Ferry system, and workforce development and recruitment programs. These services are generally provided under two annual contracts with the City: the amended and restated contract (Master Contract) and the Maritime Contract. The services provided under these contracts and other related agreements with the City are herein referred to as the Contract Services.

In order to provide these services, NYCEDC primarily generates revenues from property rentals and real estate sales. To present the restricted assets of NYCEDC's rental portfolio in a manner consistent with the limitations and restrictions placed upon the use of resources and NYCEDC's contractual agreements with the City and other third parties, NYCEDC classifies its asset management operations into the following five portfolios:

Commercial Leases Portfolio: NYCEDC manages property leases with various commercial and industrial tenants. For ground leases, these agreements include restrictions on the use of the land to the construction or development of commercial, manufacturing, industrial or residential facilities. The City-owned properties are leased to NYCEDC, which, in turn subleases the properties to commercial and industrial tenants. The leases generally provide for base rent payments plus provisions for additional rent.

Brooklyn Army Terminal Portfolio: The Brooklyn Army Terminal (BAT) is an industrial property owned by the City that is leased to NYCEDC. NYCEDC, in turn, subleases the properties to commercial and industrial tenants. Under the terms of the BAT lease, a reserve account of \$500,000 was established from net BAT revenues for property operating and capital expenses.

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

1. Background and Organization (continued)

Maritime Portfolio: This portfolio was established to account for NYCEDC's management and maintenance of wharf, waterfront, public market, public aviation, and intermodal transportation properties and the NYC Ferry system on the City's behalf pursuant to the Maritime Contract.

Other Properties Portfolio: This portfolio was established to account for the activities of certain City-owned properties and other assets for which NYCEDC assumed management responsibilities. Pursuant to various agreements between NYCEDC and the City, the net revenue from three of the properties is retained for property operating and capital expenses or for expenses of projects in the area.

42nd Street Development Project Portfolio: This portfolio was established as a joint effort between the City and New York State (the State) to redevelop the 42nd Street district between 7th and 8th Avenues into a vibrant office and cultural center. By October 2012, ownership of all the properties was transferred from the State to the City. NYCEDC also assumed management and administrative responsibilities for all leases in connection with the 42nd Street Development Project as governed by the Master Contract with the City.

Beginning in fiscal year 2017, to partially offset the costs to NYCEDC for establishing and operating the NYC Ferry service (Note 12), the Corporation has not been required to remit rental revenues from the Project to the City. NYCEDC, however, is required to pass through to the City, all payments in lieu of taxes and real estate taxes collected from the Project.

2. Summary of Significant Accounting Policies

Investments

Investments held by NYCEDC are recorded at fair value.

3. Investments

NYCEDC's investment policy permits the Corporation to invest in obligations of the United States of America, where the payment of principal and interest is guaranteed, or in obligations issued by an agency or instrumentality of the United States of America. Other permitted investments include short-term commercial paper, certificates of deposit and bankers' acceptances.

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

3. Investments (continued)

As of June 30, 2023 and 2022, the Corporation had the following investments. Investment maturities are shown for June 30, 2023, only (dollars in thousands):

	Fair Value		Investment Maturities at June 30, 2022 (In Years)		
	2023	2022	Less Than 1	1 to 2	Greater Than 2
	Money market mutual funds	\$ 167,051	\$ 176,772	\$ 167,051	\$ –
Money market deposit account	356	360	356	–	–
FHLB notes	110,850	56,722	56,963	50,932	2,955
FFCB notes and bonds	42,938	66,604	37,989	4,949	–
FHLMC	16,772	–	5,293	9,508	1,971
Commercial paper	23,859	32,427	23,859	–	–
Certificates of deposit	204	201	204	–	–
	\$ 362,030	\$ 333,086	\$ 291,715	\$ 65,389	\$ 4,926

Fair Value Measurements – 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.

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 agency securities and commercial paper, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Corporation limits 80% of its investments to instruments maturing within two years of the date of purchase. The remaining 20% of the portfolio may be invested in instruments with maturities up to a maximum of seven years.

New York City Economic Development Corporation
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

3. Investments (continued)

Credit Risk – It is the Corporation’s policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government or issued by its agencies. As of June 30, 2023 and 2022, the Corporation’s investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Co (FHLMC) and U.S. Treasuries were rated AA+ by Standard & Poor’s, Aaa by Moody’s and AAA by Fitch Ratings. Commercial papers held were rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investor’s Service, Inc.

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

The Corporation manages custodial credit risk by limiting possession of its investments to highly rated institutions and/or requiring that high-quality collateral be held by the counterparty in the name of NYCEDC. At June 30, 2023 and 2022, the Corporation was not subject to custodial credit risk.

Concentration of Credit Risk – The Corporation places no limit on the amount NYCEDC may invest in any securities backed by the United States of America government. The following table shows investments that represent 5% or more of total investments as of June 30 (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments			
	June 30, 2023		June 30, 2022	
Federal Home Loan Bank	\$ 110,850	31%	\$ 56,722	17%
Federal Farm Credit Bank	42,938	12	66,604	20

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 Economic Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the Schedule of Investments (the schedule) of the New York City Economic Development Corporation (NYCEDC), a component unit of the City of New York, as of June 30, 2023 and the related notes to the schedule, and have issued our report thereon dated _____, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the schedule, we considered the NYCEDC'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, but not for the purpose of expressing an opinion on the effectiveness of the NYCEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NYCEDC'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's schedule 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NYCEDC’s schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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. 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.

_____, 2023

EXHIBIT E

PERFORMANCE MEASUREMENT REPORT
Board of Directors Meeting
September 28, 2023

The Public Authorities Law requires New York City Economic Development Corporation (“NYCEDC”) to annually review its mission statement and measurements by which the performance of NYCEDC may be evaluated and, on November 15, 2022, NYCEDC’s Board approved a mission statement and performance measures for Fiscal Year 2023.

The Authorities Budget Office requires that NYCEDC annually report on performance results with regard to the approved measures. Attached hereto as Attachment A is NYCEDC’s report with regard to the performance measures for Fiscal Year 2023 and a chart that includes definitions/explanations of how the information in the measurement report was determined. For comparison purposes, the measurements for the Fiscal Year 2022 and Fiscal Year 2021 are also included in Attachment A.

Authority Performance Measurement Report for Fiscal Years 2023, 2022 and 2021

Name of Public Authority: New York City Economic Development Corporation (“NYCEDC”)

<i>Performance Measures</i>	<i>FY22 to FY23 Changes</i>	<i>FY23 Actuals 7/1/22-6/30/23</i>	<i>FY22 Actuals 7/1/21-6/30/22</i>	<i>FY21 Actuals 7/1/20-6/30/21</i>
Management of core assets				
Occupancy rate of NYCEDC-managed property	↔	99.1%	99.2%	98.7%
Square footage of assets actively managed by NYCEDC	↔	64,602,360	64,748,100	64,493,808
Revenue generated by NYCEDC asset portfolio*	↑	\$320,265,987	\$290,758,159	\$250,365,200
Strengthening the city’s competitive position; inclusive innovation and economic growth				
Number of businesses served by industry-focused programmatic initiatives	↓	4,690	6,301	6,200
Percentage of private sector jobs in innovation industries (calendar year)	↔	15.5%	15.5%	15.5%
MWBE participation rate (Local Law 1)	↓	31.7%	35.2%	31.9%
MWBE award rate (Local Law 1)	↓	29.2%	38.5%	40.9%
Facilitate investments that grow quality jobs				
Projected new private investment leveraged on the sale/long-term lease of City-owned property	↓	\$140,390,801	\$220,929,029	\$589,065,993
Percentage of project employees that were reported to be earning a Living Wage or more in the previous fiscal year**	↔	100.0% (FY22)	99.8% (FY21)	99.9% (FY20)
Capital expenditures related to asset management*	↓	\$52,817,201	\$56,436,854	\$37,356,729
Total jobs at Project Locations (New York City Administrative Code §22-823)**	↓	190,465 (FY22)	197,523 (FY21)	200,421 (FY20)
Cultivate dynamic, resilient, livable communities throughout the five boroughs				
Average monthly NYC Ferry ridership	↑	549,705	447,782	312,082
Total capital expenditures (excluding asset management and funding agreements)*	↓	\$485,651,145	\$516,188,813	\$428,557,416
Square feet of graffiti removed	↑	6,172,500	3,395,210	207,500
Percentage of active projects in boroughs outside of Manhattan**	↔	75% (FY22)	75% (FY21)	75% (FY20)
Distribution of active projects by borough:				
% of projects in the Bronx	-	16%	16%	16%
% of projects in Brooklyn	-	26%	27%	27%
% of projects in Manhattan	-	25%	25%	25%
% of projects in Queens	-	27%	27%	26%
% of projects in Staten Island	-	6%	5%	5%

* FY22 and/or FY21 data have been revised to reflect NYCEDC’s audited financial statements or updates to available data.

** This metric represents the prior fiscal year data, which is the most recent data available.

Definitions/Explanations - Authority Performance Measurement Report for Fiscal Years 2023, 2022 and 2021

Performance Measures	Definitions
Management of core assets	
Occupancy rate of NYCEDC-managed property	For NYCEDC-managed properties, the number of square feet leased as a percent of the total available space.
Square footage of assets actively managed by NYCEDC	The square footage of assets in which NYCEDC, on behalf of the City, is responsible for the day to day management and leasing of the property.
Revenue generated by NYCEDC asset portfolio	Revenue generated from NYCEDC's portfolio of assets. For FY22, this measure was updated to include revenue generated from the NYC Ferry system. In order to allow for consistency in year-over-year comparisons, FY21 data was updated based on the same methodology and parameters.
Strengthening the city's competitive position; inclusive innovation and economic growth	
Number of businesses served by industry-focused programmatic initiatives	The number of businesses engaged in NYCEDC's programmatic initiatives, including NYCEDC's incubator network and centers for excellence, technology competitions, partnership funds and programmatic ventures throughout the five boroughs.
Percentage of private sector jobs in innovation industries (calendar year)	The share of jobs within sectors designated as "advanced," "innovative" and "creative" by the Brookings Institution, HR&A Advisors and NYCEDC as a percent of all private sector jobs. This indicator is reported on a calendar year basis.
MWBE participation rate (Local Law 1)	The ratio of MWBE contract expenditures to total contract expenditures with MWBE goals. Participation/attainment is referring to payments.
MWBE award rate (Local Law 1)	Actual MWBE awards made to individual firms on NYCEDC contracts. Awards are specific awards to MWBE firms. May or may not be known at contract execution (won't be with CM and retainer contracts, for example).
Facilitate investments that grow quality jobs	
Projected new private investment leveraged on the sale/long-term lease of City-owned property	The net present value of the total investment of private entities in connection with the sale or long-term lease of City-owned property. Private investment includes land sale or lease, and hard (site work and building construction) and soft (architecture and engineering) development costs. The data is extrapolated in the year that the transaction closes (land sale closing or lease execution), and reflects the anticipated total private investment associated with these projects.
Percentage of project employees that were reported to be earning a Living Wage or more in the previous fiscal year	The number of employees on projects receiving financial assistance from New York City Industrial Development Agency, Build NYC Resource Corporation, or NYCEDC programs that earned a living wage or more than a living wage as defined by the Fair Wages for New Yorkers Act as a percent of the total number of project employees.
Capital expenditures related to asset management	Based on an accrual basis, the amounts paid to firms (architecture, landscape architecture, engineering, resident engineering, etc.), construction managers, construction contractors, etc. for capital project related services on NYCEDC-managed property.
Total jobs at Project Locations (New York City Administrative Code §22-823)	All Full-Time Equivalent jobs at Project Locations as reported during a given annual period pursuant to New York City Administrative Code §22-823 (the "Annual Investment Projects Report"). Every year, through the Annual Investment Projects Report, NYCEDC provides information on projects supporting investment, job creation, job retention, and growth in New York City. This FY22 Annual Investment Projects Report included information on 453 projects receiving Financial Assistance in the form of loans, grants, and tax or energy benefits. The report also includes information on 35 sales and 94 leases of City-owned land.
Cultivate dynamic, resilient, livable communities throughout the five boroughs	
Average monthly NYC Ferry ridership	The average monthly ridership of commuters traveling on the NYC Ferry system as reported to NYCEDC.
Total capital expenditures (excluding asset management and funding agreements)	Based on an accrual basis, the amounts paid to firms (architecture, landscape architecture, engineering, resident engineering, etc.), construction managers, construction contractors, etc. for capital project related services.
Square feet of graffiti removed	The square feet of graffiti removed by power-washing and painting through Graffiti-Free NYC, the City's graffiti removal program.
Percentage of active projects in boroughs outside of Manhattan	The percentage of all Projects as reported during a given annual period pursuant to the Annual Investment Projects Report, which are located in boroughs outside of Manhattan.