CITY LIGHTS INSURANCE COMPANY

BOARD OF DIRECTORS' MEETING

A meeting of the Board of Directors of City Lights Insurance Company (the "Company") was held on April 13, 2022 at 2 p.m. via video conference, pursuant to due notice.

Present from City Lights Insurance Company:
Fred D'Ascoli
Spencer E. Hobson
Meredith J. Jones
William A. Candelaria
Jim McSpiritt
Wilton Cedeno
Crystal Adams

Others in attendance:
From NYEDC: Amy Chan, Alice Zheng
From Crowe LLP: Arthur Salvadori, Nick Newcomer
From Marsh Management Services, Inc.: Feiona Churaman, Catherine Visaya

Further to an immediately preceding meeting of the Company's Audit Committee, Mr. D'Ascoli called the Directors' meeting to order and noted the attendance of a quorum.

Referring to Crowe LLP's earlier presentation of the Company's 2021 audit results, attached hereto as Exhibit A, there was a motion, due second and resolution to:

> **ACCEPT** the draft audited financial statements and reports thereon for the year ended December 31, 2021 as presented by Crowe LLP.

It was discussed that Ms. Churaman will submit the finalized financials to the NYS Department of Financial Services.

There being no other business, the meeting was adjourned.

Meredith Jones
____
Name: Meredith J. Jones, Secretary

Crowe

Smart decisions. Lasting value.™

City Lights Insurance Company

Presentation of 2021 Audit Results

April 13, 2022

Agenda

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With You Today

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With You Today

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Results of Services

Services	Results
Audit of the GAAP Financial Statements	Unmodified opinion issued on the December 31, 2021 GAAP financial statements.
Issuance of Internal Controls Letters	No deficiencies, significant deficiencies or material weaknesses in internal controls noted.
Qualifications Letters	No matters noted.

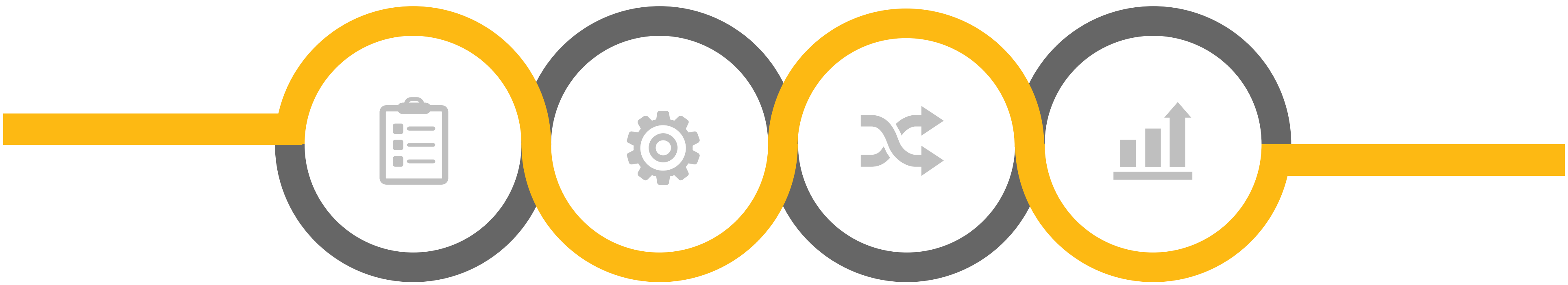
Approach to the Audit

Our audit is designed using a risk based approach which encompasses the following:

Step 1
Understand the operating environment including the elements of internal control:

- Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring

Step 3
Walk through and corroborate key controls to determine controls exist and are operational.



Step 2
Identify significant transaction cycles and key controls around those cycles.

Step 4
Identify audit areas which present the most significant risks and inherent risks in those areas, and design an audit to respond to the identified risks.

Identified Risks, Testing and Risk Assessment

City Lights Insurance Company

Significant Audit Area	Identified Risk(s)	Planned Approach Summarized	Risk of Material Misstatement and Results
Unpaid losses and loss adjustment expenses	Valuation	• Understand the key assumptions and validate these estimates against our own expectations. • Obtain confirmation from the Parent no incurred losses to date. • Per the New York Department of Insurance, there is no law requiring a captive to obtain an actuary waiver if no claims have been reported under the entity's insurance program.	Not High; No Losses incurred to date.
Direct premiums	Valuation and revenue recognition	• Update our understanding of management's processes and internal controls surrounding revenue recognition as it relates to premium earned. • Test management's calculations and supporting data used in these calculations.	Not High; Policies are obtained and reviewed, management's calculations of premium written, earned and received are tested and methods used in calculations are reviewed.

Required Communications

- Auditors’ Responsibility under Generally Accepted Auditing Standards;
  - Unmodified Audit Opinion issued.
- Significant Accounting Policies (See Note 2 to the Financial Statements);
- Management Judgments and Estimates;
- No Disagreements with Management on Financial Accounting and Reporting;
- No Proposed or Passed Audit Adjustments;
- No Material Audit Adjustments Posted;
- No Material Weaknesses in Internal Controls Identified;
- No Material Errors, Irregularities and Illegal Acts;
- No Other Information in Documents Containing Audited Financial Statements;

Required Communications (Continued)

- No Major Issues Discussed with Management Prior to Retention;
- No Consultations with Other Accountants;
- No Difficulties Encountered in Performing the Audit;
- No Significant Disclosures Not Made;
- Judgment about the Quality of the Company's Accounting Principles;
- No Methods of Accounting for Significant Unusual Transactions and Controversial or Emerging Areas;
- Management provide us with Certain Representations Related to the Audit as of the date of our Audit Opinion;
- No Management Letter has been Issued; and
- No Material Alternative Treatments need to be Highlighted.

Non-Attest Services Performed by Crowe:

- Assistance with Preparation of GAAP financial statements
- Preparation of tax return

- We wish to report that we are not aware of any relationship between Crowe LLP and City Lights Insurance Company that, in our professional judgment, may reasonably be thought to impair our independence.

- Accordingly, and relating to our examination of the 2021 financial statements of City Lights Insurance Company we are independent certified public accountants within the meaning of the applicable pronouncements of the Independence Standards Board under Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.

Financial Statements

Thank You

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Audit Partner

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CITY LIGHTS INSURANCE COMPANY

FINANCIAL STATEMENTS
December 31, 2021 and 2020

CITY LIGHTS INSURANCE COMPANY

FINANCIAL STATEMENTS
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of
City Lights Insurance Company

Opinion

We have audited the financial statements of City Lights Insurance Company (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of City Lights Insurance Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended 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). 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 Company 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 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 from 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 Company's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

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 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 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, 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 Company'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 Company'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.

Restriction of Use

Our report is intended solely for the information and use of the Board of Directors, and management of City Lights Insurance Company and the New York State Department of Financial Services to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT
[redacted]

West Hartford, Connecticut
<>, 2022

CITY LIGHTS INSURANCE COMPANY
BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 3,950,031	$ 3,400,376
Deferred acquisition costs	2,487	4,108
Prepaid expenses	594	9,382
Total assets	$ 3,953,112	$ 3,413,866
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities:		
Unearned premiums	$ 308,589	$ 264,773
Accounts payable and accrued liabilities	16,513	11,406
Total liabilities	325,102	276,179
Shareholder's equity:		
Common stock, $1 par value, 100,000 shares authorized; 100,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	1,900,000	1,900,000
Retained earnings	1,628,010	1,137,687
Total shareholder's equity	3,628,010	3,137,687
Total liabilities and shareholder's equity	$ 3,953,112	$ 3,413,866

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF OPERATIONS
Years Ended December 31, 2021 and 2020

	2021	2020
Revenues:		
Earned premiums	$ 576,753	$ 574,957
Expenses:		
General and administrative expenses	86,430	80,467
Total expenses	86,430	80,467
Net income	$ 490,323	$ 494,490

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
Years Ended December 31, 2021 and 2020

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total
Balance as of January 1, 2020	100,000	$ 100,000	$ 1,900,000	$ 643,197	$ 2,643,197
Net income	-	-	-	494,490	494,490
Balance as of December 31, 2020	100,000	100,000	1,900,000	1,137,687	3,137,687
Net income	-	-	-	490,323	490,323
Balance as of December 31, 2021	100,000	$ 100,000	$ 1,900,000	$ 1,628,010	$ 3,628,010

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net income	$ 490,323	$ 494,490
Net adjustments to reconcile net income to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Deferred acquisition costs	1,621	270
Prepaid expenses	8,788	14,725
Unearned premiums	43,816	(42,502)
Accounts payable and accrued liabilities	5,107	(2,088)
Net cash provided by operating activities	549,655	464,895
Net change in cash	549,655	464,895
Cash, beginning of year	3,400,376	2,935,481
Cash, end of year	$ 3,950,031	$ 3,400,376

The accompanying notes are an integral part of these financial statements.

NOTE 1 - GENERAL

City Lights Insurance Company (the Company) is a single parent captive wholly owned by the New York City Economic Development Corporation (the Parent). The Company was incorporated on May 26, 2016 and commenced operations in the State of New York on July 1, 2016. The Company provides terrorism, cyber risk and flood coverage to the Parent and various qualifying affiliates. These coverages are further described in Note 3.

Since the Company is wholly owned by the Parent and provides insurance to the Parent and affiliated entities only, its financial results may not be indicative of those of a stand-alone entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as accepted by the State of New York Department of Financial Services which differs from GAAP, as promulgated by the Governmental Accounting Standards Board (GASB) as applied to governmental entities as subject to by the Company. The differences between FASB and GASB are not material to these financial statements.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash: Cash consists of amounts on deposit with JP Morgan Chase. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to $250,000 per depositor, per bank. It is the Company's policy to monitor the financial strength of the banks' that hold its deposits on an ongoing basis. The Company maintains deposits in excess of the FDIC insurance limits in the normal course of business.

Deferred Policy Acquisition Costs: Policy acquisition costs consist of premium and assessment taxes directly associated with the successful underwriting of insurance policies and are expensed over the terms of the related policies. Accordingly, deferred policy acquisition costs are established applicable to the unexpired period of policies in force and are included in deferred policy acquisition costs on the balance sheet. Policy acquisition costs expensed amounted to $10,181 and $8,117 for the years ended December 31, 2021 and 2020, respectively.

Revenue Recognition: Premiums are earned ratably over the terms of the policies to which they relate. The portion of premiums that will be earned in the future is deferred and reported as unearned premiums on the balance sheet.

Premium Deficiency: The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses (LAE), expected policyholder dividends, and maintenance costs exceed unearned premiums and anticipated investment income. No premium deficiencies were recognized for the years ended December 31, 2021 and 2020.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Bad Debts: The Company uses the allowance method to record bad debts. The Company records an allowance for doubtful accounts against its outstanding premiums receivable, which is based on management's estimation of bad debts in the near term. As of December 31, 2021 and 2020, the Company did not record an allowance for doubtful accounts as the premiums receivable is $0 as of December 31, 2021 and 2020.

Unpaid Losses and Loss Adjustment Expenses: The liability for unpaid losses and loss adjustment expenses (LAE) includes case basis estimates of reported losses. There were no claims reported to the Company as of December 31, 2021 and 2020. The Company provides coverage that is low frequency and high severity in nature and as such any losses incurred are known immediately to the Company. Therefore, the Company does not consider an incurred but not reported reserve in estimating its liability for unpaid losses and LAE. Management believes that there is no liability for unpaid losses and LAE at December 31, 2021 and 2020 based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet dates. Accordingly, the ultimate liability could vary significantly from the amount indicated on the balance sheets. As adjustments to this estimate become necessary, such adjustments are reflected in current operations. Such changes may be material to the results of operations and could occur in a future period.

Federal Income Taxes: The Company's income is excludable from gross income under section 115 of the Internal Revenue Code.

The Company accounts for uncertain tax positions in accordance with certain provisions of FASB ASC 740, "Income Taxes", which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company did not record any unrecognized tax benefits as of December 31, 2021 and 2020.

FASB ASC 740 also provides guidance on recognition, classification, interest and penalties, disclosure and transition. The application of these provisions of FASB ASC 740 did not have any impact on the accompanying financial statements. Tax years from 2018 and forward are open and subject to examination.

Subsequent Events: Subsequent events have been evaluated through <>, 2022, which is the date the financial statements were available to be issued.

NOTE 3 - INSURANCE ACTIVITY

The Company provides excess cyber liability to the Parent and each company that is more than 50% owned and controlled by the Parent, with limits of $9,000,000 per claim and in the aggregate, excess of $5,000,000 of underlying insurance and self-insured retentions.

(Continued)

NOTE 3 - INSURANCE ACTIVITY (Continued)

Effective July 1, 2016, the Company also began directly providing terrorism insurance for acts of Nuclear, Biological, Chemical or Radiological terrorism (NBCR), with limits of $6,000,000 per occurrence and in the aggregate for any one certified act of terrorism.

The excess cyber liability and NBCR policies provided by the Company cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and the subsequent 2015, 2017, and 2019 extensions of TRIA. TRIA provides for a system of shared public and private compensation for insured losses resulting from certified acts of terrorism. The trigger for the federal share of compensation for NBCR is $100,000,000.

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.

Effective December 10, 2018, the Company 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 the Parent 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.

<u>Reserve for Unpaid Losses and Loss Adjustment Expenses</u>: Reserves for unpaid losses and LAE represent management's best estimate of the Company's ultimate liability for losses and LAE relating to claims made prior to the end of any given accounting period but have not yet been paid. As of December 31, 2021 and 2020, there have been no claims reported related to the Company's excess cyber liability, NBCR, and flood coverages and management believes that no reserves are required. In the event of a claim reported under these coverages, reserves for unpaid losses and LAE would represent management's best estimate based upon expected possible outcome that projects the Company's ultimate liability for unpaid losses and LAE. Additionally, as there have been no claims reported, as of December 31, 2021 and 2020, there have been no allocated LAE. For the years ended December 31, 2021 and 2020, there were no payments of losses and LAE.

A reconciliation of written and earned premiums for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premiums	$ 620,569	$ 576,753	$ 532,455	$ 574,957

NOTE 4 - RELATED PARTY TRANSACTIONS AND SERVICE AGREEMENT

The Company has no employees. Accounting and reporting services, record retention and other management services are provided by Marsh Management Services Inc. pursuant to a management agreement.

(Continued)

NOTE 5 - SHAREHOLDER'S EQUITY AND RECONCILIATION TO ANNUAL REPORT

The State of New York captive insurance statutes require $250,000 in minimum surplus to be maintained by a single parent captive insurance company. The Company has total capital of $3,628,010 and 3,137,687 as of December 31, 2021 and 2020, respectively. No dividends were declared or paid by the Company as of December 31, 2021 and 2020.

There were no material differences between the Company's Annual Statement, as filed with the New York State Department of Financial Services, to the amounts shown in the accompanying financial statements as of December 31, 2021 and 2020.

NOTE 6 - RISKS AND UNCERTAINTIES

The United States remains in a national health emergency related to the COVID-19 virus. The consequences of the COVID-19 virus on a national, regional and local level are unknown, but COVID-19 continues to have the potential to result in significant economic impacts. The impact of this situation on the Company and its future results and financial position is not presently determinable.