



MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 27, 2024

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 Friday, September 27, 2024, 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:

Shirley Aldebol
Margaret Anadu
Nathan Bliss (as alternate for Maria Torres-Springer)
Paula Roy Carethers
Costa Constantinides
Hector Cordero-Guzmán
Paul Fernandes
Matthew Hiltzik
Andrew Kimball
DeWayne Louis
James McSpiritt
Ngozi Okaro
Patrick J. O'Sullivan, Jr.
Jeff Thamkittikasem
Elizabeth Velez
Betty Woo
Kathryn Wylde

Members of NYCEDC staff also were present.

The meeting was chaired by Margaret Anadu, Chairperson of NYCEDC, and called to order at 8:38 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. Opening Comment of NYCEDC's President

At this time, Andrew Kimball, President of NYCEDC, stated that despite recent news concerning The City of New York (the "City"), NYCEDC remained focused on its important work and activities, and that NYCEDC would continue to lead with integrity and excellence.

2. Approval of the Minutes of the August 20, 2024 Regular Meeting of the Board of Directors

There being no questions or comments with respect to the minutes of the August 20, 2024 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.

Ms. Aldebol and Mr. Hiltzik joined the meeting at this time.

3. Report of NYCEDC's President

Mr. Kimball presented a report to the Directors at this time. First, he highlighted some recent major steps forward on a couple of key NYCEDC projects, including the groundbreaking for a 20 acre, 2-mile-long green esplanade on Staten Island, as well as the receipt of a \$163.8 million grant for the creation of a modern port as an anchor at the Brooklyn Marine Terminal focused on last-mile and specialty cargo getting into the City.

Mr. Kimball then discussed a recent serious construction incident, which involved the puncturing of an exhaust duct at the Queens Midtown Tunnel. He noted that NYCEDC and the City were extremely grateful for the rapid response and collaboration with the Metropolitan Transit Authority ("MTA") and the Triborough Bridge and Tunnel Authority that got the tunnel reopened within hours and the puncture patched within 24 hours, and that NYCEDC was working closely with its consultant team and the MTA on a review of the circumstances to prevent such an incident from occurring again.

4. Election of Officer

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 Viq Pervaaz 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 Mr. Pervaaz would oversee the Life Sciences Department of NYCEDC's Innovation Industries Division. Mr. Pervaaz shall perform such duties as are assigned to him by NYCEDC's President.

A motion was then made to elect Viq Pervaaz as a Senior Vice President of NYCEDC effective as of the date of the commencement of his employment by NYCEDC

which was then scheduled for September 30, 2024, provided that the continued position of Viq Pervaaz as an officer shall be conditioned upon the continuance of his employment by NYCEDC. Such motion was seconded and unanimously approved.

5. Presentation on *Artificial Intelligence (“AI”) Sector Growth in NYC*

At this time, Daria Siegel, a Senior Vice President of NYCEDC, and Brian Shoicket, an Assistant Vice President of NYCEDC, provided a presentation on AI Sector Growth in NYC. Ms. Siegel began by summarizing the Vision Statement that NYCEDC and the City had developed, highlighting New York City’s unique value proposition and opportunity for AI, and NYCEDC’s three goals for delivering on that vision, which included: (1) to accelerate and drive innovation and adoption of AI technologies; (2) to support New Yorkers through the disruptive transitions that AI was expected to drive over the short and long-term, and create pathways for economic mobility by expanding workforce development opportunities; and (3) to amplify New York City’s brand as an AI destination and to promote sustained investment and job growth within the City’s economy.

Next, Mr. Shoicket discussed some of the research conducted by NYCEDC to understand the current state of the industry in New York City, including such topic areas as AI investment and companies, AI-related workforce in the City, existing “infrastructure readiness” for AI jobs, industry feedback suggesting that the City was a clear #2 to the San Francisco Bay area, and global benchmarking. He also summarized NYCEDC’s existing AI work and strengths and initiatives that supported the City’s AI ecosystem.

Lastly, Ms. Siegel discussed how NYCEDC’s evaluation of the full AI tech stack showed that New York City was well positioned in the growing Applied AI space, while foundational technologies offered less opportunity. She also discussed next steps for additional AI-related initiatives.

At this time, discussion ensued among Ms. Wylde and Ms. Anadu regarding the City and The State of New York (the “State”) needing to be in lockstep partnership on efforts as to how to regulate the AI industry, as well as the potential for New York City to be a thought leadership hub for responsible AI with its academic partners and institutions. In answer to a question from Mr. Hiltzik, Ms. Siegel stated that NYCEDC was very focused on the press opportunity to inform and demystify the public regarding AI and the innovation happening in New York City, to focus on some of the social benefits happening with AI and life sciences as well as AI and the green economy, and to raise the City’s profile as a hub for innovation in the AI space. Mr. Hiltzik then suggested that part of the general conversation should include the vast variety of industries and areas where AI is applied.

In answer to a question from Mr. Constantinides, Ms. Siegel explained that NYCEDC was in early conversations with the New York City Department of Education (“DOE”) and was trying to see where NYCEDC could supplement the AI related work of the educational institutions with which it was planning to work. Ms. Siegel stated that

NYCEDC was looking at which sectors could be benefitted by the AI opportunities. In answer to a second question from Mr. Constantinides, Ms. Siegel stated that NYCEDC was looking at the full ecosystem and thinking about the sectors that might be left behind by these opportunities, and how to ensure that they remain competitive. In answer to a question from Ms. Aldebol, Ms. Siegel stated that NYCEDC was doing some research with its Economic Research and Policy team around what occupations had the highest exposure to occupational displacement by AI and the upskilling that was going to be needed.

At this time, Ms. Wylde suggested that NYCEDC reach out to Kiersten Barnet, Executive Director of the New York Jobs CEO Council, to see what it was doing because that council was very focused on both the training and upskilling side of AI. Ms. Siegel stated that NYCEDC appreciated the suggestion and would reach out to Ms. Barnet, and she added that NYCEDC was also working with the Workforce Development Council. In answer to a question from Mr. Louis, Mr. Shoicket stated that there was undoubtedly an overlap between the cybersecurity industry and AI, and he then discussed various trends involving the data portion of AI, particularly with respect to regulation, responsible data sharing, protecting information, and the movement away from large language models and massive data sets toward small language models, retrieval and augmented generation.

Ms. Okaro left the meeting at this time.

6. Science Park and Research Campus ("SPARC") Kips Bay – CM

At this time, Sean Yang, a Project Director of NYCEDC, and Julieanne Herskowitz, a Senior Vice President of NYCEDC, presented a proposal for (i) an agreement (the "SPARC Construction Manager Contract"), and any necessary amendments thereto, with Skanska USA Building Inc. ("Skanska") to provide construction management ("CM") and related services for NYCEDC's portion of the overall SPARC project, and (ii) any agreements necessary to obtain funds ("Funding Source Agreements"), or amendments to any needed Funding Source Agreements, related to the project work under the SPARC Construction Manager Contract, all on substantially the terms set forth in Exhibit A hereto. They gave a description of the project and its current status.

The request for expressions of interest ("RFEI") that NYCEDC put out earlier in the year was for a commercial life sciences tenant to the property, to serve as an anchor tenant for the future of this life sciences development. In answer to a question from Ms. Velez, Ms. Herskowitz explained that with the RFEI NYCEDC wanted to start to seed interest in the future campus and attract a world class tenant to the life sciences development, and that NYCEDC received a healthy response to the RFEI and was actively reviewing the responses. Mr. Kimball added that NYCEDC's goal was to find an ecosystem builder that would both generate interest in the project and bring together the various important pieces, such as workforce development, incubation and acceleration of small life sciences companies, as well as be a shot in the arm for the future private side of the development. In addition, Mr. Kimball noted that this project

was moving at lightspeed and discussed the pace of various steps since its announcement in 2022.

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 approved. Mr. Cordero-Guzmán, Mr. O'Sullivan and Ms. Velez recused themselves from voting on this matter.

7. East New York Industrial Building Subleases

Elizabeth Eichenberger, an Assistant Vice President of NYCEDC, presented a proposal for NYCEDC (i) to sublease to Lambo Mechanical Inc. ("Lambo") an approximately 5,000 square foot unit, known as Unit N1 ("Unit N1"), in the building known as the East New York Industrial Building (the "Building") located at Block 3729, Lots 1, 2, 5, 7, 10, 13, 15, 17, 20, 22, 24 and 38 on the Tax Map of the Borough of Brooklyn, and provide to Lambo the right to use approximately 4,900 square feet of parking area adjacent to Unit N1, and (ii) to sublease to Centsible House, Inc. ("Centsible") an approximately 5,000 square foot unit, known as Unit N2 ("Unit N2"), in the Building, and provide to Centsible the right to use approximately 4,900 square feet of parking area adjacent to Unit N2, on substantially the terms set forth in Exhibit B hereto.

Mr. Kimball then discussed the enormous amount of City and MTA investment happening in the Broadway Junction area, and noted that the Building was one of a number of industrial projects that were dovetailed with some workforce development strategies that NYCEDC was working on. Ms. Wylde suggested that the principal of projects be named in future project presentations. Mr. Bliss then noted that it had been a long saga of trying to reach stabilization for the Building, and he congratulated the project team for finding full tenancy for this unique property. In answer to a question from Ms. Velez, Ms. Eichenberger stated that both Lambo and Centsible were registered with the City as a minority and women-owned business enterprise ("M/WBE").

A motion was made (i) to approve the matters set forth for approval in the Proposed Resolutions section of Exhibit B hereto, and (ii) to resolve that there was no reasonable alternative to the proposed transfers to Lambo and Centsible that would achieve the same purpose as the transfers. Such motion was seconded and unanimously approved.

Mr. Cordero-Guzmán left the meeting at this time.

8. 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") 2024 ("FY2024"), 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 then stated that the audit was complete and it was anticipated that NYCEDC would receive a clean opinion from Ernst & Young LLP (“EY”), which meant that the financials were fairly presented in accordance with generally accepted accounting principles, and that EY found no internal control 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.

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. Ms. Escobar then summarized NYCEDC’s Annual Investment Report for FY2024 (the “Annual Investment Report”), which is attached in Exhibit D hereto.

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 as well as the Annual Investment Report for FY2024. He stated that NYCEDC would be receiving a clean opinion on its FY2024 financials report, and that no adjustments or deficiencies in internal controls were identified 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 in Exhibit C, as well as the Annual Investment Report in Exhibit D.

In answer to a question from Ms. Anadu, Ms. Escobar explained that NYCEDC’s investments were tiered with investments maturing at different dates to cover interest rate risk.

Approval of Section 8 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.

9. 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 May 1, 2024, NYCEDC’s Board approved a mission statement and performance measures for FY2024.

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 FY2024 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 FY2023 are also included in Exhibit E. Andrea Avila, an Assistant Vice President of NYCEDC, presented the report and then summarized the results.

At this time, Mr. Kimball explained that with respect to the line in the report for “Capital expenditures on NYCEDC-managed assets,” which had gone down from the previous year, that this mostly reflected NYCEDC finishing up work at the Bush Terminal campus where a new 250,000 square foot building would be opening. He further explained that NYCEDC would be quickly moving into the next phase at Bush Terminal with another 250,000 square foot building, moving forward with a large amount of work at the Brooklyn Army Terminal, and moving forward on a slew of projects on tap in the Hunts Point district, and that the Directors would therefore see a considerable jump in this category next year.

Ms. Anadu then commented that it was great to see the M/WBE rates going back in the right direction, after seeing them go down from 2022 to 2023. In answer to a question from Mr. Louis, Mr. Kimball stated that NYC Ferry ridership had broken records every quarter, and that summer of 2024 ridership exceeded even NYCEDC’s projections from the beginning of the year.

10. 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.

11. 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 9:49 a.m.

Assistant Secretary

Dated: _____
New York, New York

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

**SCIENCE PARK AND RESEARCH CAMPUS (“SPARC”) KIPS BAY-CM
Board of Directors Meeting
September 27, 2024**

Project Description:	<p>The Science Park and Research Campus (“SPARC”) Kips Bay project involves deconstructing the existing The City University of New York (“CUNY”) Hunter College Brookdale Campus in Kips Bay, Manhattan, and undertaking construction primarily on the former CUNY campus to develop approximately 2,210,000 square feet of new public health, educational, and life science facilities.</p> <p>NYCEDC will undertake the deconstruction of the existing CUNY campus and will oversee site preparation and infrastructure work and the design and construction of facilities on the eastern portion of the site, including approximately 710,000 square feet of educational facilities for CUNY and New York City Public Schools (“NYCPS”). NYCEDC’s work will include delivering a flood wall, open space, a pedestrian bridge crossing the FDR Drive, and reconstruction of a portion of East 26th Street.</p> <p>Pursuant to a future NYCEDC Board authorization, approximately 1,500,000 square feet of life science and public health facilities are anticipated to be contracted for and constructed by a private developer on the western portion of the site.</p>
Borough:	Manhattan
Type of Contract:	CM Contract to be approved at this time
Amount to be Approved:	Up to \$998,355,000 for the CM Contract plus, if needed, any funds that are authorized for other NYCEDC contracts for the SPARC project that it is determined are not needed for those other contracts
Type of Funds:	City Capital Budget funds and New York State funds
Procurement Method:	A consultant retained through a publicly advertised RFP using the competitive sealed proposal procurement method. The consultant will act as a CM and procure subcontractors for Project work assigned to it in a manner permitted under its contract, with the

primary procurement method anticipated to be a method similar to the CM method of procurement in NYCEDC's contracts with the City. Subcontractors retained by the consultant may in turn subcontract certain work.

Last Exec. Comm. Approval: March 19, 2024 for a design contract related to NYCEDC's portion of the Project

Agreements to be Approved:

- An agreement and any necessary amendments thereto with Skanska (the "SPARC Construction Manager Contract") to provide CM and related services for NYCEDC's portion of the overall SPARC project
- Any needed Funding Source Agreements or amendments thereto

M/WBE Goal: 30% M/WBE and 6% SDVOB

NYCEDC Project Work: The Project work to be undertaken by or through NYCEDC includes design and construction work associated with (i) deconstruction of the existing CUNY Hunter College Brookdale Campus, (ii) site preparation work for the entire site, (iii) infrastructure work for the eastern portion of the site and with regard to East 26th Street between 1st Avenue and the FDR Drive, (iv) approximately 530,000 square feet of building space for the CUNY campus, housing various educational institutions such as Hunter College School of Nursing, CUNY Graduate School of Public Health and Health Policy, Borough of Manhattan Community College Health Care Programs, and shared facilities, and (v) approximately 180,000 square feet of building space for a new NYCPHS high school facility specializing in healthcare and sciences, featuring classrooms, a gymnasium, a cafeteria and plant operations.

In addition, approximately 0.6 acres of public open space will be created by NYCEDC to connect the campus to the surrounding neighborhood, maintaining ADA access from the site to 26th and 25th Streets and reconstructing a portion of 26th Street. This open space will include greenery, seating areas and an approximately 1,500 square feet programmable SPARC Pavilion for exhibitions or a cafe. As part of its work, NYCEDC will also (i) demolish and provide a replacement for the existing non-ADA compliant pedestrian bridge over the FDR Drive, providing a connection to and from Waterside Plaza, and (ii) construct a flood wall on the site as part of the East Midtown Coastal Resiliency project, aimed at providing flood mitigation for the larger neighboring community.

At this time, NYCEDC proposes to enter into the SPARC Construction Manager Contract.

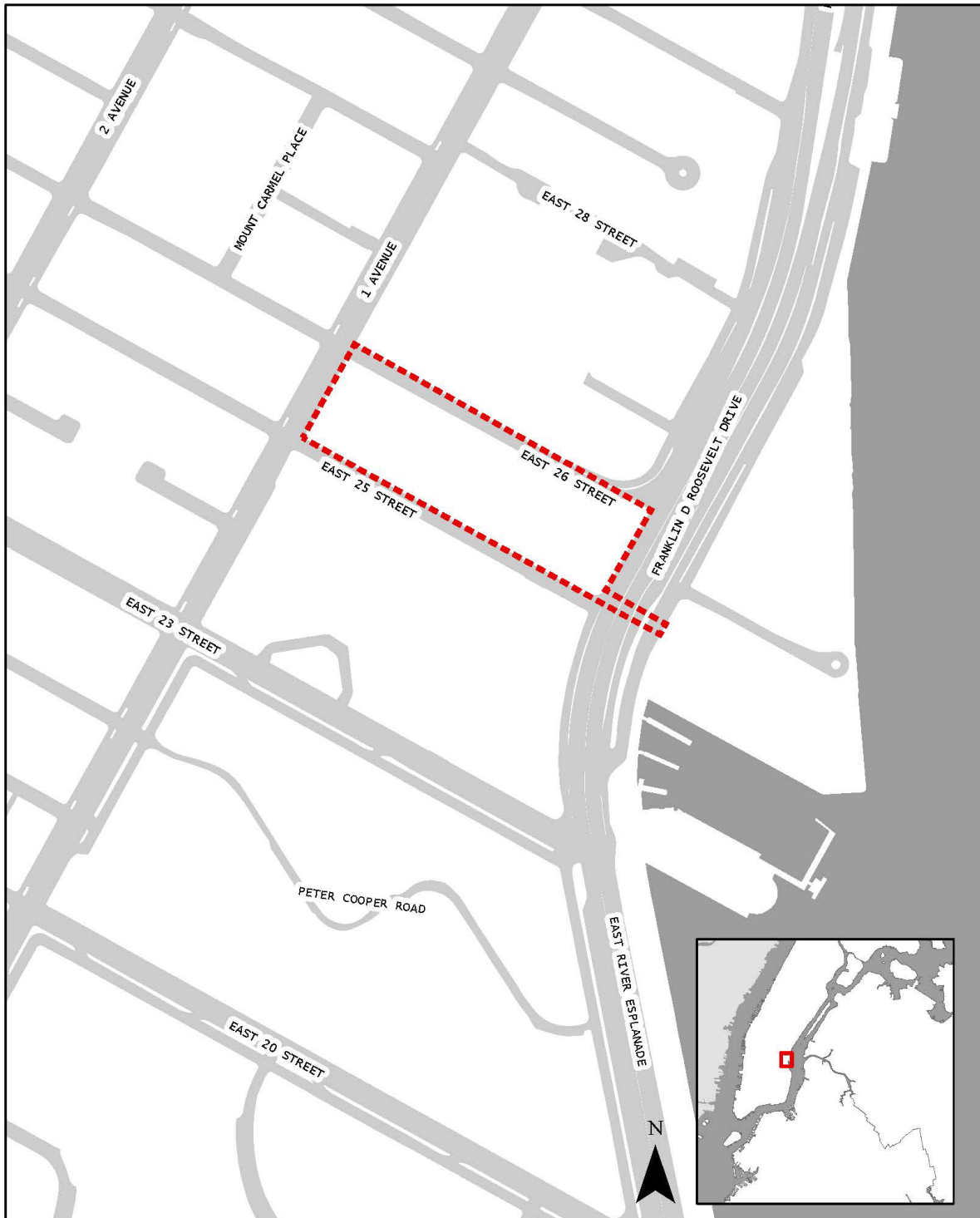
Proposed Resolution: To authorize the President and any empowered officer to enter into the SPARC Construction Manager Contract, any needed Funding Source

Agreements, and any needed amendments to these agreements, substantially as described herein.

Relevant Staff: Sean Yang, Project Director, Capital Program
Zack Aders, Vice President, Capital Program
Jennifer Cass, Senior Vice President, Capital Program
Brian Larsen, Senior Vice President, Capital Program
Kathryn Prybylski, Senior Vice President, Capital Program
Elizabeth Arnaiz, Executive Vice President, Capital Program
Mary Adams, Senior Counsel, Legal

Project Code: 10086

Science Park and Research Campus Kips Bay



*This map is for illustration purposes only

NYCEDC MGIS 2/16/24

EXHIBIT B

EAST NEW YORK INDUSTRIAL BUILDING SUBLEASES
Board of Directors Meeting
September 27, 2024

East New York Industrial Building

SITE LOCATION: Block 3729, Lots 1, 2, 5, 7, 10, 13, 15, 17, 20, 22, 24 and 38
(the “Site”)
Borough of Brooklyn
Community Board No.16
171-201 Powell Street

SITE DESCRIPTION: The Site contains a one story building of approximately 30,000 square feet with six units, along with outside parking areas that total approximately 29,500 square feet.

The building on the Site was constructed in 1992 and is a ‘U’ shaped building that is divided into six approximately 5,000 square foot units.

NYCEDC is in the final stages of an approximately \$9,000,000 modernization project that includes renovations to the interior and exterior portions of the Site.

CITY LEASE: The Site is leased to NYCEDC by the City, acting by and through DCAS, pursuant to an agreement of lease dated as of August 18, 2018.

Sublease of Unit N1

SUBLESSOR: NYCEDC

SUBLESSEE: Lambo Mechanical Inc.

**DESCRIPTION
AND LOCATION OF
SUBLEASED
PROPERTY:**

Approximately 5,000 square feet, known as Unit N1, in the building at the Site will be sublet (the “N1 Subleased Premises”). In addition, Lambo Mechanical Inc. will have the right to use approximately 4,900 square feet of parking area adjacent to Unit N1.

TERM: Five years with a five-year option to renew

BASE RENT: Approximately \$12.00 psf of building space per annum (annual rent of \$60,000) for the entire initial term and renewal period if the option to renew is exercised.

FREE RENT: Six months of free rent.

USE: Industrial use by Lambo Mechanical Inc., which is anticipated to primarily be manufacturing HVAC construction parts and providing other welding and construction services. Additionally, Lambo Mechanical Inc. has represented that it will provide construction and welding training.

APPRAISED VALUE: The appraised value for the N1 Subleased Premises is \$17.60/SF/YR when limited to uses for manufacturing and \$22.00/SF/YR when appraised for highest and best use. The appraiser considered that the parking area would be provided.

Sublease of Unit N2

SUBLESSOR: NYCEDC

SUBLESSEE: Centsible House, Inc.

DESCRIPTION AND LOCATION OF SUBLEASED PROPERTY:

Approximately 5,000 square feet, known as Unit N2, in the building at the Site will be sublet (the "N2 Subleased Premises"). In addition, Centsible House, Inc. will have the right to use approximately 4,900 square feet of parking area adjacent to unit N2.

TERM: Five years with a five-year option to renew

BASE RENT: Approximately \$18.00 psf of building space per annum (annual rent of \$90,000) for the entire initial term, escalating by 3% annually for the renewal period if the option to renew is exercised.

FREE RENT: Six months of free rent.

USE: Industrial use by Centsible House, Inc., which is an energy management company, anticipated to primarily be a training facility and basecamp/gathering place for trained service delivery personnel (i.e., people who will be delivering energy

efficiency and electrification services, as well as other specialty trade services, to Centsible House's customers), an office for energy efficiency and electrification incentive management and project implementation, and a storage facility for key installation components.

**APPRAISED
VALUE:**

The appraised value for the N2 Subleased Premises is \$17.60/SF/YR when limited to uses for manufacturing and \$22.00/SF/YR when appraised for highest and best use. The appraiser considered that the parking area would be provided.

Project Description/Purpose of Disposition/Benefit to the Public of the Subleases

In September 2023, a request for sublease proposals ("Subleasing RFP") was issued by NYCEDC for Units N1 and N2. Lambo Mechanical Inc. and Centsible House, Inc. are two of the ten respondents to the Subleasing RFP. These subtenants were chosen based on selection criteria that included: number of jobs created or relocated to the unit, familiarity with the East New York Community, priority for target industries, proposed plans, use and programs for hiring and other matters, and proposed rent. A summary of the responses to the Subleasing RFP is attached hereto as Exhibit A. Rent was not the highest priority in choosing the subtenants. The other criteria were considered to be more important.

The new subleases will enable Lambo Mechanical Inc. and Centsible House, Inc. to provide jobs and workforce development training in the East New York neighborhood. Tenancing these spaces will activate the only two vacant units at the Site.

Proposed Resolutions

The approval of:

- NYCEDC to sublease Unit N1 to Lambo Mechanical Inc. and provide for the use of the adjacent parking area by Lambo Mechanical Inc., substantially as described herein; and
- NYCEDC to sublease Unit N2 to Centsible House, Inc. and provide for the use of the adjacent parking area by Centsible House, Inc., substantially as described herein.

The Board further resolves that there is no reasonable alternative to the proposed transfers to Lambo Mechanical Inc. and Centsible House, Inc. that will achieve the same purpose as the transfers.

**NYCEDC
PROJECT CODE:** 10605

STAFF: Elizabeth Eichenberger, Assistant Vice President, Asset
Management
Patrick Conway, Vice President, Asset Management
Sean Freas, Vice President, Asset Management
Scott Shostak, Senior Legal Counsel, Legal

Exhibit A: Summary of RFP Responses Received

Ranking	Company	SF	Rent	Use
1	Lambo Mechanical Inc.	5K	\$12.00	Welding services and welding workforce development
1	Working and Learning Together Electronics Recycling Inc.	10K	\$12.00	Electronics and environmental recycling services
2	Centsible House, Inc.	5K-10K	\$18.00	Field office and training facility for energy management company
2	Cypress Plumbing & Heating Supplies, Inc.	10K	\$12.00	Sales and fabrication of plumbing/heating supplies
2	Dean Trading Corp	5K	\$27.40	Sorting recycled textiles/clothing, and manufacturing wiping cloths
2	RT Capital Corp	5K-10K	\$12.00	Line striping field office
3	Studio Practice NYC LLC	10K	\$15.00	Architectural millwork and fabrication
4	New Farm Inc	10K	\$8.50	Produce packing
4	New York Sun Works, Inc	2.5K	\$7.60	Sustainability science, climate education, and hydroponic farming in schools
5	New York Carnival Band Leaders Association Inc.	5K	\$10.80	Caribbean cultural center and coffee shop

EXHIBIT C

**FINANCIAL REPORT PURSUANT TO SECTION 2800 OF THE
PUBLIC AUTHORITIES LAW
Board of Directors Meeting
September 27, 2024**

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, 2024; 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, 2024, 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
Leslie Escobar, 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, 2024 and 2023
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, 2024 and 2023

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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

I. Introductory Section

DRAFT



September 27, 2024

To the Members of the Board:

To follow are the audited financial statements of NYCEDC for the fiscal year ending June 30, 2024, with comparison to our financial position at the close of fiscal year ending June 30, 2023.

This report reflects NYCEDC's focus to ensure the financial position needed to support our mission to create a vibrant, inclusive and globally competitive economy. The attached financial statements reflect the steady return to financial stability following the post COVID period with a \$37.7M increase in net position driven primarily by significant increases in property rental and interest revenue.

Importantly, the improvements in our financials, which align with the City's financial recovery, allow us to continue investing in the strategic priorities that will have an enduring impact on the economic foundation of NYC and provide equitable and inclusive opportunities for New Yorkers.

Across these priorities, we have invested in projects like the Fifth Avenue Corridor Public Realm and Graffiti Free/CleaNYC which supports our priority around strengthening business confidence, particularly in core business districts. Our investments in Workforce Development Programs, LifeSciNYC and Venture Access NYC are examples of our support for our strategic priority to grow innovation sections, while focusing on equity. Building neighborhoods where people live, learn, work, and play is a particular area of focus among our priority projects and includes critical work such as Willets Point Phase 1, NYC Health and Hospitals and Lower Manhattan Coastal Resiliency. This also reflects projects that have a major impact on NYers quality of life, such as the Orchard Beach Pavilion Reconstruction, NYC Summer Concert Series and NY Public Libraries. Finally, delivering sustainable infrastructure rounds out our strategic priorities and includes key initiatives such as the Manhattan Greenway/East Midtown project and the Lower Concourse projects in the Bronx. To note, fiscal year 2024 reflects our highest capital spend of \$809M to drive key projects and initiatives forward across NYC.

I look forward to discussions and feedback about the fiscal year 2024 results reflected in NYCEDC's financial statements as we continue to connect our financial management to our projects and work to deliver a meaningful economic impact for New York City.

Sincerely,

A handwritten signature in black ink, appearing to be "AK", written over a large, light gray "DRAFT" watermark.

Andrew Kimball

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

II. Financial Section

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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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents (collectively referred to as the "basic financial statements").

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, 2024 and 2023, 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 of 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 OPEB contributions and the schedule of investment returns, 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, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 statement of revenues, expenses and changes in fund 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 GAAS. In our opinion, the combining statement of revenues, expenses, and changes in fund net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2024 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.

_____, 2024

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

Management's Discussion and Analysis

June 30, 2024 and 2023

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, 2024. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2024 Financial Highlights

Net position was \$712.4 million at June 30, 2024:

- Cash, cash equivalents and investments increased \$59.2 million (or 10%)
- Right to use lease assets, net and Capital assets, net, decreased \$95.6 million (or 19%)
- Loans receivables and mortgage receivables, net of allowance for uncollectible amounts, decreased \$23.3 million (or 59%)
- Other receivables decreased \$13.9 million (or 44%)
- Leases receivable increased \$48.7 million (or 2%)
- Accounts payable and accrued expenses increased \$28.1 million (or 11%)
- Other liabilities decreased \$19.4 million (or 78%)
- Lease liabilities decreased \$83.0 million (or 30%)
- Deferred inflows of resources – lease increased \$23.5 million (or 1%)

Change in net position is an increase of \$37.7 million for the fiscal year ended June 30, 2024:

- Grant revenues increased \$78.8 million (or 9%)
- Property rental, lease and interest revenue increased \$44.6 million (or 17%)
- Income from investments increased \$12.1 million (or 121%)
- Project costs and program costs increased \$81.1 million (or 10%)
- Ferry related expenses, net decreased \$14.0 million (or 34%)
- Personnel services increased \$11.3 million (or 15%)

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, 2024, 2023 and 2022 (dollars in thousands) and the percentage changes between June 30, 2024 and 2023:

	2024	2023	2022	% Change 2024-2023
Current assets	\$ 879,910	\$ 843,037	\$ 767,188	4%
Non-current assets	3,109,482	3,169,108	3,254,098	(2)%
Total assets	3,989,392	4,012,145	4,021,286	(1)%
Deferred outflows of resources	6,316	5,655	5,884	12%
Current liabilities	377,854	358,226	311,342	5%
Non-current liabilities	548,245	648,893	660,076	(16)%
Total liabilities	926,099	1,007,119	971,418	(8)%
Deferred inflows of resources	2,357,250	2,335,982	2,413,586	1%
Net position:				
Restricted	163,674	109,012	118,753	50%
Unrestricted	331,102	335,524	273,534	(1)%
Net investment in capital assets	217,583	230,163	249,879	(5)%
Total net position	\$ 712,359	\$ 674,699	\$ 642,166	6%

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)

The Corporation's total assets at June 30, 2024 decreased by \$22.8 million or 1%, as compared to fiscal year ended 2023. Cash, cash equivalents, and investments increased by \$59.2 million mainly due to favorable market conditions generating income from investments of \$22.1 million. Loan and mortgage receivables decreased by \$23.3 million mainly due to repayments totaling \$20.4 million from borrowers in connection with two loan programs: the COVID-19 related Hospital Loan Fund (\$18.0 million), and the Emerging Developer Loan Fund (\$2.4 million). Other receivables decreased by \$13.9 million due to the timing of reimbursements from third parties for program costs. Capital assets decreased by \$16.2 million mainly due to \$14.7 million of depreciation. In accordance with the requirements of GASB 87, leases receivable increased by \$48.7 million primarily due to both new and modified leases with present values of leases receivable totaling \$150.0 million, offset with cash received of \$89.0 million. Right to use lease assets decreased by \$79.4 million with the effective termination of the 2009 lease for Piers 11 and 12 at Brooklyn Cruise Terminal, which was replaced by the larger net lease entered into with the Port Authority for the Brooklyn Marine Terminal.

The Corporation's total liabilities decreased by \$81.0 million or 8%. Accounts payable and accrued expenses increased by \$28.1 million primarily due to accruals for work performed on programs on behalf of the City, including \$15.9 million for Workforce Development programs and \$10.9 million for the Lower Manhattan Coastal Resiliency project. Other liabilities decreased \$19.4 million, mainly due to the repayment of \$18.0 million of notes related to the Hospital Loan Fund. In accordance with GASB 87, lease liabilities decreased by \$83.0 million as a result of the net lease entered into with the Port Authority for the Brooklyn Marine Terminal, effectively terminating the 2009 lease for the Brooklyn Cruise Terminal at Piers 11 and 12.

The Corporation's overall net position during fiscal year 2024 increased by \$37.7 million, or 6%, as a result of the fiscal year operating and non-operating activities. This increase consisted of a \$54.7 million increase in restricted net position, offset by a \$4.4 million decrease in unrestricted net position, and a \$12.6 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 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 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)

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, 2024, 2023 and 2022 (dollars in thousands) and the percentage changes between fiscal years 2024 and 2023:

	2024	2023	2022	% Change 2024-2023
Operating revenues:				
Grants	\$ 917,543	\$ 838,705	\$ 886,928	9%
Property rentals and lease revenues	249,697	203,943	180,831	22%
Fees and other income	40,250	52,168	99,625	(23)%
Total operating revenues	1,207,490	1,094,816	1,167,384	10%
Operating expenses:				
Project and program costs	921,792	840,711	835,356	10%
Property rentals and related operating expenses	100,793	91,467	88,663	10%
Ferry related expenses, net	55,196	41,190	45,292	34%
Personnel services	84,467	73,140	67,908	15%
Contract and other expenses to The City	27,277	28,124	26,923	(3)%
Other expenses	54,841	51,530	58,569	6%
Total operating expenses	1,244,366	1,126,162	1,122,711	10%
Operating (loss) income	(36,876)	(31,346)	44,673	18%
Total non-operating income	74,536	63,879	51,029	17%
Change in net position	37,660	32,533	95,702	16%
Total net position, beginning of fiscal year	674,699	642,166	546,464	5%
Total net position, end of fiscal year	\$ 712,359	\$ 674,699	\$ 642,166	6%

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 2024, operating revenues increased by \$112.7 million, or 10%. The increase in operating revenues is largely due to the increase in reimbursable grants of \$78.8 million and property rental, lease and interest revenue of \$44.6 million. The increase in reimbursable grants is primarily due to the following programs and projects: \$151.1 million for the DOH Public Health Lab, \$64.7 million for the New York Public Library, \$57.3 million for Bush Terminal, \$51.6 million for Willets Point and \$35.3 million for the Museum of Chinese in America. These revenue increases were offset by a decrease of \$48.4 million for the Early Childhood Education Stabilization fund, \$23.5 million for Wildlife Conservation and \$22.5 million for work done on behalf of the Health and Hospitals Corporation. Increases in property rental, lease and interest revenue was driven by continued recovery of cruise activity which generated income of \$36.0 million, and by additional rents recognized for Brooklyn Renaissance Plaza and South Brooklyn Marine Terminal amounting to \$9.2 million.

Operating expenses during the fiscal year ended 2024 increased by \$118.2 million or 10%. Reimbursable project costs decreased \$42.3 million mainly due to the termination of the Department of Education's Early Childhood Education Stabilization program, which incurred costs of \$48.4 million in fiscal year ended 2023. Reimbursable program costs increased by \$123.4 million primarily due to the costs incurred for the aforementioned projects for the DOH Public Health Lab, New York Public Library, Bush Terminal, Willets Point and the Museum of Chinese in America. An increase of \$14.0 million in ferry-related expenses is largely due to higher costs for fuel and vessel maintenance. Personnel services increased by \$11.3 million primarily due to a significant increase in EDC staffing.

Accordingly, operating income decreased by \$5.5 million as compared to fiscal year 2023, with the Corporation recognizing a net operating loss of \$36.9 million during fiscal year 2024.

Non-Operating Activities

Total non-operating revenues for fiscal years ended 2024 and 2023 totaled \$74.5 million and \$63.9 million, respectively. The fiscal year 2024 total was primarily made up of \$52.7 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, the Corporation recognized \$22.1 million of investment income during fiscal year 2024, due to higher invested balances and interest rates as compared to prior year.

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 \$36.9 million and non-operating revenue of \$74.5 million, resulted in an increase in net position of \$37.7 million during fiscal year 2024. This constitutes an increase of \$5.1 million or 16% as compared with the change in fiscal year 2023.

Prior Year

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.

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)

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.

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.

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, 2024 and 2023, (dollars in thousands) and the percentage change between June 30, 2024 and 2023:

	2024	2023	% Change 2024–2023
Capital assets			
Leasehold improvements	\$ 92,106	\$ 92,100	–%
Equipment and computer software	19,271	21,514	(10)%
Vessels	239,045	239,045	–%
Work-in progress – other	–	376	(100)%
	<u>350,422</u>	<u>353,035</u>	<u>(1)%</u>
Less accumulated depreciation and amortization	<u>(93,409)</u>	<u>(79,857)</u>	<u>17%</u>
Net capital assets	<u>\$ 257,013</u>	<u>\$ 273,178</u>	<u>(6)%</u>
Right to use lease assets			
Vehicles and equipment	\$ 1,021	\$ 863	18%
Office space	181,737	181,737	–%
Pier 11/12	–	73,166	(100)%
	<u>182,758</u>	<u>255,766</u>	<u>(29)%</u>
Less accumulated depreciation and amortization	<u>(31,101)</u>	<u>(24,689)</u>	<u>26%</u>
Net right to use lease assets	<u>\$ 151,657</u>	<u>\$ 231,077</u>	<u>(34)%</u>

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

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)

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	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents – current	\$ 85,740	\$ 58,959
Restricted cash and cash equivalents – current	144,000	127,627
Unrestricted investments	79,662	79,772
Restricted investments	51,525	44,535
Current portion of loans and mortgage notes receivable	508	20,930
Due from The City, including \$270,502 and \$235,836 under contracts with The City, respectively	305,814	306,584
Tenant receivables, net of allowance for uncollectible amounts of \$43,837 and \$40,755, respectively	20,624	16,075
Current portion of leases receivable	167,496	152,837
Prepaid expenses and other current assets	6,942	4,218
Other receivables	17,599	31,500
Total current assets	879,910	843,037
Non-current assets:		
Restricted cash and cash equivalents	198,795	200,900
Unrestricted investments	68,480	47,699
Restricted investments	13,147	22,617
Loans and mortgage notes receivable, less current portion (less allowance for loan losses of \$6,400 and \$6,996), respectively	15,980	18,829
Leases receivable, less current portion	2,247,035	2,213,019
Right to use lease assets, net	151,657	231,077
Capital assets, net	257,013	273,178
Net OPEB asset	–	3,409
Land held for development, at cost	132,387	132,387
Other assets	24,988	25,993
Total non-current assets	3,109,482	3,169,108
Total assets	3,989,392	4,012,145
Deferred outflows of resources		
Deferred outflows of resources – OPEB	6,316	4,862
Accumulated decrease in fair value of hedging derivatives	–	793
Total deferred outflows of resources	6,316	5,655

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	
	2024	2023
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses, including \$183,545 and \$153,267, respectively, under contracts with The City	\$ 295,611	\$ 267,509
Current portion of lease liabilities	13,296	13,701
Deposits received on pending sales of real estate	5,532	5,956
Due to The City: real estate obligations and other	18,545	18,018
Unearned revenue	41,257	48,282
Other liabilities	3,613	4,760
Total current liabilities	377,854	358,226
Non-current liabilities:		
Tenant security and escrow deposits payable	60,154	67,808
Due to The City: real estate obligations	125,021	125,021
Lease liabilities, less current portion	177,791	260,391
Net OPEB liability	315	—
Unearned revenue, including unearned grant revenue of \$4,864 and \$4,864, respectively, under contracts with The City	89,468	84,731
Retainage payable	93,558	90,755
Other liabilities	1,938	20,187
Total non-current liabilities	548,245	648,893
Total liabilities	926,099	1,007,119
Deferred inflows of resources		
Deferred inflows of resources – leases	2,351,558	2,328,082
Deferred inflows of resources – OPEB	5,439	7,900
Accumulated increase in fair value of hedging derivatives	253	—
Total deferred inflows of resources	2,357,250	2,335,982
Net position		
Restricted by law or under various agreements	163,674	109,012
Unrestricted	331,102	335,524
Net investment in capital assets	217,583	230,163
Total net position	\$ 712,359	\$ 674,699

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	
	2024	2023
Operating revenues:		
Grants	\$ 917,543	\$ 838,705
Property rentals and lease revenues	249,697	203,943
Fee income	11,122	15,734
Other income	29,128	36,434
Total operating revenues	1,207,490	1,094,816
Operating expenses:		
Project costs	112,498	154,774
Program costs	809,294	685,937
Property rentals and related operating expenses	100,793	91,467
Ferry related expenses, net	55,196	41,190
Personnel services	84,467	73,140
Contract and other expenses to The City	27,277	28,124
Interest expenses – leases	4,013	4,129
Depreciation and amortization	28,286	29,042
Other general expenses	22,542	18,359
Total operating expenses	1,244,366	1,126,162
Operating loss	(36,876)	(31,346)
Non-operating revenues (losses):		
Income from investments	22,128	9,996
Interest revenue – leases	52,744	53,883
Other non-operating expenses	(336)	—
Total non-operating revenues, net	74,536	63,879
Change in net position	37,660	32,533
Net position, beginning of fiscal year	674,699	642,166
Net position, end of fiscal year	\$ 712,359	\$ 674,699

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	
	2024	2023
Operating activities		
Property rentals and related leasing revenue	\$ 262,446	\$ 246,597
Grants from The City	919,362	847,321
Fee income	11,148	15,709
Other income	30,901	28,817
Project costs	(118,037)	(117,007)
Program costs	(779,782)	(667,476)
Property rentals and related operating expenses	(92,586)	(91,226)
Ferry expenses	(51,367)	(47,614)
Personnel services	(81,074)	(72,422)
Office rent	(12,224)	(11,802)
Contract and other payments to The City	(26,668)	(52,488)
Other general and administrative expenses	(15,086)	(16,588)
Repayments of loans and mortgage receivable	20,801	6,967
Tenant security and escrow deposits	(7,654)	20,148
Other	(18,230)	(7,123)
Net cash provided by operating activities	41,950	81,813
Capital and related financing activities		
Purchase of capital assets	(237)	(71)
Net cash used in capital and related financing activities	(237)	(71)
Investing activities		
Sale of investments	154,398	90,877
Purchase of investments	(155,063)	(125,891)
Net cash used in investing activities	(665)	(35,014)
Net increase in cash and cash equivalents	41,048	46,728
Cash and cash equivalents, beginning of fiscal year	387,486	340,758
Cash and cash equivalents, end of fiscal year	\$ 428,535	\$ 387,486

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	
	2024	2023
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (36,876)	\$ (31,346)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	28,286	29,042
Provision for bad debts	11,399	9,246
Interest revenue – leases	52,744	53,883
Gain on lease termination	(31,370)	–
Other	1,129	506
Changes in operating assets, liabilities and deferred inflow/outflow of resources:		
Due to/from The City	1,297	(16,849)
Other non-current assets	1,005	(12,501)
Tenant receivables	(13,932)	(13,819)
Prepaid expenses and other receivables	11,179	(10,070)
Loans and mortgage notes receivable	23,270	6,837
Tenant security and escrow deposits payable	(7,654)	20,148
Accounts payable and accrued expenses	28,102	57,842
Deposits received on pending sales of real estate	(424)	487
Net OPEB liability	(3,409)	1,221
Unearned grant revenue	(2,288)	(19,354)
Deferred inflows of resources	(3,915)	82
Retainage payable	2,803	13,269
Other current liabilities	(1,147)	(76)
Other non-current liabilities	(18,249)	(6,735)
Net cash provided by operating activities	<u>\$ 41,950</u>	<u>\$ 81,813</u>
Supplemental disclosures of noncash activities		
Unrealized gain on investments	\$ 4,603	\$ 1,381

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	
	2024	2023
Assets		
Cash and cash equivalents	\$ 12	\$ 136
Investments: Mutual funds	20,972	19,721
Prepaid insurance premium	17	—
Due from NYCEDC	11	32
Accrued interest receivable	1	1
Total assets	<u>21,013</u>	<u>19,890</u>
Liabilities		
Accrued expenses	<u>62</u>	<u>51</u>
Total liabilities	<u>62</u>	<u>51</u>
Net position – restricted for OPEB	<u>\$ 20,951</u>	<u>\$ 19,839</u>

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	
	2024	2023
Additions		
Interest and dividends	\$ 622	\$ 644
Net increase (decrease) in fair value of investments	966	(275)
Total additions	1,588	369
Deductions		
Benefit payments	356	375
Administrative expenses	120	96
Total deductions	476	471
Net increase (decrease) in fiduciary net position	1,112	(102)
Net position – restricted for OPEB		
Beginning of fiscal year	19,839	19,941
End of fiscal year	<u>\$ 20,951</u>	<u>\$ 19,839</u>

See accompanying notes.

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

Notes to Financial Statements

June 30, 2024 and 2023

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 managed by or leased to NYCEDC, which, in turn leases or 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 (continued)

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 42nd Street Development 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).

Recently Adopted and Upcoming Accounting Standards

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The adoption of this statement did not have a significant impact on the Corporation's financial statements.

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 statement will have on its financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Corporation is evaluating the impact this statement will have on its 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)

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Corporation is evaluating the impact this statement 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 evaluates whether each arrangement within each portfolio is 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 recognizes 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. Lease receivables and lease liabilities, as recorded in the statement of net position, are 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 are 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 and funding is approved. 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.

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

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 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 purchased 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.

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.

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)

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 five to seven 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.

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.

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)

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.

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 earnings on all cash and investment 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.

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 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 \$1.7 million and \$2.6 million from its unrestricted net position in fiscal years ended 2024 and 2023, 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.

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

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)

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.

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 each fiscal year ended 2024 and 2023 was \$25.4 million (Note 1).

4. Grants

NYCEDC receives grants for specifically defined projects. For the years ended June 30, 2024 and 2023, grant revenue was \$917.5 million and \$838.7 million, of which \$869.7 million and \$797.6 million comprised of reimbursement grants from and through The City, and the remaining \$47.9 million and \$41.1 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 2024 and 2023, 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, 2024 and 2023, 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):

	2024	2023
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	<u>7,366</u>	<u>7,366</u>
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	<u>125,021</u>	<u>125,021</u>
Total land held for development	<u>\$ 132,387</u>	<u>\$ 132,387</u>

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

6. Other Income

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

	2024	2023
Tenant reimbursements	\$ 9,683	\$ 12,094
Developer contributions	4,268	6,149
Bad debt recovery	3,242	5,216
Other miscellaneous income	11,935	12,975
Total	<u>\$ 29,128</u>	<u>\$ 36,434</u>

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, 2024 and 2023, these mortgage notes totaled \$6.8 million and \$7.0 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.

NYCEDC facilitated a hospital loan fund to address the needs of hospitals in The City caused by the COVID-19 pandemic and related variants. The loans, bearing interest at 1.85% and managed through one loan servicer, matured on December 29, 2023. The outstanding principal, as of June 30, 2024 and 2023, totaled zero and \$18.0 million, exclusive of any interest receivable, respectively. Loan repayments from this program were 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. As of June 30, 2024, there was no outstanding notes payable balance. Accrued interest on the notes totaled zero and \$457,000 as of June 30, 2024 and 2023, respectively.

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Notes to Financial Statements (continued)

7. Loans and Mortgage Notes Receivable (continued)

At June 30, 2024, the loan and mortgage notes portfolio consisted of 10 loans that bear interest at rates ranging from 0% to 9% and mature at various dates through October 1, 2046.

The composition of the entire portfolio, by industry type, at June 30, 2024 was as follows: real estate development 30.7% and other services 69.3%.

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:		
2025	\$ 508	\$ 465
2026	682	327
2027	397	320
2028	404	313
2029	1,212	665
2030–34	8,160	1,407
2035–39	8,658	1,048
2040–44	1,859	292
2045–49	1,008	36
	<u>22,888</u>	<u>\$ 4,873</u>
Allowance for uncollectible amounts	(6,400)	
Loans and mortgage notes receivable, net	<u>\$ 16,488</u>	

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, 2024 and 2023, amounted to \$18.5 million and \$18.0 million, respectively.

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

8. Due to/From The City of New York (continued)

Pursuant to the Master Contract with The City, NYCEDC recorded total grants from and through The City in the amount of \$869.7 million and \$797.6 million during fiscal years 2024 and 2023, respectively, of which \$270.5 million and \$235.8 million in capital funds were unpaid by The City as of June 30, 2024 and 2023, respectively. These unpaid amounts are included in the accompanying statements 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, 2022 to June 30, 2024, consisted of the following (dollars in thousands):

	June 30, 2022	Additions/ Depreciation	Disposals	June 30, 2023	Additions/ Depreciation	Disposals	June 30, 2024
Capital assets							
Equipment	\$ 18,933	\$ 71	\$ —	\$ 19,004	\$ 236	\$ (1,726)	\$ 17,514
Leasehold improvements	92,100	—	—	92,100	6	—	92,106
Vessels	239,045	—	—	239,045	—	—	239,045
Computer software	2,510	—	—	2,510	—	(753)	1,757
Work-in-progress — other	376	—	—	376	(6)	(370)	—
Capital assets	352,964	71	—	353,035	236	(2,849)	350,422
Less: Accumulated depreciation/amortization	(63,135)	(16,722)	—	(79,857)	(16,031)	2,479	(93,409)
Capital assets, net	\$ 289,829	\$ (16,651)	\$ —	\$ 273,178	\$ (15,795)	\$ (370)	\$ 257,013
	June 30, 2022	Additions/ Depreciation	Disposals	June 30, 2023	Additions/ Depreciation	Disposals	June 30, 2024
Right to Use (RTU) lease assets							
Vehicles and equipment	\$ 564	\$ 299	\$ —	\$ 863	\$ 158	\$ —	\$ 1,021
Office space	181,737	—	—	181,737	—	—	181,737
Pier 11/12	73,166	—	—	73,166	—	(73,166)	—
RTU lease assets	255,467	299	—	255,766	158	(73,166)	182,758
Less: Accumulated amortization	(12,331)	(12,358)	—	(24,689)	(12,261)	5,849	(31,101)
RTU lease assets, net	\$ 243,136	\$ (12,059)	\$ —	\$ 231,077	\$ (12,103)	\$ (67,317)	\$ 151,657

Depreciation and amortization of capital assets and right to use lease assets for the fiscal years ended June 30, 2024 and 2023, totaled \$28.3 million and \$29.1 million, of which approximately \$5,100 and \$38,000 was reclassified to ferry related expenses, respectively.

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Notes to Financial Statements (continued)

10. Deposits and Investments

Deposits

At June 30, 2024, NYCEDC's cash and cash equivalents bank balance was \$428.5 million, of which \$12.2 million was FDIC insured. Of the remaining balance, \$218.5 million was invested in money market funds and \$197.8 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.

As of June 30, 2024 and 2023, the Corporation had the following investments. Investments maturities are shown for June 30, 2024, only (dollars in thousands):

	Fair Value		Investment Maturities at June 30, 2024, in Years		
	2024	2023	Less Than 1	1 to 2	Greater Than 2
Money Market	\$ 218,568	\$ 167,407	\$ 218,568	\$ —	\$ —
FHLB notes	85,746	110,850	58,658	14,855	12,233
FFCB notes	52,391	42,938	5,047	34,463	12,881
FHLMC	25,763	16,772	20,602	5,161	—
FNMA	2,034	—	—	—	2,034
Commercial paper	32,914	23,859	32,914	—	—
U.S. Treasuries	13,759	—	13,759	—	—
Certificates of deposit	207	204	207	—	—
	<u>431,382</u>	<u>362,030</u>	<u>\$ 349,755</u>	<u>\$ 54,479</u>	<u>\$ 27,148</u>
Less amount classified as cash equivalents	(218,568)	(167,407)			
Total investments	<u>\$ 212,814</u>	<u>\$ 194,623</u>			

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

10. Deposits and Investments (continued)

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.

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, 2024 and 2023, the Corporation's investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Co (FHLMC), Federal National Mortgage Association (FNMA) and U.S. Treasuries were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's Investor's Service (Moody's) and AA+ by Fitch Ratings (Fitch). Commercial papers held were rated A-1/AA+ by S&P, P-1/Aaa by Moody's and AA+/F1+ by Fitch.

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, 2024 and 2023, the Corporation was not subject to custodial credit risk.

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Notes to Financial Statements (continued)

10. Deposits and Investments (continued)

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, including money markets, that represent 5% or more of total investments as of June 30, 2024 and 2023, (dollars in thousands):

	Dollar Amount and Percentage of Total Investments			
	June 30			
Issuer	2024		2023	
Money Market Funds	\$ 218,568	51%	\$ 167,407	46%
FHLB	85,746	20	110,850	31
FFCB	52,391	12	42,938	12
FHLMC	25,763	6	16,772	5

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 amounted to \$22.1 million and \$10.0 million for the fiscal years ended June 30, 2024 and June 30, 2023 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 1 to 50 years.

Upon implementation of GASB 87 as of July 1, 2021, the Corporation recognizes and measures 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 recognizes 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, 2024, payable by the tenants under leases and subleases, is as follows (dollars in thousands):

	Total Minimum Payments
2025	\$ 167,496
2026	163,740
2027	159,328
2028	149,804
2029	149,482
2030–2034	672,962
2035–2039	634,502
2040–2044	627,173
2045–2049	646,728
2050–2054	660,010
Thereafter	<u>5,051,855</u>
Total	9,083,080
Less: present value adjustment	<u>6,668,549</u>
Leases receivable	<u><u>\$ 2,414,531</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 43 leases with expiration dates between October 31, 2054 and April 18, 2118.

12. NYC Ferry System

In 2016, NYCEDC contracted with Hornblower Group (HNY) for the provision of ferry services under the new NYC Ferry system. Pursuant to a request for proposal, HNY was subsequently re-procured in October 2023. 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, 2024 and 2023, was \$55.2 million and \$41.2 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, 2024 and 2023.

13. Lease Liabilities

At June 30, 2024 and 2023, the Corporation held leases for vehicles, equipment, office space and piers. The Corporation classifies agreements that meet the criteria for GASB 87 as lease liabilities. The vehicle and equipment leases range in duration of three to five years and terminate at various dates through August 2027. Additionally, NYCEDC entered into a long term lease agreement for its office space. The office lease is effective March 2018 with an expiration date of May 31, 2039. In June of 2024, the lease for Piers 11 and 12 at Brooklyn Cruise Terminal was effectively terminated and replaced by the larger net lease with the Port Authority for the Brooklyn Martine Terminal (BMT Lease). The BMT Lease does not meet the criteria for GASB 87 as rent payments are \$0 and accordingly, a lease liability is not recorded for this lease.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2024 are as follows:

	Vehicles and Equipment	Office Space	Total
2025	\$ 324	\$ 12,972	\$ 13,296
2026	109	12,976	13,085
2027	60	12,980	13,040
2028	—	12,984	12,984
2029	—	13,082	13,082
2030–2034	—	70,729	70,729
2035–2039	—	75,118	75,118
Total	<u>\$ 493</u>	<u>\$ 210,841</u>	211,334
Less: adjustment for present value			(20,247)
Lease liabilities			<u><u>\$ 191,087</u></u>

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

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 June 30, 2024 and 2023, amounted to \$6.6 million and \$6.1 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,

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Notes to Financial Statements (continued)

15. Postemployment Benefits Other Than Pensions (continued)

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.

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 – As of July 1, 2023, the following employees were covered by the benefit terms:

Active employees	50
Inactive employees and/or beneficiaries currently receiving benefit payments	59
Future retirees and beneficiaries not currently receiving benefit payments	<u>6</u>
Total participants	<u><u>115</u></u>

Contributions – NYCEDC has the right to establish and amend the contribution requirements. For the fiscal years ended June 30, 2024 and 2023, 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, 2024 based on a roll-forward of data as of July 1, 2023.

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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:

Consumer price index	3.0% per annum
Investment rate of return	2023 – 5.75% per annum 2024 – 5.75% per annum
Salary increases	4.25%
Health care costs trend rates	8.60% grading down to an ultimate rate of 4.75% for Non-Medicare 7.85% grading down to an ultimate rate of 4.75% for Medicare

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 5.26% and 5.74% at June 30, 2024 and 2023, 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 2053. 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

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, 2024 and 2023. Investment maturities are shown for June 30, 2024, only (dollars in thousands):

Investment type	Level	Fair Value		Maturities		
		2024	2023	>1 Year	1–5 Years	6–10 Years
Money market fund	1	\$ 12	\$ 136	\$ 12	\$ –	\$ –
Mutual funds	1	20,972	19,721	20,972	–	–
Total investments by fair value level		20,984	19,857	\$ 20,984	\$ –	\$ –
Less amounts reported as cash equivalents per the financial statements		(12)	(136)			
Total investments per the financial statements		\$ 20,972	\$ 19,721			

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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, 2024 and 2023, 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, 2024 and 2023, 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 7.8% and 1.8% for the fiscal years ended June 30, 2024 and 2023, 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, 2024 (dollars in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at beginning of the year	\$ 16,430	\$ 19,839	\$ (3,409)
Changes for the year:			
Service cost	239	—	239
Interest	946	—	946
Difference between expected and actual experience	1,428	—	1,428
Changes of assumptions	2,579	—	2,579
Net investment income	—	1,588	(1,588)
Benefit payments	(356)	(356)	—
Plan expense	—	(120)	120
Net changes	4,836	1,112	3,724
Net OPEB liability at end of year	<u>\$ 21,266</u>	<u>\$ 20,951</u>	<u>\$ 315</u>

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 (4.26%) or 1 percentage point higher (6.26%) than the current discount rate (dollars in thousands):

	1% Decrease	Discount Rate (5.26%)	1% Increase
Net OPEB (asset) liability, June 30, 2024	\$ 3,070	\$ 315	\$ (2,007)

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, 2024	\$ (2,440)	\$ 315	\$ 3,664

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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, 2024 and 2023, NYCEDC recognized OPEB expense of \$0.2 million and OPEB income of \$1.1 million, respectively. OPEB income and expense are reported in the Corporation's financial statements as part of personnel services expense. At June 30, 2024, NYCEDC reported deferred inflows and outflows of resources related to OPEB from the following sources (dollars in thousands):

	Deferred Inflows	Deferred Outflows
Difference between expected and actual experience	\$ 273	\$ 1,365
Changes in assumptions	4,751	2,812
Difference between projected and actual investment earnings/loss	415	2,139
	<u>\$ 5,439</u>	<u>\$ 6,316</u>

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

Fiscal year ended June 30:	
2025	\$ 360
2026	370
2027	65
2028	82
2029 and thereafter	—
	<u>\$ 877</u>

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

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):

	2024	2023
Total assets	\$ 5,448	\$ 4,523
Total liabilities	14	10
Total net position	<u>\$ 5,434</u>	<u>\$ 4,513</u>

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):

	2024	2023
Operating revenues	\$ 1,026	\$ 755
Operating expenses	105	101
Operating income	921	654
Change in net position	921	654
Total net position, beginning of fiscal year	4,513	3,859
Total net position, end of fiscal year	<u>\$ 5,434</u>	<u>\$ 4,513</u>

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, 2024 and 2023 (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Total assets	\$ 2,848	\$ 4,332
Total liabilities	800	800
Total net position	<u>\$ 2,048</u>	<u>\$ 3,532</u>

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):

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 77	\$ —
Operating expenses	—	—
Operating income (loss)	77	—
Non-operating income	57	37
Interfund transfers	<u>(1,618)</u>	—
Change in net position	<u>(1,484)</u>	37
Total net position, beginning of fiscal year	3,532	3,495
Total net position, end of fiscal year	<u>\$ 2,048</u>	<u>\$ 3,532</u>

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):

	2024	2023
Total assets	\$ 200	\$ 200
Total liabilities	—	—
Total net position	<u>\$ 200</u>	<u>\$ 200</u>

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):

	2024	2023
Operating revenues	\$ —	\$ —
Operating expenses	—	125
Operating income (loss)	—	(125)
Non-operating income	—	—
Change in net position	—	(125)
Total net position, beginning of fiscal year	200	325
Total net position, end of fiscal year	<u>\$ 200</u>	<u>\$ 200</u>

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):

	2024	2023
Total assets	\$ 188,468	\$ 197,790
Total liabilities	—	—
Total net position	<u>\$ 188,468</u>	<u>\$ 197,790</u>

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):

	2024	2023
Operating revenues	\$ —	\$ —
Operating expenses	<u>9,322</u>	<u>9,322</u>
Operating loss	<u>(9,322)</u>	<u>(9,322)</u>
Change in net position	(9,322)	(9,322)
Total net position, beginning of year	<u>197,790</u>	<u>207,112</u>
Total net position, end of year	<u>\$ 188,468</u>	<u>\$ 197,790</u>

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):

	2024	2023
Total assets	\$ 1,042	\$ 968
Total liabilities	971	934
Total net position	<u>\$ 71</u>	<u>\$ 34</u>

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):

	2024	2023
Operating revenues	\$ —	\$ —
Operating expenses	—	—
Operating income	—	—
Non-operating income	37	24
Change in net position	37	24
Total net position, beginning of fiscal year	34	10
Total net position, end of fiscal year	<u>\$ 71</u>	<u>\$ 34</u>

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):

	2024	2023
Total assets	\$ —	\$ 19,144
Total liabilities	—	19,144
Total net position	<u>\$ —</u>	<u>\$ —</u>

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):

	2024	2023
Operating revenues	\$ 643	\$ 447
Operating expenses	<u>643</u>	<u>447</u>
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	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

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, 2024 and 2023, \$2,018 and \$2,022, 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 each of the fiscal years ended June 30, 2024 and 2023, the Corporation earned management fee income from IDA of \$4.4 million. At June 30, 2024 and 2023, the amount due from IDA totaled \$0.4 million and \$1.5 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 each of the fiscal years ended June 30, 2024 and 2023, NYCEDC earned management fee income from Build NYC of \$2.2 million. At June 30, 2024 and 2023, the amount due from Build NYC totaled \$5,700, and \$11,047, 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 each of the fiscal years ended June 30, 2024 and 2023, NYCEDC earned management fees of \$0.3 million from TCR. At June 30, 2024 and 2023, the amount due from TCR totaled zero and \$22,713, 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, 2024 and 2023. At June 30, 2024 and 2023, the amounts due from NCC for the reimbursement of costs paid by the Corporation on behalf of NCC totaled \$590 and \$250, 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, 2024 and 2023. At June 30, 2024 and 2023, the amounts due from PRIF for the reimbursement of costs paid by NYCEDC on behalf of PRIF, totaled \$50,746 and \$34,634, 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. HNY was subsequently re-procured in October 2023. Under the contracts, 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, 2024 and 2023, 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, 2024, 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, 2024	Average Futures Price \$/Gallon
	336,000	8	July-24	\$ (31,256)	\$ 2.6262
	294,000	7	August-24	10,597	2.5129
	336,000	8	September-24	10,899	2.5234
	294,000	7	October-24	26,208	2.4683
	294,000	7	November-24	38,690	2.4200
	294,000	7	December-24	21,575	2.4786
	252,000	6	January-25	15,590	2.4834
	294,000	7	February-25	20,891	2.4604
	294,000	7	March-25	22,710	2.4329
	336,000	8	April-25	7,417	2.4731
	336,000	8	May-25	13,776	2.4425
	336,000	8	June-25	20,882	2.4188
	378,000	9	July-25	37,762	2.3800
	294,000	7	August-25	37,439	2.3529
Total fair value				<u>\$ 253,180</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, 2024, \$1.8 million was recognized as an offset to Ferry related expenses, net, for rebates received.

19. Commitments and Contingencies

NYCEDC has an aggregate contractual commitment of \$408.4 million under different self-funded economic development initiatives and projects, including but not limited to the NYC Ferry system and cybersecurity initiatives.

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

Notes to Financial Statements (continued)

19. Commitments and Contingencies (continued)

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, 2024, NYCEDC's aggregate remaining commitments for these programs is \$62.2 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.

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)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$ 239	\$ 344	\$ 473	\$ 407	\$ 380	\$ 531	\$ 561	\$ 613
Interest	946	856	832	897	816	704	666	593
Changes of benefit terms	—	—	—	—	900	—	—	—
Difference between expected and actual experience	1,428	(185)	(277)	(99)	1,440	(206)	(103)	—
Changes in assumptions	2,579	(1,963)	(7,483)	2,379	(1,177)	(3,180)	(147)	—
Benefit payments	(356)	(375)	(408)	(330)	(208)	(201)	(225)	(225)
Net change in total OPEB liability	4,836	(1,323)	(6,863)	3,254	2,151	(2,352)	(752)	(584)
Total OPEB liability – beginning	16,430	17,753	24,616	21,362	19,211	21,563	20,811	21,395
Total OPEB liability – ending (a)	\$ 21,266	\$ 16,430	\$ 17,753	\$ 24,616	\$ 21,362	\$ 19,211	\$ 21,563	\$ 20,811
Total fiduciary net position:								
Contributions – employer	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,000	\$ —
Net investment income	1,588	369	(3,470)	1,294	2,434	1,195	—	—
Administrative expenses paid by the Trust	(120)	(96)	(116)	(98)	(36)	—	—	—
Benefit payments	(356)	(375)	(408)	(330)	—	—	—	—
Benefits and expenses payable	—	—	—	—	(524)	—	—	—
Net change in fiduciary net position	1,112	(102)	(3,994)	866	1,874	1,195	20,000	—
Trust fiduciary net position – beginning	19,839	19,941	23,935	23,069	21,195	20,000	—	—
Trust fiduciary net position – ending (b)	\$ 20,951	\$ 19,839	\$ 19,941	\$ 23,935	\$ 23,069	\$ 21,195	\$ 20,000	\$ —
Corporation’s net OPEB (asset) liability – end of fiscal year (a-b)	\$ 315	\$ (3,409)	\$ (2,188)	\$ 681	\$ (1,707)	\$ (1,984)	\$ 1,563	\$ 20,811
Trust fiduciary net position as a percentage of the total OPEB liability	99%	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)

Notes to Schedule

Benefit Changes:

Since the prior full valuation as of June 30, 2022, 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. The per capita claims costs used in the valuation were based on the revised census as of July 1, 2023 and 2024 plan self-funded budget and full insured premium rates.
2. Discount rate was changed from 5.74% at June 30, 2023, to 5.26% at June 30, 2024.
3. Healthcare cost trend rate assumptions changed from an initial rate of 7.55% for Non-Medicare and 7.15% for Medicare benefits grading down to an ultimate rate of 4.75% in FY2030 to an initial rate of 8.60% for Non-Medicare and 7.85% for Medicare benefits grading down to an ultimate rate of 4.75% in FY2032.
4. The plan election assumption for future retirees and pre-65 retirees were updated from 100% selecting the MAPD plan to two-thirds electing the MAPD plan and one-third electing the Active Plan.

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)

	2024	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	\$ 7,478	\$ 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, 2024
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
CPI:	3.0% per annum
Salary increases:	4.25% per annum
Investment rate of return:	5.75% for 2024
Health care trend rates:	8.60% grading down to an ultimate rate of 4.75% for Non-Medicare, 7.85% grading down to an ultimate rate of 4.75% for Medicare
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.

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

	2024	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	7.8%	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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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, 2024	June 30, 2023
Operating revenues:																
Grants	\$ 106,579	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 808,762	\$ 2,202	\$ —	\$ 917,543	\$ —	\$ 917,543	\$ 838,705
Property rentals	59,005	93,507	—	—	93,507	—	34,095	4,776	—	—	—	76,772	268,155	(18,458)	249,697	203,943
Ferry related revenues	—	—	22,749	(22,749)	—	—	—	—	—	—	—	—	—	—	—	—
Fee income	10,772	71	—	—	71	—	170	—	—	—	12	97	11,122	—	11,122	15,734
Other income	5,488	8,909	1,553	(1,553)	8,909	—	5,034	59	338	—	8,862	438	29,128	—	29,128	36,434
Other Income – 42nd Street	49,303	—	—	—	—	—	—	—	—	—	—	(49,303)	—	—	—	—
Total operating revenues	231,147	102,487	24,302	(24,302)	102,487	—	39,299	4,835	338	808,762	11,076	28,004	1,225,948	(18,458)	1,207,490	1,094,816
Operating expenses:																
Project costs	100,869	—	—	—	—	—	—	—	—	—	11,629	—	112,498	—	112,498	154,774
Program costs	—	—	—	—	—	—	—	—	532	808,762	—	—	809,294	—	809,294	685,937
Property rentals and related operating expenses	18,432	53,819	—	—	53,819	—	21,112	4,993	—	—	—	3,865	102,221	(1,428)	100,793	91,467
Ferry related expenses	—	—	79,498	(24,302)	55,196	—	—	—	—	—	—	—	55,196	—	55,196	41,190
Personnel Services	70,208	9,352	—	—	9,352	—	2,350	475	204	—	989	889	84,467	—	84,467	73,140
Contract and other expenses to The City	1,733	—	—	—	—	—	—	—	—	—	139	25,405	27,277	—	27,277	28,124
Office rent	11,726	—	—	—	—	—	—	—	—	—	—	—	11,726	(11,726)	—	—
Interest expense – leases	—	—	—	—	—	—	—	—	—	—	—	—	—	4,013	4,013	4,129
Depreciation and amortization	5,433	384	—	—	384	9,321	887	—	—	—	—	—	16,025	12,261	28,286	29,042
Other general expenses	17,147	3,335	—	—	3,335	—	1,910	—	343	—	17	—	22,752	(210)	22,542	18,359
Total operating expenses	225,548	66,890	79,498	(24,302)	122,086	9,321	26,259	5,468	1,079	808,762	12,774	30,159	1,241,456	2,910	1,244,366	1,126,162
Operating income (loss)	5,599	35,597	(55,196)	—	(19,599)	(9,321)	13,040	(633)	(741)	—	(1,697)	(2,155)	(15,508)	(21,368)	(36,876)	(31,346)
Non-operating revenues (expenses):																
Income (loss) from Investments	16,018	1,073	—	—	1,073	—	—	676	1,910	—	2,023	428	22,128	—	22,128	9,996
Interest revenue – leases	—	—	—	—	—	—	—	—	—	—	—	—	—	52,744	52,744	53,883
Non-operating income/(expense)	—	23	—	—	23	—	(359)	—	—	—	—	—	(336)	—	(336)	—
Total non-operating revenues (expenses):	16,018	1,096	—	—	1,096	—	(359)	676	1,910	—	2,023	428	21,792	52,744	74,536	63,879
Income before transfers	21,617	36,693	(55,196)	—	(18,503)	(9,321)	12,681	43	1,169	—	325	(1,727)	6,284	31,376	37,660	32,533
Interfund transfers	(10,163)	(37,103)	37,103	—	—	—	(13,939)	—	—	—	(29)	24,131	—	—	—	—
Change in net position	11,454	(410)	(18,093)	—	(18,503)	(9,321)	(1,258)	43	1,169	—	296	22,404	6,284	31,376	37,660	32,533
Total net position, beginning of fiscal year	473,740	8,813	(112,743)	—	(103,930)	197,790	13,881	4,379	49,086	3,012	48,651	—	686,609	(11,910)	674,699	642,166
Total unrestricted net position, end of fiscal year	430,176	7,000	(130,836)	—	(123,836)	—	—	—	—	—	—	—	306,340	24,763	331,103	335,524
Total restricted net position, end of fiscal year	—	—	—	—	—	—	500	4,422	50,255	3,012	48,947	22,404	129,540	34,133	163,673	109,012
Total net investment in capital assets, end of fiscal year	55,018	1,403	—	—	1,403	188,469	12,123	—	—	—	—	—	257,013	(39,430)	217,583	230,163
Total net position, end of fiscal year	\$ 485,194	\$ 8,403	\$ (130,836)	\$ —	\$ (122,433)	\$ 188,469	\$ 12,623	\$ 4,422	\$ 50,255	\$ 3,012	\$ 48,947	\$ 22,404	\$ 692,893	\$ 19,466	\$ 712,359	\$ 674,699

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

III. Government Auditing Standards Section

DRAFT

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, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements (collectively referred to as the "financial statements"), and have issued our report thereon dated _____, 2024.

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 opinions 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.

_____, 2024

Annual Report for New York City Economic Development Corporation

Fiscal Year Ending: 06/30/2024

Run Date: 09/19/2024
Status: UNSUBMITTED
Certified Date: N/A

Summary Financial Information
SUMMARY STATEMENT OF NET ASSETS

			Amount
Assets			
Current Assets			
	Cash and cash equivalents		\$229,740,283.00
	Investments		\$131,186,797.00
	Receivables, net		\$512,041,798.00
	Other assets		\$6,941,392.00
	Total current assets		\$879,910,270.00
Noncurrent Assets			
	Restricted cash and investments		\$280,422,670.00
	Long-term receivables, net		\$2,263,015,153.00
	Other assets		\$31,303,087.00
	Capital Assets		
		Land and other nondepreciable property	\$132,387,246.00
		Buildings and equipment	\$533,179,785.00
		Infrastructure	\$0.00
		Accumulated depreciation	\$124,510,053.00
		Net Capital Assets	\$541,056,978.00
	Total noncurrent assets		\$3,115,797,888.00
Total assets			\$3,995,708,158.00
Liabilities			
Current Liabilities			
	Accounts payable		\$103,231,564.00
	Pension contribution payable		\$0.00
	Other post-employment benefits		\$0.00
	Accrued liabilities		\$229,752,695.00
	Deferred revenues		\$41,257,220.00
	Bonds and notes payable		\$0.00
	Other long-term obligations due within one year		\$3,612,598.00
	Total current liabilities		\$377,854,077.00
Noncurrent Liabilities			

Annual Report for New York City Economic Development Corporation

Fiscal Year Ending: 06/30/2024

Run Date: 09/19/2024
Status: UNSUBMITTED
Certified Date: N/A

	Pension contribution payable		\$0.00
	Other post-employment benefits		\$315,063.00
	Bonds and notes payable		\$0.00
	Long term leases		\$177,790,722.00
	Other long-term obligations		\$2,727,389,227.00
	Total noncurrent liabilities		\$2,905,495,012.00
Total liabilities			\$3,283,349,089.00
Net Asset (Deficit)			
Net Assets			
	Invested in capital assets, net of related debt		\$217,582,803.00
	Restricted		\$163,673,792.00
	Unrestricted		\$331,102,474.00
	Total net assets		\$712,359,069.00

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

		Amount
Operating Revenues		
	Charges for services	\$947,115,930.00
	Rental and financing income	\$260,374,985.00
	Other operating revenues	\$0.00
	Total operating revenue	\$1,207,490,915.00
Operating Expenses		
	Salaries and wages	\$66,922,453.00
	Other employee benefits	\$17,544,552.00
	Professional services contracts	\$1,104,099,505.00
	Supplies and materials	\$1,089,926.00
	Depreciation and amortization	\$28,286,751.00
	Other operating expenses	\$26,423,703.00
	Total operating expenses	\$1,244,366,890.00
Operating income (loss)		(\$36,875,975.00)
Nonoperating Revenues		
	Investment earnings	\$22,128,283.00
	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: 06/30/2024

Run Date: 09/19/2024
Status: UNSUBMITTED
Certified Date: N/A

	Other nonoperating revenues		\$52,743,922.00
	Total nonoperating revenue		\$74,872,205.00
Nonoperating Expenses			
	Interest and other financing charges		\$0.00
	Subsidies to other public authorities		\$0.00
	Grants and donations		\$0.00
	Other nonoperating expenses		\$335,899.00
	Total nonoperating expenses		\$335,899.00
	Income (loss) before contributions		\$37,660,331.00
Capital contributions			\$0.00
Change in net assets			\$37,660,331.00
Net assets (deficit) beginning of year			\$674,698,738.00
Other net assets changes			\$0.00
Net assets (deficit) at end of year			\$712,359,069.00

EXHIBIT D

ANNUAL INVESTMENT REPORT
Board of Directors Meeting
September 27, 2024

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, 2024; 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
Leslie Escobar, Assistant Treasurer

**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
ANNUAL INVESTMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024, 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, 2024 by Ernst & Young LLP.

Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposit and securities was approximately \$17,500,000 for the fiscal year ended June 30, 2024.

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, 2024 and 2023
With Report of Independent Auditors

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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 Investments

Years Ended June 30, 2024 and 2023

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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, 2024 and 2023, and the related notes (collectively referred to as the “schedule”).

In our opinion, the accompanying schedule presents fairly, in all material respects, the investments of the Corporation at June 30, 2024 and 2023 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, 2024 and 2023

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, 2024 and 2023, and our report thereon, dated _____, 2024, 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 _____, 2024, 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.

_____, 2024

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

Schedule of Investments
(In Thousands of Dollars)

	June 30,	
	2024	2023
Operating	\$ 242,426	\$ 154,691
Restricted	188,956	207,339
Total investments	<u>\$ 431,382</u>	<u>\$ 362,030</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, 2024

1. Background and Organization

New York City Economic Development Corporation (NYCEDC or the Corporation) 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 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 leases or 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, the Corporation has not been required to remit rental revenues from the 42nd Street Development 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, 2024 and 2023, the Corporation had the following investments. Investment maturities are shown for June 30, 2024, only (dollars in thousands):

	Fair Value		Investment Maturities at June 30, 2023 (In Years)		
	2024	2023	Less Than 1	1 to 2	Greater Than 2
Money Market	\$ 218,568	\$ 167,407	\$ 218,568	\$ –	\$ –
FHLB notes	85,746	110,850	58,658	14,855	12,233
FFCB notes	52,391	42,938	5,047	34,463	12,881
FHLMC	25,763	16,772	20,602	5,161	–
FNMA	2,034	–	–	–	2,034
Commercial paper	32,914	23,859	32,914	–	–
U.S. Treasuries	13,759	–	13,759	–	–
Certificates of deposit	207	204	207	–	–
	\$ 431,382	\$ 362,030	\$ 349,755	\$ 54,479	\$ 27,148

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, 2024 and 2023, the Corporation’s investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Co (FHLMC), Federal National Mortgage Association (FNMA) and U.S. Treasuries were rated AA+ by Standard & Poor’s (S&P), Aaa by Moody’s Investor’s Service (Moody’s) and AA+ by Fitch Ratings (Fitch). Commercial papers held were rated A-1/AA+ by S&P, P-1/Aaa by Moody’s and AA+/F1+ by Fitch.

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, 2024 and 2023, 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, 2024		June 30, 2023	
Money Market Funds	\$ 218,568	51%	\$ 167,407	46%
FHLB	85,746	20	110,850	31
FFCB	52,391	12	42,938	12
FHLMC	25,763	6	16,772	5

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 of the New York City Economic Development Corporation (the Corporation), a component unit of The City of New York, as of June 30, 2024 and the related notes (collectively referred to as the “schedule”), and have issued our report thereon dated _____, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the schedule, 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 schedule, 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 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 Corporation'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.

_____, 2024

EXHIBIT E

PERFORMANCE MEASUREMENT REPORT
Board of Directors Meeting
September 27, 2024

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 and the achievement of its goals may be evaluated and, on May 1, 2024, NYCEDC's Board approved a mission statement and performance measures for Fiscal Year 2024.

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 2024 and a chart that includes definitions/explanations of how the information in the measurement report was determined. For comparison purposes, the measurements for Fiscal Year 2023 are also included in Attachment A.

Attachment A

Authority Performance Measurement Report for Fiscal Years 2024 and 2023

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

<i>Performance Measurement</i>	<i>New</i>	<i>Updated</i>	<i>Trend</i>	<i>FY24 Actuals 7/1/23 – 6/30/24</i>	<i>FY23 Actuals 7/1/22 – 6/30/23</i>
Strengthen business confidence					
Private investment committed through NYCEDC for place-based development		✓	Up	\$1,485,802,600	\$903,381,690
Capital expenditure on NYCEDC-managed assets			Down	\$38,042,735	\$69,822,046*
Occupancy rate of NYCEDC-managed assets			Stable	99.1%	99.1%
Square footage of NYCEDC-managed assets			Stable	66.7M SF	64.6M SF
Revenue generated by NYCEDC asset portfolio			Stable	\$313,124,658	\$313,244,199*
Grow innovation sectors, focusing on equity					
Businesses served by industry-focused programmatic initiatives			Up	6,034	4,759
Participants in innovative sector programming	✓		Up	12,477	5,660
M/WBE participation rate			Up	37%	32%
M/WBE award rate			Up	39%	29%
Construct NYC award value to cohort participants	✓		Up	\$8,580,672	\$4,331,361
Build neighborhoods where New Yorkers live, learn, work, and play					
Capital expenditures on non-NYCEDC assets	✓		Up	\$767,400,358	\$692,916,650*
Community engagements facilitated by NYCEDC	✓		Up	626	455
Businesses operating in properties actively managed by NYCEDC	✓		Stable	380	378
Cultivate dynamic, resilient, livable communities throughout the five boroughs					
Space to be (re)developed through NYCEDC	✓		Up	6.47M SF (building) and 81.24 acres (open space)	1.42M SF (building) and 21.78 acres (open space)
Ferry rides provided by NYCEDC		✓	Up	7,116,233	6,596,463

* FY23 data have been revised to reflect NYCEDC’s audited financial statements or updates to available data.

Definitions/Explanations - Authority Performance Measurement Report for Fiscal Years 2024

Performance Measures	Definitions
Strengthen Business Confidence	
Private investment committed through NYCEDC for place-based development	Private investment made by non-government entities (e.g. private sector, philanthropy) through EDC's place-based re/development (real estate and asset management) and financial incentive programs, measured at dollars committed at contract signing.
Capital expenditure on NYCEDC-managed assets	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.
Occupancy rate of NYCEDC-managed assets	For NYCEDC-managed assets, the number of square feet leased as a percent of the total available space.
Square footage of NYCEDC-managed assets	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.
Grow innovation sectors, focusing on equity	
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.
Participants in innovative sector programming	The total number of participants benefitting from innovation sector (tech, life sciences, the green economy, offshore wind, and creative) programming funded directly through City programs or as a result of City investments in curriculum design, space, or other industry development activities. Examples of these programs are the Fullstack Cyber Bootcamp, LifeSci NYC Internship Program, and Venture Access programs. Does not include programming that is industry agnostic.
M/WBE participation rate	The ratio of MWBE contract expenditures to total contract expenditures with MWBE goals. Participation/attainment refers to payments.
M/WBE award rate	The ratio of MWBE contract awards to total contracts with MWBE goals. 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).
Construct NYC award value to cohort participants	Total dollar amount awarded to MWBE firms that participated in a ConstructNYC cohort during the reporting period.
Build neighborhoods where New Yorkers live, learn, work, and play	
Capital expenditures on non-NYCEDC assets	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. Including City capital funding disbursed in connection with active funding agreement contracts between NYCEDC and non-City entities.
Community engagements facilitated by NYCEDC	The number of community-based engagements facilitated by NYCEDC through programs, community outreach events and public affairs, including neighborhood-based community events, educational outreach, speaking engagements, ribbon cuttings, and one-off programmatic engagements. Sustained cohort-based programs (with consistent, selected attendees, i.e. Construct NYC, Founder Fellows, etc.) have been omitted.
Businesses operating in properties actively managed by NYCEDC	The number of businesses utilizing space in properties that EDC directly manages. The number does not include subtenants whose lease or other operating agreement is not directly managed by EDC.
Cultivate dynamic, resilient, livable communities throughout the five boroughs	
Space to be (re)developed through NYCEDC	For square footage, new or redeveloped building space committed through place-based programs, investments and development during the reporting period. Building space is comprised of mixed-use infrastructure including industrial, commercial and residential improvements. For acres, new or redeveloped public space (greenspace, open space, park space) committed through place-based programs, investments and development during the reporting period.
Ferry rides provided by NYCEDC	The cumulative ridership of passengers traveling on the NYC Ferry as reported to NYCEDC by Hornblower, Inc.