

MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF  
APPLE INDUSTRIAL DEVELOPMENT CORP.  
June 5, 2014

A special meeting of the Board of Directors of Apple Industrial Development Corp. ("Apple") was held on Thursday, June 5, 2014, at the offices of New York City Economic Development Corporation ("NYCEDC") at 110 William Street, New York, New York.

The following Directors of Apple were present:

William Candelaria (by means of conference telephone)  
Alan Friedberg (by means of conference telephone)  
Dmitri Konon  
James McSpirtt

Also present were members of NYCEDC staff.

The meeting was called to order at approximately 1:00 p.m. Meredith Jones, Secretary of Apple, served as secretary of the duly constituted meeting, at which a quorum was present. Also present was Mark Silversmith, Assistant Secretary of Apple, Kim Vaccari, a Senior Vice President of Apple, and Guilaine Senecal a Counsel of NYCEDC.

1. Merger of Apple into NYCEDC

A discussion was held concerning the proposed merger of Apple into NYCEDC. Following the discussion, a motion was made to adopt the resolutions set forth in Attachment A hereto. The motion was seconded and unanimously approved.

2. 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.

  
Assistant Secretary

Dated: June 24, 2014  
New York, New York

Attachment A

**RESOLUTIONS  
OF THE  
BOARD OF DIRECTORS  
OF  
APPLE INDUSTRIAL DEVELOPMENT CORP.**

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**Whereas**, the Board of Directors of Apple Industrial Development Corp. (the "**Corporation**") has determined that it is in the best interests of the Corporation and in furtherance of its corporate purposes to combine the business and assets of the Corporation with New York City Economic Development Corporation ("**NYCEDC**"); and

**Whereas**, the Board of Directors of the Corporation has determined that the most efficient way to accomplish such combination of business and assets is through a merger of the Corporation with and into NYCEDC (the "**Merger**");

**Now, therefore, be it:**

**Plan of Merger**

**Resolved**: that the Board of Directors of the Corporation, in accordance with Section 903 of the N-PCL, hereby approves the Merger and specifically accepts and approves the terms and conditions of the Plan of Merger of the Corporation with and into NYCEDC (the "**Plan of Merger**"), substantially in the form attached to these Resolutions as **Exhibit A**; and

**Consideration by Membership**

**Resolved, further**: that the Board of Directors of the Corporation hereby submits the Plan of Merger to the Membership of the Corporation for approval at a special meeting of the Membership to be called and held in accordance with Section 903 of the N-PCL; and

**Approval of the Court**

**Resolved, further**: that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon approval of the Plan of Merger by the Membership of the

Corporation, to file with the Supreme Court of the State of New York the Verified Petition for Approval of Merger, substantially in the form attached to these Resolutions as **Exhibit B**; and

**Certificate of Merger**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon the issuance of an order by the Supreme Court of the State of New York approving the Plan of Merger and authorizing the filing of the Certificate of Merger as required under Section 907 of the N-PCL, to execute and file with the New York State Department of State the Certificate of Merger of the Corporation with and into NYCEDC (the "**Certificate of Merger**"), substantially in the form attached to these Resolutions as **Exhibit C**; and

**General Authority**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the officers of the Corporation to execute such other documents and take such further actions as may be necessary or advisable to carry out the purposes of the foregoing resolutions, including the filing of these Resolutions with the records of the meetings of the Board of Directors of the Corporation.

**EXHIBIT A**  
**TO**  
**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**

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**PLAN OF MERGER OF APPLE INDUSTRIAL DEVELOPMENT CORP. WITH  
AND INTO NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

*(See attached.)*

**PLAN OF MERGER**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**  
**WITH AND INTO**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

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In accordance with section 902 of the New York Not-for-Profit Corporation Law (“N-PCL”), the Boards of Directors of Apple Industrial Development Corp. (“Apple”) and New York City Economic Development Corporation (“NYCEDC”) have adopted this Plan of Merger.

**1. NAMES OF CONSTITUENT CORPORATIONS.**

- 1.1. The names of the constituent corporations are Apple Industrial Development Corp. and New York City Economic Development Corporation.
- 1.1. The surviving corporation will be NYCEDC.
- 1.2. NYCEDC was originally incorporated on May 27, 2012 under the name New York City Economic Growth Corporation (“EGC”).
- 1.3. On November 1, 2012, New York City Economic Development Corporation (“Former NYCEDC”) merged with and into EGC. EGC was the survivor of the merger.
- 1.4. On November 1, 2012, EGC changed its name to New York City Economic Development Corporation (“NYCEDC”).

**2. DESCRIPTION OF MEMBERSHIPS AND HOLDERS OF CERTIFICATES.**

- 2.1. **Membership of Apple.** Apple has between 3 and 30 members in a single class, as determined annually by a majority of the members then in office. Every member of Apple has voting rights. There are now 3 members.
- 2.2. **Membership of NYCEDC.** NYCEDC has a single class of 27 members. Every member of NYCEDC has voting rights. There are now 3 vacancies in the membership of NYCEDC, resulting in a current total of 24 sitting members.
- 2.3. **Capital Contributions and Subventions.** There are no holders of certificates evidencing capital contributions or subventions to either corporation.

### 3. SURVIVING CORPORATION.

- 3.1. The surviving corporation will be NYCEDC.
- 3.2. **Certificate of Incorporation.** On the Effective Date, the Certificate of Incorporation of NYCEDC will be the Certificate of Incorporation of the surviving corporation. The merger does not effect any changes in the Certificate of Incorporation of NYCEDC.
- 3.3. **Bylaws.** On the Effective Date, the bylaws of NYCEDC shall continue to be the bylaws of the surviving corporation.
- 3.4. **Directors and Officers.** On the Effective Date, the directors and officers of NYCEDC become the directors and officers of the surviving corporation.

### 4. TERMS AND CONDITIONS OF MERGER.

- 4.1. **Organization of Apple.**
  - 4.1.1. Apple was incorporated under the laws of the State of New York on January 21, 1980.
  - 4.1.2. Apple is a Type C not-for-profit corporation as defined in section 201 of the N-PCL and a local development corporation as defined in section 1411 of the N-PCL.
- 4.2. **Organization of NYCEDC.**
  - 4.2.1. NYCEDC was originally incorporated on May 27, 2012 under the name New York City Economic Growth Corporation ("EGC").
  - 4.2.2. On November 1, 2012, New York City Economic Development Corporation ("Former NYCEDC") merged with and into EGC. EGC was the survivor of the merger.
  - 4.2.3. On November 1, 2012, EGC changed its name to New York City Economic Development Corporation ("NYCEDC").
  - 4.2.4. NYCEDC is a Type C not-for-profit corporation as defined in section 201 of the N-PCL.
- 4.3. **Condition Precedent.** The effectiveness of the merger is not subject to any condition precedent.

- 4.4. **Effective Date.** The merger shall become effective on the first day of the month following the month in which the Certificate of Merger is accepted for filing with the Secretary of State (the "Effective Date").
- 4.5. **Effect of the Merger.** On the Effective Date:
- 4.5.1. Apple merges with and into NYCEDC;
- 4.5.2. the separate existence of Apple ceases;
- 4.5.3. NYCEDC, as the surviving corporation, succeeds to:
- 4.5.3.1. all the rights, privileges, immunities, powers, and purposes of each of Apple and NYCEDC; and
- 4.5.3.2. all of the property, real and personal, and assets of Apple; and
- 4.5.3.3. all of the debts, liabilities, obligations, and penalties of Apple, with the effect set forth in section 905(b)(3) of the N-PCL and other applicable provisions of New York State Law; and
- 4.5.4. The Certificate of Incorporation of NYCEDC is the Certificate of Incorporation of the surviving corporation.
- 4.6. **Supplemental Action.** The Board of Directors and the officers of NYCEDC may execute and deliver, in the name and on behalf of Apple or NYCEDC or otherwise, any deeds, bills of sale, assignments, and assurances, and take and do, in the name and on behalf of Apple and NYCEDC or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect, or confirm any and all right, title, and interest in, to, and under the rights, properties, and assets of Apple in NYCEDC, and otherwise carry out the terms of this Plan of Merger.
- 4.7. **Termination by Mutual Agreement.** Notwithstanding the approval of this Plan by the membership of either or both Apple and NYCEDC, this Plan may be terminated at any time prior to the Effective Date by mutual agreement of Apple and NYCEDC.
- 4.8. **No Liability.** In the event of the termination of this Plan as set out in section 4.7, this Plan is forthwith null and void and there is no liability on the part of either party, except as otherwise provided in this Plan.

## 5. INTERPRETATION OF THIS PLAN.

- 5.1. **Entire Agreement.**

- 5.1.1. This Plan supersedes any and all other agreements, whether oral or written, between the parties with respect to its subject matter.
- 5.1.2. Each party acknowledges that no representations, inducements, promises or agreements, whether oral or written, have been made by any party, or on behalf of any party, which are not embodied herein.
- 5.1.3. No agreement, promise, or statement not contained in this Plan is valid and binding, unless agreed to in writing and signed by the parties sought to be bound thereby.

5.2. **Waiver and Amendment.**

- 5.2.1. No breach of any provision of this Plan may be waived unless in writing.
- 5.2.2. Waiver of any breach of any provision of this Plan may not be deemed a waiver of any other breach of the same or any other provision hereof.
- 5.2.3. The terms contained in this Plan may be amended only by a written agreement, executed by the parties.

- 5.3. **Severability.** If any one or more of the provisions contained in this Plan is held by an arbitrator or a court of competent jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions are not in any way affected or impaired thereby and the parties shall attempt to agree upon a valid and enforceable provision that is a reasonable substitute for such invalid and unenforceable provision in light of the tenor of this Plan, and, upon so agreeing, shall incorporate such substitute provision into this Plan.

- 5.4. **Governing Law.** This Plan is governed by, and must be construed in accordance with, the law of the State of New York, without regard to its principles of conflicts of law.

- 5.5. **Counterparts.** The parties may execute this Plan in any number of counterparts, including counterparts transmitted by facsimile, each of which is deemed to be an original, and such counterparts together, upon delivery, constitute one and the same instrument.



The undersigned authorized officer certifies that the Board of Directors of Apple Industrial Development Corp. voted to adopt this Plan of Merger at 1:00 p.m. on June 5, 2014.

APPLE INDUSTRIAL DEVELOPMENT CORP.

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: General Counsel & Secretary

The undersigned authorized officer certifies that the Board of Directors of New York City Economic Development Corporation voted to adopt this Plan of Merger at 8:30 a.m. on June 18, 2014.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: Executive Vice President, General Counsel & Secretary

**EXHIBIT B**  
**TO**  
**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**

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**VERIFIED PETITION FOR APPROVAL OF MERGER**

*(See attached.)*

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

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In the Matter of

The Application of  
Apple Industrial Development Corp. and  
New York City Economic Development  
Corporation for Approval of Merger  
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**VERIFIED PETITION**

Index Number \_\_\_\_\_

1. In accordance with Section 907(a) of the New York Not-for-Profit Corporation Law (“N-PCL”), Petitioners Apple Industrial Development Corp. (“Apple”) and New York City Economic Development Corporation (“NYCEDC”) jointly petition for approval of their proposed merger, as described herein.

2. Apple and NYCEDC (together, the “Constituent Corporations”) are both New York Type C not-for-profit corporations, as described in Section 201(b) of the N-PCL. In addition, Apple is a local development corporation as described in Section 1411 of the N-PCL. The principal office of each of the Constituent Corporations is located within the County of New York. The Constituent Corporations have agreed on terms and conditions for their merger and hope to finalize the merger as soon as practicable. This Petition includes all of the elements required by Section 907(a) of the N-PCL for approval of the merger.

**PLAN OF MERGER**

3. The Plan of Merger of Apple with and into NYCEDC (the “Plan of Merger”), which has been approved by the boards of directors and members of the Constituent Corporations, is attached to this Petition as **Exhibit A**.

4. Attached as **Exhibit B** is a list of the directors and members of Apple. Attached as **Exhibit C** is a list of the directors and members of NYCEDC. Although not required under the governing documents of either of the Constituent Corporations, all of the persons who are current directors or members of Apple are also either officers or directors of NYCEDC.

#### **APPROVAL OF MERGER**

5. The boards of directors and members of the Constituent Corporations have approved the Plan of Merger, attached to this Petition as Exhibit A, as required by Sections 902 and 903 of the N-PCL.

6. The board of directors of Apple met to approve the merger at 1:00 p.m. on June 5, 2014. \_\_\_\_\_ directors were present at the meeting, with such number being a quorum of directors. See **Exhibit D** attached hereto for the resolutions adopted by the board of directors of Apple. These resolutions were unanimously adopted by the affirmative vote of \_\_\_\_\_ directors present at the meeting.

7. The members of Apple met to approve the merger at 12:00 p.m. on June 6, 2014. \_\_\_\_\_ members were present at the meeting, with such number being a quorum of members. See **Exhibit E** attached hereto for the resolutions adopted by the members of Apple. These resolutions were unanimously adopted by the affirmative vote of \_\_\_\_\_ members present at the meeting.

8. The board of directors of NYCEDC met to approve the merger at 8:30 a.m. on June 18, 2014. \_\_\_\_\_ directors were present at the meeting, with such number being a quorum of directors. See **Exhibit F** attached hereto for the resolutions adopted by the board of directors of NYCEDC. These resolutions were unanimously adopted by the affirmative vote of \_\_\_\_\_ directors present at the meeting.

9. The members of NYCEDC met to approve the merger at \_\_\_\_\_ a.m. on June 18, 2014. \_\_\_\_\_ members were present at the meeting, with such number being a quorum of members. See **Exhibit G** attached hereto for the resolutions adopted by the members of NYCEDC. These resolutions were unanimously adopted by the affirmative vote of \_\_\_\_\_ members present at the meeting.

#### **OBJECTS AND PURPOSES TO BE PROMOTED BY THE MERGER**

10. NYCEDC was originally incorporated on May 27, 2012 under the name New York City Economic Growth Corporation (“EGC”). On November 1, 2012, New York City Economic Development Corporation (“Former NYCEDC”) merged with and into EGC. EGC was the survivor of the merger. November 1, 2012, as part of the merger, EGC changed its name to New York City Economic Development Corporation (“NYCEDC”). Copies of NYCEDC’s Certificate of Incorporation, to which no amendments have been made, and Bylaws are attached hereto as **Exhibits H and I**.

11. In accordance with two contracts between NYCEDC and the City of New York (the “City”), NYCEDC serves as the City’s primary engine for economic development (the “Main Contract” and the “Maritime Contract”). NYCEDC leverages the City’s assets, drives economic growth and diversity, and creates and retains jobs in furtherance of the City’s economic development goals. NYCEDC’s activities include, without limitation, the following:

- a. negotiating, recommending to the Deputy Mayor the terms of, and implementing the lease and sale of City-owned property;
- b. working with appropriate City agencies to obtain and implement financial assistance from federal, State, City and other sources for economic development projects;
- c. facilitating the processing of sales, leases, permits and contracts;
- d. assisting with technical issues relating to zoning changes, street closings and other land use actions;

- e. preparing, or causing or facilitating the preparation of, feasibility, market and impact studies, surveys, maps, borings, site analyses, plans, specifications, contract documents, appraisals and title searches;
- f. demolishing or sealing up vacant buildings;
- g. preparing City-owned sites or sites owned by NYCEDC for construction, reconstruction or disposition (including, without limitation, grading, foundation improvements and work to alleviate subsurface faults);
- h. constructing improvements to real property;
- i. renovating and rehabilitating City-owned buildings or buildings owned by NYCEDC;
- j. acquiring and managing property;
- k. constructing drainage, road, utility, parking, security and circulation improvements and facilities on property owned by, or under the control of, the City or NYCEDC;
- l. establishing manpower and employment training programs;
- m. establishing energy conservation and improvements;
- n. working with the City's Department of Small Business Services to provide relocation assistance;
- o. facilitating supplemental service programs in Business Improvement Districts or otherwise;
- p. providing construction management or coordination;
- q. developing and redeveloping markets, marginal streets, wharf property, water front property and airports;
- r. assisting the City in the negotiation and processing of agreements for payments in lieu of taxes with regard to economic development projects; and
- s. providing information regarding the availability of financial assistance for applicants in the City from both public and private sources, in the form of loans, grants, tax incentives or any additional form available.

12. Under a contract with NYCEDC, Apple, which was incorporated on January 21, 1980, performs property management services, including lease administration and facility management and maintenance services, for various properties under lease to or owned by

NYCEDC and other City-owned properties for which NYCEDC has management, maintenance or administrative responsibilities. Properties for which Apple has such responsibility include NYCEDC-owned and leased properties, wharf, waterfront, public market and aviation properties that NYCEDC is responsible for managing under the NYCEDC Maritime Contract, and other properties for which NYCEDC has management or administration responsibilities pursuant to the Main Contract or pursuant to other arrangements with the City. Copies of Apple's Certificate of Incorporation and all amendments thereto and Bylaws are attached hereto as **Exhibits J and K**.

13. Apple's activities under the contract with NYCEDC include, without limitation, lessee billing, rent collection, monitoring insurance compliance, and maintaining, inspecting and securing properties.

14. On the effective date of the merger, NYCEDC's Certificate of Incorporation, attached as Exhibit H, and current Bylaws, attached as Exhibit I, will be the Certificate of Incorporation and Bylaws of the surviving corporation. Pursuant to its Certificate of Incorporation, NYCEDC fulfills the following purposes: relieving and reducing unemployment in the City; promoting and providing for additional and maximum employment and bettering and maintaining job opportunities; attracting new industry and business to, and encouraging the development and retention of industry and business in, the City; promoting, alone, or in concert with federal, state, and local officials and interested national, state, and local groups, the economic growth and business prosperity of the City; promoting and improving the City's maritime, water front, freight rail and aviation assets; creating and coordinating financial incentives available in the City and increasing private investment in the City; preserving and

augmenting the tax base of the City; and undertaking projects to retain and increase economic development in the City, including through contracts with the City.

15. The purposes and powers of Apple and NYCEDC overlap to a great extent, as is clear from their respective certificates of incorporation, attached as Exhibits H and J hereto. Apple does not fulfill any purposes or engage in any activity that NYCEDC would be powerless to do under its Certificate of Incorporation. Furthermore, each of Apple's current activities is carried out with respect to properties under lease to or owned by NYCEDC, or with regard to which NYCEDC has management or administration responsibilities on behalf of the City. Apple performs property management services for NYCEDC and NYCEDC performs corporate administrative services for Apple. Having Apple fulfill its corporate purposes as a separate corporate entity results in increased costs and work without any corresponding advantage.

16. While Apple remains in existence, the NYCEDC personnel providing services to Apple must spend significant resources fulfilling reporting requirements mandated by the Public Authorities Accountability Act ("PAAA") in addition to fulfilling these requirements for NYCEDC, and Apple must incur the expense of engaging an outside auditor and filing separate federal tax returns. Likewise, while Apple remains a separate legal entity, NYCEDC's human resources and other staff must spend significant time and energy administering separate benefit and retirement plans for Apple's 15 employees. Given the onerous compliance and administrative-related work and fees incurred by virtue of Apple remaining as a separate entity, and the lack of any discernable benefit to Apple that results from maintaining a separate corporate existence, the proposed merger would result in a significant savings of money and resources.



## **STATEMENTS OF PROPERTY AND LIABILITIES**

17. A statement, in the manner of Apple's audited financial statements for the fiscal year ended June 30, 2013, listing: (1) all property of Apple and the manner in which it is held; (2) all liabilities of Apple; and (3) the amount and sources of the annual income of Apple; and a statement setting forth Apple's estimated receipts and expenditures for its fiscal year ending June 30, 2013 and estimated changes to current net assets on its balance sheet for the same period, are attached to this Petition as **Exhibit L**.

18. A statement, in the manner of NYCEDC's audited financial statements for the fiscal year ended June 30, 2013, listing: (1) all property of NYCEDC and the manner in which it is held; (2) all liabilities of NYCEDC; and (3) the amount and sources of the annual income of NYCEDC; and a statement setting forth NYCEDC's estimated receipts and expenditures for its fiscal year ending June 30, 2013 and estimated changes to current net assets on its balance sheet for the same period, are attached to this Petition as **Exhibit M**.

## **FACTS SHOWING THE MERGER IS LEGALLY AUTHORIZED**

19. Section 901(a) of the N-PCL authorizes two domestic not-for-profit corporations, such as the Constituent Corporations, to merge into a single corporation that is one of the constituent corporations. Sections 902, 903, 904, and 907 of the N-PCL prescribe requirements that such corporations must satisfy in order to effect a merger as described in Section 901. The facts presented in this Petition and the attached exhibits demonstrate that all requirements necessary to effect the merger, save that of the approval of this Court as required by Section 907(b) of the N-PCL, have been satisfied.

## **WRITTEN APPROVALS FROM ALL REQUIRED AGENCIES**

20. In accordance with Section 907(b) of the N-PCL, this merger requires approval of this Court, on notice to the New York State Attorney General. This Petition and all of the documents attached to this Petition as exhibits have been submitted to, and reviewed by, the Charities Bureau within the office of the Attorney General. To the knowledge of the Constituent Corporations, no agencies must approve the proposed merger under Section 909 of the N-PCL.

#### **EFFECT OF THE MERGER**

21. As the surviving corporation, NYCEDC will assume and be liable for all the liabilities, obligations, and penalties of Apple on the effective date of the merger. NYCEDC, as the surviving corporation, will assume the assets, rights and privileges of Apple on the effective date of the merger.

#### **RESTRICTED FUNDS**

22. NYCEDC and Apple have the restricted funds listed on **Exhibit N**, in the amounts and nature described on that exhibit. No restricted fund will be required to be returned, transferred, or conveyed to any third party by reason of the merger. NYCEDC will hold and use all restricted funds for their intended purposes.

#### **CONCLUSION**

23. Based on the foregoing, the Constituent Corporations respectfully request that this Court issue an order approving their proposed merger. A proposed Certificate of Merger is attached hereto as **Exhibit O**.

Respectfully submitted,

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Counsel for Apple Industrial Development Corp.

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Counsel for New York City Economic  
Development Corporation

Dated: June 18, 2014

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

In the Matter of

The Application of  
Apple Industrial Development Corp. and  
New York City Economic Development  
Corporation for Approval of Merger

**VERIFICATION**

Index Number \_\_\_\_\_

Kim Vaccari, being duly sworn, deposes and says that she is an Executive Vice President and the Chief Financial Officer of New York City Economic Development Corporation, one of the Petitioners in this matter, that she has read the foregoing Petition and knows the contents thereof, and that she believes the contents thereof to be true and correct, based on information available to her in her capacity as an Executive Vice President and the Chief Financial Officer of New York City Economic Development Corporation.

\_\_\_\_\_  
Kim Vaccari

Sworn to before me this  
\_\_\_\_ day of June, 2014

\_\_\_\_\_  
Notary Public

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

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In the Matter of

The Application of  
Apple Industrial Development Corp. and  
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**VERIFICATION**

Index Number \_\_\_\_\_

Kim Vaccari, being duly sworn, deposes and says that she is a Senior Vice President of Apple Industrial Development Corp., one of the Petitioners in this matter, that she has read the foregoing Petition and knows the contents thereof, and that she believes the contents thereof to be true and correct, based on information available to her in her capacity as Senior Vice President of Apple Industrial Development Corp.

\_\_\_\_\_  
Kim Vaccari

Sworn to before me this  
\_\_\_ day of June, 2014

\_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**TO**  
**VERIFIED PETITION**

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**PLAN OF MERGER OF APPLE INDUSTRIAL DEVELOPMENT CORP. WITH AND  
INTO NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

**PLAN OF MERGER**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**  
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In accordance with section 902 of the New York Not-for-Profit Corporation Law (“N-PCL”), the Boards of Directors of Apple Industrial Development Corp. (“Apple”) and New York City Economic Development Corporation (“NYCEDC”) have adopted this Plan of Merger.

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- 4.3. **Condition Precedent.** The effectiveness of the merger is not subject to any condition precedent.



- 4.4. **Effective Date.** The merger shall become effective on the first day of the month following the month in which the Certificate of Merger is accepted for filing with the Secretary of State (the "Effective Date").
- 4.5. **Effect of the Merger.** On the Effective Date:
- 4.5.1. Apple merges with and into NYCEDC;
  - 4.5.2. the separate existence of Apple ceases;
  - 4.5.3. NYCEDC, as the surviving corporation, succeeds to:
    - 4.5.3.1. all the rights, privileges, immunities, powers, and purposes of each of Apple and NYCEDC; and
    - 4.5.3.2. all of the property, real and personal, and assets of Apple; and
    - 4.5.3.3. all of the debts, liabilities, obligations, and penalties of Apple, with the effect set forth in section 905(b)(3) of the N-PCL and other applicable provisions of New York State Law; and
  - 4.5.4. The Certificate of Incorporation of NYCEDC is the Certificate of Incorporation of the surviving corporation.
- 4.6. **Supplemental Action.** The Board of Directors and the officers of NYCEDC may execute and deliver, in the name and on behalf of Apple or NYCEDC or otherwise, any deeds, bills of sale, assignments, and assurances, and take and do, in the name and on behalf of Apple and NYCEDC or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect, or confirm any and all right, title, and interest in, to, and under the rights, properties, and assets of Apple in NYCEDC, and otherwise carry out the terms of this Plan of Merger.
- 4.7. **Termination by Mutual Agreement.** Notwithstanding the approval of this Plan by the membership of either or both Apple and NYCEDC, this Plan may be terminated at any time prior to the Effective Date by mutual agreement of Apple and NYCEDC.
- 4.8. **No Liability.** In the event of the termination of this Plan as set out in section 4.7, this Plan is forthwith null and void and there is no liability on the part of either party, except as otherwise provided in this Plan.

## 5. INTERPRETATION OF THIS PLAN.

- 5.1. **Entire Agreement.**

- 5.1.1. This Plan supersedes any and all other agreements, whether oral or written, between the parties with respect to its subject matter.
- 5.1.2. Each party acknowledges that no representations, inducements, promises or agreements, whether oral or written, have been made by any party, or on behalf of any party, which are not embodied herein.
- 5.1.3. No agreement, promise, or statement not contained in this Plan is valid and binding, unless agreed to in writing and signed by the parties sought to be bound thereby.

5.2. **Waiver and Amendment.**

- 5.2.1. No breach of any provision of this Plan may be waived unless in writing.
- 5.2.2. Waiver of any breach of any provision of this Plan may not be deemed a waiver of any other breach of the same or any other provision hereof.
- 5.2.3. The terms contained in this Plan may be amended only by a written agreement, executed by the parties.

- 5.3. **Severability.** If any one or more of the provisions contained in this Plan is held by an arbitrator or a court of competent jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions are not in any way affected or impaired thereby and the parties shall attempt to agree upon a valid and enforceable provision that is a reasonable substitute for such invalid and unenforceable provision in light of the tenor of this Plan, and, upon so agreeing, shall incorporate such substitute provision into this Plan.

- 5.4. **Governing Law.** This Plan is governed by, and must be construed in accordance with, the law of the State of New York, without regard to its principles of conflicts of law.

- 5.5. **Counterparts.** The parties may execute this Plan in any number of counterparts, including counterparts transmitted by facsimile, each of which is deemed to be an original, and such counterparts together, upon delivery, constitute one and the same instrument.

The undersigned authorized officer certifies that the Board of Directors of Apple Industrial Development Corp. voted to adopt this Plan of Merger at 1:00 p.m. on June 5, 2014.

APPLE INDUSTRIAL DEVELOPMENT CORP.

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: General Counsel & Secretary

The undersigned authorized officer certifies that the Board of Directors of New York City Economic Development Corporation voted to adopt this Plan of Merger at 8:30 a.m. on June 18, 2014.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: Executive Vice President, General Counsel & Secretary

**EXHIBIT B  
TO  
VERIFIED PETITION**

---

**DIRECTORS AND MEMBERS OF APPLE INDUSTRIAL DEVELOPMENT CORP.**

Directors and Members of Apple Industrial Development Corp.

The names and addresses of the Directors of Apple Industrial Development Corp. are set forth below.

<u>Name</u>	<u>Address</u>
William Candelaria	110 William Street New York, NY 10038
Alan B. Friedberg	110 William Street New York, NY 10038
Dmitri Konon	110 William Street New York, NY 10038
James McSpirtt	110 William Street New York, NY 10038

The names and addresses of the Members of Apple Industrial Development Corp. are set forth below.

<u>Name</u>	<u>Address</u>
Kyle Kimball	110 William Street New York, NY 10038
Dmitri Konon	110 William Street New York, NY 10038
Zachary Smith	110 William Street New York, NY 10038

**EXHIBIT C**  
**TO**  
**VERIFIED PETITION**

---

**DIRECTORS AND MEMBERS OF NEW YORK CITY ECONOMIC DEVELOPMENT  
CORPORATION**

Directors and Members of New York City Economic Development Corporation

The Members and Directors of New York City Economic Development Corporation are the same individuals. The names and addresses of the Directors and Members are set forth below.

<u>Name</u>	<u>Address</u>
Tony Barsamian	110 William Street New York, NY 10038
Rev. A.R. Bernard, Sr.	110 William Street New York, NY 10038
William Candelaria	110 William Street New York, NY 10038
Angela A. Chao	110 William Street New York, NY 10038
Marlene Cintron	110 William Street New York, NY 10038
Bob Englert	110 William Street New York, NY 10038
Kai D. Feder	110 William Street New York, NY 10038
Alan Friedberg	110 William Street New York, NY 10038
Joseph Garba	110 William Street New York, NY 10038
Alicia Glen	110 William Street New York, NY 10038
Tanya Levy-Odom	110 William Street New York, NY 10038
James McSpirtt	110 William Street New York, NY 10038

Haeda Mihaltses	110 William Street New York, NY 10038
Melva M. Miller	110 William Street New York, NY 10038
Mario J. Palumbo, Jr.	110 William Street New York, NY 10038
Shaifali Puri	110 William Street New York, NY 10038
Frank C. Randazzo	110 William Street New York, NY 10038
Mark E. Russo	110 William Street New York, NY 10038
Michael Schlein	110 William Street New York, NY 10038
Robert J. Strang	110 William Street New York, NY 10038
George Twill	110 William Street New York, NY 10038
Rev. Reginald Williams	110 William Street New York, NY 10038
Kathryn Wylde	110 William Street New York, NY 10038
Alfred D. Youngwood	110 William Street New York, NY 10038



**EXHIBIT D**  
**TO**  
**VERIFIED PETITION**

---

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF APPLE INDUSTRIAL  
DEVELOPMENT CORP.**

**RESOLUTIONS**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**

---

**Whereas**, the Board of Directors of Apple Industrial Development Corp. (the "**Corporation**") has determined that it is in the best interests of the Corporation and in furtherance of its corporate purposes to combine the business and assets of the Corporation with New York City Economic Development Corporation ("**NYCEDC**"); and

**Whereas**, the Board of Directors of the Corporation has determined that the most efficient way to accomplish such combination of business and assets is through a merger of the Corporation with and into NYCEDC (the "**Merger**");

**Now, therefore, be it:**

**Plan of Merger**

**Resolved**: that the Board of Directors of the Corporation, in accordance with Section 903 of the N-PCL, hereby approves the Merger and specifically accepts and approves the terms and conditions of the Plan of Merger of the Corporation with and into NYCEDC (the "**Plan of Merger**"), substantially in the form attached to these Resolutions as **Exhibit A**; and

**Consideration by Membership**

**Resolved, further**: that the Board of Directors of the Corporation hereby submits the Plan of Merger to the Membership of the Corporation for approval at a special meeting of the Membership to be called and held in accordance with Section 903 of the N-PCL; and

**Approval of the Court**

**Resolved, further**: that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon approval of the Plan of Merger by the Membership of the

Corporation, to file with the Supreme Court of the State of New York the Verified Petition for Approval of Merger, substantially in the form attached to these Resolutions as **Exhibit B**; and

**Certificate of Merger**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon the issuance of an order by the Supreme Court of the State of New York approving the Plan of Merger and authorizing the filing of the Certificate of Merger as required under Section 907 of the N-PCL, to execute and file with the New York State Department of State the Certificate of Merger of the Corporation with and into NYCEDC (the "**Certificate of Merger**"), substantially in the form attached to these Resolutions as **Exhibit C**; and

**General Authority**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the officers of the Corporation to execute such other documents and take such further actions as may be necessary or advisable to carry out the purposes of the foregoing resolutions, including the filing of these Resolutions with the records of the meetings of the Board of Directors of the Corporation.

**EXHIBIT E**  
**TO**  
**VERIFIED PETITION**

---

**RESOLUTIONS OF THE MEMBERS OF APPLE INDUSTRIAL DEVELOPMENT  
CORP.**

**RESOLUTIONS**  
**OF THE**  
**MEMBERS**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**

---

**Whereas**, the Board of Directors of Apple Industrial Development Corp. (the “**Corporation**”) has determined that it is in the best interests of the Corporation and in furtherance of its corporate purposes to combine the business and assets of the Corporation with New York City Economic Development Corporation (“**NYCEDC**”); and

**Whereas**, the Board of Directors of the Corporation has determined that the most efficient way to accomplish such combination of business and assets is through a merger of the Corporation with and into NYCEDC (the “**Merger**”); and

**Whereas**, the Board of Directors of the Corporation, by resolution adopted at a meeting held at \_\_\_\_ a.m. on June \_\_, 2014, approved the Plan of Merger of the Corporation with and into NYCEDC (the “**Plan of Merger**”), substantially in the form attached to these Resolutions as **Exhibit A**; and

**Whereas**, the Board of Directors of the Corporation, by resolution adopted at a meeting held at \_\_\_\_ a.m. on June \_\_, 2014, submitted the Plan of Merger to the Membership of the Corporation for approval pursuant to Section 903 of the N-PCL;

**Now, therefore, be it:**

**Merger**

**Resolved:** that, in accordance with Section 903 of the N-PCL, the Members of the Corporation hereby approve the Merger and specifically approve and adopt the terms and conditions of the Plan of Merger substantially in the form attached to these Resolutions; and

### **General Authority**

**Resolved, further:** that the Membership of the Corporation hereby authorizes and directs the officers of the Corporation to execute such other documents and take such further actions as may be necessary or advisable to carry out the purposes of the foregoing resolution, including the filing of these Resolutions with the records of the meetings of the Members of the Corporation.

**EXHIBIT F**  
**TO**  
**VERIFIED PETITION**

---

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF NEW YORK CITY  
ECONOMIC DEVELOPMENT CORPORATION**

**RESOLUTIONS**  
**OF THE**  
**BOARD OF DIRECTORS**  
**OF**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

---

**Whereas**, the Board of Directors of New York City Economic Development Corporation (the "**Corporation**") has determined that it is in the best interests of the Corporation and in furtherance of its corporate purposes to undertake the business of and receive assets from, and assume the liabilities of, Apple Industrial Development Corp. ("**Apple**"); and

**Whereas**, the Board of Directors of the Corporation has determined that the most efficient way to accomplish such transfer of business and assets is through a merger of Apple with and into the Corporation (the "**Merger**");

**Now, therefore, be it:**

**Plan of Merger**

**Resolved:** that the Board of Directors of the Corporation, in accordance with Section 903 of the N-PCL, hereby approves the Merger and specifically accepts and approves the terms and conditions of the Plan of Merger of Apple with and into the Corporation (the "**Plan of Merger**"), substantially in the form attached to these Resolutions as **Exhibit A**; and

**Consideration by Membership**

**Resolved, further:** that the Board of Directors of the Corporation hereby submits the Plan of Merger to the Membership of the Corporation for approval at a special meeting of the Membership to be called and held in accordance with Section 903 of the N-PCL; and



### **Approval of the Court**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon approval of the Plan of Merger by the Membership of the Corporation, to file with the Supreme Court of the State of New York the Verified Petition for Approval of Merger, substantially in the form attached to these Resolutions as **Exhibit B**; and

### **Certificate of Merger**

**Resolved, further:** that the Board of Directors of the Corporation hereby authorizes and directs the appropriate officers of the Corporation, upon the issuance of an order by the Supreme Court of the State of New York approving the Plan of Merger and authorizing the filing of the Certificate of Merger as required under Section 907 of the N-PCL, to execute and file with the New York State Department of State the Certificate of Merger of Apple with and into the Corporation (the "**Certificate of Merger**"), substantially in the form attached to these Resolutions as **Exhibit C**; and

### **General Authority**

**Resolved, further:** that the Directors hereby authorize and direct the officers of the Corporation to execute and deliver such other documents and instruments, and to take or cause to be taken such further actions as may be necessary, advisable or required to carry out the purposes of the foregoing resolutions or necessary to administer the Corporation and fulfill its corporate purposes (including the filing of these Resolutions and Exhibits with the records of the meetings of the Board of Directors of the Corporation).

**EXHIBIT G**  
**TO**  
**VERIFIED PETITION**

---

**RESOLUTIONS OF THE MEMBERS OF NEW YORK CITY ECONOMIC  
DEVELOPMENT CORPORATION**

**RESOLUTIONS**  
**OF THE**  
**MEMBERS**  
**OF**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

---

**Whereas**, the Board of Directors of New York City Economic Development Corporation (the “**Corporation**”) has determined that it is in the best interests of the Corporation and in furtherance of its corporate purposes to undertake the business of and receive assets from Apple Industrial Development Corp. (“**Apple**”); and

**Whereas**, the Board of Directors of the Corporation has determined that the most efficient way to accomplish such transfer of business and assets is through a merger of Apple with and into the Corporation (the “**Merger**”); and

**Whereas**, the Board of Directors of the Corporation, by resolution adopted at a meeting held at 8:30 a.m. on June 18, 2014, approved the Plan of Merger of Apple with and into the Corporation (the “**Plan of Merger**”) substantially in the form attached to these Resolutions as **Exhibit A**; and

**Whereas**, the Board of Directors of the Corporation, by resolution adopted at a meeting held at 8:30 a.m. on June 18, 2014, submitted the Plan of Merger to the Membership of the Corporation for approval pursuant to Section 903 of the N-PCL;

**Now, therefore, be it:**

**Merger**

**Resolved:** that, in accordance with Section 903 of the N-PCL, the Members of the Corporation hereby approve the Merger and specifically approve and adopt the terms and conditions of the Plan of Merger, substantially in the form attached to these Resolutions; and

### **General Authority**

**Resolved, further:** that the Membership of the Corporation hereby authorizes and directs the officers of the Corporation to execute such other documents and take such further actions as may be necessary or advisable to carry out the purposes of the foregoing resolution, including the filing of these Resolutions with the records of the meetings of the Members of the Corporation.

**EXHIBIT H**  
**TO**  
**VERIFIED PETITION**

---

**CERTIFICATE OF INCORPORATION OF NEW YORK CITY ECONOMIC  
DEVELOPMENT CORPORATION**

**STATE OF NEW YORK**

**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on October 9, 2012.

A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro  
First Deputy Secretary of State

CSC 45

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Drawdown

**CERTIFICATE OF MERGER**

**OF NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

**WITH AND INTO**

**NEW YORK CITY ECONOMIC GROWTH CORPORATION**

**UNDER SECTION 904 OF**

**THE NEW YORK NOT-FOR-PROFIT CORPORATION LAW**

---

New York City Economic Development Corporation ("NYCEDC") and New York City Economic Growth Corporation ("NYCEGC"), both Type C not-for-profit corporations formed under the laws of the State of New York, have agreed to merge pursuant to section 901(a)(1) of the New York Not-for-Profit Corporation Law ("N-PCL") as described below.

**1. PLAN OF MERGER.**

**1.1. Names of Constituent Corporations.**

1.1.1. The names of the constituent corporations are New York City Economic Development Corporation and New York City Economic Growth Corporation. The surviving corporation will be NYCEGC.

1.1.2. NYCEDC was originally incorporated on June 27, 1966 under the name New York City Public Development Corporation ("NYCPDC").

**1.2. Description of Membership and Holders of Certificates.**

1.2.1. **Membership of NYCEGC.** NYCEGC has a single class of 3 members. Every member of NYCEGC has voting rights.

1.2.2. **Membership of NYCEDC.** NYCEDC has a single class of 27 members. Every member of NYCEDC has voting rights.

1.2.3. **Capital Contributions and Subventions.** There are no holders of certificates evidencing capital contributions or subventions to either corporation.

1.3. **Certificate of the Surviving Corporation.** On the Effective Date, Paragraph I of the Certificate of Incorporation of NYCEGC is amended to read as follows:

"The name of the corporation is New York City Economic Development Corporation (the "Corporation")."

As so amended the Certificate of NYCEGC is the Certificate of Incorporation of the surviving corporation.

**2. EFFECTIVE DATE OF MERGER.**

The effective date of the merger is November 1, 2012 (the "Effective Date").

**3. FILING OF CERTIFICATES OF INCORPORATION OF CONSTITUENT CORPORATIONS.**

3.1. The certificate of incorporation of NYCEGC was originally filed on May 17, 2012.

3.2. The certificate of incorporation of NYCEDC was originally filed on June 27, 1966 under the name New York City Public Development Corporation.

**4. AUTHORIZATION OF MERGER.**

**4.1. NYCEGC Authorization.**

4.1.1. The board of directors of NYCEGC met to approve the merger at 3:00 p.m. on July 10, 2012. Three directors were present at the meeting. The resolutions were unanimously adopted by the affirmative vote of all three directors present at the meeting.

4.1.2. The members of NYCEGC met to approve the merger at 3:45 p.m. on July 10, 2012. Three members were present at the meeting. The resolutions were unanimously adopted by the affirmative vote of all three members present at the meeting.

**4.2. NYCEDC Authorization.**

4.2.1. The board of directors of NYCEDC met to approve the merger at 8:30 a.m. on August 2, 2012. Twenty-one directors were present at the meeting. The resolutions were adopted by the affirmative vote of twenty-one directors present at the meeting.

4.2.2. The members of NYCEDC met to approve the merger at 9:00 a.m. on August 2, 2012. Twenty-three members were present at the meeting. The resolutions were adopted by the affirmative vote of twenty-three members present at the meeting.



The undersigned authorized officers of New York City Economic Growth Corporation and New York City Economic Development Corporation executed this Certificate of Merger on August 2, 2012.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By: Meredith J. Jones  
Name: Meredith J. Jones  
Title: Executive Vice President, General Counsel & Secretary

NEW YORK CITY ECONOMIC GROWTH CORPORATION

By: Meredith J. Jones  
Name: Meredith J. Jones  
Title: Executive Vice President, General Counsel & Secretary

SUPREME COURT OF THE STATE OF NEW YORK - NEW YORK COUNTY

PRESENT: HON. PAUL G. FEINMAN  
J.S.C.

PART 12

INDEX NO.

103639/2012

In the Matter of the

Application of New York City Economic  
Development Corporation and New York  
City Economic Growth Corporation for  
Approval of Merger

E-FILED

Having conducted a hearing on September 28, 2012, and having considered the papers submitted by the parties and various interested parties, the court finds as follows:

- (1) the interests of petitioners New York City Economic Development Corporation and New York City Economic Growth Corporation (collectively the "Constituent Corporations") will not be adversely affected by the proposed merger; and
- (2) the public interest will not be adversely affected by the proposed merger.

For these reasons, in accordance with Section 907 (e) of the New York State Not-For-Profit Corporation Law, it is:

ORDERED that the Court approves the proposed merger of Constituent Corporations with New York City Economic Growth Corporation as the surviving corporation in accordance with the terms of the Plan of Merger; and it is further

ORDERED that copies of this Order and of the Certificate of Merger of New York City Economic Development Corporation with and into New York City Economic Growth Corporation as filed with the Secretary of State of the State of New York shall be served upon the Attorney General of the State of New York.

Dated: 10/3/2012



1. Check One:

2. Check as appropriate: MOTION IS:

3. Check if appropriate:

J.S.C.

CASE DISPOSED     NON-FINAL DISPOSITION  
 GRANTED     DENIED     GRANTED IN PART      
 OTHER

DO NOT POST     REFERENCE     SETTLE ORDER  
 SUBMIT ORDER     FIDUCIARY APPOINTMENT

**FILED**

OCT -5 2012

COUNTY CLERK'S OFFICE  
NEW YORK

At an Ex Parte Part of the Supreme Court of the State of New York held in and for the County of New York, at the Courthouse thereof located at 60 Centre Street, Room 80345, New York, New York, on the 3 day of Oct, 2012

*Present*  
*Hon.*

**HON. PAUL G. FEINMAN**  
**SUPREME COURT OF THE STATE OF NEW YORK**  
**COUNTY OF NEW YORK**

In the Matter of  
The Application of  
New York City Economic Development  
Corporation and New York City  
Economic Growth Corporation for  
Approval of Merger

ORDER

Index Number 103639/12

Upon consideration of the application of Petitioners New York City Economic Development Corporation ("NYCEDC") and New York City Economic Growth Corporation ("NYCEGC") (collectively the "Constituent Corporations") for approval of their proposed merger, the Court finds as follows:

- (1) the interests of the Constituent Corporations will not be adversely affected by the proposed merger; and
- (2) the public interest will not be adversely affected by the proposed merger.

For these reasons, in accordance with Section 907(e) of the New York State Not-for-Profit Corporation Law, it is,

ORDERED, that the Court approves the proposed merger of New York City Economic Development Corporation with and into New York City Economic Growth Corporation with

**FILED**

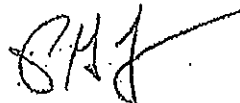
OCT -5 2012

COUNTY CLERK'S OFFICE  
NEW YORK

New York City Economic Growth Corporation as the surviving corporation in accordance with the terms of the Plan of Merger, and it is

FURTHER ORDERED, that copies of this Order and of the Certificate of Merger of New York City Economic Development Corporation with and into New York City Economic Growth Corporation as filed with the Secretary of State of the State of New York be served upon the Attorney General.

ENTER:



J.S.C.

**FILED**

OCT - 5 2012

COUNTY CLERK'S OFFICE  
NEW YORK

THE ATTORNEY GENERAL HEREBY APPEARS HEREIN, HAS NO OBJECTION TO THE GRANTING OF JUDICIAL APPROVAL HEREON, ACKNOWLEDGES RECEIPT OF STATUTORY NOTICE, AND DEMANDS SERVICE OF ALL PAPERS SUBMITTED HEREIN INCLUDING ALL ORDER, JUDGMENTS AND ENDORSEMENTS OF THE COURT. SAID NO OBJECTION IS CONDITIONED ON SUBMISSION OF THE MATTER TO THE COURT WITHIN 90 DAYS HEREAFTER.

*Paula Gellman* 8-24-12  
ASSISTANT ATTORNEY GENERAL DATE

*Paula Gellman*

STATE OF NEW YORK, COUNTY OF NEW YORK,  
SS: I, NORMAN QUINNAN, COUNTY CLERK AND  
CLERK OF THE SUPREME COURT, NEW YORK  
COUNTY, DO HEREBY CERTIFY CH.

TRANSCRIPT THEREOF AND OF THE  
WHOLE OF SUCH ORIGINAL, IN WITNESS  
WHEREOF, I HAVE AGREUNTO SET MY  
HAND AND AFFIXED MY OFFICIAL SEAL.

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THAT I HAVE COMPARED THIS COPY  
WITH THE ORIGINAL FILED IN MY OFFICE ON

10/5/12

AND THAT THE SAME IS A CORRECT

*Norman Quinnan*  
COUNTY CLERK AND CLERK OF THE  
SUPREME COURT, NEW YORK COUNTY  
FACSIMILE SIGNATURE (USD) (PUSHMAN)  
TO SEC. 903, COUNTY LAW, FEE PAID

Index No.

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

IN the MATTER of the APPLICATION OF NEW YORK CITY  
ECONOMIC DEVELOPMENT CORPORATION AND NEW YORK  
CITY ECONOMIC GROWTH CORPORATION

FOR APPROVAL OF MERGER pursuant to Section 907 of the NEW  
YORK NOT-FOR-PROFIT CORPORATION LAW.

ORDER

NEW YORK CITY ECONOMIC DEVELOPMENT  
CORPORATION

110 William Street, 6<sup>th</sup> Floor  
New York, N.Y. 10038

Of Counsel: Meredith J. Jones, Esq.  
Tel: (212) 312-3563

NEW YORK CITY ECONOMIC GROWTH CORPORATION

c/o New York City Economic Development Corporation  
110 William Street, 6<sup>th</sup> Floor  
New York, N.Y. 10038

Of Counsel: Meredith J. Jones, Esq.  
Tel: (212) 312-3563

Due and timely service is hereby admitted.

New York, N.Y. \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_, Esq.

Attorney for \_\_\_\_\_

121009000 272

CSC 45  
Drawdown

CERTIFICATE OF MERGER

OF

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

WITH AND INTO

NEW YORK CITY ECONOMIC GROWTH CORPORATION

UNDER SECTION 904 OF

THE NEW YORK NOT-FOR-PROFIT CORPORATION LAW

Filed by:

Meredith J. Jones  
New York City Economic Development Corporation  
110 William Street  
New York, NY 10038

Cust Ref # 372141  
KXK

lcc

STATE OF NEW YORK  
DEPARTMENT OF STATE  
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**STATE OF NEW YORK**

**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of  
the Department of State, at the City of  
Albany, on June 8, 2012.



A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro  
First Deputy Secretary of State

120517000783

NEW YORK  
CERTIFICATE OF INCORPORATION  
OF  
NEW YORK CITY ECONOMIC GROWTH CORPORATION  
UNDER SECTION 402 OF THE  
NOT-FOR-PROFIT CORPORATION LAW

---

THE UNDERSIGNED INCORPORATOR, a natural person of the age of 18 years or more, in order to form a corporation for the purposes stated in this Certificate, in accordance with the provisions of the Not-for-Profit Corporation Law of the State of New York ("N-PCL"),

DOES HEREBY CERTIFY:

**I. NAME**

The name of the corporation is New York City Economic Growth Corporation (the "Corporation").

**II. STATUTORY AUTHORITY**

The Corporation is a corporation as defined in Section 102(a)(5) of the N-PCL.

**III. NOT-FOR-PROFIT CORPORATION TYPE**

The Corporation is a Type C not-for-profit corporation as defined in Section 201(b) of the N-PCL.

**IV. PURPOSES, OBJECTIVES, POWERS, AND RESTRICTIONS**

A. The Corporation is formed for the following purposes: relieving and reducing unemployment in the City of New York (the "City"); promoting and providing for additional and maximum employment and bettering and maintaining job opportunities; attracting new industry and business to, and encouraging the development and retention of industry and business in, the City; promoting, alone, or in concert with federal, state, and local officials and interested national, state, and local groups, the economic growth and business prosperity of the City; promoting and improving the



City's maritime, water front, freight rail and aviation assets; creating and coordinating financial incentives available in the City and increasing private investment in the City; preserving and augmenting the tax base of the City; and undertaking projects to retain and increase economic development in the City, including through contracts with the City.

B. The lawful public or quasi-public objectives of the purposes enumerated above are to lessen the burdens of government for the City, to create an environment of economic stability, to increase and retain employment in the City, to bring greater revenues to the City through increased employment and commercial activity in the City and to promote economic development in the City.

C. In furtherance of the preceding purposes and objectives, the Corporation has all powers now or hereafter granted to a corporation under Section 202 of the N-PCL together with the power to solicit grants and contributions for any corporate purpose and, in addition, all other powers now or hereafter conferred by bylaw, as well as the power to do all things necessary, proper, and consistent with maintaining its qualification to receive contributions deductible under Section 170(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code").

D. Nothing contained in this Certificate shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes any of the activities set forth in paragraphs (a) through (v) of Section 404 of the N-PCL or Section 460-a of the Social Services Law of the State of New York.

E. All income and earnings of the Corporation shall be used exclusively for the purposes of the Corporation or accrue and be paid to the New York Job Development Authority. No part of the income or earnings of the Corporation shall inure to the benefit or profit of, nor shall any distribution of its property or assets be made to, any member or private person, corporate or individual, or any other private interest, except that the Corporation may repay loans made to it and may repay contributions (other than dues) made to it if and to the extent that any such contribution may not be allowable as a deduction in computing taxable income under the Code.

#### V. OFFICE

The office of the Corporation within the state of New York is to be located in the City and County of New York.

## VI. INITIAL DIRECTORS

The names and addresses of the individuals who are to serve as the initial directors of the Corporation until the first annual meeting or until their first successors are elected and qualify are:

<u>Name</u>	<u>Address</u>
James McSpiritt	100 Church Street New York, NY 10007
Eugene Lee	260 Broadway New York, NY 10007
William Holzon	260 Broadway New York, NY 10007

## VII. DESIGNATION

A. The Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served.

B. The address to which the Secretary of State shall mail a copy of any process accepted on behalf of the Corporation is 110 William Street, New York, New York 10038, Attention: President.

## VIII. MEMBERS

A. The Corporation has a single class of Members.

B. The number, qualifications, tenure, powers, and duties of Members and the procedure for designating Members are set forth in the Bylaws.

## IX. DIRECTORS

The qualifications, manner of election, number, tenure, powers, and duties of the directors of the Corporation are set out in the Bylaws.

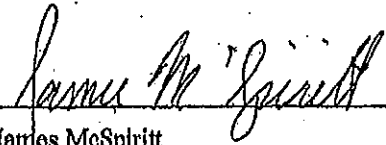
## X. DISSOLUTION

A. In the event of the liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary, involuntary, or by operation of law, no member or private person, corporate or individual, or other private interest, is entitled to any distribution or division of its remaining funds and other property and rights and interests in property.

B. The Corporation, after the payment of all of its debts and liabilities of whatsoever kind and nature (including the payment of loans and contributions the repayment of which has been authorized in this Certificate of Incorporation), shall distribute the balance of its assets to the City of New York or to the New York Job Development Authority, but only if such organization's income is excluded from gross income under Section 115 of the Code.

*{Signature on next page.}*

I, the undersigned Incorporator named above, do hereby affirm that this Certificate of Incorporation of New York City Economic Growth Corporation is my act and deed and the facts stated in this Certificate are true, and, accordingly, I have executed this Certificate on May 16, 2012.

  
\_\_\_\_\_  
James McSpritt  
Incorporator

New York City Law Department  
100 Church Street  
New York, NY 10007

CERTIFICATE OF RESERVATION

ENTITY NAME: NEW YORK CITY ECONOMIC GROWTH CORPORATION

DOCUMENT TYPE: RESERVATION (NEW) (DOM. NFP)

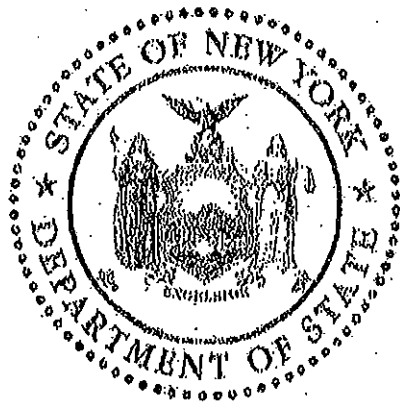
FILED: 03/28/2012 DURATION: 05/29/2012 CASH#: 120328000053 FILM #: 120328000050

FILER:

GUILAINE D. SENECAI  
NYC ECONOMIC DEVELOPMENT CORP.  
110 WILLIAM STREET  
NEW YORK, NY 10038

ADDRESS FOR PROCESS:

REGISTERED AGENT:



\*\* SUBMIT RECEIPT WHEN FILING CERTIFICATE \*\*

APPLICANT NAME : GUILAINE D. SENECAI

SERVICE COMPANY: \*\* NO SERVICE COMPANY \*\*

SERVICE CODE: 00

FEEs	35.00
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FILING	10.00
TAX	0.00
CERT	0.00
COPIES	0.00
HANDLING	25.00

PAYMENTS	35.00
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CASH	0.00
CHECK	0.00
CHARGE	35.00
DRAWDOWN	0.00
OPAL	0.00
REFUND	0.00

120517000783

CERTIFICATE OF INCORPORATION  
OF

New York City Economic Growth Corporation

Under Section 402 of the Not-for-Profit Corporation Law

FILED BY: Name: James McSpirtt

Mailing Address: 100 Church Street

City: New York State: NY Zip Code: 10007

For DOS use only

GT

5cc  
STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILES

MAY 17 2012

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BY: \_\_\_\_\_

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New York  
Type C

833

**EXHIBIT I**  
**TO**  
**VERIFIED PETITION**

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**BYLAWS OF NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

Two versions of the Bylaws of NYCEDC are currently included within this Exhibit I — the Bylaws that are now in effect and have been in effect since November 1, 2012, and revised Bylaws that will be considered by the Members of NYCEDC at their June 18, 2014 meeting. If adopted, the revised Bylaws (which have already been approved by the Governance Committee of the Board of Directors of NYCEDC) will become effective on July 1, 2014 and will be the Bylaws of the surviving corporation on the effective date of the merger. If the proposed revised Bylaws are not adopted by the Members of NYCEDC on June 18, 2014, then the Bylaws now in effect will be the Bylaws of the surviving corporation on the effective date of the merger. When this Verified Petition is submitted to the Supreme Court of the State of New York, only the Bylaws then in effect will be included in this Exhibit I.

**BYLAWS**

**OF**

**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

**(Effective November 1, 2012)**



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RESTATED BYLAWS

of

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

ARTICLE I

Membership

Section 1. Requirements for Membership; Appointment of Members; Vacancies. The

Members of the Corporation shall be twenty-seven (27) in number, consisting of:

- (i) sixteen (16) persons appointed by the Mayor of the City of New York, six (6) of whom shall be appointed by the Mayor directly, five (5) of whom shall be appointed by the Mayor upon nomination by the Borough Presidents of The City of New York (each Borough President nominating one (1) Member) and five (5) of whom shall be appointed by the Mayor upon nomination of the Speaker of the Council of The City of New York;
- (ii) one (1) person appointed directly by the Mayor of The City of New York after consultation with the Partnership for New York City, Inc., who shall be the Chairperson of the Board of Directors of the Corporation (herein called the "Chairperson"); and
- (iii) ten (10) persons appointed by the Chairperson from a list of persons approved by the Mayor of The City of New York.

The sixteen (16) persons appointed pursuant to (i) above directly by the Mayor of The City of New York or upon nomination of the Borough Presidents of The City of New York or the Speaker of the Council of The City of New York shall in each case be a public official or a

person prominent in the financial, commercial, industrial, professional or labor community of The City of New York. The Chairperson and the ten (10) persons appointed by him/her shall in each case be a person prominent in the financial, commercial, industrial or professional community of The City of New York and shall not be a public official.

A Member may be an official or employee of The City of New York or any agency of The City of New York.

If the Partnership for New York City, Inc. shall be renamed or shall consolidate or merge with any other organization, the organization as renamed or such consolidated or merged organization shall be the entity with which the Mayor of The City of New York consults in selecting the Chairperson. Any questions as to succession shall be conclusively resolved for all purposes by counsel for the Corporation.

Members shall be appointed annually prior to or on the date of the annual meeting of Members. Each Member, including Members appointed to fill vacancies as provided below, shall serve as such until (i) the appointment of his/her successor or (ii) his/her earlier death or resignation. If at any time there is less than the prescribed number of appointed Members, the Mayor of The City of New York, in the case of a Member appointed by him/her, or the Chairperson, in the case of a Member appointed by him/her, may appoint a person having the qualifications to be such Member to fill such vacancy, provided that the appointment of a Member to fill a vacancy shall be made in the manner prescribed above for the appointment of Members.

Section 2. Membership Section. There shall be a Membership section for the election of Directors and of alternates for such Directors which shall be comprised of all the Members. Only such Membership section shall be entitled to elect Directors and their alternates.

Section 3. Conditions of Membership. By acceptance of membership, Members agree with each other and with the Corporation that the Corporation shall be non-profit. All income and earnings of the Corporation shall be used exclusively for its corporate purposes as set forth in the Certificate of Incorporation.

Section 4. Resignation. Any Member may resign at any time upon notice to the President. Such resignation shall take effect upon announcement or, if such notice is in writing, upon receipt or at the time specified in the notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Voting. Each Member shall be entitled to one (1) vote on each matter submitted to a vote of Members, except that only those Members comprising the Membership section for the election of Directors shall be entitled to elect Directors and their alternates. Upon direction of the presiding officer or upon demand by a Member, the vote upon any question before a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

Section 6. Annual Meeting. The annual meeting of the Members, for the election of Directors and for the transaction of such other business as may come before the meeting, shall be held at the principal office of the Corporation, 110 William Street, New York, New York, on the second Wednesday in the month of November at 8:30 a.m., or at such other place within New York City or at such other time as the Members, Board of Directors, the Chairperson or the President may prescribe. If the second Wednesday in the month of November is a legal holiday in any year, the meeting shall be held at the same place on the next business day following that is not a legal holiday at 8:30 a.m., or at such other place within New York City or at such other time as the Members, Board of Directors, the Chairperson or the President may prescribe.

Section 7. Special Meetings. A special meeting of the Members, other than those regulated by statute, shall be called by the Chairperson or the President at the request in writing of Members having 10% or more of the total number of votes that may be cast at such meeting, or by the Chairperson or the President. The President or Chairperson shall fix the time and place for such meeting and the Secretary shall cause notice to be given as required by Section 8 of this Article.

Section 8. Notice of Meetings. Written notice of each meeting of the Members shall be given by first class mail, postage prepaid, or by delivery in person, not less than ten (10), nor more than fifty (50), days before such meeting directed to each Member at his/her address as it appears on the record of Members of the Corporation, or, if such Member shall have filed with the Secretary a written request that notices to him/her be mailed to some other address, then directed to such Member at such other address; provided, however, that such notice may be waived by any Member or his/her proxy by signing a written waiver of notice either before or after the meeting, or by attending the meeting without protesting, prior thereto or at its commencement, lack of notice to him/her. The notice shall set forth the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted and by or at whose direction the special meeting is called. Meetings of the Members may also be held at any place and time without notice by unanimous written consent of all of the Members.

Section 9. Action by Members Without a Meeting. Any action required or permitted to be taken by the Members may be taken without a meeting if all the Members consent in writing to the action. A statement of the authorized action and the written consents thereto shall be filed with minutes of the proceedings of the Members.

Section 10. Conference Call Meetings. Members may participate in meetings of the Members by means of a conference telephone or similar equipment that allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 11. Duties of Chairperson and any Vice Chairpersons and Procedure. The order of business and all other matters of procedure at every meeting of Members shall be determined by the presiding officer. The Chairperson shall preside at all meetings of the Members and the Board of Directors at which he/she shall be present, and he/she shall also perform such other duties as are incident to his/her position, or as are assigned to him/her by the Board of Directors. The Board of Directors may also appoint one or more Directors to be Vice Chairpersons. The Vice Chairperson, or if there is more than one Vice Chairperson, then one of them, as may be agreed among them, shall preside at meetings of Members and of the Board of Directors in the absence of the Chairperson and the President. The Vice Chairperson or Vice Chairperson shall also perform other duties as are assigned to him/her or them by the Board of Directors or the Chairperson. Each Vice Chairperson, if any, shall serve as such until the appointment of his/her successor or his/her earlier death, resignation or removal.

Section 12. Quorum. A meeting of the Members duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of a majority of the Members shall constitute a quorum unless otherwise provided by law. If a quorum is not present, a majority of the Members present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough Members to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Members.

Section 13. Vote Required. All questions, except those for which the manner of deciding is specifically prescribed by law or these bylaws, shall be determined by a majority vote of the Members present in person or by proxy at any meeting at which a quorum is present.

Section 14. Proxies - Voting. A Member may vote either in person or by proxy appointed by an instrument executed in writing by such Member or his/her duly authorized attorney and delivered to the secretary of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the Member or his/her duly authorized attorney executing it shall have specified therein its duration. Every proxy shall be revocable at any time at the pleasure of the Member on whose behalf it was executed or his/her duly authorized attorney.

## ARTICLE II

### Directors

Section 1. Management of Corporate Affairs. The general management of the affairs of the Corporation shall be vested in a Board of Directors. The Board of Directors shall have control of the property of the Corporation and shall fix its policies. It shall have power to employ necessary staff and other personnel, authorize expenditures, and take all necessary and proper steps to carry out the purposes of the Corporation and to promote its best interest.

Section 2. Number of Directors. The Directors of the Corporation shall be twenty-seven (27) in number.

Section 3. Election of Directors; Term of Office; Vacancies. The Membership section for the election of Directors shall elect such number of Directors as are necessary to constitute the Board of Directors at each annual meeting of the Members. Each Director shall hold office



until (i) the later of the next annual meeting or the election and qualification of his/her successor, or (ii) his/her earlier death, resignation or removal, or (iii) such Director shall have ceased for any reason to be a Member.

In the case of any vacancy on the Board of Directors for any reason, such vacancy may be filled by vote of the Membership section for the election of Directors at any annual meeting or special meeting of the Members.

Section 4. Qualifications for Directors. Directors (but not alternates for Directors) must be Members at the time of their election.

Section 5. Resignation. Any Director may resign at any time upon notice to the President. Such resignation shall take effect upon announcement or, if such notice is in writing, upon receipt or at the time specified in the notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal of Director. Any Director may be removed, either with or without cause, at any meeting of Members, notice of which shall have referred to the proposed action, by the vote in person or by proxy of a majority of the Members entitled to vote.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place within or without the State of New York as the Board of Directors, the Chairperson or the President may from time to time prescribe.

Section 8. Special Meetings. A special meeting of the Board of Directors, other than those regulated by statute, shall be called by the Chairperson or the President at the request in writing of five (5) or more Directors, or by the Chairperson or the President. The President or Chairperson shall fix the time and place for such meeting and the Secretary shall cause notice to be given as required by Section 9 of this Article.

Section 9. Notice of Meetings. Written notice of each meeting of the Board of Directors shall be given by first class mail, postage prepaid, or by delivery in person, not less than three (3) days before such meeting directed to each Director at his/her address as it appears on the record of Directors of the Corporation, or, if such Director shall have filed with the Secretary a written request that notices to him/her be mailed to some other address, then directed to such Director at such other address; provided, however, that such notice may be waived by any Director by signing a written waiver of notice either before or after the meeting, or by attending the meeting without protesting, prior thereto or at its commencement, lack of notice to him/her. The notice shall set forth the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted and by or at whose direction the special meeting is called. Meetings of the Board of Directors may also be held at any place and time without notice by unanimous written consent of all the Directors.

Section 10. Action by Board of Directors Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all the Members of the Board of Directors consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto shall be filed with minutes of the proceedings of the Board of Directors.

Section 11. Conference Call Meetings. Directors may participate in meetings of the Board of Directors by means of a conference telephone or similar equipment that allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 12. Procedure. The order of business and all other matters of procedure at every meeting of Directors shall be determined by the presiding officer.

Section 13. Quorum. A meeting of the Board of Directors duly called shall not be organized for the transaction of business unless a quorum is present. A quorum for the transaction of business shall consist of nine (9) Directors, unless there are fewer than nine (9) Directors then in office, in which event a quorum for the transaction of business shall consist of seven (7) Directors, which number, in either case, shall include either the Chairperson and one (1) Director who is a Member appointed by him/her or at least two (2) Directors who are Members appointed by the Chairperson.

If a quorum is not present, a majority of the Directors present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough Directors to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Directors.

Section 14. Vote Required. The acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, unless otherwise provided by law, the Certificate of Incorporation or these bylaws, provided, however, that during the period in which the Corporation has twenty-one (21) or more Directors, the Corporation may not exercise its powers to purchase, sell, mortgage or lease real property, or to borrow money and issue bonds, notes and other obligations therefor, unless authorized by at least a majority of the entire Board of Directors.

Section 15. Annual Report. The Directors shall present at the annual meeting of the Members an annual report showing the financial and other affairs of the Corporation as required by law.

Section 16. Compensation of Directors and Officers. No Director or other officer of the Corporation shall receive compensation from the Corporation either as a Director or an officer or in any other capacity, except reasonable compensation for services rendered in effecting one or more of its corporate purposes.

Section 17. Alternates. Subject to the limitations described in this Section 17, the Membership section for the election of Directors may elect alternates for each Director at each annual meeting of the Members or at a special meeting called for that purpose. Alternates for Directors need not be Members. In addition, more than one (1) person may be elected as an alternate for each Director. In such case the Membership section shall designate which alternate shall be the first alternate and the priority of the other alternates that are to serve in the event prior alternates are unable to attend the meeting. Unless otherwise prohibited by these bylaws, in the absence of a Director from a meeting of the Board of Directors or a committee thereof, his/her alternate may, upon written notice to the Secretary, attend such meeting and exercise therein the rights, powers and privileges and be subject to the duties, obligations and limitations of the absent Director.

The only persons who may be elected as an alternate for a Deputy Mayor Director are persons approved by such Deputy Mayor to be so elected and a person so elected as an alternate for a Deputy Mayor Director shall cease to be such an alternate if the Deputy Mayor Director notifies the President, Secretary or Assistant Secretary of the Corporation that he/she no longer wishes such person to be his/her alternate.

### ARTICLE III

#### Committees

Section 1. Designation, Composition, Quorum and Authority of Executive Committee.

The Board of Directors, by resolution adopted by a majority of the whole number of Directors, may designate an executive committee (the "Executive Committee"), consisting of at least seven (7) but not more than thirteen (13) Directors, one (1) of whom must be the Member appointed by the Mayor of The City of New York as Chairperson of the Board of Directors, three (3) of whom must be Members appointed by the Chairperson, and three (3) of whom must be Members, other than the Chairperson, appointed by the Mayor of The City of New York. During the intervals between the meetings of the Board of Directors, the Executive Committee, to the extent permitted by law, the resolution, the Certificate of Incorporation and these bylaws, shall have all the authority of the Board of Directors except in relation to matters requiring at least a majority vote of the whole number of Directors. A quorum for the transaction of business shall consist of four (4) or, if the total number of members of the Executive Committee is thirteen (13), of five (5), members of the Executive Committee. If a quorum of the Board of Directors is not present at a meeting of the Board of Directors, and if a majority of the Directors present at such meeting so request, the Executive Committee shall meet immediately upon the adjournment of such meeting of the Board of Directors, and no notice of such meeting of the Executive Committee shall be required.

Section 2. Designation, Composition, Quorum and Authority of Audit Committee. The Board of Directors shall, by resolution adopted by a majority of the whole number of Directors, designate a standing audit committee (the "Audit Committee"), consisting of three (3) or more Directors each of whom is an "Independent Director" as defined in Section 4 of Article III. The Audit Committee shall recommend to the Board of Directors the hiring of a certified independent accounting firm of the Corporation, establish the compensation to be paid to the accounting firm,

and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. To the extent practicable, members of the Audit Committee should be familiar with corporate financial and accounting principles.

Section 3. Designation, Composition, Quorum and Authority of Governance Committee.

The Board of Directors shall, by resolution adopted by a majority of the whole number of Directors, designate a standing governance committee (the "Governance Committee"), consisting of three (3) or more Directors, each of whom is an "Independent Director" as defined in Section 4 of Article III, and who shall possess the necessary skills to understand the duties and functions of the Governance Committee. The Governance Committee shall keep the Board of Directors informed of current best governance practices, review corporate governance trends, recommend updates to the Corporation's governance principles, and advise appointing authorities of the skills and experiences required of potential members. In addition, the Governance Committee shall examine ethical and conflicts of interest issues, perform Board self-evaluations and recommend bylaws which include rules and procedures for conduct of Board business.

Section 4. Qualifications for Independent Directors. Directors who must be independent, as required for membership on certain committees of the Board of Directors, shall be members of the Board who are "independent" as defined by the Public Authorities Accountability Act of 2005, as amended (PAAA), which requires that the director:

- (a) is not, and in the past two years has not been, employed by the Corporation or an affiliate of the Corporation in an executive capacity;
- (b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than \$15,000.00 for goods and services provided to the

Corporation or an affiliate or received any other form of financial assistance valued at more than \$15,000.00 from the Corporation or an affiliate;

(c) is not a relative of an executive officer or employee in an executive position of the Corporation or an affiliate; and

(d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the Corporation or an affiliate.

For purposes of the foregoing, an "affiliate" is any person that controls, is controlled by, or is under common control with the Corporation.

Section 5. Meetings of Committees. Any committee of the Board of Directors (with regard to such committee) or the Board of Directors (with regard to all committees) shall have the power to fix the time and place of holding regular or special meetings of committees and the method of giving notice thereof; but unless otherwise prescribed, meetings of any committee may be called in the same manner and upon the same notice, and notice of such meetings may be waived in the same manner, as provided in these bylaws with respect to meetings of the Board of Directors.

Section 6. Authorization. The acts of a majority of the members of a committee present at a meeting at which a quorum is present shall be the acts of such committee, unless otherwise provided by law, the Certificate of Incorporation or these bylaws. If a quorum is not present, a majority of the members of the committee present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough members of such committee to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members of the committee.

Section 7. Minutes of Committee Meetings. Each committee shall keep regular minutes of all its meetings and proceedings. The said minutes shall be open to the inspection of any Director at any time.

Section 8. Action Without a Meeting; Conference Call Meetings. Any action required or permitted to be taken by any committee of the Board of Directors may be taken without a meeting if all the members of the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and written consents thereto shall be filed with minutes of the proceedings of the committee. Members of any committee may participate in meetings by means of a conference telephone or similar equipment that allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 9. Additional Committees. In addition to the Executive Committee, the Audit Committee and the Governance Committee, the Board of Directors shall have the power from time to time to appoint additional committees and to prescribe the tenure of office and the powers and duties of such committees.

Section 10. Restrictions on Committees. No committee of the Board of Directors: (a) may consist of fewer than three Directors; or (b) has authority as to the following matters: (1) the submission to the Members of any action requiring Members' approval under the law or these bylaws; (2) the filling of vacancies in the Board of Directors or in any committee; (3) the fixing of compensation of the Directors for serving on the Board of Directors or on any committee thereof; (4) the amendment or repeal of these bylaws or the adoption of new bylaws; or (5) the amendment or repeal of any resolution of the Board of Directors which by its terms is not so amendable or repealable.



## ARTICLE IV

### Officers

Section 1. Officers. The officers of the Corporation shall be a President, such Executive Vice Presidents and Senior Vice Presidents as the Board of Directors may from time to time determine, a Treasurer and a Secretary, and such Assistant Treasurers and Assistant Secretaries as the Board of Directors may from time to time determine.

None of the officers need be a Member or Director. The Secretary and the Treasurer may be the same person and any Executive Vice President or Senior Vice President may also hold the office of Secretary or Treasurer. The President and the Secretary may not be the same person.

The Board of Directors may elect such other officers as it shall deem necessary, who shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

An officer of the Corporation may be an official or employee of The City of New York or any agency of The City of New York.

Section 2. Term of Office. Each officer shall be elected annually by each new Board of Directors at a meeting following the election of such Board of Directors, or as soon as practicable thereafter, and shall hold his/her respective office until (i) the later of the next annual meeting or the election and qualification of his/her successor or (ii) his/her earlier death, resignation or removal. Any vacancy occurring in one of the offices may be filled at any ensuing meeting of the Board of Directors.

Section 3. President. The President shall be the chief executive officer of the Corporation and shall have general charge and supervision of and authority over all the business

and affairs of the Corporation, subject to the control and direction of the Board of Directors. He/She shall also perform such other duties as are incident to his/her office or as are assigned to him/her by the Board of Directors or the Chairperson. The President shall preside at meetings of the Members and of the Board of Directors in the absence of the Chairperson.

Section 4. Executive and Senior Vice Presidents. The Executive Vice Presidents and Senior Vice Presidents may be designated by such title or titles as the Board of Directors may determine. At the request of the President, an Executive Vice President or Senior Vice President shall perform the duties and exercise the functions of the President. In addition, in the President's absence, the Executive Vice President, or Executive Vice Presidents in such order as the President or Chairperson may from time to time designate, shall perform the duties and exercise the functions of the President. The Executive Vice Presidents and Senior Vice Presidents shall perform such other duties as may be assigned to him/her or them by the Board of Directors or the President.

Section 5. Secretary and Assistant Secretaries. The Secretary shall issue notices of all meetings of Members and Directors when notices of such meetings are required by law or these bylaws. He/She shall keep the minutes thereof, and shall have charge of the records of the Corporation. He/She shall have custody of the corporate seal, shall affix the corporate seal to and sign such instruments as require the seal and his/her signature, and shall perform such other duties as are incident to his/her office or as are properly required of him/her by the Board of Directors or the President.

Any Assistant Secretary shall perform such duties as may be assigned to him/her by the Board of Directors or the President. At the request of the Secretary or in the absence of the

Secretary, an Assistant Secretary shall perform the duties and exercise the powers of the Secretary.

Section 6. Treasurer and Assistant Treasurers. The Treasurer shall have the care and custody of all the moneys and securities of the Corporation. He/She shall deposit moneys received by him/her for the Corporation in the name of the Corporation as provided in Article V, Section 1. He/She shall cause to be entered in books of the Corporation to be kept for the purpose full and accurate accounts of all moneys received by him/her and paid by him/her on account of the Corporation. He/She shall make and sign such reports, statements and instruments as may be required of him/her by law or the Board of Directors, and shall perform such other duties as are incident to his/her office or as are properly required of him/her by the Board of Directors or the President.

Any Assistant Treasurer shall perform such duties as may be assigned to him/her by the Board of Directors or the President. At the request of the Treasurer or in the absence of the Treasurer, an Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer.

Section 7. Removal. Any officer elected by the Board of Directors may be removed, either with or without cause, at any meeting of Directors, notice of which shall have referred to the proposed action, by vote in person or by proxy of two-thirds of all Directors entitled to vote.

Section 8. Bonds. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation for the faithful performance of his/her duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors. The expense of such bond shall be borne by the Corporation.

Section 9. Execution of Contracts, Deeds and Agreements; Purchases. All authorized contracts, deeds and agreements may be executed and purchases may be made in the name of the Corporation by the President, any Executive Vice President and such other officer or officers or other person or persons as the Board of Directors may from time to time allow.

Section 10. Execution of Checks, Notes, Drafts and Other Negotiable Instruments and Wire Transfers. All checks, notes, drafts and other negotiable instruments shall be signed by, and wire transfers of funds of the Corporation shall be authorized by (a) two (2) of the following officers: the President, the Treasurer, any Executive Vice President, or such other officer or officers as the Board of Directors may from time to time designate for that purpose or (b) by one (1) of the officers listed in (a) above and by one (1) of the following officers: the Secretary, any Assistant Secretary, any Assistant Treasurer, any Senior Vice President, or such other officer or officers as the Board of Directors may from time to time designate.

## ARTICLE V

### Finances and Records

Section 1. Finances. The funds of the Corporation shall be deposited in its name with such bank or banks, trust company or trust companies as the Board of Directors may from time to time designate. No officers, agents or employees of the Corporation, alone or with others, shall have the power to make any checks, notes, drafts or other negotiable instruments in the name of the Corporation or to bind the Corporation thereby, except as herein provided.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on June 30th, unless otherwise provided by the Board of Directors.

Section 3. Keeping and Inspection of Records. There shall be kept, at the principal office of the Corporation, a complete set of the books and records of the Corporation. They shall include, but not be limited to, the bylaws, minutes of meetings, a Membership roll containing the names of all persons who are Members, and such other books, records and papers of the Corporation as the Members or the Board of Directors shall require. These records shall be open to inspection by any Member or Director within five (5) days after receipt by the Secretary of a written request for such inspection.

## ARTICLE VI

### Miscellaneous

Section 1. Form of Corporate Seal. The seal of the Corporation shall be circular in form with the words "New York City Economic Development Corporation" in the outer circle and the words "Corporate Seal 2012 New York" in the inner circle. The seal on any corporate obligation for the payment of money may be facsimile, engraved or printed.

Section 2. Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each Director and officer, whether or not then in office, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of such Director's or officer's act or omission to act as a Director or officer of the Corporation, against (i) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (ii) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding.

Subject to the provisions of this Section 2, the Corporation shall indemnify each employee of the Corporation, whether or not then so employed, other than an officer or Director

acting in such capacity, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of the scope of his/her employment against (i) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (ii) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding. Such indemnification shall be conditional upon (x) a finding made by the Board of Directors that the employee acted in good faith for a purpose which he/she reasonably believed to be in the best interests of the Corporation and that he/she had no reasonable cause to believe that his/her conduct was unlawful, (y) the employee's reasonably prompt delivery to the Corporation of written notice of the action, suit or proceeding and (iii) unless defended by the Corporation, the employee's retention of counsel satisfactory to the Corporation and the Corporation's determination that the defense and any settlement of such action, suit or proceeding is satisfactory. The foregoing right of indemnification shall not be exclusive of other rights to which any employee may be entitled as a matter of law.

Section 3. Conflict of Interests. In the event the Corporation proposes to enter into a contract or transaction in which a Director or officer is interested directly or indirectly, the Board of Directors and a committee of the Board that is otherwise authorized to approve the contract or transaction are authorized to vote to approve the contract or transaction. The Director or officer concerned shall forthwith make disclosure to the Board of Directors or committee of the Board (whichever will approve the contract or transaction) of the nature and extent of his/her interest and such disclosure shall be entered in writing upon the minutes of the meeting called to authorize such contract. No Director who has such an interest shall vote on any matter relating to such interest at a Board or committee meeting.

Section 4. Amendments. These bylaws may be added to, altered, amended or repealed at any regular or special meeting of the Members or of the Board of Directors by a vote of at least a majority of the entire Board of Directors, except that (i) any provision of these bylaws that provides for action by more than a majority of the entire Board of Directors may be added to, altered, amended or repealed only by the vote of two-thirds of the Members entitled to vote and (ii) if any bylaw regulating an impending election of Directors is adopted, altered, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of Members for the election of Directors the bylaw so adopted, altered, amended or repealed, together with a concise statement of the changes made.

Section 5. No Electioneering. The Corporation may not attempt to participate or intervene, directly or indirectly, in any campaign on behalf of or in opposition to any candidate for public office.

**BYLAWS**  
**OF**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**  
**(Effective July 1, 2014)**



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RESTATED BYLAWS

of

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

ARTICLE I

Membership

Section 1. Requirements for Membership; Appointment of Members; Vacancies. The Members of the Corporation shall be twenty-seven (27) in number, consisting of:

- a) twenty-six (26) persons appointed by the Mayor of the City of New York (the "Mayor"), sixteen (16) of whom shall be appointed by the Mayor directly, five (5) of whom shall be appointed by the Mayor upon nomination by the Borough Presidents of The City of New York (each a "Borough President") (each Borough President nominating one (1) Member) and five (5) of whom shall be appointed by the Mayor upon nomination of the Speaker of the Council of The City of New York (the "Speaker"); and
- b) one (1) person appointed directly by the Mayor after consultation with the Partnership for New York City, Inc., who shall be the Chairperson of the Board of Directors of the Corporation (herein called the "Chairperson").

The Members, other than those nominated by the Borough Presidents and the Speaker, are hereinafter referred to as "Mayoral Nominee Members".

The Members shall in each case be a public official or a person prominent in the financial, commercial, industrial, professional or labor community of The City of New York (the "City"), provided that the Chairperson and at least ten (10) of the other Mayoral Nominee

Members shall not be public officials [or persons prominent in the labor community].

Except as provided above, a Member may be an official or employee of the City or any agency of the City.

If the Partnership for New York City, Inc. shall be renamed or shall consolidate or merge with any other organization, the organization as renamed or such consolidated or merged organization shall be the entity with which the Mayor consults in selecting the Chairperson. Any questions as to succession shall be conclusively resolved for all purposes by counsel for the Corporation.

Members shall be appointed annually prior to or on the date of the annual meeting of Members. Each Member, including Members appointed to fill vacancies as provided below, shall serve as such until (a) the appointment of his/her successor or (b) his/her earlier death, resignation or removal. If at any time there is less than the prescribed number of appointed Members, the Mayor may appoint a person having the qualifications to be such Member to fill such vacancy, provided that the appointment of a Member to fill a vacancy shall be made in the manner prescribed above for the appointment of Members.

Notwithstanding any other provision of these bylaws, a Member appointed by the Chairperson prior to July 1, 2014 shall continue to be a Member until (i) the appointment of his/her successor or (ii) his/her earlier death, resignation or removal, and shall be considered to be a Mayoral Nominee Member for purposes of these bylaws.

Section 2. Membership Section. There shall be a Membership section for the election of Directors and of an alternate for any Director who is the Mayor or a Deputy Mayor of the City, which shall be comprised of all the Members. Only such Membership section shall be entitled to elect Directors and such alternates.

Section 3. Conditions of Membership. By acceptance of membership, Members agree with each other and with the Corporation that the Corporation shall be non-profit. All income and earnings of the Corporation shall be used exclusively for its corporate purposes as set forth in the Corporation's Certificate of Incorporation.

Section 4. Resignation and Removal. Any Member may resign at any time upon notice to the President. Such resignation shall take effect upon announcement or, if such notice is in writing, upon receipt or at the time specified in the notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

The Chairperson may remove any Member who is a Mayoral Nominee Member (other than a Member who is the Mayor or a Deputy Mayor of the City), in the event that such Member fails to attend, either in person or by conference telephone or similar communications equipment or electronic video screen communication, two (2) consecutive, regular meetings of the Board of Directors or fails to attend in person three (3) consecutive, regular meetings of the Board of Directors. Such removal shall be in writing and shall take effect upon receipt, unless a different time is specified in the written notice.

Section 5. Voting. Each Member shall be entitled to one (1) vote on each matter submitted to a vote of Members, except that only those Members comprising the Membership section for the election of Directors shall be entitled to elect Directors and an alternate for any Director who is the Mayor or a Deputy Mayor of the City. Upon direction of the presiding officer or upon demand by a Member, the vote upon any question before a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

Section 6. Annual Meeting. The annual meeting of the Members, for the election of Directors and for the transaction of such other business as may come before the meeting, shall be

held at the principal office of the Corporation, 110 William Street, New York, New York, on the second Wednesday in the month of November at 8:30 a.m., or at such other place within the City or at such other time as the Members, Board of Directors, the Chairperson or the President may prescribe. If the second Wednesday in the month of November is a legal holiday in any year, the meeting shall be held at the same place on the next business day following that is not a legal holiday at 8:30 a.m., or at such other place within the City or at such other time as the Members, Board of Directors, the Chairperson or the President may prescribe.

Section 7. Special Meetings. A special meeting of the Members, other than those regulated by statute, shall be called by the Chairperson or the President at the request in writing of Members having 10% or more of the total number of votes that may be cast at such meeting, or by the Chairperson or the President. The President or Chairperson shall fix the time and place for such meeting and the Secretary shall cause notice to be given as required by Section 8 of this Article.

Section 8. Notice of Meetings. Written notice of each meeting of the Members shall be given not less than ten (10), nor more than fifty (50), days before such meeting by first class mail, postage prepaid, delivery in person, facsimile telecommunication, or electronic mail. If notice is sent by first class mail or delivered in person it shall be directed to each Member at his/her address as it appears on the record of Members of the Corporation, or, if such Member shall have filed with the Secretary a written request that notices to him/her be mailed or delivered to some other address, then directed to such Member at such other address. If notice is sent by facsimile telecommunication or electronic mail, it shall be directed to the Member's fax number or electronic mail address as it appears on the record of Members, or to such fax number or other electronic mail address as has been filed with the Secretary of the Corporation. Notice shall not

be deemed to have been given by facsimile transmission or electronic mail if: (a) the Corporation is unable to deliver two (2) consecutive notices to the Member by facsimile telecommunication or electronic mail; or (b) the Corporation otherwise becomes aware that notice cannot be delivered to the Member by facsimile telecommunication or electronic mail. Notwithstanding the foregoing, notice may be waived, either before or after the meeting, by any Member or his/her proxy, in writing or electronically. If in writing, the Member may sign a written waiver of notice or cause his/her signature to be affixed to a waiver of notice by any reasonable means, including but not limited to facsimile signature. If electronic, the transmission of the waiver must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the submission was authorized by the Member. Notice may also be waived by attending the meeting without protesting, prior thereto or at its commencement, lack of notice to him/her. The notice shall set forth the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted and by or at whose direction the special meeting is called. Meetings of the Members may also be held at any place and time without notice by unanimous written consent of all of the Members.

Section 9. Conference Call Meetings. Members may participate in meetings of the Members by means of a conference telephone or similar communications equipment or by electronic video screen communication. Participation by such means shall constitute presence in person at the meeting as long as all persons participating in the meeting can hear each other at the same time and each Member can participate in all matters before the Members, including, without limitation, the ability to propose, object to, and vote upon a specific action to be taken by the Members.

Section 10. Duties of Chairperson and any Vice Chairperson and Procedure. The order of business and all other matters of procedure at every meeting of Members shall be determined by the presiding officer. The Chairperson shall preside at all meetings of the Members and the Board of Directors at which he/she shall be present, and he/she shall also perform such other duties as are incident to his/her position, or as are assigned to him/her by the Board of Directors. The Board of Directors may also appoint one or more Directors to be Vice Chairpersons. The Vice Chairperson, or if there is more than one Vice Chairperson, then one of them, as may be agreed among them, shall preside at meetings of Members and of the Board of Directors in the absence of the Chairperson and the President. The Vice Chairperson or Vice Chairpersons shall also perform other duties as are assigned to him/her or them by the Board of Directors or the Chairperson. Each Vice Chairperson, if any, shall serve as such until the appointment of his/her successor or his/her earlier death, resignation or removal.

Section 11. Quorum. A meeting of the Members duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of a majority of the Members shall constitute a quorum unless otherwise provided by law. If a quorum is not present, a majority of the Members present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough Members to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Members.

Section 12. Vote Required. All questions, except those for which the manner of deciding is specifically prescribed by law, the Corporation's Certificate of Incorporation or these bylaws, shall be determined by a majority vote of the Members present in person or by proxy at any meeting at which a quorum is present.



Section 13. Proxies - Voting. A Member may vote either in person or by proxy appointed by an instrument executed in writing by such Member or his/her duly authorized attorney and delivered to the secretary of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the Member or his/her duly authorized attorney executing it shall have specified therein its duration. Every proxy shall be revocable at any time at the pleasure of the Member on whose behalf it was executed or his/her duly authorized attorney.

## ARTICLE II

### Directors

Section 1. Management of Corporate Affairs. The general management of the affairs of the Corporation shall be vested in a Board of Directors. The Board of Directors shall have control of the property of the Corporation and shall fix its policies. It shall have power to employ necessary staff and other personnel, authorize expenditures, and take all necessary and proper steps to carry out the purposes of the Corporation and to promote its best interest.

Section 2. Number of Directors. The Directors of the Corporation shall be twenty-seven (27) in number.

Section 3. Election of Directors; Term of Office; Vacancies. The Membership section for the election of Directors shall elect the Board of Directors at each annual meeting of the Members. Each Director shall hold office until (a) the later of the next annual meeting or the election and qualification of his/her successor, or (b) his/her earlier death, resignation or removal, or (c) such Director shall have ceased for any reason to be a Member.

In the case of any vacancy on the Board of Directors for any reason, such vacancy may be filled by vote of the Membership section for the election of Directors at any annual meeting or special meeting of the Members.

Section 4. Qualifications for Directors. Directors (but not alternates for Directors) must be Members at the time of their election.

Section 5. Resignation. Any Director may resign at any time upon notice to the President. Such resignation shall take effect upon announcement or, if such notice is in writing, upon receipt or at the time specified in the notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal of Director. Any Director may be removed, either with or without cause, at any meeting of Members, notice of which shall have referred to the proposed action, by the vote in person or by proxy of a majority of the Members entitled to vote.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place within or without the State of New York as the Board of Directors, the Chairperson or the President may from time to time prescribe.

Section 8. Special Meetings. A special meeting of the Board of Directors, other than those regulated by statute, shall be called by the Chairperson or the President at the request in writing of five (5) or more Directors, or by the Chairperson or the President. The President or Chairperson shall fix the time and place for such meeting and the Secretary shall cause notice to be given as required by Section 9 of this Article.

Section 9. Notice of Meetings. Written notice of each meeting of the Board of Directors shall be given not less than three (3) days before such meeting by first class mail, postage prepaid, delivery in person, facsimile telecommunication, or electronic mail. If notice is sent by

first class mail or delivered in person it shall be directed to each Director at his/her address as it appears on the record of Directors of the Corporation, or, if such Director shall have filed with the Secretary a written request that notices to him/her be mailed or delivered to some other address, then directed to such Director at such other address. If notice is sent by facsimile telecommunication or electronic mail, it shall be directed to the Director's fax number or electronic mail address as it appears on the record of Directors of the Corporation, or to such fax number or other electronic mail address as has been filed with the Secretary of the Corporation. Notice shall not be deemed to have been given by facsimile transmission or electronic mail if: (a) the Corporation is unable to deliver two (2) consecutive notices to the Director by facsimile telecommunication or electronic mail; or (b) the Corporation otherwise becomes aware that notice cannot be delivered to the Director by facsimile telecommunication or electronic mail. Notwithstanding the foregoing, notice may be waived, either before or after the meeting, by any Director, in writing or electronically. If in writing, the Director may sign a written waiver of notice or cause his/her signature to be affixed to a waiver of notice by any reasonable means, including but not limited to facsimile signature. If electronic, the transmission of the waiver must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the submission was authorized by the Director. Notice may also be waived by attending the meeting without protesting, prior thereto or at its commencement, lack of notice to him/her. The notice shall set forth the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted and by or at whose direction the special meeting is called. Meetings of the Board of Directors may also be held at any place and time without notice by unanimous written consent of all the Directors.

Section 10. Procedure. The order of business and all other matters of procedure at every meeting of Directors shall be determined by the presiding officer.

Section 11. Quorum. A meeting of the Board of Directors duly called shall not be organized for the transaction of business unless a quorum is present. A quorum for the transaction of business shall consist of seven (7) Directors, which number shall include at least two (2) Directors who are Mayoral Nominee Members.

If a quorum is not present, a majority of the Directors present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough Directors to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Directors.

Section 12. Vote Required. Unless otherwise provided by law, the Corporation's Certificate of Incorporation or these bylaws: the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, provided, however, that the Corporation may not exercise its powers to purchase, sell, mortgage, lease, exchange or otherwise dispose of real property unless authorized by at least a majority of the sitting Board of Directors.

Section 13. Annual Report. At the annual meeting of the Members the Directors shall present to the Members an annual report showing the financial and other affairs of the Corporation as required by law.

Section 14. Compensation of Directors and Officers. No Director or other officer of the Corporation shall receive compensation from the Corporation either as a Director or an officer or

in any other capacity, except reasonable compensation for services rendered in effecting one or more of its corporate purposes.

Section 15. Alternates. Only a Director who is the Mayor or a Deputy Mayor of the City shall have the right to nominate an alternate for him/herself in his/her capacity as a Director. In order to serve as an alternate, such nominee needs to be elected by the Membership section for the election of Directors and alternates at an annual meeting of the Members or at a special meeting of the Members called for that purpose. In the absence of a Director who is the Mayor or a Deputy Mayor of the City from a meeting of the Board of Directors or a committee thereof, his or her alternate may, upon written notice to the Secretary of the Corporation, attend such meeting and exercise therein the rights, powers and privileges of the absent Director and be subject to the duties, obligations and limitations of the absent Director.

The only person who may be elected as an alternate for a Director that is the Mayor or a Deputy Mayor of the City is a person nominated by such Director to be so elected and a person so elected shall cease to be such an alternate if such Director notifies the President, Secretary or Assistant Secretary of the Corporation that he/she no longer wishes such person to be his/her alternate.

### ARTICLE III

#### Committees

Section 1. Designation, Composition, Quorum and Authority of Executive Committee.

The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may designate an executive committee (the "Executive Committee"), consisting of at least seven (7) but not more than thirteen (13) Directors, one (1) of whom must be the Member serving as Chairperson of the Board of Directors and six (6) others of whom must also be Directors who are

Mayoral Nominee Members. During the intervals between the meetings of the Board of Directors, the Executive Committee, to the extent permitted by law, the resolution, the Corporation's Certificate of Incorporation and these bylaws, shall have all the authority of the Board of Directors, except in relation to the Corporation's purchase, sale, mortgage, lease, exchange or other disposition of real property. A quorum for the transaction of business shall consist of four (4) or, if the total number of members of the Executive Committee is thirteen (13), of five (5), members of the Executive Committee. If a quorum of the Board of Directors is not present at a meeting of the Board of Directors, and if a majority of the Directors present at such meeting so request, the Executive Committee shall meet immediately upon the adjournment of such meeting of the Board of Directors, and no notice of such meeting of the Executive Committee shall be required.

Section 2. Designation, Composition, Quorum and Authority of Audit Committee. The Board of Directors shall, by resolution adopted by a majority of the entire Board of Directors, designate a standing audit committee (the "Audit Committee"), consisting of three (3) or more Directors each of whom is an "Independent Director" as defined in Section 4 of this Article. The Audit Committee shall recommend to the Board of Directors the hiring of a certified independent accounting firm of the Corporation, establish the compensation to be paid to the accounting firm, and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. To the extent practicable, members of the Audit Committee should be familiar with corporate financial and accounting principles.

Section 3. Designation, Composition, Quorum and Authority of Governance Committee. The Board of Directors shall, by resolution adopted by a majority of the entire Board of Directors, designate a standing governance committee (the "Governance Committee"),

consisting of three (3) or more Directors, each of whom is an “Independent Director” as defined in Section 4 of this Article, and who shall possess the necessary skills to understand the duties and functions of the Governance Committee. The Governance Committee shall keep the Board of Directors informed of current best governance practices, review corporate governance trends, recommend updates to the Corporation’s governance principles, and advise appointing authorities of the skills and experiences required of potential Members. In addition, the Governance Committee shall examine ethical and conflicts of interest issues, perform Board self-evaluations and recommend bylaws which include rules and procedures for conduct of Board business.

Section 4. Qualifications for Independent Directors. Directors who must be independent, as required for membership on certain committees of the Board of Directors, shall be Directors who are “independent” as defined by the Public Authorities Accountability Act of 2005, as amended (PAAA), which requires that the Director:

- (a) is not, and in the past two (2) years has not been, employed by the Corporation or an affiliate of the Corporation in an executive capacity;
- (b) is not, and in the past two (2) years has not been, employed by an entity that received remuneration valued at more than \$15,000.00 for goods and services provided to the Corporation or an affiliate or received any other form of financial assistance valued at more than \$15,000.00 from the Corporation or an affiliate;
- (c) is not a relative of an executive officer or employee in an executive position of the Corporation or an affiliate; and
- (d) is not, and in the past two (2) years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the Corporation or an affiliate.

For purposes of the foregoing, an “affiliate” is any person that controls, is controlled by, or is under common control with the Corporation.

Section 5. Meetings of Committees. Any committee of the Board of Directors (with regard to such committee) or the Board of Directors (with regard to all committees) shall have the power to fix the time and place of holding regular or special meetings of committees and the method of giving notice thereof; but unless otherwise prescribed, meetings of any committee may be called in the same manner and upon the same notice, and notice of such meetings may be waived in the same manner, as provided in these bylaws with respect to meetings of the Board of Directors.

Section 6. Authorization. The acts of a majority of the members of a committee present at a meeting at which a quorum is present shall be the acts of such committee, unless otherwise provided by law, the Corporation’s Certificate of Incorporation or these bylaws. If a quorum is not present, a majority of the members of the committee present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough members of such committee to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members of the committee.

Section 7. Minutes of Committee Meetings. Each committee shall keep regular minutes of all its meetings and proceedings. The said minutes shall be open to the inspection of any Director at any time.

Section 8. Additional Committees. In addition to the Executive Committee, the Audit Committee and the Governance Committee, the Board of Directors shall have the power from



time to time to appoint additional committees and to prescribe the tenure of office and the powers and duties of such committees.

Section 9. Restrictions on Committees. No committee of the Board of Directors: (a) may consist of fewer than three (3) Directors; or (b) has authority as to the following matters: (i) the submission to the Members of any action requiring Members' approval under the law, the Corporation's Certificate of Incorporation or these bylaws; (ii) the filling of vacancies in the Board of Directors or in any committee; (iii) the fixing of compensation of the Directors for serving on the Board of Directors or on any committee thereof; (iv) the amendment or repeal of these bylaws or the adoption of new bylaws; or (v) the amendment or repeal of any resolution of the Board of Directors which by its terms is not so amendable or repealable.

#### ARTICLE IV

##### Officers

Section 1. Officers. The officers of the Corporation shall be a President, such Executive Vice Presidents and Senior Vice Presidents as the Board of Directors may from time to time determine, a Treasurer and a Secretary, and such Assistant Treasurers and Assistant Secretaries as the Board of Directors may from time to time determine.

None of the officers need be a Member or Director. The Secretary and the Treasurer may be the same person and any Executive Vice President or Senior Vice President may also hold the office of Secretary or Treasurer. The President and the Secretary may not be the same person.

The Board of Directors may elect such other officers as it shall deem necessary, who shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

An officer of the Corporation may be an official or employee of the City or any agency of the City.

Section 2. Term of Office. Each officer shall be elected annually by each new Board of Directors at a meeting following the election of such Board of Directors, or as soon as practicable thereafter, and shall hold his/her respective office until (a) the later of the next annual meeting or the election and qualification of his/her successor or (b) his/her earlier death, resignation or removal. Any vacancy occurring in one of the offices may be filled at any ensuing meeting of the Board of Directors.

Section 3. President. The President shall be the chief executive officer of the Corporation and shall have general charge and supervision of and authority over all the business and affairs of the Corporation, subject to the control and direction of the Board of Directors. He/she shall also perform such other duties as are incident to his/her office or as are assigned to him/her by the Board of Directors or the Chairperson. The President shall preside at meetings of the Members and of the Board of Directors in the absence of the Chairperson and at meetings of the Executive Committee in the absence of its chairperson.

Section 4. Executive and Senior Vice Presidents. The Executive Vice Presidents and Senior Vice Presidents may be designated by such title or titles as the Board of Directors may determine. At the request of the President, an Executive Vice President or Senior Vice President shall perform the duties and exercise the functions of the President. In addition, in the President's absence, the Executive Vice President, or Executive Vice Presidents in such order as the President or Chairperson may from time to time designate, shall perform the duties and exercise the functions of the President. The Executive Vice Presidents and Senior Vice

Presidents shall perform such other duties as may be assigned to them by the Board of Directors or the President.

Section 5. Secretary and Assistant Secretaries. The Secretary shall issue notices of all meetings of Members and Directors when notices of such meetings are required by law or these bylaws. He/she shall keep the minutes thereof, and shall have charge of the records of the Corporation. He/she shall have custody of the corporate seal, shall affix the corporate seal to and sign such instruments as require the seal and his/her signature, and shall perform such other duties as are incident to his/her office or as are properly required of him/her by the Board of Directors or the President.

Any Assistant Secretary shall perform such duties as may be assigned to him/her by the Board of Directors or the President. At the request of the Secretary or in the absence of the Secretary, an Assistant Secretary shall perform the duties and exercise the powers of the Secretary.

Section 6. Treasurer and Assistant Treasurers. The Treasurer shall have the care and custody of all the moneys and securities of the Corporation. He/she shall deposit moneys received by him/her for the Corporation in the name of the Corporation as provided in Article V, Section 1. He/she shall cause to be entered in books of the Corporation to be kept for the purpose full and accurate accounts of all moneys received by him/her and paid by him/her on account of the Corporation. He/she shall make and sign such reports, statements and instruments as may be required of him/her by law or the Board of Directors, and shall perform such other duties as are incident to his/her office or as are properly required of him/her by the Board of Directors or the President.

Any Assistant Treasurer shall perform such duties as may be assigned to him/her by the Board of Directors or the President. At the request of the Treasurer or in the absence of the Treasurer, an Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer.

Section 7. Removal. Any officer elected by the Board of Directors may be removed, either with or without cause, at any meeting of Directors, notice of which shall have referred to the proposed action, by vote of two-thirds of the sitting Directors.

Section 8. Bonds. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation for the faithful performance of his/her duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors. The expense of such bond shall be borne by the Corporation.

Section 9. Execution of Contracts, Deeds and Agreements; Purchases. All authorized contracts, deeds and agreements may be executed and purchases may be made in the name of the Corporation by the President, any Executive Vice President and such other officer or officers or other person or persons as the Board of Directors may from time to time allow.

Section 10. Execution of Checks, Notes, Drafts and Other Negotiable Instruments and Wire Transfers. All checks, notes, drafts and other negotiable instruments shall be signed by, and wire transfers of funds of the Corporation shall be authorized by (a) two (2) of the following officers: the President, the Treasurer, any Executive Vice President, or such other officer or officers as the Board of Directors may from time to time designate for that purpose or (b) by one (1) of the officers listed in (a) above and by one (1) of the following officers: the Secretary, any Assistant Secretary, any Assistant Treasurer, any Senior Vice President, or such other officer or officers as the Board of Directors may from time to time designate.

## ARTICLE V

### Finances and Records

Section 1. Finances. The funds of the Corporation shall be deposited in its name with such bank or banks, trust company or trust companies as the Board of Directors may from time to time designate. No officers, agents or employees of the Corporation, alone or with others, shall have the power to make any checks, notes, drafts or other negotiable instruments in the name of the Corporation or to bind the Corporation thereby, except as herein provided.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on June 30th, unless otherwise provided by the Board of Directors.

Section 3. Keeping and Inspection of Records. There shall be kept, at the principal office of the Corporation, a complete set of the books and records of the Corporation. They shall include, but not be limited to, the bylaws, minutes of meetings, a Membership roll containing the names of all persons who are Members, and such other books, records and papers of the Corporation as the Members or the Board of Directors shall require. These records shall be open to inspection by any Member or Director within five (5) days after receipt by the Secretary of a written request for such inspection.

## ARTICLE VI

### Miscellaneous

Section 1. Form of Corporate Seal. The seal of the Corporation shall be circular in form with the words "New York City Economic Development Corporation" in the outer circle and the words "Corporate Seal 2012 New York" in the inner circle. The seal on any corporate obligation for the payment of money may be facsimile, engraved or printed.

Section 2. Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each Director and officer, whether or not then in office, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of such Director's or officer's act or omission to act as a Director or officer of the Corporation, against (a) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (b) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding.

Subject to the provisions of this Section 2, the Corporation shall indemnify each employee of the Corporation, whether or not then so employed, other than an officer or Director acting in such capacity, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of the scope of his/her employment against (a) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (b) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding. Such indemnification shall be conditional upon (a) a finding made by the Board of Directors that the employee acted in good faith for a purpose which he/she reasonably believed to be in the best interests of the Corporation and that he/she had no reasonable cause to believe that his/her conduct was unlawful, (b) the employee's reasonably

prompt delivery to the Corporation of written notice of the action, suit or proceeding and (c) unless defended by the Corporation, the employee's retention of counsel satisfactory to the Corporation and the Corporation's determination that the defense and any settlement of such action, suit or proceeding is satisfactory. The foregoing right of indemnification shall not be exclusive of other rights to which any employee may be entitled as a matter of law.

Section 3. Conflict of Interests. In the event the Corporation proposes to enter into a contract or transaction in which a Director or officer is interested directly or indirectly (an "Interested Party"), the Board of Directors and a committee of the Board of Directors that is otherwise authorized to approve the contract or transaction are authorized to vote to approve the contract or transaction. The Interested Party shall forthwith make disclosure to the Board of Directors or committee of the Board of Directors (whichever will approve the contract or transaction) of the nature and extent of his/her interest and such disclosure shall be entered in writing in the minutes of the meeting called to authorize such contract or transaction. An Interested Party shall not participate in the deliberations and vote on any matter relating to his/her interest, provided that nothing in this Section 3 shall prohibit the Board of Directors or authorized committee from requesting that an Interested Party present information concerning a transaction in which the Interested Party has an interest at a Board of Directors or committee meeting, prior to the commencement of deliberations or voting relating thereto.

Section 4. Amendments. These bylaws may be added to, altered, amended or repealed at any regular or special meeting of the Members or of the Board of Directors by a vote of at least a majority of the entire Board of Directors, except that (a) any provision of these bylaws that provides for a larger quorum or action by a larger vote than specified in New York's Not-for-Profit Corporation Law may be added to, altered, amended or repealed only by the vote of two-

thirds of the Members entitled to vote and (b) if any bylaw regulating an impending election of Directors is adopted, altered, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of Members for the election of Directors the bylaw so adopted, altered, amended or repealed, together with a concise statement of the changes made.

Section 5. No Electioneering. The Corporation may not attempt to participate or intervene, directly or indirectly, in any campaign on behalf of or in opposition to any candidate for public office.



**EXHIBIT J**  
**TO**  
**VERIFIED PETITION**

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**CERTIFICATE OF INCORPORATION OF APPLE INDUSTRIAL DEVELOPMENT  
CORP.**

COMPOSITE COPY  
OF  
CERTIFICATE OF INCORPORATION  
OF

APPLE INDUSTRIAL DEVELOPMENT CORP.

UNDER SECTION 402 OF THE NOT-FOR-PROFIT CORPORATION LAW  
(as of June, 1992)

We, the undersigned, being natural persons of the age of eighteen or over, desiring to form a corporation, do hereby certify:

FIRST: The name of the corporation shall be Apple Industrial Development Corp. (hereinafter referred to as "the Corporation").

SECOND: The Corporation is a corporation as defined in subparagraph (a) (5) of section 102 of the Not-For-Profit Corporation Law of the State of New York and is a local development corporation pursuant to section 1411 of said Law.

THIRD: The Corporation is a Type C corporation under section 201 of the Not-For-Profit Corporation Law.

FOURTH: The Corporation is organized and shall be operated exclusively for charitable, educational and scientific purposes within the meaning of sections 170 (c) (2) (B) and 501 (c) (3) of the Internal Revenue Code of 1954, as amended, or corresponding provisions of any future United States internal revenue law.

Subject to the foregoing, the Corporation shall have the following purposes:

Relieving and reducing adult unemployment, promoting and providing for additional and maximum employment, bettering and maintaining

job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the City of New York by attracting new business and industry to said City or by encouraging the development of, or retention of, business or an industry in the said City, and lessening the burdens of government and acting in the public interest.

The lawful public or quasi public objectives which said business purposes will achieve are enhancement of adult employment opportunities within the City of New York; attraction and retention of business and industry in said City; and the stimulation of the economic growth of said City, in order to lessen the burdens of government.

FIFTH: In furtherance of the aforesaid purposes, the Corporation shall have the following powers:

(a) To construct, acquire, rehabilitate and improve for use by others commercial, industrial or manufacturing buildings or plants within the City of New York (including, without limitation, to make improvements to increase security for persons and property in and around such building or plants);

(b) To assist financially in such construction, acquisition, rehabilitation and improvement;

(c) To maintain such buildings or plants for others in said City;

(d) To disseminate information and furnish advice, technical assistance and liaison with federal, state and local authorities with respect thereto;

(e) To acquire by purchase, lease, gift, bequest, devise or otherwise real or personal property or interests therein;

(f) To borrow money and to issue negotiable bonds, notes and other obligations therefor;

(g) Without leave of the court, to sell, lease, mortgage or otherwise dispose of or encumber any such buildings or plants or any portions thereof or any of its real or personal property or any interest therein upon such terms as it may determine;

(h) In connection with loans from the New York Job Development Authority, to enter into covenants and agreements and to comply with all the terms, conditions and provisions thereof;

(i) To seek grants and other forms of assistance from local, state and federal governments and private sources, and expend the same to carry out its corporate purposes in accordance with the terms upon which such grants or assistance may be given; and

(j) To otherwise carry out its corporate purposes and to foster and encourage the location or expansion of industrial, commercial or manufacturing buildings or plants within the City of New York.

SIXTH: Nothing contained in this certificate shall authorize or empower the Corporation to perform or engage in any acts or practices prohibited by section 340 of the General Business

Law or other anti-monopoly statute of this State, or to engage in or include among its purposes any of the activities mentioned in subsections (b) through (l), (o) through (r) and (t) of section 404 of the Not-For-Profit Corporation Law or section 460(a) of the Social Services Law.

SEVENTH: The Corporation shall not attempt to influence legislation by propaganda or otherwise, nor to participate or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of this Certificate, the Corporation shall not carry on any activity not permitted to be carried on by an organization exempt from federal income taxation under Section 501 (a) of the Internal Revenue Code of 1954, as amended, as an organization described in section 501 (c)(3) of said Code, or corresponding provisions of any future United States internal revenue law.

EIGHTH: All income and earnings of the Corporation shall be used exclusively for its corporate purposes or accrue and be paid to the New York Job Development Authority. No part of the income or earnings of the Corporation shall inure to the benefit or profit of, nor shall any distribution of its property or assets be made to, any member, director or officer of the Corporation or any private person, corporate or individual, or any other private interest. Nothing herein shall preclude the Corporation

from making reasonable payments as compensation for services rendered to or for the Corporation, for property transferred to the Corporation, as reimbursement for expenses incurred on behalf of the Corporation, or for the repayment of loans or the repayment of contributions, but only if and to the extent that any such contribution may not be allowable as a deduction in computing taxable income under the Internal Revenue Code of 1954, as amended, or any future United States Internal Revenue Law.

NINTH: If the Corporation accepts a mortgage loan or loans from the New York Job Development Authority, the Corporation shall be dissolved in accordance with the provisions of section 1411 (f) of the Not-For-Profit Corporation Law upon the repayment or other discharge in full by the Corporation of all such loans.

TENTH: Upon the dissolution of the Corporation as required in the Ninth Article hereof or for any other reason whether voluntary or involuntary, no member or private person, corporate or individual, or other private interest shall be entitled to any distribution or division of the remaining assets of the Corporation. After the payment of all its debts and liabilities of whatsoever kind and nature (including the payment of loans and contributions, the repayment of which has been authorized in this Certificate) the assets of the Corporation shall be distributed to the City of New York for the furtherance of aforesaid purposes of the Corporation. Any of such assets not so distributed shall be distributed by order of the Supreme Court of the State of

New York pursuant to section 1008 of the Not-For-Profit Corporation Law.

ELEVENTH: The territory in which the activities of the Corporation are principally to be conducted is New York, New York.

TWELTH: The principal office of the Corporation shall be located in the City, County and State of New York.

THIRTEENTH: The Secretary of State of the State of New York is hereby designated the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State as agent of the Corporation is c/o New York City Economic Development Corporation, 110 William Street, New York, New York 10038, Attention: President.

FOURTEENTH: All approvals or consents required by the New York Not-For-Profit Corporation Law or any other statute of the State of New York will be annexed to or endorsed upon this Certificate prior to delivery to the Department of State for filing.

FIFTEENTH: The names and addresses of the directors of the Corporation until first annual meeting are as follows:

NAME

ADDRESS

Philip E. Aarons

366 Broadway  
New York, New York

Melvin Margolies

12 E. 22nd Street  
New York, New York

Jed S. Marcus

404 Vanderbilt Avenue  
Brooklyn, New York

P6.MS  
Mark/dir



**EXHIBIT K  
TO  
VERIFIED PETITION**

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**BYLAWS OF APPLE INDUSTRIAL DEVELOPMENT CORP.**

BY - LAWS  
of APPLE INDUSTRIAL DEVELOPMENT CORP.  
(as of July 13, 2012)

ARTICLE 1. OFFICES

The principal office of the Corporation shall be in the City, County and State of New York, at such place as the Board may fix. The Corporation may also have offices at such other places within or without this state as the Board may from time to time determine.

ARTICLE 2. MEMBERS

1. Number

The members of the Corporation shall be no less than three nor more than thirty in number, as a majority of the members then in office may determine, although less than a quorum exists, provided that the number of members may not be reduced so as to shorten the term of any incumbent member.

2. Qualifications

Each member shall be a person prominent in the financial, commercial, industrial, professional, real estate or labor communities of New York City or a public official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity. Any member who is an official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity shall cease to be a member at any time he or she is not either an official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity.

3. Selection

Members shall be admitted by a majority vote of the members present at a meeting.

4. Term

Members shall be appointed for a term of one year and shall be appointed at the annual membership meeting after the election of directors. Members shall serve until the appointment of their successors, or until their prior resignation or removal. A member appointed to an unfinished term shall serve until the annual appointment date subsequent to his or her appointment and the appointment of his or her successor, or until his or her prior resignation or removal.

5. Meetings

Meetings of members of the Corporation shall be held at the office of the Corporation or at such other place and at such time as shall be stated in the notice of such meetings.

6. Annual Membership Meeting

The annual membership meeting of the Corporation shall be held on the first Thursday of November each year or on such other date as the members, directors or President may prescribe. If the first Thursday of November is a legal holiday in any year, the meeting shall be held on the next business day following that is not a legal holiday or on such other date as the members, directors or President may prescribe. The Secretary shall cause to be mailed by first class mail to every member in good standing at his or her address as it appears in the membership roll book of the Corporation, or shall cause to be delivered personally to each such member, a notice stating the date, time and place of the annual meeting, at least ten but not more than fifty days prior to the date of such meeting.

7. Special Membership Meetings

Special meetings of the members of the Corporation may be called by the directors or the President or one-fifth of the members or otherwise as provided by statute. The Secretary shall cause a notice of such meeting (x) to be mailed by first class mail to every member in good standing at his or her address as it appears in the membership roll book of the Corporation or (y) to be delivered personally to each such member, at least ten but not more than fifty days prior to the date of such meeting except as otherwise required by statute. Such notice shall state the date, time, place and purpose of the meeting and by whom called. No business other than that specified in said notice shall be transacted at such meeting without the consent of a majority of the members of the Corporation.

8. Action by Members Without a Meeting

Whenever members are required or permitted to take any action by vote, such action may be taken without a meeting by written consent, setting forth the action so taken, signed by all the members entitled to vote thereon.

9. Waiver of Notice

Notice of any meeting may be waived in writing by a member before or after such meeting. Attendance by a member at a meeting in person or by proxy, without protesting prior to the conclusion of such meeting lack of notice or improper notice, shall constitute a waiver of notice by such member.

10. Proxies

Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for him or her by proxy. Every proxy must be signed by the member or his or her attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it, except as otherwise provided by law.

11. Quorum

A meeting of the members duly called shall not be organized for the transaction of business unless a quorum is present. The presence in person or by proxy of one-third of the members shall constitute a quorum unless otherwise provided by law.

12. Voting

Each member shall be entitled to one vote. The acts of a majority of the members present at a meeting at which a quorum is present shall be the acts of the Corporation unless otherwise provided by law. If a quorum is not present, the majority of the members present may adjourn the meeting from time to time to such time and place as they may determine without notice other than announcement at the meeting until enough members to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members.

13. Resignation

A member may resign at any time by giving written notice to the other members, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the other members of the Corporation or such officer, and the acceptance of the resignation shall not be necessary to make it effective. If the President or the Secretary receives such written notice, he or she shall inform the other members of the Corporation of such resignation as soon as possible after receiving such written notice, though failure to do so shall not affect the effectiveness of such resignation.

14. Removal of Members

Any member may be removed for cause by vote of the members.

15. Newly Created Memberships and Vacancies

Newly created memberships resulting from an increase in the number of members and vacancies occurring in the membership for any reason may be filled by a vote of a majority of members then in office, although less than a quorum exists. Any member appointed pursuant to this Section shall serve until the annual appointment date subsequent to his or her appointment and the appointment of his or her successor, or until his or her prior resignation or removal.

### ARTICLE 3. DIRECTORS

#### 1. Number

The directors of the Corporation shall be no less than three nor more than thirty, provided that the number of directors may not be reduced so as to shorten the term of any incumbent director. The number of directors shall be fixed by the members at the annual membership meeting.

#### 2. Qualifications

Each director must be at least nineteen years of age, and must be a person prominent in the financial, commercial, industrial, professional, real estate or labor communities of New York City or be a public official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity. A director who is an official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity shall cease to be a director at any time he or she is not either an official or employee of the City of New York or an employee of New York City Economic Development Corporation or a successor entity.

#### 3. Management of Corporation

The Corporation shall be managed by its Board of Directors.

#### 4. Election and Term of Directors

At each annual meeting of members the membership shall elect directors to hold office until the next annual meeting. Each director shall hold office until the expiration of the term for which he or she was elected and until his or her successor has been elected and shall have qualified, or until his or her prior resignation or removal.

#### 5. Newly Created Directorships and Vacancies

Newly created directorships resulting from an increase in the number of directors other than at the annual membership meeting and vacancies occurring in the Board for any reason shall be filled by a vote of the members. A director elected to fill a vacancy shall hold office until the next annual meeting at which the election of directors is in the regular order of business and until his or her successor has been elected and shall have qualified, or until his or her prior resignation or removal. A director elected to fill a newly created directorship shall hold office until the next annual meeting of members and until his or her successor has been elected and shall have qualified, or until his or her prior resignation or removal.

6. Removal of Directors

Any or all of the directors may be removed for cause by vote of the members or by action of the Board.

7. Resignation

A director may resign at any time by giving written notice to the Board, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

8. Quorum of Directors

A majority of the entire Board shall constitute a quorum for the transaction of business or of any specified item of business.

9. Action by the Board

Unless otherwise required by law, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board. Each director present shall have one vote.

10. Place and Time of Board Meetings

The Board may hold its meetings at the office of the Corporation or at such other places, either within or without the State, and at such times as the Board, the Chairman or the President may from time to time determine. Special meetings of the Board may be called in writing by the Chairman or the President, or as determined by the Board.

11. Annual Meeting

An annual meeting of the Board shall be held immediately following the annual membership meeting at the place of such annual membership meeting.

12. Action by Board of Directors Without a Meeting

Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all the members of the Board or committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto shall be filed with minutes of the proceedings of the Board or committee.

13. Conference Call Meetings

To the extent permitted by applicable law, Directors may participate in meetings of the Board or any committee thereof by means of a conference telephone or similar equipment that

allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

14. Notice of Meetings of the Board

Regular meetings of the Board may be held without notice at such time and place as it, the Chairman or the President shall from time to time determine. Special meetings of the Board shall be held upon two days notice to the directors either personally or by mail or by wire. Notice of a meeting need not be given to any director who submits a waiver of notice whether before or after the meeting or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to him or her.

15. Chairman

At all meetings of the Board, a Chairman chosen by the Board shall preside.

16. Executive Committee

The Board of Directors, by resolution adopted by a majority of the whole number of directors of the Corporation, may designate from among the directors an Executive Committee consisting of no less than three directors. During the intervals between the meetings of the Board of Directors, the Executive Committee, to the extent permitted in the resolution and permitted by law, shall have all the authority of the Board except in relation to matters requiring more than a majority vote of the Board.

The Executive Committee or the Board of Directors shall have the power to fix the time and place of holding regular or special meetings of the Executive Committee and the method of giving notice thereof; but unless otherwise prescribed, meetings of the Executive Committee may be called in the same manner and upon the same notice, and notice of such meetings may be waived in the same manner, as provided in these By-Laws with respect to meetings of the Board of Directors. If a quorum of the Board of Directors is not present at a meeting of the Board, and if a majority of the Directors present at such meeting so request, the Executive Committee shall meet immediately upon the adjournment of such meeting of the Board of Directors, and no notice of such meeting of the Executive Committee shall be required.

The Executive Committee shall keep regular minutes of all its meetings and proceedings. The said minutes shall be open to the inspection of any director at any time.

17. Additional Committees

In addition to the Executive Committee, the Board of Directors shall have power from time to time to appoint additional committees and to prescribe the tenure of office and the powers and duties of such committees.

Any additional committee of the Board (with regard to such committee) or the Board (with regard to all additional committees) shall have the power to fix the time and place of

holding regular or special meetings of such committees and the method of giving notice thereof, but, unless otherwise prescribed, meetings of any such committee may be called in the same manner and upon the same notice, and notice of such meetings may be waived in the same manner, as provided in these By-Laws with respect to meetings of the Board.

Each additional committee shall keep regular minutes of all its meetings and proceedings. The said minutes shall be open to the inspection of any director at any time.

18. Authorization by Committees

The acts of a majority of the members of a committee present at a meeting at which a quorum is present shall be the acts of such committee, unless otherwise provided by law, the Certificate of Incorporation or these By-Laws. If a quorum is not present, a majority of the members of the committee present may adjourn the meeting from time to time to such time and place as they may determine, without notice other than announcement at the meeting, until enough members of such committee to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members of the committee.

ARTICLE 4. OFFICERS

1. General

The Board may elect or appoint a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers as it may determine, who shall have such duties, powers and functions as hereinafter provided. All officers shall be elected or appointed to hold office until the meeting of the Board following the annual meeting of members. Each officer shall hold office for the term for which he is elected or appointed and until his successor has been elected or appointed and qualified. Any two or more offices may be held by the same person, except the offices of President and Secretary.

2. Removal, Resignation, Salary

Any officer elected or appointed by the Board may be removed by the Board with or without cause. In the event of the death, resignation or removal of an officer, the Board in its discretion may elect or appoint a successor to fill the unexpired term. The salaries of all officers shall be fixed by a majority vote of the total number of directors if there were no vacancy.

3. President

The President shall be the chief executive officer of the Corporation; he or she shall have the general management of the affairs of the Corporation subject to the direction and charge of the Board, and shall see that all orders and resolutions of the Board are carried into effect.



4. Vice-Presidents

During the absence or disability of the President, or if the position of President is vacant, the Vice-President designated by the Board shall have all the powers and functions of the President. Each Vice-President shall perform such other duties as the Board shall prescribe.

5. Treasurer

The Treasurer shall have the care and custody of all the funds and securities of the Corporation, and shall deposit said funds in the name of the Corporation in accounts maintained by the Corporation in banks, trust companies or other financial institutions; he or she shall at all reasonable times exhibit the books and accounts to any director or member of the Corporation upon application at the office of the Corporation during ordinary business hours. At the end of each corporate year, he or she shall have an audit of the accounts of the Corporation made by a certified public accounting firm, and shall present such audit in writing at the annual or an earlier meeting of the Board.

6. Assistant-Treasurer

During the absence or disability of the Treasurer, or at the request of the Treasurer, an Assistant-Treasurer designated by the Treasurer, if there be one, shall perform the duties and exercise the powers and functions of the Treasurer.

7. Secretary

The Secretary shall keep the minutes of the Board of Directors, the minutes of the members and the minutes of the Executive Committee. He or she shall have the custody of the seal of the Corporation and shall affix and attest the same to documents when duly authorized by the Board of Directors. He or she shall attend to the giving and serving of all notices of the Corporation, and shall have charge of such books and papers as the Board of Directors may direct; shall attend to such correspondence as may be assigned and perform all the duties incidental to office of Secretary. The Secretary shall keep a membership roll containing the names, alphabetically arranged, of all persons who are members of the Corporation, showing their places of residence, the time when they became members, and any address other than their place of residence to which any member has requested notices be sent.

8. Assistant-Secretary

During the absence or disability of the Secretary, or at the request of the Secretary, an Assistant-Secretary designated by the Secretary, if there be one, shall perform the duties and exercise the powers and functions of the Secretary.

9. Sureties and Bonds

In case the Board shall so require, any officer or agent of the Corporation shall execute to the Corporation a bond in such sum and with such surety or sureties as the Board may direct, conditioned upon the faithful performance of his duties to the Corporation and including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands. The Board may provide that the Corporation shall pay the expense of such bond.

10. Execution of Checks, Notes, Drafts and Other Negotiable Instruments and Wire Transfers.

All checks, notes, drafts and other negotiable instruments shall be signed by, and wire transfers of funds of the Corporation shall be authorized by, the President, any Vice President, or such other officer or officers as the Board of Directors may from time to time designate for that purpose. The Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer or such other or officers as the Board of Directors may from time to time designate for that purpose shall co-sign such checks, notes, drafts and other negotiable instruments and shall be the second authorizer for wire transfers of funds of the Corporation. All wire transfers must be authorized by two persons.

ARTICLE 5. INDEMNIFICATION

To the maximum extent permitted by law, the Corporation shall indemnify each director and officer, whether or not then in office, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of such director's or officer's act or omission to act as a director or officer of the Corporation, against (i) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (ii) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding.

Subject to the provisions of this Article 5, the Corporation shall indemnify each employee of the Corporation, whether or not then so employed, other than an officer or director acting in such capacity, who is made or threatened to be made a party to any action, suit or proceeding, civil or criminal, arising out of the scope of his/her employment against (i) the reasonable expenses, costs and counsel fees incurred by him/her in the defense of such action, suit or proceeding and (ii) amounts paid or incurred pursuant to a judgment or in settlement of any such action, suit or proceeding. Such indemnification shall be conditional upon (x) a finding made by the Board of Directors that the employee acted in good faith for a purpose which he/she reasonably believed to be in the best interests of the Corporation and that he/she had no reasonable cause to believe that his/her conduct was unlawful, (y) the employee's reasonably prompt delivery to the Corporation of written notice of the action, suit or proceeding and (z)

unless defended by the Corporation, the employee's retention of counsel satisfactory to the Corporation and the Corporation's determination that the defense and any settlement of such action, suit or proceeding is satisfactory. The Board of Directors shall make any finding required of it by this paragraph by a quorum consisting of directors not made a party to the action, suit or proceeding in question. If such a quorum is not obtainable, the Board of Directors may authorize indemnification based upon an opinion in writing of independent legal counsel that the applicable standard of conduct and actions for indemnification set forth above have been met. The foregoing right of indemnification shall not be exclusive of other rights to which any employee may be entitled as a matter of law. For purposes of this Article 5, unlawful conduct means conduct that is violative of criminal law.

#### ARTICLE 6. CONFLICT OF INTEREST

In the event the Corporation proposes to enter into a contract or transaction in which a director or officer is interested directly or indirectly, the Board, a committee of the Board that is otherwise authorized to approve the contract or transaction and the members are authorized to vote to approve the contract or transaction. The director or officer concerned shall forthwith make disclosure to the Board, committee of the Board or members (whichever will approve the contract or transaction) of the nature and extent of his/her interest and such disclosure shall be entered in writing upon the minutes of the meeting called to authorize such contract or transaction. No Director who has such an interest shall vote on any matter relating to such interest at a Board or committee meeting.

#### ARTICLE 7. SEAL

The Seal of the Corporation shall be circular in form and shall carry the name of the Corporation and the year of its incorporation.

#### ARTICLE 8. CONSTRUCTION

If there be any conflict between the provisions of the certificate of incorporation and these by-laws, the provisions of the certificate of incorporation shall govern.

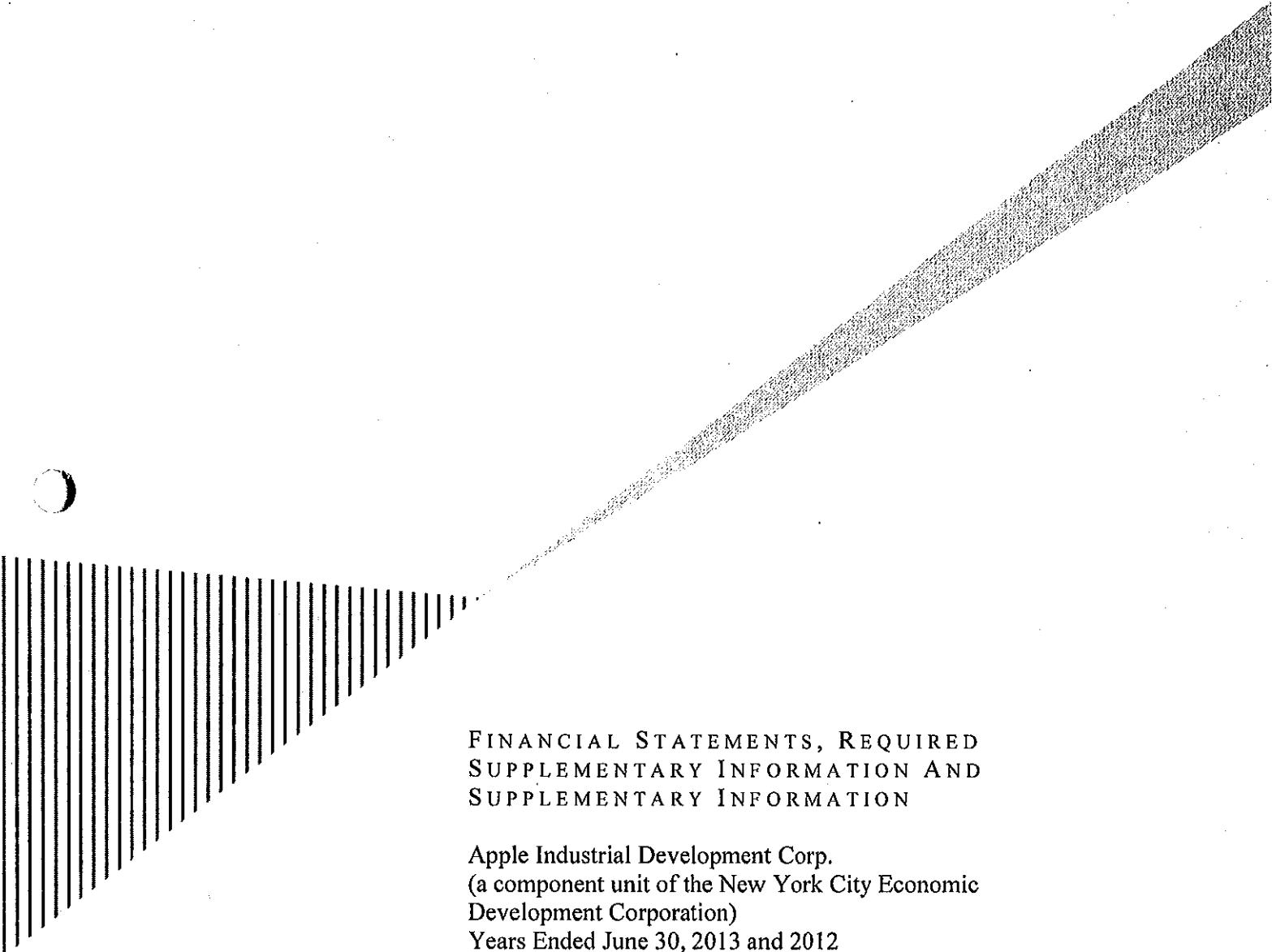
#### ARTICLE 9. AMENDMENTS

By-laws may be adopted, amended or repealed by the members at the time entitled to vote in the election of directors. By-laws may not be adopted, amended or repealed by the directors or a committee thereof.

**EXHIBIT L**  
**TO**  
**VERIFIED PETITION**

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**AUDITED FINANCIAL STATEMENTS OF APPLE INDUSTRIAL DEVELOPMENT  
CORP. FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



FINANCIAL STATEMENTS, REQUIRED  
SUPPLEMENTARY INFORMATION AND  
SUPPLEMENTARY INFORMATION

Apple Industrial Development Corp.  
(a component unit of the New York City Economic  
Development Corporation)  
Years Ended June 30, 2013 and 2012  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Apple Industrial Development Corp.  
(a component unit of the New York City Economic Development Corporation)

Financial Statements, Required Supplementary Information and  
Supplementary Information

Years Ended June 30, 2013 and 2012

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## Report of Independent Auditors

Management and the Board of Directors  
Apple Industrial Development Corp.

### Report on the Financial Statements

We have audited the accompanying financial statements of Apple Industrial Development Corp. ("Apple"), a component unit of the New York City Economic Development Corporation, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Apple's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apple as of June 30, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Required Supplementary Information***

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Apple's basic financial statements. The combining statement of revenues, expenses and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining statement of revenues, expenses and changes in net position 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statement of revenues, expenses and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2013 on our consideration of the Apple'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 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 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 Apple's internal control over financial reporting and compliance.

*Ernst + Young LLP*

September 30, 2013

Apple Industrial Development Corp.  
(a component unit of the New York City Economic Development Corporation)

Management's Discussion and Analysis

June 30, 2013 and 2012

This section of Apple Industrial Development Corp.'s ("Apple") annual financial report presents our discussion and analysis of Apple's financial performance during the fiscal years ended June 30, 2013 and 2012. Please read it in conjunction with the financial statements and accompanying notes.

**2013 Financial Highlights**

- Property rentals increased \$31.0 million (or 22%)
- Operating expenses increased \$8.0 million (or 7%)
- Operating income increased \$20.4 million (or 44%)
- Payments to New York City Economic Development Corporation increased \$20.2 million (or 44%)
- Cash and investments increased \$17.2 million (or 28%)
- Tenant receivables, net of allowance increased \$7.9 million (or 9%)
- Due to New York City Economic Development Corporation increased \$8.8 million (or 22%)
- Unearned revenues increased \$18.7 million (or 21%)

**Overview of the Financial Statements**

This annual financial report consists of four parts: *management's discussion and analysis* (this section), *basic financial statements*, *required supplementary information* and *supplementary information*. Apple is a local development corporation created in 1980 and is a component unit of the New York City Economic Development Corporation ("NYCEDC"), a not-for-profit corporation.

Apple is a self-supporting entity and 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 and long-term financial information about the activities and operations of the Corporation. These statements are presented in a manner similar to a private business, such as a property management company. While detailed general ledger information is not presented, separate general ledger accounts are maintained for each property to control and manage transactions for specific purposes and to demonstrate that Apple is properly performing its contractual obligations.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Management's Discussion and Analysis (continued)**

**Financial Analysis of the Corporation**

**Net Position**

The following table summarizes Apple's financial position at June 30, 2013, 2012 and 2011 (dollars in thousands) and the percentage changes between June 30, 2013 and 2012:

	2013	2012	2011	% Change 2013 - 2012
Current and other assets	\$ 177,910	\$ 152,635	\$ 48,017	17%
Capital assets	752	845	933	(11)%
Total assets	<u>\$ 178,662</u>	<u>\$ 153,480</u>	<u>\$ 48,950</u>	16%
Current liabilities	\$ 88,052	\$ 75,189	\$ 32,772	17%
Non-current liabilities	82,394	66,991	5,813	23%
Total liabilities	<u>\$ 170,446</u>	<u>\$ 142,180</u>	<u>\$ 38,585</u>	20%
Net position:				
Restricted	\$ 7,412	\$ 10,403	\$ 9,380	(29)%
Unrestricted	52	52	52	0%
Net investment in capital assets	752	845	933	(11)%
Total net position	<u>\$ 8,216</u>	<u>\$ 11,300</u>	<u>\$ 10,365</u>	(27)%

As of June 30, 2013, total assets increased approximately \$25.2 million or 16% primarily due to a \$17.2 million or 28% increase in cash and investments and a \$7.9 million or 9% increase in tenant receivables. The increase in cash and investments was a result of a \$17.0 million rent prepayment received from Albee Development. The increase in tenant receivables was due to a \$2.2 million refinancing receivable from the Atlantic Center and \$3.4 million additional tenant receivables due from Hunts Point Cooperative Market, Fulton Fish Market and South Street Seaport.

Total liabilities during fiscal year 2013 increased by \$28.3 million or 20%. This increase was partly the result of higher unearned revenues of \$18.7 million, mainly due to the aforementioned Albee Development rent prepayment. In addition, amounts due to NYCEDC increased by \$8.8 million, or 22%, as result of cash received from various revenue sources not yet remitted to NYCEDC.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Management's Discussion and Analysis (continued)**

Apple's net position as of June 30, 2013 decreased by approximately \$3.1 million or 27%, resulting from a non-operating loss for the fiscal year. This was mainly attributed to a \$4.3 million disbursement from the 125<sup>th</sup> Street Improvement Trust Fund, passed through NYCEDC to the Institute for Family Health for the acquisition and improvement of a not-for-profit health care facility.

**Prior Year**

During fiscal year 2012, total assets increased approximately \$104.5 million or 214% primarily due to an increase in cash and investments of \$37.8 million or 162% and a \$67.0 million or 275% increase in tenant receivables. The increase in cash and investments was a result of both additional rental income and prepaid rent received in connection with the new portfolio established for 42<sup>nd</sup> Street Development Project of \$27.0 million as well as prior year operating results. The increase in tenant receivables was primarily due to new receivables for certain recoverable costs for Forest City ground leases.

Total liabilities during fiscal year 2012 increased by \$103.6 million or 268%. This increase was partly the result of higher unearned revenues of \$75.2 million, reflecting recoverable site acquisition costs for Forest City ground leases for Jay Street (\$37.2 million), Bridge Street (\$9.3 million) and Tech Place (\$7.0 million). The aforementioned unearned revenues related to Forest City ground leases are expected to be recognized as income over the next 20 years. Unearned revenues were further increased by \$20.0 million received for 42<sup>nd</sup> Street Development Project that is earmarked for public purpose projects not yet initiated. In addition, amounts due to NYCEDC increased by \$26.5 million, or 200%, as result of cash received from various revenue sources not yet remitted to NYCEDC. Lastly, accrued expenses were higher by \$1.3 million, or 26%, driven mainly by collection of 42<sup>nd</sup> Street property rental revenues, payments in lieu of taxes ("PILOT"), and surcharges collected on behalf of the City.

**Operating Activities**

Apple manages various City owned properties that provide for the payment of minimum rental amounts, plus provisions for additional rent. Apple also charges fees in the form of tenant reimbursements for electricity, heating and water that it provides at these properties. Landing fees are also generated at various piers. Property rental earnings represent Apple's major source of operating revenues.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Management's Discussion and Analysis (continued)**

The following table summarizes Apple's changes in net position for the fiscal years ended June 30, 2013, 2012 and 2011 (dollars in thousands) and the percentage changes between fiscal years 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% Change 2013 – 2012</u>
Operating revenues:				
Property rentals	\$ 171,363	\$ 140,389	\$ 109,770	22%
Tenant reimbursements	6,214	6,628	6,852	(6)%
Fees and other income	5,375	7,521	7,754	(29)%
Total operating revenues	<u>182,952</u>	<u>154,538</u>	<u>124,376</u>	18%
Operating expenses:				
Property related expenses	80,397	72,592	37,756	11%
Personnel services	1,317	1,203	1,327	9%
Contracted personnel services	32,710	33,764	34,337	(3)%
Other expenses	1,861	755	791	146%
Total operating expenses	<u>116,285</u>	<u>108,314</u>	<u>74,211</u>	7%
Operating income	66,667	46,224	50,165	44%
Non-operating revenues (expenses):				
Interest income	120	68	69	76%
Pass-through to Institute Family of Health	(4,336)	-	-	-
Total non-operating revenues (expenses)	<u>(4,216)</u>	<u>68</u>	<u>69</u>	-
Income before payments to NYCEDC	62,451	46,292	50,234	35%
Payments to NYCEDC	(65,535)	(45,357)	(48,901)	44%
Change in net position	<u>(3,084)</u>	<u>935</u>	<u>1,333</u>	(430)%
Beginning net position	11,300	10,365	9,032	9%
Ending net position	<u>\$ 8,216</u>	<u>\$ 11,300</u>	<u>\$ 10,365</u>	(27)%

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Management's Discussion and Analysis (continued)**

During fiscal year 2013, total operating revenues increased by \$28.4 million or 18% partly due to additional revenues received from the property refinancings at both Jamaica and Atlantic Centers totaling \$10.8 million. In addition, the increase reflected higher pass-through revenues of \$5.1 million from 42<sup>nd</sup> Street Development Project PILOT and \$2.0 million from the New York City Health and Hospital Corporation ("HHC"). Lastly, collections and reinstated tenant receivables of \$5.1 million at Hunts Point Cooperative Market also contributed to higher revenues during the fiscal year.

Total operating expenses during the current year increased by \$8.0 million or 7% mainly reflecting the aforementioned increased pass-through revenues subsequently disbursed to the City.

Total non-operating expense during the current year increased by \$4.3 million primarily as a result of the aforementioned disbursement from the 125<sup>th</sup> Street Improvement Trust Fund.

During fiscal year 2013, total payments to NYCEDC increased by \$20.2 million or 44% primarily as a result of increased collections of revenues received and remitted to NYCEDC.

**Prior Year**

During fiscal year 2012, total operating revenues increased by \$30.1 million or 24% as a result of higher lease revenue from the new portfolio established for 42<sup>nd</sup> Street Development Project and new Forest City ground lease revenues.

Total operating expenses during the current year increased by \$34.1 million or 46% primarily stemming from lease payments of \$29.3 million received from the 42<sup>nd</sup> Street Development Project which is ultimately due to the City. In addition, Apple incurred higher professional fees of \$2.3 million for facility management services rendered, mainly for Manhattan Cruise Terminal.

**Contacting Apple's Financial Management**

This financial report is designed to provide our customers, clients and the public with a general overview of Apple's finances and to demonstrate Apple's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Public Information Officer, New York City Economic Development Corporation, 110 William Street, New York, NY 10038.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Statements of Net Position**

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash (Notes 2 and 7)	\$ 32,883,373	\$ 15,273,493
Investments (Notes 2 and 7)	52,300	52,247
Tenant receivables, net of allowance for uncollectible amounts of \$10,764,297 and \$9,284,274, respectively	48,207,044	37,849,231
Prepaid expenses and other current assets	347,430	193,091
Total current assets	<u>81,490,147</u>	<u>53,368,062</u>
Non-current assets:		
Cash -- restricted (Notes 2 and 7)	45,322,571	45,686,938
Investments -- restricted	99,779	99,779
Tenant receivable (Note 5)	50,997,923	53,480,527
Capital assets, net	752,112	844,440
Total non-current assets	<u>97,172,385</u>	<u>100,111,684</u>
Total assets	<u>178,662,532</u>	<u>153,479,746</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses		
Due to New York City Economic Development Corporation (Note 3)	6,150,601	6,297,700
Unearned revenues	48,621,579	39,792,787
Other liabilities	32,947,222	28,743,819
Total current liabilities	<u>88,052,275</u>	<u>75,188,373</u>
Non-current liabilities:		
Unearned revenues	75,319,914	60,862,302
Tenant security deposits	5,852,955	4,994,639
Obligation for other postemployment benefits	1,221,000	1,134,638
Total non-current liabilities	<u>82,393,869</u>	<u>66,991,579</u>
Total liabilities	<u>170,446,144</u>	<u>142,179,952</u>
<b>Net position</b>		
Restricted by various agreements	7,411,976	10,403,107
Unrestricted	52,300	52,247
Net investment in capital assets	752,112	844,440
Total net position (Note 12)	<u>\$ 8,216,388</u>	<u>\$ 11,299,794</u>

See accompanying notes.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Statements of Revenues, Expenses and Changes in Net Position**

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Operating revenues:		
Property rentals	\$ 171,363,593	\$ 140,388,669
Tenant reimbursements	6,213,877	6,628,381
Fee income	229,163	235,445
Other income	5,145,622	7,285,272
Total operating revenues	182,952,255	154,537,767
Operating expenses:		
Property rentals and related operating expenses	80,397,114	72,592,185
Personnel services	1,316,575	1,203,480
Contracted personnel services	32,710,387	33,763,396
Provision for uncollectible rents	1,860,859	755,105
Total operating expenses	116,284,935	108,314,166
Operating income	66,667,320	46,223,601
Non-operating revenues (expenses):		
Interest income	120,028	67,462
Pass-through to Institute Family of Health	(4,335,640)	-
Total non-operating revenues (expenses)	(4,215,612)	67,462
Payments to New York City Economic Development Corporation	(65,535,114)	(45,356,506)
Change in net position	(3,083,406)	934,557
Total net position, beginning of year	11,299,794	10,365,237
Total net position, end of year	\$ 8,216,388	\$ 11,299,794

*See accompanying notes.*



**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Statements of Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Property rentals, tenant reimbursements and fee income	\$ 182,641,380	\$ 154,111,738
Other income	4,797,903	4,372,707
Property rentals and related operating expenses	(68,304,746)	(53,008,272)
Personnel services	(1,172,860)	(1,130,017)
Net cash provided by operating activities	117,961,677	104,346,156
<b>Cash flows from investing activities</b>		
Interest income	119,976	67,410
Net cash provided by investing activities	119,976	67,410
<b>Cash flows from capital financing activities</b>		
Purchase of capital assets	(500)	(48,438)
Net cash used in capital financing activities	(500)	(48,438)
<b>Cash flows from non-capital financing activities</b>		
Payments to New York City Economic Development Corporation	(100,835,640)	(66,563,259)
Net cash used in non-capital financing activities	(100,835,640)	(66,563,259)
Net increase in cash	17,245,513	37,801,869
Cash at beginning of year	60,960,431	23,158,562
Cash at end of year	\$ 78,205,944	\$ 60,960,431
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 66,667,320	\$ 46,223,601
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	139,104	136,852
Provision for uncollectible rent	1,860,859	755,105
Net cash provided by nonoperating activities	30,964,886	21,206,753
Changes in operating assets and liabilities:		
Tenant receivables	(9,736,069)	(67,709,984)
Prepaid expenses and other current assets	(154,339)	138,721
Tenant security deposits	858,316	295,296
Obligation for OPEB	86,362	21,223
Accounts payable and accrued expenses	(193,375)	1,330,500
Due to New York City Economic Development Corporation	8,828,792	26,508,667
Uncarned revenue and other liabilities	18,639,821	75,439,422
Net cash provided by operating activities	\$ 117,961,677	\$ 104,346,156

*See accompanying notes.*

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements**

June 30, 2013

**1. Background and Organization**

Apple Industrial Development Corp. (“Apple” or the “Corporation”), a component unit of the New York City Economic Development Corporation (“Predecessor NYCEDC”) and the reorganized New York City Economic Development Corporation (“NYCEDC” or “Corporation”), is a local development corporation, organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York (“NPCL”). Predecessor NYCEDC and NYCEDC were organized to administer certain economic development programs on behalf of the City of New York (The “City”).

Apple has contracted with NYCEDC to provide management and maintenance services for various properties under lease to or owned by NYCEDC; wharf, waterfront, public market and aviation properties that NYCEDC is responsible for managing under the NYCEDC Maritime Contract; and other properties NYCEDC is responsible for managing pursuant to the NYCEDC Master Contract or pursuant to other arrangements by the City (the “Contract Services”). The Contract Services represent a subcontract under a contract between NYCEDC and the City (the “Subcontract”) and, accordingly, Apple has agreed to comply with the terms of the contract between NYCEDC and The City.

In order to present the financial position and change in financial position of Apple in a manner consistent with limitations and restrictions placed upon the use of resources and NYCEDC’s contractual agreement with the City and other third parties, Apple classifies its operation into the following five portfolios:

*Commercial Leases Portfolio:* Apple has been assigned the rights to manage certain non-cancelable NYCEDC ground leases with The City. NYCEDC subleases the property to commercial and industrial tenants. The sublease agreements generally provide for minimum rentals plus provisions for additional rent, and restrict the use of the land to the construction or development of commercial, manufacturing or industrial facilities.

*Brooklyn Army Terminal Portfolio:* The Brooklyn Army Terminal (“BAT”) is an industrial property owned by The City which is leased to NYCEDC and managed by Apple on NYCEDC’s behalf. 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 Apple’s management, promotion, expansion and development of waterfront, public market, public aviation and intermodal transportation properties on NYCEDC’s behalf pursuant to the Subcontract.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**1. Background and Organization (continued)**

*Other Properties Portfolio:* This portfolio was established to account for the activities of Apple related to certain City-owned properties and other assets for which Apple assumed management responsibilities. Pursuant to an agreement between NYCEDC and The City, the net revenue from three of the properties is retained by the fund for property operating and capital expenses or for expenses of projects in the area. The net position retained as of June 30, 2013 and 2012 were \$7,664,088 and \$10,747,547, respectively. Net revenues exclude depreciation expenses. Any net revenues from the other properties are payable to NYCEDC pursuant to the Subcontract.

*42<sup>nd</sup> Street Development Project Portfolio:* This portfolio was established as a joint effort between the City and the State of New York (the "State") to redevelop 42<sup>nd</sup> Street into vibrant office and cultural center. Ownership for all the properties was transferred from the State to The City of New York by October 31, 2012. Pursuant to agreements between the State, The City and NYCEDC, Apple assumed management and administrative responsibilities for all leases in connection with the 42<sup>nd</sup> Street Development Project. Apple collects and remits all rental revenues to NYCEDC, who subsequently remits such revenues to the City pursuant to the agreement.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting and Presentation**

Apple is a self-supporting entity and 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.

**Recently Adopted GASB Accounting Pronouncements**

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* ("GASB No. 63"). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources. Deferred outflows is defined as the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows is defined as the acquisition of net assets by the government that is applicable to a future reporting period. GASB No. 63 also

Apple Industrial Development Corp.  
(a component unit of the New York City Economic Development Corporation)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

amends the net asset reporting requirement by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for the periods beginning after December 15, 2011. The Corporation's adoption of GASB No. 63 resulted in a change in the presentation of the balance sheets to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Corporation's early adoption of GASB No. 65 did not have an impact on the financial statements.

**Upcoming Accounting Pronouncements**

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* ("GASB No. 66"). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The implementation of this standard will not have an impact on the Corporation's financial statements.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**2. Summary of Significant Accounting Policies (continued)**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Corporation has not completed the process of evaluating the impact of GASB No. 68 on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB No. 69"). The objective of this Statement is to improve the accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Corporation does not anticipate that the implementation of this standard will have an impact on its financial statements.

In February 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB No. 70"). The objective of this Statement is to improve the comparability of financial statements among governments by requiring consistent reporting by those governments that extend and/or receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. The Corporation does not anticipate that the implementation of this standard will have an impact on its financial statements.

**Revenue and Expense Classification**

Apple distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing contract services in connection with Apple's principal on-going operations. The principal operating revenues are property rentals and tenant reimbursements. Other operating revenues consist of revenue for fees and other miscellaneous income. Apple's operating expenses include property rental charges, utility cost, personal service cost and related administration expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**2. Summary of Significant Accounting Policies (continued)**

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

**Cash**

Restricted and unrestricted cash include amounts deposited with banks and on hand. Restricted cash is related to City operations administered under the Subcontract and, accordingly, such amounts are not available for use by Apple for purposes other than the Contract Services.

**Investments**

Restricted and unrestricted investments consist of certificates of deposit, U.S. treasury bills and commercial paper with original maturities greater than three months. All investments, except certificates of deposit, are carried at fair value. Certificates of deposit are valued at cost.

**Allowance for Uncollectible Amounts**

Apple provides an allowance for possible uncollectible amounts based on an analysis of receivables deemed to be uncollectible. Apple writes off the balances of those tenant receivables determined by management to be uncollectible.

**Property Rentals**

Property rentals are recognized on a straight-line basis over the term of the lease.

**Unearned Revenue**

Unearned revenue consists primarily of unearned rental income from certain properties managed by Apple.

**Tax Status**

Apple is a New York State not-for-profit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC").

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

Notes to Financial Statements (continued)

**3. Payments to NYCEDC**

Under the Subcontract, Apple is responsible for the collection of rent from tenants that occupy space in various markets, intermodal and waterfront properties, the BAT, 42<sup>nd</sup> Street Development Project and other properties. Total revenues, including interest income, for the years ended June 30, 2013 and 2012 were \$183,072,283 and \$154,605,229, respectively. As per contractual agreement, after netting the direct costs of the Contract Services and other operating expenses, aggregating \$116,284,935 and \$108,314,166 at June 30, 2013 and 2012, respectively, and retaining deficit of \$3,083,406 and withholding reserves of \$934,557 for the years June 30, 2013 and 2012, respectively, payments to NYCEDC amounted to \$65,535,114 and \$45,356,506 for fiscal years 2013 and 2012, respectively. The unpaid portion of amounts due to NYCEDC at June 30, 2013 and 2012 was \$48,621,579 and \$39,792,787, respectively.

**4. Properties Managed by Apple on Behalf of NYCEDC**

The future minimum rental income as of June 30, 2013, payable by the tenants under the leases and subleases managed by Apple on behalf of NYCEDC, all of which are accounted for as operating leases, are as follows:

Fiscal Year	Minimum Rental Income from BAT Tenants	Minimum Rental Income from Commercial Tenants	Minimum Rental Income from Transportation/ Commerce Tenants	Minimum Rental Income from 42 <sup>nd</sup> Street Development Project Tenants	Minimum Rental Income from Other Tenants	Total
2014	\$ 15,913,529	\$ 11,125,817	\$ 41,677,674	\$ 3,689,798	\$ 807,634	\$ 73,214,452
2015	14,311,268	10,900,505	36,668,077	3,689,798	472,552	66,042,200
2016	11,972,668	10,090,155	34,555,114	3,689,798	88,100	60,395,835
2017	8,567,122	9,350,970	33,803,568	3,689,798	-	55,411,458
2018	6,056,956	9,231,122	32,717,420	3,689,798	-	51,695,296
2019 - 2023	23,650,238	29,378,746	147,628,215	18,448,993	-	219,106,192
2024 - 2028	5,698,095	22,648,167	102,151,455	18,448,993	-	148,946,710
2029 - 2033	4,148,200	19,840,832	57,268,155	18,448,993	-	99,706,180
2034 - 2038	4,148,200	18,828,721	43,809,656	18,448,993	-	85,235,570
2039 - 2043	4,148,200	18,346,760	14,396,055	18,448,993	-	55,340,008
Thereafter	8,780,357	114,522,677	50,365,735	179,114,028	-	352,782,797
<b>Total</b>	<b>\$ 107,394,833</b>	<b>\$ 274,264,472</b>	<b>\$ 595,041,124</b>	<b>\$ 289,807,983</b>	<b>\$ 1,368,286</b>	<b>\$1,267,876,698</b>

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**4. Properties Managed by Apple on Behalf of NYCEDC (continued)**

The thereafter category includes 41 leases with expiration dates between July 1, 2044 and December 31, 2100.

**5. Tenant Receivables – Noncurrent**

Pursuant to the ground leases with certain Forest City companies, costs incurred to acquire the properties prior to execution of these leases are to be reimbursed by the developer. The total to be repaid for these properties is \$50,997,923, of which \$35,206,986 is for Jay Street (One Metrotech Center), \$8,819,733 is for Bridge Street (Two Metrotech Center) and \$6,971,204 is for Tech Place (11 Metrotech Center). These receivables will be paid over a 20 year period as specified by the leases and are offset by an equal amount that has been recorded as unearned revenues that will be recognized to revenue over the life of the agreements.

**6. Related-Party Transactions**

Members of the Board of Directors of Apple are either officers or members of the Board of Directors of NYCEDC.

NYCEDC provides office facilities at no charge to Apple. Additionally, Apple charges no intercompany management fees to NYCEDC in relation to the Contract Services.

NYCEDC personnel provide accounting and administrative functions to Apple in connection with Apple's administration of the Contract Services. Costs for such services are included in Contracted Personnel Services on the accompanying Statement of Revenues, Expenses and Change in Position and amounted to \$32,710,387 and \$33,763,396 in the years ended June 30, 2013 and 2012, respectively.

**7. Cash and Investments**

**Cash**

The bank balance of Apple's deposits was \$79,150,292 as of June 30, 2013. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$73,812,320 was collateralized with securities held by the pledging financial institutions' trust department in Apple's name. The remaining balance was uncollateralized at June 30, 2013.



Apple Industrial Development Corp.  
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Notes to Financial Statements (continued)

**7. Cash and Investments (continued)**

**Investments**

Investments, which have maturities of less than one year at June 30, 2013 and 2012, consisted of certificates of deposit in the amount of \$152,079 and \$152,026, respectively.

Apple's investment policy permits the Corporation to invest in obligations of the U.S. Government and its agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, bankers' acceptances, and repurchase agreements.

*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.

*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 risks if the securities are uninsured and are not registered in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation. At June 30, 2013, the Corporation was not subject to custodial credit risk.

*Concentration of Credit Risk:* The Corporation places no limit on the amount it may invest in any one issuer. At June 30, 2013, the Corporation had 66% of its certificates of deposit issued by Carver Federal Savings Bank and 34% by JPMorgan Chase.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**8. Pension Plan**

Apple maintains a defined contribution pension plan, which covers substantially all employees with two or more years of service. The pension plan provides for a single contribution rate by Apple of 12% of the employees' Eligible Wages, as defined in the IRC. Pension expense for the fiscal years ended June 30, 2013 and 2012 amounted to \$82,263 and \$77,024, respectively, and is included in personnel services in the accompanying statements of revenues, expenses and changes in net position.

**9. Postemployment Benefits Other than Pensions**

Apple sponsors a single employer defined benefit health care plan that provides postemployment medical benefits for eligible retirees and their spouses. This plan was amended during February 2011 with the plan amendment effective July 1, 2011. The amendment includes revisions to the definition of what constitutes an eligible participant and the adoption of a plan close date of June 30, 2023. As a result of the amendment, the plan maintains the current benefit structure, but plan participation will continue for only certain groups of members, which are (i) all retired members, (ii) all active employees hired prior to April 1, 1986 who are ineligible for Medicare coverage when they depart NYCEDC, and (iii) all active employees who started working prior to January 1, 2011 and will meet the benefit eligibility requirement of age 60 or older with at least 10 years of service by June 30, 2023. Apple is not required to and does not issue a publicly available financial report for the plan.

Benefit provisions and contribution requirements for the plan are established and amended through Apple's Board of Directors and there is no statutory requirement for Apple to continue this plan for future Apple employees. The plan is a contributory plan with retirees subject to contributions established for either the Low or High version of the plan. Under the Low option, retirees make contributions in the amount of \$50 a month for single coverage and \$100 a month for family coverage. Under the High option, retiree contributions are \$100 a month for single coverage and \$200 a month for family. Additional costs may be incurred by the retiree under either the Low or High plan version. There was one retiree at both June 30, 2013 and 2012 who is receiving benefits under the Low version of the plan. Employer contributions are made on a pay as you go basis.

Apple's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC," an amount actuarially determined in accordance with the parameters of GASB

**Apple Industrial Development Corp.**  
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Notes to Financial Statements (continued)

**9. Postemployment Benefits Other than Pensions (continued)**

Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Apple's annual OPEB cost for the current year and the related information for the plan are as follows (dollars in thousands):

	2013	2012
Annual required contribution	\$ 202	\$ 144
ARC adjustment	(136)	(144)
Interest on net OPEB obligation	40	47
Annual OPEB cost	106	47
Contributions made	(20)	(25)
Increase in net OPEB obligation	86	22
Net OPEB obligation – beginning of year	1,135	1,113
Net OPEB obligation – end of year	\$ 1,221	\$ 1,135

Apple's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013, 2012 and 2011 were as follows (dollars in thousands):

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year Ended June 30:			
2013	\$ 106	19%	\$ 1,221
2012	47	54%	1,135
2011	95	11%	1,113

The actuarial valuation date is June 30, 2012. The actuarial accrued liability for benefits as of this date was \$2,491,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$808,824 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 307.98%. The unfunded accrued liability as of June 30, 2012 was \$1,134,638.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Notes to Financial Statements (continued)**

**9. Postemployment Benefits Other than Pensions (continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between Apple and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The impact of the National Health Care Reform Act has been included in the valuation as of June 30, 2012.

For the June 30, 2012 actuarial valuation, the project unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate and an annual healthcare cost trend rate of 9.5% for non-Medicare and 7.5% for Medicare and grading down to an ultimate rate of 4.5% for both. The unfunded actuarial accrued liability is being amortized over a 30 year closed period on a level dollar basis. The remaining amortization period at June 30, 2013 was 27 years.

**10. Commitments and Contingencies**

Apple is involved directly, and in certain situations as co-defendant with The City and NYCEDC, in litigation arising in the ordinary course of business. In management's opinion, such litigation is not expected to have a material adverse effect on the financial position of Apple.

**11. Risk Management**

Apple is exposed to various risks of loss-related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Apple carries commercial insurance coverage for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

Notes to Financial Statements (continued)

**12. Net Position**

In order to present its financial condition and operating results in a manner consistent with limitations and restrictions placed upon the use of resources, Apple classifies its net position into restricted, unrestricted and net investment in capital assets.

Net investment in capital assets includes capital assets used in Apple's operations, less accumulated depreciation.

Restricted net position includes net position that has been restricted for use in accordance with the terms of an agreement, award or by State law.

The restricted net position generally relates to operations administered by contract on behalf of NYCEDC and is not available for use by Apple for purposes other than the Contract Services. The restricted net position may only be used for the specific purposes for which the funds were created. Upon termination of the Contract, or otherwise at the direction of NYCEDC, the full amount of any restricted net position may be payable by Apple back to NYCEDC. Unrestricted net position includes all net position not included above.

The changes in net position during fiscal years 2013 and 2012 are as follows:

	Restricted	Unrestricted	Net Investment in Capital Assets	Total
Net position, June 30, 2011	\$ 9,380,188	\$ 52,195	\$ 932,854	\$ 10,365,237
Income before payments	28,446,533	17,844,530	-	46,291,063
Capital asset additions	(48,438)	-	48,438	-
Retirements/depreciation	136,852	-	(136,852)	-
Payments	(27,512,028)	(17,844,478)	-	(45,356,506)
Net position, June 30, 2012	10,403,107	52,247	844,440	11,299,794
Income before payments	25,052,612	37,399,096	-	62,451,708
Capital asset additions	(46,776)	-	46,776	-
Retirements/depreciation	139,104	-	(139,104)	-
Payments	(28,136,071)	(37,399,043)	-	(65,535,114)
Net position, June 30, 2013	<u>\$ 7,411,976</u>	<u>\$ 52,300</u>	<u>\$ 752,112</u>	<u>\$ 8,216,388</u>

Required Supplementary Information

**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Schedule of Funding Progress for the Retiree Health Care Plan**

*(Dollars in Thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6-30-2012 <sup>(2)</sup>	\$ —	\$ 2,491	\$ 2,491	0%	\$ 808	308.0%
6-30-2010 <sup>(1)(2)</sup>	—	1,788	1,788	0	823	217.3
6-30-2008 <sup>(2)</sup>	—	2,455	2,455	0	1,140	215.4

<sup>(1)</sup> Effective July 1, 2011, the plan was amended to include revisions to the definition of what constitutes an eligible participant and the adoption of a plan close date of June 30, 2023. These amendments significantly reduced the number of current and future employees eligible for this benefit and resulted in an overall reduction in the actuarial accrued liability (“AAL”) at June 30, 2011.

<sup>(2)</sup> For the 6-30-12 actuarial valuation, the actuarial assumptions includes a 3.5% discount rate and an annual healthcare cost trend rate of 9.5% for non-Medicare and 7.5% for Medicare grading down to an ultimate rate of 4.5% for both. For the previous actuarial valuations, the actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% grading down to an ultimate rate of 5%.

## Supplementary Information



**Apple Industrial Development Corp.**  
(a component unit of the New York City Economic Development Corporation)

**Combining Statement of Revenues, Expenses and Changes in Net Position**

	Commercial Leases	Brooklyn Army Terminal	Maritime	Other Properties	42nd Street	2013	Year Ended June 30 2012
<b>Operating revenues:</b>							
Property rentals	\$ 41,301,598	\$ 18,776,627	\$ 70,814,131	\$ 5,025,803	\$ 35,445,434	\$ 171,363,593	\$ 140,388,669
Tenant reimbursements	215,204	3,794,044	2,196,254	8,375	-	6,213,877	6,628,381
Fee income	21,244	28,035	26,001	7,782	146,101	229,163	235,445
Other income	3,109,232	8,600	1,474,196	45,384	508,210	5,145,622	7,285,272
<b>Total operating revenues</b>	<b>44,647,278</b>	<b>22,607,306</b>	<b>74,510,582</b>	<b>5,087,344</b>	<b>36,099,745</b>	<b>182,952,255</b>	<b>154,537,767</b>
<b>Operating expenses:</b>							
Property rentals and related operating expenses	5,956,753	10,142,285	24,341,573	3,793,941	36,162,562	80,397,114	72,592,185
Personnel services	295,383	627,879	393,313	-	-	1,316,575	1,203,480
Contracted personnel services	990,007	125,184	31,595,196	-	-	32,710,387	33,763,396
Provision for uncollectible rents	54,018	293,887	1,469,091	43,863	-	1,860,859	755,105
Total operating expenses	7,296,161	11,189,235	57,799,173	3,837,804	36,162,562	116,284,935	108,314,166
Operating income (loss)	37,351,117	11,418,071	16,711,409	1,249,540	(62,817)	66,667,320	46,223,601
<b>Non-operating revenues (expenses):</b>							
Interest income	47,979	-	6,591	2,641	62,817	120,028	67,462
Pass-through to Institute Family of Health	-	-	-	(4,335,640)	-	(4,335,640)	-
Total non-operating revenues (expenses)	47,979	-	6,591	(4,332,999)	62,817	(4,215,612)	67,462
Payments to NYCEDC	(37,399,043)	(11,418,071)	(16,718,000)	-	-	(65,535,114)	(45,356,506)
Change in net position	53	-	-	(3,083,459)	-	(3,083,406)	934,557
Total net position, beginning of year	52,247	500,000	-	10,747,547	-	11,299,794	10,365,237
Total net position, end of year	\$ 52,300	\$ 500,000	\$ -	\$ 7,664,088	\$ -	\$ 8,216,388	\$ 11,299,794

**II. Government Auditing Standards Section**

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

Management and the Board of Directors  
Apple Industrial Development Corp.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Apple Industrial Development Corp. ("Apple"), a component unit of the New York City Economic Development Corporation, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2013.

#### Internal Control Over Financial Reporting

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Apple'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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on 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.

*Ernst + Young LLP*

September 30, 2013

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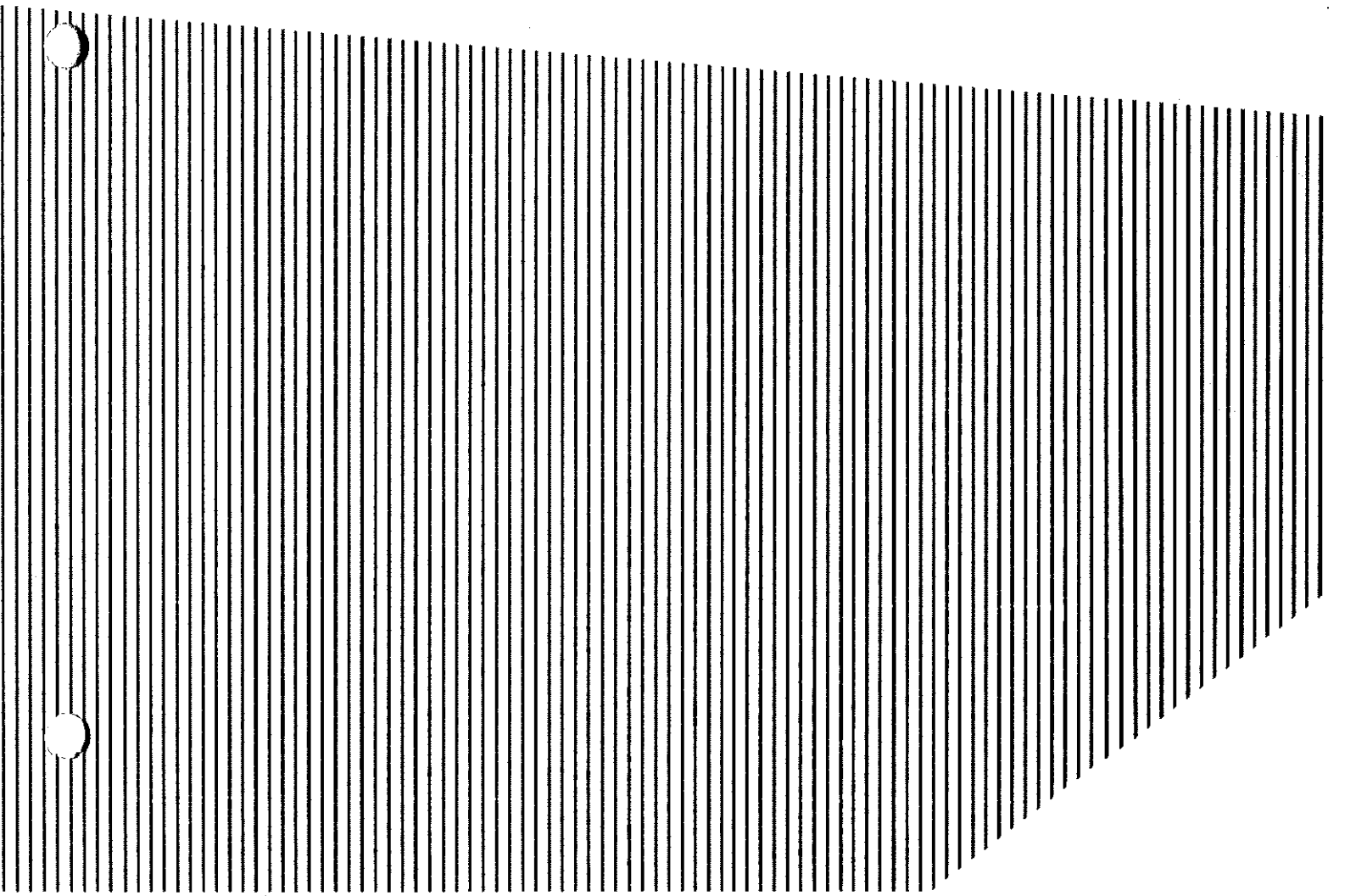
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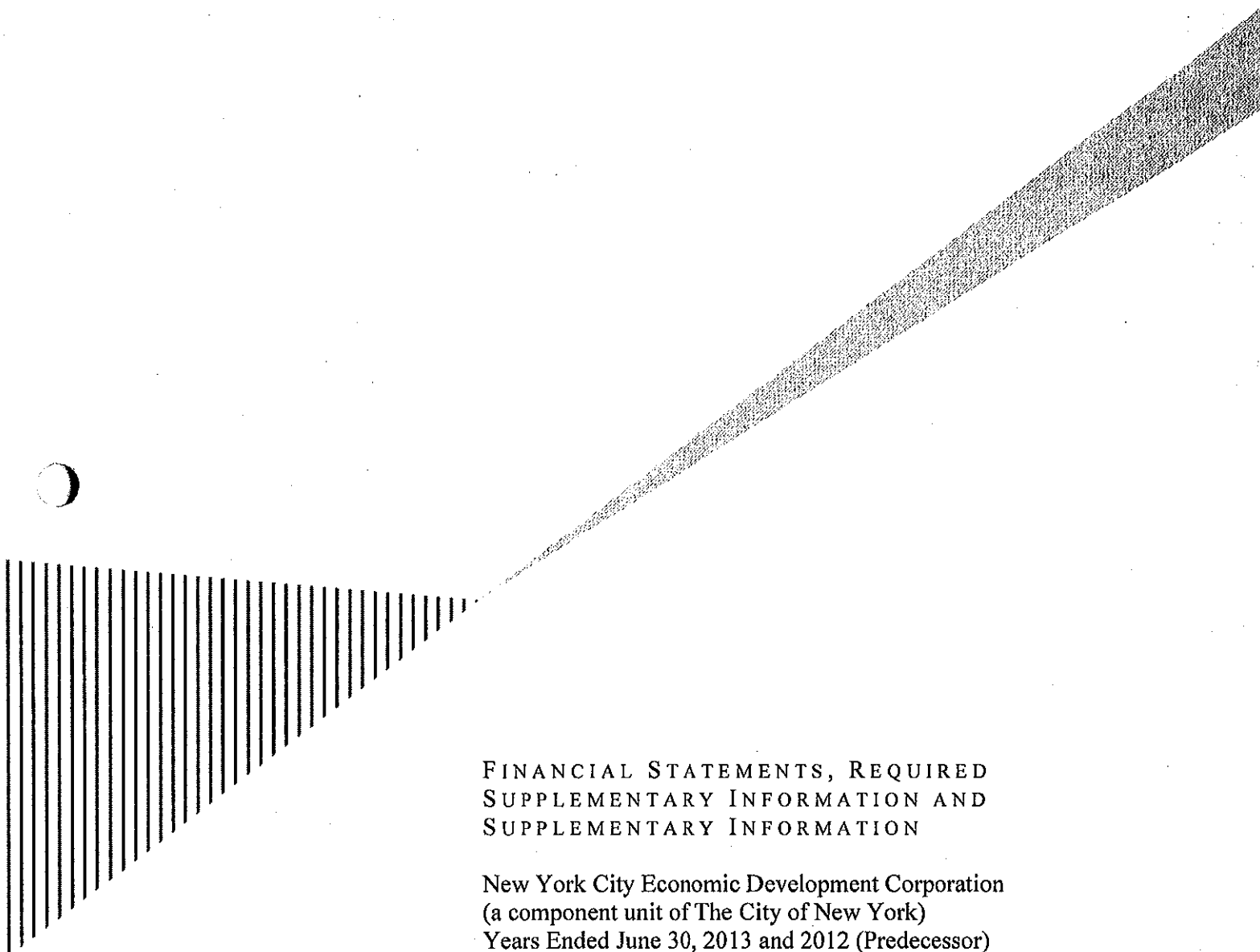
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**EXHIBIT M**  
**TO**  
**VERIFIED PETITION**

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**AUDITED FINANCIAL STATEMENTS OF NEW YORK CITY ECONOMIC  
DEVELOPMENT CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



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, 2013 and 2012 (Predecessor)  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

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, 2013 and 2012 (Predecessor)

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## Report of Independent Auditors

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

### Report on the Financial Statements

We have audited the accompanying financial statements of New York City Economic Development Corporation ("NYCEDC"), a component unit of The City of New York, as of and for the years ended June 30, 2013 and 2012 (Predecessor), and the related notes to the financial statements, which collectively comprise the NYCEDC's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NYCEDC as of June 30, 2013 and 2012 (Predecessor) , and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

***Required Supplementary Information***

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NYCEDC's basic financial statements. The combining statement of revenues, expenses and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining statement of revenues, expenses and changes in net position 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statement of revenues, expenses and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2013 on our consideration of the NYCEDC'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 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 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 NYCEDC's internal control over financial reporting and compliance.

*Ernst + Young LLP*

September 30, 2013

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis

June 30, 2013 and 2012 (Predecessor)

This section of New York City Economic Development Corporation's annual financial report presents our discussion and analysis of NYCEDC's financial performance during the fiscal years ended June 30, 2013 and 2012. Please read it in conjunction with the financial statements and accompanying notes. As more fully described in FootNote 1, Background and Organization, the corporate entity was formed on November 1, 2012 through the merger of New York City Economic Development Corporation ("Predecessor NYCEDC") with and into New York City Growth Corporation ("EGC"). Subsequently, EGC's name was changed to the New York City Economic Development Corporation ("NYCEDC" or "Successor NYCEDC" or the "Corporation").

This financial report represents Successor NYCEDC's statement of net position, statement of revenue, expenses and changes in net assets, and the statement of cash flows after its legal restructuring as of and for the year ended June 30, 2013. The financial statements as of and for the year ended June 30, 2013 of Successor NYCEDC will be presented comparatively with the financial statements of Predecessor NYCEDC as of and for the year ended June 30, 2012.

**Fiscal Year 2013 Financial Highlights**

- Reimbursable grants increased \$114 million (or 23%)
- Property rentals increased \$31 million (or 22%)
- Other income decreased \$18 million (or 45%)
- Program & project costs increased \$124 million (or 25%)
- Contract and other expenses to The City increased \$25 million (or 25%)
- Cash, cash equivalents and investments increased \$58 million (or 13%)
- Due from The City, net increased \$97 million (or 55%)
- Accounts payable and accrued expenses increased \$70 million (or 45%)
- Deposits received on pending sales of real estate increased \$16 million (or 188%)
- Unearned revenue increased \$50 million (or 23%)
- Retainage payable increased \$11 million (or 34%)

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Overview of the Financial Statements**

This annual financial report consists of four parts: *management's discussion and analysis* (this section), *basic financial statements*, *required supplementary information* and *supplementary information*. NYCEDC is a not-for-profit organization pursuant to Section 1411 of 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 and long-term financial information about the activities and operations of the Corporation.

These statements are presented in a manner similar to a private business. 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 performing its contractual obligations.

**Financial Analysis of the Corporation**

**Net Position**

The following table summarizes NYCEDC's financial position at June 30, 2013, and Predecessor NYCEDC's financial position at June 30, 2012 and 2011 (dollars in thousands) and the percentage changes between June 30, 2013 and June 30, 2012:

	Successor NYCEDC 2013	Predecessor NYCEDC 2012	Predecessor NYCEDC 2011	% Change 2013 - 2012
Current assets	\$ 670,583	\$ 566,461	\$ 568,512	18%
Noncurrent assets	377,876	340,562	222,943	11%
Total assets	<u>\$ 1,048,459</u>	<u>\$ 907,023</u>	<u>\$ 791,455</u>	16%
Current liabilities	\$ 298,786	\$ 214,675	\$ 204,136	39%
Noncurrent liabilities	425,670	364,887	275,953	17%
Total liabilities	<u>\$ 724,456</u>	<u>\$ 579,562</u>	<u>\$ 480,089</u>	25%
Net position:				
Restricted	\$ 94,275	\$ 91,707	\$ 85,135	3%
Unrestricted	215,113	225,231	221,929	(4)%
Net investment in capital assets	14,615	10,523	4,302	39%
Total net position	<u>\$ 324,003</u>	<u>\$ 327,461</u>	<u>\$ 311,366</u>	(1)%

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Financial Analysis of the Corporation (continued)**

**Net Position (continued)**

During fiscal year 2013, total assets increased \$141 million or 16% primarily due to a \$90 million increase in amounts "Due from The City" and a \$58 million increase in cash and investments. The increase in amounts "Due from The City" was largely driven by the following capital projects: \$25 million for Cornell/Technion NYC Tech Campus, \$19 million for the Whitney Museum of American Art, and \$9 million for the Loew's Kings Theater. Additionally, NYCEDC incurred \$15 million of expenses related to Superstorm Sandy remediation work reimbursable by the City. The increase in cash, cash equivalents, and investments was a result of advance payments of \$34 million from third party donors relating to the development of the third and final phase of the High Line Park and rent prepayment received in the amount of \$17 million from Albee Development.

Total liabilities increased \$145 million or 25% primarily due to a \$70 million increase in accounts payable and accrued expenses, \$50 million increase in unearned revenue, \$16 million increase in deposits received on pending real estate sales, and \$10 million increase in retainage payable. The increases in accounts payable and accrued expenses is largely driven by increased activities for the following capially funded projects: \$38 million for the Cornell/Technion NYC Tech Campus, \$15 million for the Whitney Museum of American Art, and \$11 million for remediation work relating to Superstorm Sandy. The increase in unearned revenues primarily is due to advance payments received for the High Line Park and Albee Development.

Net position during fiscal year 2013 overall decreased \$3 million or 1% as a result of the current operating activities noted below. This decrease was comprised of \$10 million from unrestricted net position, which was offset by increases of \$3 million and \$4 million in restricted net position and capital asset investments, respectively.

**Prior Year**

During fiscal year 2012, total assets increased \$116 million or 15%. This overall change in assets was driven by large increases in both tenant receivables and restricted cash receipts for various projects. The \$67 million increase in tenant receivables was primarily due to new receivables for certain recoverable costs for Forest City ground leases. The increase in restricted cash was driven by new project receipts including but not limited to: \$20 million for 42<sup>nd</sup> Street Development Project (Public Purpose Funds), \$16 million for various land sales and escrow deposits and \$11 million for the Marriott Marquis pass through lease payments.

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Financial Analysis of the Corporation (continued)**

**Net Position (continued)**

Total liabilities increased \$99 million or 21% primarily due to an increase of \$79 million in unearned revenue. The unearned revenue increase is largely driven by the Forest City ground transaction. In addition, land sales and escrow deposits payable increased \$16 million due to the following: \$10 million for the development of the Cornell/Technion NYC Tech Campus, \$3 million for 210 Joralemon Street, and \$3 million for Homeport Stapleton. Retainage payable on construction projects increased \$9 million due to the ongoing Water Siphon Project between Staten Island and Brooklyn and South Brooklyn Marine Terminal Rehabilitation projects.

Net position during fiscal year 2012 increased \$16 million or 5% as a result of the current operating activities noted above. Of this increase, \$7 million was from restricted net position, \$3 million was unrestricted net position, and \$6 million was invested in capital net position.

**Operating Activities**

NYCEDC is The City's primary engine for economic development 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 the process of providing its 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 year ended June 30, 2013, and Predecessor NYCEDC's change in net position for the fiscal years ended 2012 and 2011 (dollars in thousands) and the percentage changes between fiscal years 2013 and 2012:

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Financial Analysis of the Corporation (continued)**

**Operating Activities (continued)**

	Successor NYCEDC 2013	Predecessor NYCEDC 2012	Predecessor NYCEDC 2011	% Change 2013 – 2012
<b>Operating revenues:</b>				
Real estate sales, property rentals	\$ 202,611	\$ 172,420	\$ 140,749	18%
Power sales	946	49,199	54,261	(98)%
Grants	611,471	497,778	548,034	23%
Fees and other income	40,257	52,554	128,584	(23)%
<b>Total operating revenues</b>	<b>855,285</b>	<b>771,951</b>	<b>871,628</b>	<b>11%</b>
<b>Operating expenses:</b>				
Project and program costs	621,836	497,755	533,999	25%
Property related expenses	46,322	45,086	37,675	3%
Utility expenses	1,125	48,785	53,381	(98)%
Personnel services	46,187	46,613	46,046	(1)%
Contract and other expenses to The City	124,442	99,668	89,905	25%
Office rent and other expenses	20,762	18,616	19,709	12%
<b>Total operating expenses</b>	<b>860,674</b>	<b>756,523</b>	<b>780,715</b>	<b>14%</b>
<b>Operating income (loss)</b>	<b>(5,389)</b>	<b>15,428</b>	<b>90,913</b>	<b>(135)%</b>
<b>Non-operating revenues (expenses):</b>				
Investment income	297	667	915	(56)%
Grants and insurance proceeds	21,589	-	-	100%
Emergency repairs and other	(19,955)	-	-	(100)%
<b>Total non-operating incomes (expenses)</b>	<b>1,931</b>	<b>667</b>	<b>915</b>	<b>190%</b>
<b>Change in net position</b>	<b>(3,458)</b>	<b>16,095</b>	<b>91,828</b>	<b>(121)%</b>
<b>Total net position, beginning of year</b>	<b>327,461</b>	<b>311,366</b>	<b>219,538</b>	<b>5%</b>
<b>Total net position, end of year</b>	<b>\$ 324,003</b>	<b>\$ 327,461</b>	<b>\$ 311,366</b>	<b>(1)%</b>

During fiscal year 2013, operating revenues increased \$83 million or 11%, primarily due to the increases of \$114 million in reimbursable grants and \$31 million of property rentals, offset by the decreases of \$48 million from power sales and \$18 million of other income. The increase in reimbursable grants is primarily a result of additional project and program activities related to the Cornell/Technion NYC Tech Campus, the Whitney Museum of American Art, and the Springfield Gardens. Additionally, NYCEDC received \$5 million from New York City Industrial Development Agency (NYCIDA) and Build New York City Resource Corporation (Build NYC) for the Hurricane Emergency Loan Program ("HELP"). The increase of property rental revenue



New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Operating Activities (continued)**

is due to the following: property refinancing at both the Jamaica and Atlantic Centers, pass-through of PILOT revenues from the 42<sup>nd</sup> Street Development Project, and reinstated tenant receivables at the Hunts Point Cooperative Market. The reduction of power sales is due to the termination of the New York City Power Utility Service ("NYCPUS") program. The decrease of other income is primarily due to the reduction of the revenue sharing from the 42<sup>nd</sup> Development Project.

Operating expenses during fiscal year 2013 increased by \$104 million or 14% primarily due to a net increase of \$124 million in project and program costs relating to the aforementioned projects. Contract and other expenses to The City increased by \$24 million due to an additional supplemental contribution requested by The City. Utility expenses decreased by \$48 million for utility expenses relating to the termination of the NYCPUS program.

Accordingly, the Corporation recognized an operating loss of \$5 million during fiscal year 2013. This constitutes a decrease of \$21 million or 135% compared with fiscal year 2012.

Due to damages caused by Superstorm Sandy, the Corporation participated in the City's overall remediation and clean-up project and, therefore; incurred unexpected and unusual expenses, which were outside the ordinary scope of business for the Corporation. NYCEDC received revenues and funding commitments from various sources in order to offset fully or partially expenses relating to the remediation, clean-up, and restoration project. Non-operating revenues totaled to \$22 million, which consists of the following: \$17 million from insurance proceeds and \$5 million from reimbursable grants. Non-operating expenses consists of \$20 million for emergency repairs and other related costs related to Superstorm Sandy.

Accordingly, the Corporation recognized a loss of \$3 million during fiscal year 2013. This constitutes a decrease of \$20 million or 121% as compare with fiscal year 2012.

**Prior Year**

During fiscal year 2012, operating revenues decreased \$100 million or 11%, primarily due to the \$79 million decrease in revenue sharing for the 42<sup>nd</sup> Street Development Project. These funds were previously held by ESDC (Note 13). Reimbursable grants also decreased \$50 million due to fewer reimbursable expenses. However, the property rentals increased \$31 million due to NYCEDC's assumption of management responsibility for the 42<sup>nd</sup> Development Project and an increase in revenues from Forest City ground leases.

New York City Economic Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013 and 2012 (Predecessor)

**Prior Year (continued)**

Operating expenses during fiscal year 2012 decreased by \$24 million or 3% primarily due to a net decrease of \$36 million in project and program costs. The Lincoln Center-Promenade completion and Highline reconstruction projects both incurred significantly fewer expenses. Contract and other expenses to the City increased \$10 million largely due to the 42<sup>nd</sup> Street Development Project.

Correspondingly, operating income during fiscal year 2012 decreased \$76 million or 83% as a result of the items above.

**Capital Assets**

The following table summarizes NYCEDC's capital assets for the fiscal year ended June 30, 2013, and Predecessor NYCEDC's capital assets for the fiscal years ended June 30, 2012 and 2011 (dollars in thousands) and the percentage change between June 30, 2013 and 2012:

	Successor NYCEDC 2013	Predecessor NYCEDC 2012	Predecessor NYCEDC 2011	% Change 2013 - 2012
Leasehold improvements	\$ 13,933	\$ 8,789	\$ 1,695	59%
Furniture and fixtures	6,325	5,518	6,855	15%
	<u>20,258</u>	<u>14,307</u>	<u>8,550</u>	<u>42%</u>
Less accumulated depreciation and amortization	(5,643)	(3,784)	(4,248)	(49)%
Net capital assets	<u>\$ 14,615</u>	<u>\$ 10,523</u>	<u>\$ 4,302</u>	<u>39%</u>

The increase in the leasehold improvements was largely due to the capital additions to subdivide usable lease space at the Brooklyn Army Terminal as well as an installation of a new passenger gangway boarding structure at the Manhattan Cruise Terminal.

**Contacting NYCEDC's Financial Management**

This financial report is designed to provide our customers, clients and the public with a general overview of NYCEDC'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 Public Information Officer, New York City Economic Development Corporation, 110 William Street, New York, NY 10038.

New York City Economic Development Corporation  
(a component unit of The City of New York)

Statements of Net Position

	June 30	
	2013 Successor EDC	2012 Predecessor EDC
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents – current	\$ 132,312,596	\$ 177,664,432
Restricted cash and cash equivalents – current	151,817,175	94,754,871
Investments	37,303,192	29,424,641
Current portion of loans and mortgage notes receivable	2,581,645	1,780,491
Accrued interest receivable from loans	172,644	242,672
Due from The City, including \$240,443,354 and \$172,877,800, respectively, under contracts with The City	285,245,780	195,028,063
Tenant receivables, net of allowance for uncollectible amounts of \$10,764,297 and \$9,284,274, respectively	48,207,044	37,849,231
Prepaid expenses	1,255,127	646,774
Due from State – ESDC	–	12,814,600
Other receivables	9,629,654	14,363,961
Land deposits in escrow	2,058,000	1,890,950
<b>Total current assets</b>	<b>670,582,857</b>	<b>566,460,686</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	131,435,275	115,256,260
Unrestricted investments	10,977,750	2,973,974
Restricted investments	33,558,001	19,283,026
Loans and mortgage notes receivable, less current portion (less allowance for loan losses of \$2,128,665 and \$1,214,311, respectively)	26,512,086	29,264,834
Tenant receivables non-current	50,997,923	53,480,527
Capital assets, net	14,615,151	10,523,365
Land held for development, at cost	108,693,118	108,693,118
Other assets	1,087,000	1,087,000
<b>Total noncurrent assets</b>	<b>377,876,304</b>	<b>340,562,104</b>
<b>Total assets</b>	<b>1,048,459,161</b>	<b>907,022,790</b>
<b>Liabilities and net position</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses, including \$171,798,851 and \$114,091,285, respectively, under contracts with The City	227,485,338	156,990,614
Deposits received on pending sales of real estate	23,872,758	8,278,000
Due to The City: real estate obligations and other	12,802,792	19,697,423
Unearned revenue	32,947,222	28,743,819
Other liabilities	1,678,271	964,717
<b>Total current liabilities</b>	<b>298,786,381</b>	<b>214,674,573</b>
<b>Noncurrent liabilities:</b>		
Tenant security and escrow deposits payable	26,614,999	22,666,624
Obligation for other post-employment benefits	19,940,000	19,785,003
Due to The City: real estate obligations	105,345,500	105,345,500
Unearned revenue, including unearned grant revenue of \$39,642,625 and \$39,844,763, respectively, under contracts with The City	229,578,629	184,159,330
Retainage payable	43,008,748	32,045,663
Other liabilities	1,181,744	884,876
<b>Total noncurrent liabilities</b>	<b>425,669,620</b>	<b>364,886,996</b>
<b>Total liabilities</b>	<b>724,456,001</b>	<b>579,561,569</b>
<b>Net position:</b>		
Restricted by law or under various agreements	94,274,860	91,706,891
Unrestricted	215,113,149	225,230,965
Net investment in capital assets	14,615,151	10,523,365
<b>Total net position</b>	<b>\$ 324,003,160</b>	<b>\$ 327,461,221</b>

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

	Year Ended June 30	
	2013 Successor EDC	2012 Predecessor EDC
Operating revenues:		
Grants	\$ 611,471,272	\$ 497,777,631
Property rentals	171,363,593	140,388,670
Power sales	945,530	49,198,827
Fee income	18,480,787	13,143,638
Other income – 42 <sup>nd</sup> Street Development Project	4,483,728	12,879,709
Other income	17,292,490	26,531,175
Real estate sales, net	31,247,934	32,031,472
Total operating revenues	<u>855,285,334</u>	<u>771,951,122</u>
Operating expenses:		
Project costs	105,238,601	88,624,799
Program costs	516,597,604	409,130,543
Property rentals and related operating expenses	46,322,072	45,085,542
Utility expenses	1,124,654	48,785,219
Personnel services	46,186,949	46,612,829
Office rent	8,309,369	7,964,299
Contract and other expenses to The City	124,442,487	99,668,725
Other general expenses	12,452,891	10,651,450
Total operating expenses	<u>860,674,627</u>	<u>756,523,406</u>
Operating (loss) income	(5,389,293)	15,427,716
Non-operating revenues (expenses):		
Income from investments	296,761	667,015
Insurance proceeds – Superstorm Sandy	17,142,808	–
Reimbursable grants – Superstorm Sandy	4,446,196	–
Emergency repairs and others – Superstorm Sandy	(19,954,533)	–
Total non-operating revenues	<u>1,931,232</u>	<u>667,015</u>
Change in net position	(3,458,061)	16,094,731
Net position, beginning of year	327,461,221	311,366,490
Net position, end of year	<u>\$ 324,003,160</u>	<u>\$ 327,461,221</u>

*See accompanying notes.*

New York City Economic Development Corporation  
(a component unit of The City of New York)

Statements of Cash Flow

	Year Ended June 30	
	2013 Successor EDC	2012 Predecessor EDC
<b>Cash flows from operating activities</b>		
Real estate sales	\$ 41,336,275	\$ 32,672,914
Property rentals	178,027,318	142,908,499
Power sales	6,322,400	50,819,767
Grants from The City	558,181,505	508,507,100
Fee income	18,930,910	12,825,170
Other income	5,450,291	26,174,825
Other income – 42 <sup>nd</sup> Street Development Project	17,298,328	92,810,441
Project costs	(104,321,557)	(78,176,656)
Program costs	(430,250,946)	(414,858,664)
Property rentals and related operating expenses	(49,235,230)	(43,685,526)
Utility expenses	(5,564,432)	(51,647,705)
Personnel services	(45,976,918)	(46,175,654)
Office rent	(8,309,368)	(7,964,299)
Contract and other expenses to The City	(124,442,487)	(87,656,898)
Other general and administrative expenses	(9,706,500)	(11,792,172)
Repayments of loans and mortgage receivable	924,040	11,824,602
Tenant security and escrow deposits	3,948,374	14,270,766
Insurance proceeds from Superstorm Sandy	17,142,808	-
Reimbursable grants—Superstorm Sandy	8,154	-
Expenses paid for Superstorm Sandy	(6,255,307)	-
Other	361,068	(6,785,913)
Net cash provided by operating activities	63,868,726	144,070,597
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(5,951,652)	(5,757,282)
Net cash used in capital and related financing activities	(5,951,652)	(5,757,282)
<b>Cash flows from investing activities</b>		
Sale of investments	47,570,809	52,816,166
Purchase of investments	(77,728,111)	(54,021,943)
Deposits on land	(167,050)	5,092,800
Interest income	296,761	667,015
Net cash (used in) provided by investing activities	(30,027,591)	4,554,038
Net increase in cash and cash equivalents	27,889,483	142,867,353
Cash and cash equivalents, beginning of year	387,675,563	244,808,210
Cash and cash equivalents, end of year	<u>\$ 415,565,046</u>	<u>\$ 387,675,563</u>

New York City Economic Development Corporation  
(a component unit of The City of New York)

Statements of Cash Flows (continued)

	Year Ended June 30	
	2013 Successor EDC	2012 Predecessor EDC
<b>Reconciliation of operating (loss) income to net cash provided by operating activities</b>		
Operating (loss) income	\$ (5,389,293)	\$ 15,427,716
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,859,866	(464,441)
Net cash provided by non-operating activities	1,634,471	
Changes in operating assets and liabilities:		
Accrued interest receivable	70,028	(57,670)
Due to/from The City	(97,112,348)	199,230
Tenant receivables	(7,875,209)	(66,954,879)
Prepaid expenses and other receivables	4,125,954	4,308,266
Due from State – ESDC	12,814,600	79,930,732
Loans and mortgage notes receivable	1,951,594	11,000,687
Tenant security and escrow deposits payable	3,948,375	14,270,766
Accounts payable and accrued expenses	70,494,724	(6,064,556)
Deposits received on pending sales of real estate	15,594,758	3,151,305
Obligation for OPEB	154,997	370,003
Unearned grant revenue	49,622,702	78,674,706
Retainage payable	10,963,085	9,270,211
Other current liabilities	713,554	257,001
Other noncurrent liabilities	296,868	751,520
Net cash provided by operating activities	<u>\$ 63,868,726</u>	<u>\$ 144,070,597</u>
<b>Supplemental disclosures of non-cash activities</b>		
Unrealized loss on investments	<u>\$ (860,470)</u>	<u>\$ (647,004)</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, 2013

**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 and its component unit, Apple Industrial Development Corp. ("Apple").

From its inception, New York City Economic Development Corporation ("Predecessor NYCEDC") was a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York (the "State"). Predecessor NYCEDC was recognized by the IRS as a tax-exempt organization under IRC section 501(c)(3), and a wholly owned instrumentality of The City of New York ("The City"). In furtherance of its business objectives, Predecessor NYCEDC was merged with and into New York City Economic Growth Corporation ("EGC") effective November 1, 2012 and ceased to exist as of that date. EGC is a not-for-profit corporation which generates income that is exempt from federal taxation under IRC section 115. Upon the merger, EGC's name was changed to the New York City Economic Development Corporation ("NYCEDC," "Successor NYCEDC," or "the Corporation").

NYCEDC's primary activities consist of rendering a variety of services and administering certain economic development programs on behalf of The City of New York ("The City") relating to 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 and provision of grants to qualifying business enterprises as a means of helping to create and retain employment therein. These services are provided under two contracts with The City (the "NYCEDC Master Contract" and the "NYCEDC Maritime Contract").

Apple was created in 1980 and provides management and maintenance services for certain City-owned and NYCEDC owned and leased properties. Apple has contracted with NYCEDC to manage wharf, waterfront, public market and aviation properties that NYCEDC is responsible for managing under the NYCEDC Maritime Contract, properties under lease to or owned by NYCEDC, and other properties that NYCEDC is responsible for managing pursuant to the NYCEDC Master Contract or pursuant to other arrangements with The City. Apple has assumed NYCEDC's rights and obligations under certain management and maintenance service contracts with The City. Complete financial statements for Apple may be obtained at its administrative offices, which are located at 110 William Street, New York, New York 10038.

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)**

The officers of Apple are the same as NYCEDC. NYCEDC has full exclusive and complete discretion to manage, control and make all decisions affecting the business affairs of Apple. As a result, Apple is reported as a blended component unit of NYCEDC. Also, NYCEDC's financial statements are included in The City's financial statements as a component unit for financial reporting purposes.

In order to present the financial position and the changes in financial position of Apple in a manner consistent with limitations and restrictions placed upon the use of resources and NYCEDC's contractual agreement with The City and other third parties, Apple classifies its operations into the following five portfolios:

*Commercial Leases Portfolio:* Apple has been assigned the rights to manage certain non-cancelable NYCEDC ground leases with The City. NYCEDC subleases the property to commercial and industrial tenants. The sublease agreements generally provide for minimum rentals plus provisions for additional rent, and restrict the use of the land to the construction or development of commercial, manufacturing or industrial facilities.

*Brooklyn Army Terminal Portfolio:* The Brooklyn Army Terminal ("BAT") is an industrial property owned by The City which is leased to NYCEDC and managed by Apple on NYCEDC's behalf. 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 Apple's management, promotion, expansion and development of waterfront, public market, public aviation and intermodal transportation properties on NYCEDC's behalf pursuant to the subcontract.

*Other Properties Portfolio:* This portfolio was established to account for the activities of Apple related to certain City-owned and other properties for which Apple assumed management responsibilities. Pursuant to an agreement between NYCEDC and The City, the net revenue from three of the properties is retained by the portfolio for property operating and capital expenses or for expenses of projects in the area. The net position retained as of June 30, 2013 and 2012 were \$7,664,088 and \$10,747,547, respectively. Net revenues excluded depreciation expenses. Any net revenues from the other properties are payable to NYCEDC pursuant to the subcontract.



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)**

*42nd Street Portfolio:* This portfolio was originally established as a joint effort between The City and the State of New York to redevelop 42nd Street into vibrant office and cultural center. In October 2012, the ownership of this portfolio was transferred from the State of New York to The City pursuant to agreements reached between the State, The City and NYCEDC that were effective July 1, 2011. Under the terms of the agreement, Apple assumed management and administrative responsibilities for all leases in connection with the 42nd Street Development Project on behalf of NYCEDC. NYCEDC generally collects and remits all rental revenues to The City. NYCEDC may share in rental revenues above established amounts as agreed upon with The City, and may retain \$1 million per fiscal year as an administrative fee.

**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 Accounting Pronouncements**

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No. 63"). GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB No. 63 amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the

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)**

required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for the periods beginning after December 15, 2011. The Corporation's adoption of GASB No. 63 resulted in a change in the presentation of the balance sheets to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The early adoption of GASB No. 65 did not have an impact on the Corporation's financial statements.

**Upcoming Accounting Pronouncements**

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* ("GASB No. 66"). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Corporation does not anticipate that the implementation of this standard will have an impact 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 June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* ("GASB No. 67"). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Since this standard impacts the financial reporting of pension plans, the Corporation does not anticipate that the implementation of this standard will have an impact on its financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Corporation has not completed the process of evaluating the impact of GASB 68 on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB No. 69"). The objective of this Statement is to improve the accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Corporation does not anticipate that the implementation of this standard will have an impact on its financial statements.

In February 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB No. 70"). The objective of this Statement is to improve the comparability of financial statements among governments by requiring consistent reporting by those governments that extend and/or receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. The Corporation does not anticipate that the implementation of this standard will have an impact 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)**

**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 contract services in connection with NYCEDC's principal on-going operations. The principal operating revenues are grants from The City, rentals of City-owned property, and sales of property (see Real Estate Sales). NYCEDC's operating expenses include project and program costs, property rental charges and related administration 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 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.

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

Other grants are recorded as revenue when earned.

**Property Rentals**

Property rentals are recognized on a straight-line basis over the term of the leases.

New York City Economic Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**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. 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.

Beginning in fiscal 1990, for sales of City-owned property in which NYCEDC has accepted a promissory note from a purchaser in lieu of cash, in addition to the note receivable, 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.

**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 interest and carry below market interest rates. NYCEDC also established a portfolio for the Hurricane Emergency Loan Program ("HELP"), which is generally repayable over a three year period. 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.

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)**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with original maturities of three months or less. Cash equivalents are stated at fair value.

**Restricted Cash and Investments**

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

**Capital Assets**

Capital asset purchases for internal use by NYCEDC in excess of \$10,000 and consisting primarily of leasehold improvements, furniture, and equipment are capitalized and depreciated using the straight-line method over the life of the lease or the estimated useful life assigned. The useful life of the furniture and equipment varies from three to five years. Asset purchases for use in operations or at various properties have useful life from seven to twenty years.

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

The Corporation changed its assets disposal policy during the fiscal year. Assets are recorded as disposed only if they are retired from use.

**Tax Status**

The currently reported income of NYCEDC should qualify for exclusion from gross income for federal income tax purposes under Section 115 of the U.S. Internal Revenue Code (the "Code").

Apple's income is exempt from federal income taxes under Section 501(c)(3) of the Code.

New York City Economic Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

**3. Contracts With The City of New York**

**NYCEDC Master Contract**

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

In partial consideration of the services rendered by NYCEDC pursuant to the NYCEDC Master Contract, NYCEDC may retain (1) net revenues resulting 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 the contract cap. For fiscal years ended June 30, 2013 and 2012, net revenues generated from such sources amounted to \$91,108,001 and \$77,556,507, respectively. Income self-generated by NYCEDC, including interest earned on all cash accounts related to unrestricted operations and certain fees earned for services rendered that are not payable by The City, may be retained by NYCEDC under the NYCEDC Master Contract without regard to the contract cap.

Pursuant to section 11.05 of the NYCEDC Master Contract, at any time upon written request of the Mayor of The City or his designee, NYCEDC must remit to The City assets having a fair market value up to the amount, if any, by which NYCEDC's unrestricted net position exceeds \$7,000,000. At the direction of The City, NYCEDC was required to remit \$73,815,488 and \$55,490,839 from its unrestricted net position in fiscal 2013 and 2012, respectively, which are accounted for as contract and other expenses to The City in the statements of revenues, expenses and changes in net position.

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

New York City Economic Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

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

**NYCEDC Maritime Contract**

The City and NYCEDC have entered into the NYCEDC Maritime Contract under which NYCEDC 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, and (3) administering leases, permits, licenses, and other occupancy agreements pertaining to such related properties.

In the performance of its services under the NYCEDC 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 (see Note 11). In consideration of the services rendered by NYCEDC pursuant to the NYCEDC 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 ("Budget") as called for by the NYCEDC Maritime Contract. Any Reimbursable Expenses, as defined in the NYCEDC 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"). For the fiscal years ended June 30, 2013 and 2012, the Reimbursed Amount was \$27,903,712 and \$28,929,099, respectively. Net revenues generated on The City's behalf for services under the NYCEDC Maritime Contract in excess of the Reimbursed Amount must be remitted to the City on a periodic basis. The operations covered by the NYCEDC Maritime Contract generated \$16,718,140 and \$16,720,822 in net revenues in both fiscal years 2013 and 2012.

Pursuant to section 9.06 of the NYCEDC Maritime Contract, at any time upon written request of the Mayor of The City or his 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.



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)**

At the direction of The City, NYCEDC was required to remit \$16,718,000 for both fiscal years 2013 and 2012, respectively, pursuant to the NYCEDC Maritime Contract, and such amounts are included in the accompanying statements of revenues, expenses and changes in net position under contract and other expenses to The City. The entire amounts required were remitted at June 30, 2013 and 2012, respectively.

The term of the NYCEDC 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 restricted revenue from two sources to The City: the 42<sup>nd</sup> Street Development Project and the Times Square Marriott Marquis ground lease rental payments. NYCEDC remits revenue deemed to be restricted based upon agreements with The City. The amounts remitted for fiscal year 2013 and fiscal year 2012 were \$58 million and \$49 million, respectively.

**4. Grants**

NYCEDC receives grants for specifically defined projects. For the year ended June 30, 2013, grant revenue was \$615,917,468 of which \$576,449,312 were reimbursement grants from The City. For the year ended June 30, 2012, grant revenue was \$497,777,631, of which \$474,873,217 were reimbursement grants from The City.

The grants received during the fiscal year consist of \$611,471,272 for operating activities in the ordinary course of business and \$4,446,196 which related to reimbursement of Superstorm Sandy expenses.

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Notes to Financial Statements (continued)

**5. Land Held for Development**

NYCEDC may purchase land to help achieve the City's and NYCEDC's redevelopment goals. During fiscal year 2010, NYCEDC purchased several parcels of land in Coney Island ("Coney") to assist with the implementation of a comprehensive economic development plan to strengthen the Coney amusement area. The cost of these property acquisitions was \$105.3 million, for which NYCEDC received Capital funds from the City. Effective March 2010, NYCEDC leased the acquired property to a third party for a ten year period in furtherance of the goals and vision for Coney. NYCEDC may convey the site to the City, for nominal consideration, at any time. This amount is reflected as real estate obligations due to the City. Also included in land held for development is approximately \$3.4 million of other properties. No additional land purchases were made in fiscal year 2013.

**6. Other Income**

The following table summarizes other income for the fiscal years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Tenant reimbursements	\$ 6,213,877	\$ 6,628,381
Developer contributions	4,166,057	2,267,874
Interest income from loans	1,313,073	2,429,558
Loan recovery and other miscellaneous income	5,599,483	15,205,362
Total	<u>\$ 17,292,490</u>	<u>\$ 26,531,175</u>

**7. Loans and Mortgage Notes Receivable**

NYCEDC has received installment notes from purchasers of certain real property sold by NYCEDC 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, 2013 and 2012, these mortgage notes totaled \$7,889,440 and \$13,565,464, respectively, exclusive of interest receivable.

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Notes to Financial Statements (continued)

**7. Loans and Mortgage Notes Receivable**

NYCEDC has also provided loans to City businesses to advance certain economic development objectives consistent with their corporate mission and contractual obligations with The City. These loans were made to borrowers whose business operations are likely to provide employment generation, 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

Additionally, the Corporation, as the junior lender, partnered with Goldman Sachs, as the senior lender, and New York Business Development Corporation (NYBDC), to establish the HELP program, a loan program for certain eligible businesses affected by Superstorm Sandy. NYBDC serves as the loan administrator. The loan duration varies up to three years. The Corporation, under a purchase of services agreement, received \$4 million and \$1 million from NYCIDA and Build NYC, respectively, for this program.

At June 30, 2013, the loan and mortgage notes portfolio consisted of 19 loans that bear interest at rates ranging from 0% to 9% and mature at various dates through October 1, 2036.

Scheduled maturities of principal for these loans for the next five years and thereafter are as follows:

	<b>Principal Maturity</b>	<b>Interest</b>
Fiscal Year:		
2014	\$ 2,547,928	\$ 935,513
2015	2,060,557	904,387
2016	6,106,904	797,787
2017	1,373,439	734,064
2018	594,104	703,895
2019 – 2023	10,098,634	3,035,353
2024 – 2028	6,423,034	1,324,164
2029 – 2033	1,411,131	50,881
2034 – 2037	606,665	—
	31,222,396	\$ 8,486,044
Allowance for uncollectible amounts	(2,128,665)	
Loans and mortgage notes receivable, net	\$ 29,093,731	

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Notes to Financial Statements (continued)

**7. Loans and Mortgage Notes Receivable (continued)**

NYCEDC's three larger loans in fiscal 2013 represent approximately 46% of its loan portfolio balance. The composition of the nine largest loans, comprising 93% of the entire portfolio, by industry type, at June 30, 2013 was as follows: real estate development 23% and other service 77%.

The ability of the borrowers to honor their contracts may be affected by a downturn in The City's economy, which may ultimately limit the funds available to repay interest and principal.

The City may, at its discretion, request payment of certain amounts received by NYCEDC from the administration of certain programs within the Finance Programs.

**8. Due to/from The City of New York**

NYCEDC is required to remit amounts to The City under the NYCEDC Master Contract (see Note 3). The unremitted portion of such amounts at June 30, 2013 and 2012 amounted to \$12,799,672 and \$19,362,319, respectively.

Pursuant to the various contracts with The City, NYCEDC recorded total grants from The City in the amount of \$576,449,312 and \$497,777,631 during fiscal years 2013 and 2012, respectively, of which \$240,443,354 and \$172,877,800 were unpaid by The City as of June 30, 2013 and 2012, respectively. These unpaid amounts are included in the accompanying statements of net position as Due from The City.

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Notes to Financial Statements (continued)

**9. Capital Assets**

Changes in capital assets for the years June 30, 2011 to June 30, 2013 consisted of the following:

	June 30, 2011	Additions/ Depreciation	Disposals	June 30, 2012	Additions/ Depreciation	Disposals	June 30, 2013
Equipment	\$ 5,967,745	\$ 545,036	\$(1,488,027)	\$ 5,024,754	\$ 583,012	\$ -	\$ 5,607,766
Leasehold improvements	1,694,935	7,093,739	-	8,788,674	5,144,781	-	13,933,455
Computer software	886,888	42,045	(435,512)	493,421	223,859	-	717,280
Capital assets	8,549,568	7,680,820	(1,923,539)	14,306,849	5,951,652	-	20,258,501
Less:							
Accumulated depreciation	(4,247,926)	(1,459,097)	1,923,539	(3,783,484)	(1,859,866)	-	(5,643,350)
Capital assets, net	<u>\$ 4,301,642</u>	<u>\$ 6,221,723</u>	<u>\$ -</u>	<u>\$ 10,523,365</u>	<u>\$ 4,091,786</u>	<u>\$ -</u>	<u>\$ 14,615,151</u>

Depreciation and amortization of capital assets for the fiscal years ended June 30, 2013 and 2012 were \$1,859,866 and \$1,459,097, respectively.

**10. Cash and Investments**

**Cash**

The bank balance of NYCEDC's cash deposits was \$330,331,957, of which \$2,025,684 was covered by federal depository insurance and \$185,616,680 was collateralized by securities held by the pledging financial institution. The remaining balance was uncollateralized at June 30, 2013. Emergency funds on hand amounted to \$4,500 at June 30, 2013.

**Investments**

NYCEDC's investment policy permits the Corporation to invest in obligations of the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America as well as obligations of the State. All of the Corporation's investments in U.S. agencies carry a guarantee of the U.S. government. Other permitted investments, include short term commercial paper, certificates of deposit and bankers acceptances. All investments are subject to certain limitations and conditions, and are carried at fair value, except for certificates of deposit, which are valued at cost.

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Notes to Financial Statements (continued)

**10. Cash and Investments**

Investments at June 30, 2013 and 2012 consist of the following securities with maturities (dollars in thousands):

	Fair Value		Investment Maturities at June 30, 2013 in Years	
	2013	2012	Less than 1	1 to 7
Money market and mutual funds	\$ 52,912	\$ 103,474	\$ 52,912	\$ —
Money market deposit account	32,649	68,568	32,649	—
FHLB notes	16,713	5,974	11,428	5,285
FHLMC notes	34,958	9,884	26,193	8,765
U.S. treasury bills	—	3,518	—	—
Commercial paper	12,984	13,979	12,984	—
FFCB notes	6,222	8,003	5,638	584
FNMA notes	12,733	8,869	10,777	1,956
Certificate of deposit and other	1,452	1,455	1,452	—
	<u>170,623</u>	<u>223,724</u>	<u>\$ 154,033</u>	<u>\$ 16,590</u>
Less amount classified as cash equivalents	(88,784)	(172,042)		
Total investments	<u>\$ 81,839</u>	<u>\$ 51,682</u>		

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Notes to Financial Statements (continued)

**10. Cash and Investments (continued)**

At June 30, 2013 and 2012, cash, cash equivalents and investments of \$316,810,451 and \$229,293,157, respectively, were restricted for use in connection with designated programs of NYCEDC.

*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 US government. As of June 30, 2013, the Corporation's investments in Federal National Mortgage Association ("FNMA"), Federal Home Loan Bank ("FHLB"), Federal Farm Credit Bank ("FFCB") and the Federal Home Loan Mortgage Corporation ("FHLMC") were rated AA+ by Standard & Poor's and AAA by Moody's and Fitch Ratings. Investments in commercial paper were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's, and/or F1+ by Fitch Ratings). Money market and mutual funds are not rated.

*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 uninsured and are not registered in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation. At June 30, 2013, the Corporation was not subject to custodial credit risk.

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Notes to Financial Statements (continued)

**10. Cash and Investments (continued)**

*Concentration of Credit Risk* – The Corporation places no limit on the amount the Corporation may invest in any one issuer. The following table shows investments that represent 5% or more of total investments as of June 30, 2013 and 2012 (dollars in thousands).

Issuer	Dollar Amount and Percentage of Total Investments			
	June 30, 2013		June 30, 2012	
Federal Home Loan Bank	\$ 16,713	20.42%	\$ 5,974	11.56%
Federal National Mort. Assoc.	12,733	15.56	8,869	17.16
Federal Home Loan Mortgage Corp.	34,958	42.72	9,884	19.12
Federal Farm Credit Bank	6,222	7.60	8,003	15.48
JPMorgan Chase Commercial Paper			6,991	13.53
Nestle Cap Corp Commercial Paper			6,998	13.53

**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 \$296,761 and \$667,015 for the fiscal years ended June 30, 2013 and 2012, respectively.

**11. Ground Leases and Properties Managed by NYCEDC on Behalf of The City**

NYCEDC has entered into certain ground leases with The City. NYCEDC, in turn, subleases the property to commercial and industrial tenants. Additionally, NYCEDC manages certain properties on behalf of The City for which there are no ground leases. The sublease agreements and leases that NYCEDC manages on behalf of The City generally provide for minimum rentals plus provisions for additional rent and restrict the use of the land to the construction or development of office, commercial, manufacturing or industrial facilities. Certain of the subleases also provide for renewals at the end of the initial lease term for periods ranging from 10 to 50 years.



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Notes to Financial Statements (continued)

**11. Ground Leases and Properties Managed by NYCEDC on Behalf of The City  
(continued)**

The future minimum rental income as of June 30, 2013, payable by the tenants under the subleases and leases managed by NYCEDC on behalf of The City, all of which are accounted for as operating leases, are as follows:

Fiscal Year	Minimum Rental Income from BAT Tenants	Minimum Rental Income from Commercial Tenants	Minimum Rental Income from Transportation/ Commerce Tenants	Minimum Rental Income from 42nd St Development Proj. Tenants	Minimum Rental Income from Other Tenants	Total
2014	\$ 15,913,529	\$ 11,125,817	\$ 41,677,674	\$ 3,689,798	\$ 807,634	\$ 73,214,452
2015	14,311,268	10,900,505	36,668,077	3,689,798	472,552	66,042,200
2016	11,972,668	10,090,155	34,555,114	3,689,798	88,100	60,395,835
2017	8,567,122	9,350,970	33,803,568	3,689,798	-	55,411,458
2018	6,056,956	9,231,122	32,717,420	3,689,798	-	51,695,296
2019 – 2023	23,650,238	29,378,746	147,628,215	18,448,993	-	219,106,192
2024 – 2028	5,698,095	22,648,167	102,151,455	18,448,993	-	148,946,710
2029 – 2033	4,148,200	19,840,832	57,268,155	18,448,993	-	99,706,180
2034 – 2038	4,148,200	18,828,721	43,809,656	18,448,993	-	85,235,570
2039 – 2043	4,148,200	18,346,760	14,396,055	18,448,993	-	55,340,008
Thereafter	8,780,357	114,522,677	50,365,735	179,114,028	-	352,782,797
<b>Total</b>	<b>\$107,394,833</b>	<b>\$ 274,264,472</b>	<b>\$ 595,041,124</b>	<b>\$ 289,807,983</b>	<b>\$ 1,368,286</b>	<b>\$1,267,876,698</b>

The thereafter category includes 41 leases with expiration dates between July 1, 2044 and December 31, 2100.

**12. Tenant Receivables – Noncurrent**

Pursuant to the ground leases with certain Forest City companies, costs incurred to acquire the properties prior to execution of these leases are to be reimbursed by the developer. The total to be repaid for these properties is \$50,997,923, of which \$35,206,986 is for Jay Street (One Metrotech Center), \$8,819,733 is for Bridge Street (Two Metrotech Center) and \$6,971,204 is for Tech Place (11 Metrotech Center). These receivables will be paid over a 20 year period as specified by the leases and are offset by an equal amount recorded in unearned revenues that will be recognized to revenue over the life of the agreements.

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Notes to Financial Statements (continued)

**13. 42<sup>nd</sup> Street Development Project**

The 42<sup>nd</sup> Street Development Project (the "Project") was conceived in the 1980s to transform the properties in the 42<sup>nd</sup> Street area between 7<sup>th</sup> and 8<sup>th</sup> Avenues. For a number of years, NYCEDC has overseen the ground leases for the Project on behalf of The City. In October 2012, title to the properties, that comprise the Project, transferred from the State of New York to The City.

As intended, by Memorandum from The City dated September 20, 2010, NYCEDC retained 100% of amounts earned and attributable to the period prior to January 1, 2011 regardless of whether such amounts were collected before or after January 1, 2011, subject to the retention cap in section 3.07 of the Master Contract. For the fiscal years ended June 30, 2013 and 2012, NYCEDC recognized \$4.5 million and \$12.9 million, respectively, as operating revenue in connection with the services it provided to the Project. Also as contemplated by the September 20, 2010 Memorandum, the overall administration of the Project was assumed by NYCEDC. By agreement of the parties, assumption of these responsibilities occurred on July 1, 2011.

For all periods after January 1, 2011, NYCEDC, pursuant to Section 11.05 of the NYCEDC Master Contract, is to transfer to The City all payments in lieu of taxes, rental revenues and real estate taxes related to the Project properties that it collects, other than \$1 million per fiscal year of revenues it collects in that fiscal year (including fiscal year 2011). NYCEDC is permitted to keep these revenues pursuant to Section 3.07 of the Master Contract for its administrative services. \$1 million of such revenues has been included as fee income in the statements of revenues, expenses and changes in net position.

**14. Pension Plan**

NYCEDC maintains a defined contribution pension plan, which covers substantially all employees. The pension plan provides for variable contribution rates by NYCEDC ranging from 6% to 14% of the employees' Eligible Wages, as defined in the Code. Pension expense for the fiscal years ended June 30, 2013 and 2012 amounted to \$3.1 million and \$3.2 million, respectively, and is included in personnel services in the accompanying statements of revenues, expenses and changes in net position.

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Notes to Financial Statements (continued)

**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. This plan was amended during February 2011 with the plan amendment effective July 1, 2011. The amendment includes revisions to the definition of what constitutes an eligible participant and the adoption of a plan close date of June 30, 2023. As a result of the amendment, 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 NYCEDC, and (iii) all active employees who started working prior to January 1, 2011 and will meet the benefit eligibility requirement of age 60 or older with at least 10 years of service by June 30, 2023 and retire on or before June 30, 2023. NYCEDC is not required to and does not issue a publicly available financial report for the plan.

Benefit provisions and contribution requirements for the plan are established and amended through NYCEDC's Board of Directors and there is no statutory requirement for NYCEDC to continue this plan for future NYCEDC employees. 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 benefit pay a premium amount equal to what a current NYCEDC employee pays, based on his or her family status. Under the Low option, retirees make contributions in the amount of \$50 a month for single coverage and \$100 a month for family coverage. Under the High option, retiree contributions are \$100 a month for single coverage and \$200 a month for family. Additional costs may be incurred by the retiree under either the Low or High plan version. At June 30, 2013 and 2012, there were 23 and 22 retirees respectively receiving benefits, all under the Low version of the plan. Employer contributions are made on a pay as you go basis.

NYCEDC's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or

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Notes to Financial Statements (continued)

**15. Postemployment Benefits Other than Pensions (continued)**

funding excess) over a period not to exceed 30 years. NYCEDC's annual OPEB cost for the current year and the related information for the plan are as follows (dollars in thousands):

	2013	2012
Annual required contribution	\$ 2,167	\$ 2,391
ARC adjustment	(2,378)	(2,394)
Interest on net OPEB obligation	692	777
Annual OPEB cost	481	774
Contributions made	(326)	(404)
Increase in net OPEB obligation	155	370
Net OPEB obligation – beginning of year	19,785	19,415
Net OPEB obligation – end of year	\$ 19,940	\$ 19,785

NYCEDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2012 and 2011 were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/13	\$ 481	67.78%	\$ 19,940
06/30/12	774	52.20%	19,785
06/30/11	726	45.31%	19,415

The actuarial valuation date is June 30, 2012. The actuarial accrued liability for benefits as of this date was \$23,502,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$35,242,912, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 66.7%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as

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Notes to Financial Statements (continued)

**15. Postemployment Benefits Other than Pensions (continued)**

actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between NYCEDC and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The impact of the National Health Care Reform Act has been included in the valuation as of June 30, 2012.

For the June 30, 2012 actuarial valuation, the project unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate and an annual healthcare cost trend rate of 9.5% for non-Medicare and 7.5% for Medicare and grading down to an ultimate rate of 4.5% for both. The unfunded actuarial accrued liability is being amortized over a 30 year closed period on a level dollar basis. The remaining amortization period at June 30, 2013 was 27 years.

**16. Other Related-Party Transactions**

**New York City Land Development Corporation ("LDC")**

In anticipation of the merger of EGC and Predecessor NYCEDC, on May 8, 2012 The City formed New York City Land Development Corporation as a local development corporation organized under Section 1411 of the Not-For-Profit Corporation Law of the State. LDC is engaged in economic development activities by means of assisting The City with leasing and selling certain properties. No management fees were established between NYCEDC and LDC in the current fiscal year.

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Notes to Financial Statements (continued)

**16. Other Related-Party Transactions (continued)**

**New York City Industrial Development Agency (“IDA”)**

NYCEDC is responsible for administering the economic development programs of IDA. For the fiscal years ended June 30, 2013 and 2012, NYCEDC earned management fee income from IDA of \$6,052,117. In fiscal year 2013, a contingency fee of \$1,359, was earned by NYCEDC from IDA’s recapture of benefits from one project company. In fiscal year 2012, there was no contingency fee. Such amounts are included in fee income in NYCEDC’s accompanying statements of revenues, expenses and changes in net position. At June 30, 2013 and 2012, the amounts due from IDA totaled \$672,067 and \$443,110, respectively.

**Build NYC Resource Corporation (“BNYC”)**

BNYC was incorporated under the not-for-profit corporation law of the State in 2012. Pursuant to an agreement between NYCEDC and BNYC, NYCEDC provides economic services to BNYC and administers BNYC’s financial books and records. For the fiscal years ended June 30, 2013 and 2012, NYCEDC earned management fee income from BNYC of \$20,001 and \$1, respectively.

**Coney Island Development Corporation (“CIDC”)**

CIDC was incorporated under the not-for-profit corporation law of the State in 2003. Pursuant to an agreement between NYCEDC and CIDC, NYCEDC provided project management services to CIDC and administered CIDC’s financial books and records. Effective June 28, 2013 CIDC was dissolved and ceased to exist. During the fiscal year 2013, EDC did not earn any management fee from CIDC. During fiscal year 2012, NYCEDC earned management fees of \$120,000 from CIDC.

**Alliance for Coney Island (“ACI”)**

Alliance for Coney Island, Inc. was incorporated under the not-for-profit corporation law of the State in 2012. The Corporation is exempt from income taxes according to section 501(c)(3) of the Code. ACI is organized for the purposes of lessening the burden of government and promoting the public interest by acting as a community development corporation in the immediate vicinity of Coney Island, Brooklyn. During fiscal year 2013 NYCEDC earned management fees of \$120,000 from ACI.

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Notes to Financial Statements (continued)

**16. Other Related-Party Transactions (continued)**

**Other City Related Entities (“OCREs”)**

NYCEDC collected additional management fees from various OCREs. These OCREs consisted of the Brooklyn Bridge Park Corporation, the Trust for Governor’s Island, New York City Energy Efficiency Corporation, and the Trust for Cultural Resources of New York City. The management and administrative fees billed during fiscal years 2013 and 2012 totaled \$418,515 and \$727,684, respectively.

**17. Commitments and Contingencies**

NYCEDC rents office space under a lease agreement expiring in fiscal year 2020. The future minimum rental commitments as of June 30, 2013 required under the operating lease are as follows:

Fiscal year:	
2014	\$ 7,350,112
2015	7,557,928
2016	7,599,491
2017	7,599,491
2018	7,599,491
Thereafter	8,866,072
	<u>\$ 46,572,585</u>

Rent expense for office space amounted to \$8,309,368 and \$7,964,299 for the fiscal years ended June 30, 2013 and 2012, respectively.

NYCEDC, and in certain situations as co-defendant with the City, Apple, 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.

In 2009, the office of the New York State Attorney General commenced a state-wide investigation of local development corporations, including NYCEDC. The Corporation cooperated fully with this investigation and on July 2, 2012, the Corporation and the Attorney General signed an Assurance of Discontinuance, providing for the conclusion of the investigation. The Assurance of Discontinuance will have no financial effect on the Corporation.

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Notes to Financial Statements (continued)

**17. Commitments and Contingencies (continued)**

NYCEDC is the "Obligee" pursuant to a Promissory Note entered into with House of Spices Realty, LLC ("HoS"). The principal amount of the Promissory Note is \$3,600,000 with a maturity date of January 30, 2014, and is subject to certain cancellation provisions set forth in the Promissory Note. If the release conditions are satisfied prior to the Maturity Date, NYCEDC shall mark the Promissory Note "Cancelled" and return it to HoS, and thereafter HoS shall have no further obligation. As collection under the Promissory Note is contingent on the release conditions not being met, the Corporation has concluded that it would be inappropriate to recognize revenue under this agreement.

**18. Risk Management**

NYCEDC is exposed to various risks of loss-related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NYCEDC carries commercial insurance coverage for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**19. Net Position**

In order to present the financial condition and operating results of NYCEDC in a manner consistent with limitations and restrictions placed upon the use of resources, NYCEDC classifies its net position into three categories, net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets net of accumulated depreciation used in NYCEDC's operations. 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 NYCEDC Master Contract and the NYCEDC Maritime Contract) or by law. The unrestricted net position includes all net position not included above. The NYCEDC Master Contract and the NYCEDC 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 provided that NYCEDC must remit to The City assets having a fair market value up to the amount, if any, by which NYCEDC's unrestricted net position exceed \$7,000,000 (see Note 3).



New York City Economic Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

**19. Net Position (continued)**

**Changes in Net Position**

The changes in net position during fiscal years 2013 and 2012 are as follows:

	Restricted	Unrestricted	Net Investment in Capital Assets	Total
Net position, June 30, 2011	\$ 85,135,903	\$ 221,928,945	\$ 4,301,642	\$ 311,366,490
Increase in net position	6,570,988	9,523,743	-	16,094,731
Capital assets additions	-	(7,680,820)	7,680,820	-
Retirements/depreciation	-	1,459,097	(1,459,097)	-
Net position, June 30, 2012	91,706,891	225,230,965	10,523,365	327,461,221
(Decrease) increase in net position	2,567,969	(6,026,030)	-	(3,458,061)
Capital assets additions	-	(5,951,652)	5,951,652	-
Retirements/depreciation	-	1,859,866	(1,859,866)	-
Net position, June 30, 2013	<u>\$ 94,274,860</u>	<u>\$ 215,113,149</u>	<u>\$ 14,615,151</u>	<u>\$ 324,003,160</u>

**20. Superstorm Sandy**

Superstorm Sandy (“Sandy”) made landfall in New York City on October 28, 2012. The severe and widespread water and wind damages affected many individuals, businesses and organizations. Many City assets which are managed, maintained, and/or leased by NYCEDC were directly impacted by Sandy. Affected assets primarily included waterfront facilities, wharfs, and public markets, all of which are managed by NYCEDC pursuant to the Master and Maritime Contracts. NYCEDC has and will continue to remediate, clean-up, and restore these properties to pre-storm conditions. Sandy related expenses incurred during the fiscal year totaled to \$19,954,533 and were recorded as non-operating expenses. Property and flood insurance coverage were in effect for certain properties, and claim payments totaling \$17,142,808 were received from insurers and recorded as non-operating revenues. Additional non-operating revenue of \$4,446,196 has been recognized pursuant to reimbursable grants from two federal agencies, Federal Transportation Agency (“FTA”) and Federal Emergency Management Agency (“FEMA”). Due to the severity of the damage, many anticipated costs have yet to be incurred. The restoration work will continue to progress, and this activity is expected to be captured in the coming fiscal years, which will reverse the surplus of non-operating income received in the fiscal year ended June 30, 2013.

Required Supplementary Information

New York City Economic Development Corporation  
(a component unit of The City of New York)

Schedule of Funding Progress for the  
Retiree Health Care Plan

(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) – Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6-30-2012 <sup>(2)</sup>	--	\$ 23,502	\$ 23,502	0%	\$ 35,243	66.7%
6-30-2010 <sup>(1)(2)</sup>	--	23,960	23,960	0%	34,542	69.4%
6-30-2008 <sup>(2)</sup>	--	41,316	41,316	0%	30,645	134.8%

<sup>(1)</sup> Effective July 1, 2011, the plan was amended to include revisions to the definition of what constitutes an eligible participant and the adoption of a plan close date of June 30, 2023. These amendments significantly reduced the number of current and future employees eligible for this benefit and resulted in an overall reduction in the actuarial accrued liability ("AAL") at June 30, 2013.

<sup>(2)</sup> For the 6-30-12 actuarial valuation, the actuarial assumptions includes a 3.5% discount rate and an annual healthcare cost trend rate of 9.5% for non-Medicare and 7.5% for Medicare grading down to an ultimate rate of 4.5% for both. For the previous actuarial valuations, the actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% grading down to an ultimate rate of 5%.

## Supplementary Information

**New York City Economic Development Corporation**  
(a component unit of The City of New York)

**Combining Statement of Revenues, Expenses and Changes in Net Position**

	Unrestricted	Brooklyn Army	Maritime	Other Properties	Finance Programs	Restricted		CDBG	Applie 42 <sup>nd</sup> Street	Total		Year Ended June 30 2013	Year Ended June 30 2012
						Capital Programs	Public Purpose and Other			Restricted	Restricted		
Operating revenues:													
Grants	\$ 84,904,469	\$ -	\$ -	\$ -	\$ -	\$ 516,001,167	\$ -	\$ 10,565,636	\$ -	\$ 526,566,803	\$ 611,471,272	\$ 497,777,631	
Property rentals	18,776,627	70,814,131	5,025,803	-	-	-	-	35,445,434	-	130,061,995	171,363,593	140,388,670	
Power sales	-	-	-	-	-	-	-	-	-	945,530	945,530	49,198,827	
Fee income	17,264,975	28,035	26,001	7,782	30	-	7,863	-	1,146,101	1,215,812	18,486,787	13,143,638	
Other income - 42 <sup>nd</sup> Street Development Project	4,483,728	-	-	-	-	-	-	-	-	-	4,483,728	12,879,709	
Other income	4,297,809	3,802,644	3,670,450	53,759	702,237	-	4,250,351	-	515,240	12,994,681	17,292,490	26,531,175	
Real estate sales, net	31,247,934	-	-	-	-	-	-	-	-	-	31,247,934	32,031,472	
Total operating revenues	183,500,513	22,607,306	74,510,582	5,087,544	702,267	516,001,167	5,203,744	10,565,636	37,106,775	671,784,821	855,285,334	771,951,122	
Operating expenses:													
Project costs	88,645,262	-	-	4,335,640	-	-	2,906,214	9,351,485	-	16,593,339	105,238,601	88,624,799	
Program costs	-	-	-	-	596,437	516,001,167	-	-	-	516,597,604	516,597,604	409,130,543	
Property rentals and related operating expenses	5,790,710	10,142,285	24,341,433	3,763,305	-	-	-	-	2,284,339	40,531,362	46,322,072	45,085,542	
Utility expenses	12,013,648	-	-	-	-	-	1,124,654	-	-	1,124,654	1,124,654	48,785,219	
Personnel services	8,309,369	753,063	31,988,509	-	141,532	-	260,133	1,030,064	-	34,173,301	46,186,949	46,612,829	
Office rent	-	-	-	-	-	-	-	-	-	-	8,309,369	7,964,299	
Contract and other expenses to The City	73,815,488	-	16,718,140	30,636	-	-	-	-	33,878,223	50,626,999	124,442,487	99,668,725	
Other general expenses	9,114,095	293,887	1,469,091	43,863	45,052	-	995,543	184,087	307,273	3,338,796	12,452,891	10,651,450	
Total operating expenses	197,688,572	11,189,235	74,517,173	8,173,444	783,021	516,001,167	5,286,544	10,565,636	36,469,835	662,986,035	860,674,627	756,523,406	
Operating income (loss)	(14,188,059)	11,418,071	(6,591)	(3,086,100)	(80,754)	-	(82,800)	-	636,940	8,798,766	(5,389,293)	15,427,716	
Non-operating revenues: (expenses):													
Income from investments	289,709	-	6,591	2,641	(93,915)	-	28,918	-	62,817	7,052	296,761	667,015	
Grants - Superstorm Sandy	4,446,196	-	-	-	-	-	-	-	-	-	4,446,196	-	
Insurance proceeds	17,142,808	-	-	-	-	-	-	-	-	-	17,142,808	-	
Emergency repairs and Other - Superstorm Sandy	(19,954,533)	-	-	-	-	-	-	-	-	-	(19,954,533)	-	
Total non-operating revenues (expenses)	1,924,180	-	6,591	2,641	(93,915)	-	28,918	-	62,817	7,052	1,991,232	667,015	
Income (loss) before transfers	(12,263,879)	11,418,071	-	(3,083,459)	(174,669)	-	(53,882)	-	699,757	8,805,818	(3,458,061)	16,094,731	
Interfund transfers	6,237,849	(11,418,071)	-	-	4,874,979	-	1,005,000	-	(699,757)	(6,237,849)	-	-	
Change in net position	(6,026,030)	-	-	(3,083,459)	4,700,310	-	951,118	-	-	2,567,969	(3,458,061)	16,094,731	
Net position, beginning of year	235,754,330	500,000	7,000,000	10,747,547	50,940,604	3,012,072	19,506,668	-	-	91,706,891	327,461,221	311,366,490	
Net position, end of year	\$ 229,728,300	\$ 500,000	\$ 7,000,000	\$ 7,564,088	\$ 55,640,914	\$ 3,012,072	\$ 20,457,786	\$ -	\$ -	\$ 94,274,860	\$ 324,003,160	\$ 327,461,221	

Government Auditing Standards Section

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York City Economic Development Corporation ("NYCEDC"), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NYCEDC'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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on 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.

*Ernst + Young LLP*

September 30, 2013



Ernst & Young LLP

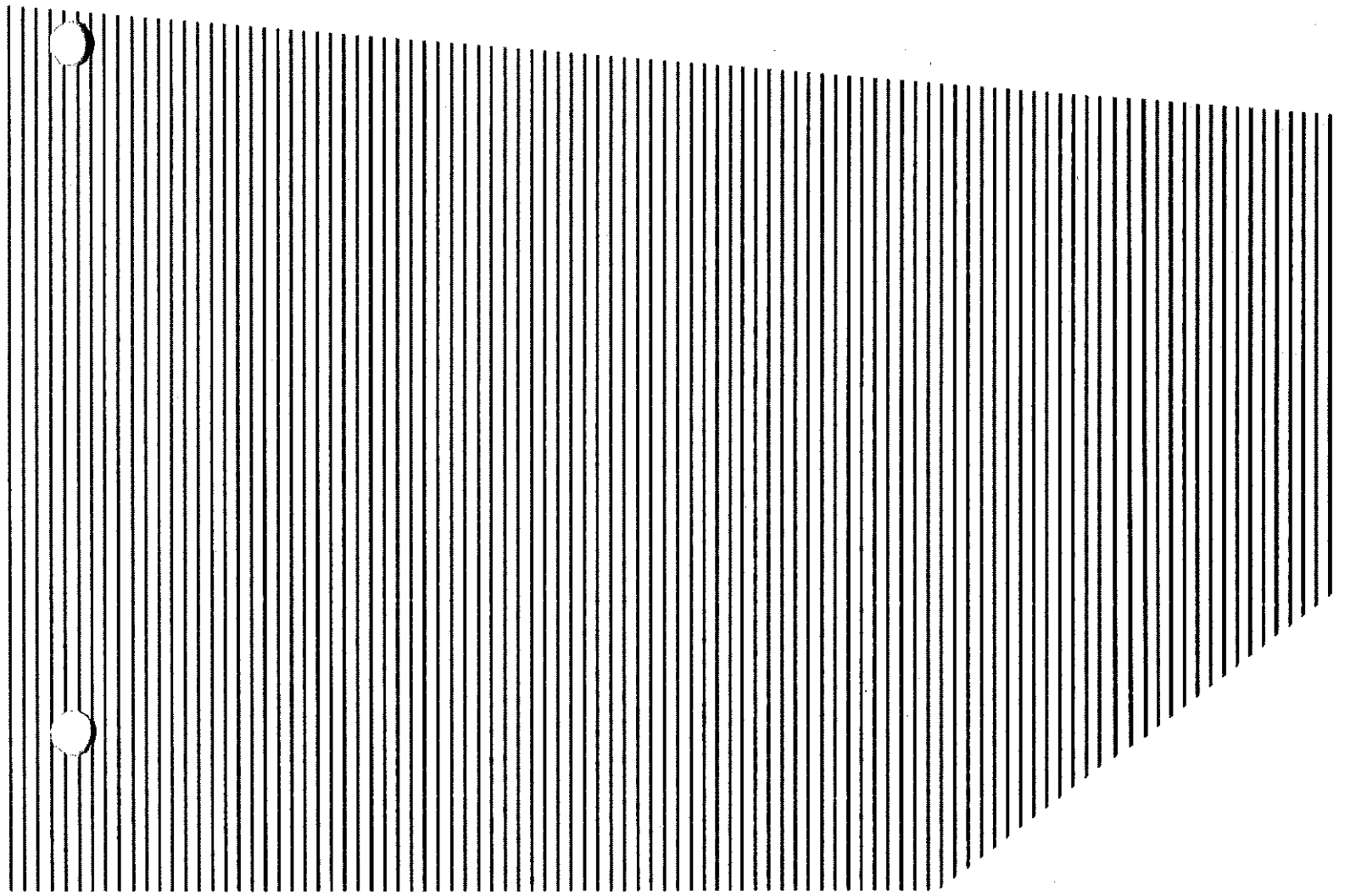
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**EXHIBIT N**  
**TO**  
**VERIFIED PETITION**

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**RESTRICTED FUNDS OF NEW YORK CITY ECONOMIC DEVELOPMENT  
CORPORATION AND APPLE INDUSTRIAL DEVELOPMENT CORP.**

## Endowments or Other Restricted Funds of Each Constituent Corporation

### NYCEDC Restricted Funds

None of NYCEDC's restricted funds are pledged or otherwise used to secure loans or other indebtedness and none of such funds have reversion clauses. No *cy pres* relief is sought for any of such funds.

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Kaufman Astoria Studios Public Purpose Fund (Lease between New York City Public Development Corporation ("PDC", now named NYCEDC) and the City of New York (the "City"); Development Sublease between PDC and Astoria Studios, Inc.) (Fund 12 & 37)	Improvements to the premises leased to Kaufman Astoria Studios and surrounding area, in the borough of Queens.	\$349,253.43 & \$927,339.95	UBS Financial Services One North Wacker Dr. Chicago, IL 60606-2807
South Street Seaport Public Purpose Fund (Trust Agreement) (Fund 13)	To benefit the South Street Seaport, an historic area at the intersection of Fulton Street and the East River in Manhattan, and the surrounding neighborhood.	\$234,301.65	
Immigrant Entrepreneur Training Public Purpose Fund aka Bear Stearns Job Training Fund (Job Training Agreement between NYCEDC and Bear Stearns & Co., Inc.) (Fund 18)	To support employment and job training programs to benefit minority and disadvantaged youth.	\$52,431.52	
College Point Industrial Park Public Purpose Fund (Deed from PDC to Travers Tool Co., Inc.) (Fund 23)	Construction, maintenance and improvement of facilities within the College Point Industrial Park in College Park, Queens.	\$5,096,358.32	
The Depository Trust Company Public Purpose Fund (Lease between NYCEDC and Depository Trust Clearing Corporation for premises within the Brooklyn Army Terminal ("BAT")) (Fund 27)	Improvements to BAT, a former military supply base in Brooklyn that now functions as a commercial/industrial complex housing dozens of corporate tenants in a wide array of industries.	\$34,813.10	
Riverside South/ Harlem River Yards Fund (Restrictive Declaration) (Fund 31)	Capital improvements at the Harlem River Rail Yards in Bronx, New York; specifically, for intermodal freight transportation.	\$8,960,897.00	
Salomon Smith Barney Public Purpose Fund (Lease between NYCEDC and Salomon Smith Barney for premises within BAT) (Fund 33)	Operation and maintenance of BAT.	\$32,011.69	

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Forest City Flatbush Associates Public Purpose Fund (Sales and Compensating Use Tax Agreement between NYCEDC, the City and Forest City Flatbush Associates, L.P.) (Fund 34)	Renovation of the Jay Street Brooklyn Fire Headquarters, establishing an operating reserve fund for low income housing to be created by the renovations, and development of job training and technical and financial assistance programs benefiting small entrepreneurs.	\$135,036.68	UBS Financial Services One North Wacker Dr. Chicago, IL 60606-2807
Forest City Tech Place Associates Public Purpose Fund (Sales and Compensating Use Tax Agreement between NYCEDC, the City and Forest City Flatbush Associates, L.P.) (Fund 35)		\$165,837.63	
The Winking Group Public Purpose Fund (Lease between NYCEDC and Winking Group, LLC for 75/85 East Broadway, Manhattan) (Fund 36)	For improvements benefiting the community within Manhattan Community Board #3.	\$55,819.96	
Iroquois Gas Pipeline aka East River Waterfront/ Seaport Public Purpose Fund (Lease between NYCEDC and Iroquois Gas Transmission Systems, L.P.) (Fund 38)	Projects benefiting the community within Bronx Community Board #2 that improve air quality, traffic patterns, and civic, educational, cultural or recreational facilities and programs.	\$151,858.28	
East River Waterfront & Piers (A) Public Purpose Fund (Deputy Mayor Memorandum) (Fund 43)	Operation and maintenance of the East River Waterfront Esplanade and Piers.	\$912,721.24	
Urban Development Action Grant ("UDAG") Revolving Loan Fund (Federal grant awarded under the UDAG program, which seeks to stimulate economic development activity in urban areas experiencing severe economic distress)	Individual loan to a small business pursuant to this development program. (#CP-51059)	\$17,659,356.96	
New York City Public Utility Service ("NYCPUS") Public Purpose Fund (Contracts between NYCEDC and numerous manufacturing firms selected to receive low-cost electricity)	Reimbursement payments to the City and/or NYCEDC for costs incurred in connection with NYCPUS, an energy assistance program providing eligible manufacturing businesses with lower-cost electricity in exchange for job creation commitments and/or capital investments in property or equipment.	\$1,892,009.87	JP Morgan Chase 270 Park Ave. 43 <sup>rd</sup> Fl. New York, NY 10017
Keyspan Community Development Public Purpose Fund (Public Interest Topic Agreement) (Fund 38)	Renewable power projects and community and environmental improvement projects.	\$268,410.33	

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Hunts Point Improvement Public Purpose Fund (Leases between NYCEDC and various tenants of the Hunts Point Food Distribution Center) (Fund 41)	Improvements within the common areas of Hunts Point Food Distribution Center, including sidewalks, lighting, signage, greenway elements, freight rail lines, bulkhead and public art.	\$2,009,939.49	JP Morgan Chase 270 Park Ave. 43 <sup>rd</sup> Fl. New York, NY 10017
EDC Restricted Operating Funds (#428262849)	3 <sup>rd</sup> Party Restricted funds (including \$2.3 mil to be returned to NYC.	\$7,368,911.05	
Operating Fund (#836800748) - LMDC	Operation of the Fulton Nassau Crossroads Program, a storefront and façade improvement program seeking to improve pedestrian and retail conditions along the primary retail corridor in lower Manhattan.	\$49,491,65	
Operating Fund (#7546195) Flex Spending	Flexible spending health care account maintained on behalf of NYCEDC employees.	(\$6,641.33)	
Escrow Funds (#323845)	Escrows and deposits held pursuant to various contracts.	\$41,434,003.19	
Tax Levy Fund	Monies received from the City's general fund and earmarked for various specific NYCEDC projects.	\$2,528,008.31	
Capital Project Funds (#777952602/601836588/428635200)	Monies received from the City's capital fund and earmarked for various specific NYCEDC capital projects. (Fund 6)	\$52,712,430.23	
BAT Reserve Fund (Lease between PDC and the City) (Fund7)	Reserve Funds to be used to maintain BAT and the surrounding premises.	\$500,000.00	
Maritime Fund (Amended and Restated Maritime Contract between NYCEDC and the City) (Fund 9)	Maritime projects, as specifically provided in the annual contract between NYCEDC and the City.	\$7,000,000.00	
38th Street Waterside Pier (Lease between NYCEDC and Con Edison) (Fund 44)	Development of the 38th Street Pier on the Hudson River in Manhattan.	\$12,040,904.87	
Eastside Greenway & Park Fund (Fund 45)	Maintenance funds for Eastside Greenway & Park.	\$2,101,974.49	
EDC Highline 3 <sup>rd</sup> Party Funds (#123929000)	3 <sup>rd</sup> Party contributions towards the 3 <sup>rd</sup> phase of the Highline Project	\$25,957,773.37	
Port Authority Siphon Funds (#428262856)	Port Authority contribution towards the Siphon Project	\$33,089,395.81	
TFANA Funds (#428262864)	Maintenance funds for Theatre for New Audience	\$761,900.00	
NYC Entrepreneurial Fund (Fund 72)	Funds to assist startup companies.	\$5,005.72	
Finance Program – Capital Access 2009 (Fund 71) – CAP-EX 2 & 3	Funds set aside for the benefit of lenders pursuant to a guaranty NYCEDC provided under this program. (#816921167)	\$2,679,278.89	

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Finance Program – Capital Access 2010 (Fund 71) CAP-EX 2 & 3	Funds set aside for the benefit of lenders pursuant to a guaranty NYCEDC provided under this program. (#816940308)	\$2,320,307.40	JP Morgan Chase 270 Park Ave. 43 <sup>rd</sup> Fl. New York, NY 10017
Urban Development Action Grant (“UDAG”) Revolving Loan Fund (Federal grant awarded under the UDAG program, which seeks to stimulate economic development activity in urban areas experiencing severe economic distress)	Individual loan to a small business pursuant to this development program. (#001071270)	\$17,512,118.67	
Urban Development Action Grant (“UDAG”) Revolving Loan Fund (Federal grant awarded under the UDAG program, which seeks to stimulate economic development activity in urban areas experiencing severe economic distress)	Individual loan to a small business pursuant to this development program. (#5306339060)	\$108,177.99	
Financial Services Fund (Federal Economic Development Administration Revolving Loan Fund Program, supplying small businesses with the financing needed to start or expand their business.) (Fund 5)	To provide working capital financing to eligible small businesses pursuant to this loan program. (#041001567)	\$700,518.22	
	To provide working capital financing to eligible small businesses pursuant to this loan program. (#884993437)	\$179,288.20	Bank of America Gov’t Banking NE 1 Bryant Park, New York, NY 10036
Urban Development Action Grant (“UDAG”) Revolving Loan Fund (Federal grant awarded under the UDAG program, which seeks to stimulate economic development activity in urban areas experiencing severe economic distress)	Individual loan to a small business pursuant to this development program.	\$7,519.51	
Capital Access Loan Guaranty Program (Small Business Reserve Fund)	Funds set aside pursuant to a loan guaranty that NYCEDC provided to the bank lender who made a loan to a small business pursuant to this program.	\$133,219.07	Neighborhood Trust 4211 Broadway Ave. New York, NY 10033
		\$177,407.12	Bethex FCU 20 East 179th St. Bronx, NY 10453
		\$22,477.10	Union Settlement FCU 237 E. 104th St. New York, NY 10029
		\$47,854.36	Bushwick/Brooklyn FCU 1474 Myrtle Ave, Brooklyn, NY 11237

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Capital Access Loan Guaranty Program (Small Business Reserve Fund)	Funds set aside pursuant to a loan guaranty that NYCEDC provided to the bank lender who made a loan to a small business pursuant to this program.	\$137,331.36	Lower East Side FCU37 Avenue B, New York, NY 10009

### Apple Industrial Development Corp. ("Apple") Restricted Funds

None of Apple's restricted funds are pledged or otherwise used to secure loans or other indebtedness and none of such funds have reversion clauses. No *cy pres* relief is sought for any of such funds.

Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
Restricted Fund (Annual services contract between Apple and NYCEDC)	Funds to be released to NYCEDC following payment to Apple for its services and expenses, pursuant to the annual services contract between the parties.	\$99,779.22	Carver Federal Savings 142 Malcolm X Blvd. New York, NY 10026  JP Morgan Chase 270 Park Ave. 43 <sup>rd</sup> Fl. New York, NY 10017
Operating Fund (Annual services contract between Apple and NYCEDC)	Funds to be released to NYCEDC following payment to Apple for its services and expenses, pursuant to the annual services contract between the parties.	\$52,021,204.75	
Tenant Security	Security deposits held on behalf of tenants of various City properties managed by Apple.	\$6,632,984.67	
Audubon Operating Fund (Lease between the City and NYCEDC)	Operating expenses of the Audubon Business and Technology Center, a 100,000 square foot research facility in upper Manhattan.	\$176,687.85	
Audubon Capital Reserve (Lease between the City and NYCEDC)	Operating expenses of the Audubon Business and Technology Center.	\$453,002.11	
Sunset Park Improvement Fund (Lease between the City of New York Small Business Services ("DSBS") and Axis Group, Inc.)	Capital improvements in Sunset Park, Brooklyn, an area being developed by the City as a modern industrial waterfront.	\$387,804.84	
Staten Island Railroad ("SIRR") (Operating Agreement between NYCEDC and CSX Corporation)	Maintenance of the SIRR, pursuant to an agreement with rail operator CSX Corporation.	\$1,511,932.17	
Bush Terminal (Lease between DSBS and NYCEDC)	Capital improvement fund for development of the area around Bush Terminal, a 200 acre historic complex of piers, docks and warehouses on the Brooklyn waterfront.	\$3,460,973.19	
42 <sup>nd</sup> Street Development Project Account (Numerous ground leases)	Funds collected by Apple pursuant to numerous ground leases in a specified area of Manhattan, to be turned over to the City. (#339315/596047)	\$48,796,434.85	



Name/Description of Controlling Agreement	Allowable Uses for Funds	Balance as of 4/30/2014	Custodian
42 <sup>nd</sup> Street Fiduciary (Numerous ground leases)	Funds collected by Apple from theatre district tenants, to be remitted to developer New 42. (#343275)	\$1,767.00	JP Morgan Chase 270 Park Ave. 43 <sup>rd</sup> Fl. New York, NY 10017
42 <sup>nd</sup> Street (Numerous ground leases)	Payments in Lieu of Taxes (PILOT) funds collected by Apple pursuant to numerous ground leases in a specified area of Manhattan, to be turned over to City (343267)	\$13,767,752.75	
42 <sup>nd</sup> St Disney	Funds collected by Apple pursuant to numerous ground leases in a specified area of Manhattan, to be turned over to the City. (#343283)	\$899,277.85	
125th Street Capital Reserve (Lease between the City and NYCEDC)	Capital improvements within a distinct historic area of Harlem	\$276.05	TD Bank 576 Second Avenue New York, NY 10016
125th Street Trust Fund (Lease between the City and NYCEDC)	Capital improvements within a distinct historic area of Harlem	\$772,790.79	
125th Street Capital Reserve (Lease between the City and NYCEDC)	Capital improvements within a distinct historic area of Harlem.	\$\$250,190.48	
125th Street Trust Fund (Lease between the City and NYCEDC)	Capital improvements within a distinct historic area of Harlem	\$84,918.63	

**EXHIBIT O**  
**TO**  
**VERIFIED PETITION**

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**CERTIFICATE OF MERGER OF APPLE INDUSTRIAL DEVELOPMENT CORP.  
WITH AND INTO NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

**CERTIFICATE OF MERGER**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**  
**WITH AND INTO**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**  
**UNDER SECTION 904 OF**  
**THE NEW YORK NOT-FOR-PROFIT CORPORATION LAW**

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**Filed by:**

Meredith J. Jones  
New York City Economic Development Corporation  
110 William Street  
New York, NY 10038

**CERTIFICATE OF MERGER**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**  
**WITH AND INTO**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**  
**UNDER SECTION 904 OF**  
**THE NEW YORK NOT-FOR-PROFIT CORPORATION LAW**

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Apple Industrial Development Corp. ("Apple") and New York City Economic Development Corporation ("NYCEDC"), both Type C not-for-profit corporations formed under the laws of the State of New York, have agreed to merge pursuant to section 901(a)(1) of the New York Not-for-Profit Corporation Law ("N-PCL") as described below.

**1. Names of Constituent Corporations.**

The names of the constituent corporations are Apple Industrial Development Corp. and New York City Economic Development Corporation. The surviving corporation will be New York City Economic Development Corporation.

**2. Description of Membership and Holders of Certificates.**

- 2.1 **Membership of Apple.** Apple has between 3 and 30 members in a single class, as determined annually by a majority of the members then in office. Every member of Apple has voting rights. There are now 3 members.
- 2.2 **Membership of NYCEDC.** NYCEDC has a single class of 27 members. Every member of NYCEDC has voting rights. There are now 3 vacancies in the membership of NYCEDC, resulting in a current total of 24 sitting members.
- 2.3 **Capital Contributions and Subventions.** There are no holders of certificates evidencing capital contributions or subventions to either corporation.

**3. Certificate of the Surviving Corporation.**

On the Effective Date, the Certificate of Incorporation of NYCEDC will be the Certificate of Incorporation of the surviving corporation. The merger does not effect any changes in the Certificate of Incorporation of NYCEDC.

**4. Effective Date of Merger.**

The effective date of the merger shall be the first day of the month following the month in which the Certificate of Merger is accepted for filing with the Secretary of State (the "Effective Date").

**5. Filing of Certificates of Incorporation of Constituent Corporations.**

5.1. The certificate of incorporation of Apple was originally filed on January 21, 1980.

5.2. The certificate of incorporation of NYCEDC was originally filed on May 27, 2012 under the name New York City Economic Growth Corporation.

**6. Authorization of Merger.**

**6.1. Apple Authorization.**

6.1.1. The board of directors of Apple met to approve the merger at 1:00 p.m. on June 5, 2014. \_\_\_ directors were present at the meeting, with such number being a quorum of directors. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ directors present at the meeting.

6.1.2. The members of Apple met to approve the merger at \_\_\_ a.m. on June \_\_\_, 2014. \_\_\_ members were present at the meeting, with such number being a quorum of members. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ members present at the meeting.

**6.2. NYCEDC Authorization.**

6.2.1. The board of directors of NYCEDC met to approve the merger at 8:30 a.m. on June 18, 2014. \_\_\_ directors were present at the meeting, with such number being a quorum of directors. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ directors present at the meeting.

6.2.2. The members of NYCEDC met to approve the merger at \_\_\_ a.m. on June 18, 2014. \_\_\_ members were present at the meeting, with such number being a quorum of members. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ members present at the meeting.

**EXHIBIT C**  
**TO**  
**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**OF**  
**APPLE INDUSTRIAL DEVELOPMENT CORP.**

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**CERTIFICATE OF MERGER OF APPLE INDUSTRIAL DEVELOPMENT  
CORP. WITH AND INTO NEW YORK CITY ECONOMIC DEVELOPMENT  
CORPORATION**

*(See attached.)*

**CERTIFICATE OF MERGER**  
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**4. Effective Date of Merger.**



The effective date of the merger shall be the first day of the month following the month in which the Certificate of Merger is accepted for filing with the Secretary of State (the "Effective Date").

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**6.2. NYCEDC Authorization.**

- 6.2.1. The board of directors of NYCEDC met to approve the merger at 8:30 a.m. on June 18, 2014. \_\_\_ directors were present at the meeting, with such number being a quorum of directors. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ directors present at the meeting.
- 6.2.2. The members of NYCEDC met to approve the merger at \_\_\_ a.m. on June 18, 2014. \_\_\_ members were present at the meeting, with such number being a quorum of members. The resolutions were adopted by the affirmative unanimous vote of \_\_\_ members present at the meeting.

The undersigned authorized officers of Apple Industrial Development Corp. and New York City Economic Development Corporation executed this Certificate of Merger on \_\_\_\_\_, 2014.

APPLE INDUSTRIAL DEVELOPMENT CORP.

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: General Counsel & Secretary

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

By: \_\_\_\_\_

Name: Meredith J. Jones

Title: Executive Vice President, General Counsel & Secretary