NYCEDC
New York City Economic Development Corporation

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

September 28, 2018

A regular meeting of the Directors of New York City Economic Development Corporation ("NYCEDC") was held, pursuant to notice by an Assistant Secretary, on Friday, September 28, 2018, at NYCEDC's offices at 110 William Street, in Conference Rooms 4A and 4B, New York, New York.

The following Directors of NYCEDC were present:

Cheryl Adolph (by conference telephone)
Shirley Aldebol (by conference telephone)
Wilton Cedeno
Marlene Cintron (by conference telephone)
Lorraine Cortes-Vazquez (by conference telephone)
Mitchell Draizin (by conference telephone)
Robert Englert (by conference telephone)
Matthew Hiltzik (by conference telephone)
Joshua Levin
David Lichtenstein (by conference telephone)
James McSpiritt
Melva Miller (by conference telephone)
Patrick J. O'Sullivan, Jr.
Carl Rodrigues (as alternate for Alicia Glen)
Mark Russo (by conference telephone)
Michael Schlein (by conference telephone)
Matthew Washington
Timothy Wilkins
Betty Woo

Lou Roberts, a partner of Ernst & Young LLP ("E&Y"), members of NYCEDC staff and members of the public also were present.

The meeting was called to order at 8:35 a.m. Meredith Jones, Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms that may be contained in the Exhibits attached hereto.)

1. Approval of the Minutes of the August 8, 2018 Regular Meeting of the Board of Directors

Ms. Cortes-Vazquez stated that she had attended the August 8, 2018 regular meeting of the Board of Directors by conference telephone. A motion therefore was made to approve the minutes of the August 8, 2018 regular meeting of the Board of Directors, amended to reflect the attendance of Ms. Cortes-Vazquez. Such motion was seconded and unanimously approved.

Messrs. Levin and Hiltzik joined the meeting at this time.

2. Report of NYCEDC's President

At this time, Mr. Patchett summarized some of NYCEDC's recent activities and highlighted the progress of a number of projects and initiatives. Lastly, Mr. Patchett noted that NYCEDC recently held the first annual Block Party at the Brooklyn Army Terminal ("BAT") to celebrate the 100th anniversary of BAT.

Mr. Lichtenstein joined the meeting at this time.

3. Election of Officers

Under NYCEDC's Bylaws, the Board shall elect such Senior Vice Presidents and Executive Vice Presidents as it may from time to time determine. At this time, Mr. Patchett proposed that each of Alex Costas, Harry Singh and Cali Williams be elected as a Senior Vice President and Rachel Loeb be elected as an Executive Vice President. A description of certain responsibilities of Senior Vice Presidents and Executive Vice Presidents may be found in Article IV of the Bylaws. It was anticipated that Messrs. Costas and Singh and Ms. Williams shall continue to work in the Marketing, MIS and Development Departments, respectively, and shall perform such duties as are assigned to them by NYCEDC's President. It was anticipated that Ms. Loeb will be Chief Operating Officer of NYCEDC and shall also perform such other duties as are assigned to her by NYCEDC's President. Mr. Patchett then summarized the backgrounds of Mr. Costas, Ms. Loeb, Mr. Singh and Ms. Williams.

A motion was then made to elect each of Alex Costas, Harry Singh and Cali Williams as a Senior Vice President of NYCEDC and Rachel Loeb as an Executive Vice President of NYCEDC. Such motion was seconded and unanimously approved. The position of each of Alex Costas, Rachel Loeb, Harry Singh and Cali Williams as an officer shall be conditioned upon the continuance of his or her employment by NYCEDC.

Mr. Washington and Ms. Cintron joined the meeting at this time.

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

Spencer Hobson, an Executive Vice President and Treasurer of NYCEDC, presented the proposed audited financial statements of NYCEDC for Fiscal Year 2018 ("FY2018"), which, pursuant to Section 2800 of the Public Authorities Law, are to be submitted to various City officials and the New York State Authorities Budget Office ("ABO"). ABO has also designated a form in which a financial report containing information from the financials is to be submitted. The Board of Directors of NYCEDC is to approve the audited financials and the financial report that are submitted. The financial report and audited financials are attached as Exhibit A hereto. There are certain blank dates in the attached reports of the auditors, which dates will be filled in after the Board approves the financial statements.

Mr. Hobson also indicated that the Board of Directors of NYCEDC had adopted investment policies, procedures and guidelines (the "Investment Guidelines"). The adopted Investment Guidelines require the Board of Directors of NYCEDC to approve an annual investment report containing specified information and to submit the report to the City's Mayor and Comptroller and the New York State Department of Audit and Control. The annual investment report for FY2018 is attached as Exhibit B hereto. There are certain blank dates in the reports of the auditors included in Exhibit B, which dates will be filled in after the Board approves the Annual Investment Report.

Mr. Hobson stated that the proposed financial statements and Annual Investment Report for FY2018 had been examined by E&Y, represented at this meeting by Lou Roberts, a partner of E&Y, and that upon the Board's approval E&Y would be issuing a clean, unmodified auditor's opinion. Mr. Hobson further stated that no internal control deficiencies were noted. Mr. Hobson noted that NYCEDC continued to be financially healthy.

At this time, Fred D'Ascoli, a Senior Vice President and Assistant Treasurer of NYCEDC, noted that NYCEDC had to comply with the new GASB Statement No. 75 ("GASB75"), which related to the reporting of non-pension obligations after retirement, and that GASB75 required that NYCEDC restate the 2017 and 2018 numbers to reflect the required adjustments for comparative purposes. Mr. D'Ascoli then summarized the financials.

Mr. McSpiritt, a member of NYCEDC's Audit Committee, stated that the Audit Committee had met with the external auditors from E&Y and that it had reviewed the financial statements, financial report and annual investment report, as well as the report of NYCEDC's internal auditors. In conclusion, Mr. McSpiritt stated that the Audit Committee recommended to the Board that it approve the statements and reports in Exhibits A and B.

In answer to a question from Mr. Wilkins, Mr. Patchett stated that the NYC Ferry system had not yet benefited in FY2018 from many of the additional larger vessels that had been ordered and that NYCEDC had been utilizing several charters that would continue into the next fiscal year. Mr. Patchett further explained that NYCEDC had ordered seven of the larger vessels, and that the ferry system expected to see operating expenses come down once new vessels come online and replace the use of the more expensive charters.

Approval of Section 4 Matters

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

5. Performance Measurement Report

The Public Authorities Law requires NYCEDC to annually review its mission statement and measurements by which the performance of NYCEDC and the achievement of its goals may be evaluated and, on November 9, 2017, NYCEDC's Board approved a mission statement and performance measures.

ABO requires that NYCEDC annually report on performance results with regard to the approved measures. NYCEDC's report with regard to the performance measures for FY2018 and a chart that includes definitions/explanations of how the information in the measurement report was determined are included in Exhibit C attached hereto. For comparison purposes, the measurements for FY2017 and FY2016 are also included in Exhibit C. Ana Ariño, an Executive Vice President of NYCEDC, summarized the results.

Ms. Ariño noted that NYCEDC was now providing 3 years of data, as opposed to the 2 years of data that it had previously provided, in order to better reflect trends. She also noted that NYCEDC had seen growth over the last year over all four of the report's groupings and that one particularly strong area of growth was NYCEDC's management of core assets, with increases in the occupancy rate of its managed property, the square footage of its managed assets and the revenue generated by its asset portfolio. In answer to a question from Mr. Washington, Ms. Ariño stated that the minority and women-owned business enterprise ("MWBE") percentage commitment rate was a percentage of value. In answer to a question from Ms. Aldebol, Ms. Ariño stated that NYCEDC would look into providing a more detailed break out of the wages that project employees were reported to be earning.

At this time, Mr. Patchett noted that the MWBE numbers had done tremendously well over the last few years through determined efforts made by NYCEDC, and that NYCEDC had continuously exceeded the 30% MWBE goal set by the Mayor. In answer to a question from Mr. Washington, Mr. Patchett explained that there had been a major increase in the number of certified MWBEs in the City of New York (the "City") over the last two years, and that NYCEDC also was working with many new MWBEs as a result of the ConstructNYC program. Mr. Patchett added that there also were some MWBES that were growing, which allowed them to obtain larger contracts.

6. <u>Long Term Ground Leases to The Peninsula JV, LLC</u>

Diana Clement, an Assistant Vice President of NYCEDC, presented a proposal for New York City Land Development Corporation (i) to lease from the City Block 2763, Lot 29 and part of Lots 1 and 2, and Block 2738, Lot 35 on the Tax Map of the Borough of the Bronx (the "Site") pursuant to multiple leases, (ii) to assign such leases to either (a) The Peninsula JV, LLC, a joint venture between Gilbane Development Company, The Hudson Companies Incorporated and MHANY Management Inc., or affiliated entity(ies) (the "Developer") or (b) an affiliated housing development fund corporation or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project on the Site (the "Financing Entity"), or (c) with respect to the industrial space to be developed, possibly one of the above lease assignees and/or a not-for-profit organization affiliated with MHANY Management Inc., and (iii) to enter into any related agreements and documents and consents to effectuate the demolition of the structures on the Site and the development of a mixed-use development comprised of five buildings that total approximately 825,000 square feet on the Site, on substantially the terms set forth in Exhibit D hereto.

In answer to a question from Ms. Cintron, Ms. Clement stated that there was a 35% MWBE goal and a commitment to local hiring in the South Bronx and to put on several work fairs to attract bids from local contractors. Ms. Clement added that Russo Development, a woman-owned contractor in the Bronx, was currently completing the demolition and remediation work. In answer to a second question from Ms. Cintron, Ms. Clement explained that the industrial building was part of this live-work campus, that the building's focus was on connecting the adjacent Hunts Point market and the industrial and residential neighborhoods, and that the strength of the Developer's proposal was based in its local connections to companies in the South Bronx that were growing and in need of manufacturing production space, such as Il Forno Bakery and Bascom Catering with which it was negotiating leases. Ms. Clement added that the Developer also planned to manage approximately 3,000 square feet of step-out space in the building for emerging food production companies, targeting the South Bronx. In answer to another question from Ms. Cintron, Ms. Clement stated that NYCEDC was working closely with the Developer, food production consultants and brokerage firms to ensure that the local companies that proposed to move into the development would be ready to move into the space. Mr. Patchett added that the space would not be ready for at least two years, and that in the meantime NYCEDC and the Developer would be working with proposed local companies on capacity-building so that they would be in a position to move into the space and grow their businesses.

In answer to a question from Mr. Washington, Ms. Clement summarized the various proposed uses for the project's non-residential spaces. Mr. Washington then noted that he very much liked this project and its mix of affordable housing and non-residential uses, as well as the inclusion of a non-profit as part of the project.

A motion was made (i) to approve the matters set forth for approval in the Proposed Resolutions section of Exhibit D hereto and (ii) to resolve that there was no reasonable alternative to the proposed transfer to the Developer and/or the Financing

Entity that would achieve the same purpose as the transfer. Such motion was seconded and approved. Ms. Cintron abstained from voting on this item.

7. Approval

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

8. Jeff Nelson

At this time, Mr. Patchett announced that Jeffrey Nelson, an Executive Vice President and head of the Real Estate Transactions Department of NYCEDC, was leaving NYCEDC. Mr. Patchett stated that Mr. Nelson had been with NYCEDC for 8 years and was an outstanding leader, and he thanked Mr. Nelson for his great work and contributions.

9. Adjournment

There being no further business to come before the meeting, pursuant to a motion made, seconded and unanimously approved the meeting of the Board of Directors was adjourned at 9:26 a.m.

Mark Silversmith
Assistant Secretary

Dated: November 8, 2018
New York, New York

LDCMT-26-9739

Attachment 1

DEFINITIONS

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

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

Exhibit A

FINANCIAL REPORT PURSUANT TO SECTION 2800 OF THE PUBLIC AUTHORITIES LAW
Board of Directors Meeting
September 28, 2018

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

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

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

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

WHEREAS, attached hereto are the audited financials and financial report that NYCEDC proposes to submit with regard to the fiscal year ended June 30, 2018; and

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

NOW, THEREFORE, RESOLVED that the Board approves (i) the attached financial report and audited financial statements and related documents with regard to NYCEDC's fiscal year ended June 30, 2018, with the understanding that the blank dates in the reports of the auditors will be filled in after the Board approves the audited financial statements, and (ii) their submission, with the dates filled in, pursuant to Section 2800 of the Public Authorities Law.

STAFF: Spencer Hobson, Executive Vice President and Treasurer
Fred D'Ascoli, Senior Vice President and Assistant Treasurer
Raafat Osman, Vice President and Assistant Treasurer

Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

Assets			
Current Assets			
	Cash and cash equivalents		$216,924,713.00
	Investments		$152,996,899.00
	Receivables, net		$312,722,122.00
	Other assets		$3,607,171.00
	Total Current Assets		$686,250,905.00
Noncurrent Assets			
	Restricted cash and investments		$219,109,113.00
	Long-term receivables, net		$21,622,741.00
	Other assets		$3,134,868.00
	Capital Assets		
		Land and other nondepreciable property	$132,387,196.00
		Buildings and equipment	$53,110,140.00
		Infrastructure	$0.00
		Accumulated depreciation	$14,979,734.00
		Net Capital Assets	$170,517,602.00
	Total Noncurrent Assets		$414,384,324.00
Total Assets			$1,100,635,229.00
Liabilities			
Current Liabilities			
	Accounts payable		$55,450,106.00
	Pension contribution payable		$0.00
	Other post-employment benefits		$0.00
	Accrued liabilities		$167,948,285.00
	Deferred revenues		$34,884,985.00
	Bonds and notes payable		$0.00
	Other long-term obligations due within one year		$3,519,447.00
	Total Current Liabilities		$261,802,823.00
Noncurrent Liabilities			
	Pension contribution payable		$0.00
	Other post-employment benefits		$1,563,227.00

Annual Report for New York City Economic Development Corporation

Fiscal Year End: 06/30/2018

Run Date: 09/27/2018
Status: UNSUBMITTED
Certified Date: N/A

	Bonds and notes payable		$0.00
	Long Term Leases		$0.00
	Other long-term obligations		$389,020,632.00
	Total Noncurrent Liabilities		$390,583,859.00
Total Liabilities			$652,386,682.00
Net Asset (Deficit)			
Net Assets			
	Invested in capital assets, net of related debt		$38,130,406.00
	Restricted		$102,543,001.00
	Unrestricted		$307,575,140.00
	Total Net Assets		$448,248,547.00

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Operating Revenues			
	Charges for services		$519,636,165.00
	Rental & financing income		$223,093,456.00
	Other operating revenues		$18,391,504.00
	Total Operating Revenue		$761,121,125.00
Operating Expenses			
	Salaries and wages		$48,446,668.00
	Other employee benefits		$14,315,993.00
	Professional services contracts		$651,622,768.00
	Supplies and materials		$1,154,295.00
	Depreciation & amortization		$3,060,470.00
	Other operating expenses		$31,042,297.00
	Total Operating Expenses		$749,642,491.00
Operating Income (Loss)			$11,478,634.00
Nonoperating Revenues			
	Investment earnings		$4,445,383.00
	State subsidies/grants		$0.00
	Federal subsidies/grants		$51,477.00
	Municipal subsidies/grants		$0.00
	Public authority subsidies		$0.00
	Other nonoperating revenues		$0.00
	Total Nonoperating Revenue		$4,496,860.00
Nonoperating Expenses			
	Interest and other financing charges		$0.00

Annual Report for New York City Economic Development Corporation

Fiscal Year End: 06/30/2018

Run Date: 09/27/2018
Status: UNSUBMITTED
Certified Date: N/A

	Subsidies to other public authorities		$0.00
	Grants and donations		$0.00
	Other nonoperating expenses		$96,345.00
	Total Nonoperating Expenses		$96,345.00
	Income (Loss) Before Contributions		$15,879,149.00
Capital Contributions			$0.00
Change in net assets			$15,879,149.00
Net assets (deficit) beginning of year			$432,369,398.00
Other net assets changes			$0.00
Net assets (deficit) at end of year			$448,248,547.00

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, 2018 and 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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

Financial Statements, Required Supplementary Information, and Supplementary Information

Years Ended June 30, 2018 and 2017

Contents

I. Financial Section

Report of Independent Auditors

The 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, 2018 and 2017, 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, 2018 and 2017, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, as of July 1, 2016, NYCEDC adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, schedule of changes in net position and related notes and schedule of OPEB contribution, 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 Information

Our audit was conducted for the purpose of forming an opinion 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 ________, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NYCEDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYCEDC's internal control over financial reporting and compliance.

________, 2018

This section of New York City Economic Development Corporation's (NYCEDC or the Corporation) annual financial report presents our discussion and analysis of NYCEDC's financial performance during the fiscal years ended June 30, 2018 and 2017. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2018 Financial Highlights

Net Position: $448 million

- Tenant receivables, net increased $13 million (or 21%)
- Net amount of loans receivable increased $5 million (or 21%)
- Other receivables increased $14 million (or 317%)
- Accounts payable and accrued expenses increased $15 million (or 8%)
- Deposits received on pending sales of real estate decreased $12 million (or 47%)
- Due to the City increased $10 million (or 7%)
- Obligation for OPEB decreased $19 million (or 92%)
- Unearned revenue increased $16 million (or 10%)

Change in Net Position: $14 million increase

- Reimbursable grants increased $38 million (or 8%)
- Property rentals increased $35 million (or 20%)
- Other income increased $10 million (or 33%)
- Program and project costs increased $29 million (or 6%)
- Property rental expenses increased $31 million (or 54%)
- Ferry related expenses, net increased $14 million (or 46%)

Overview of the Basic Financial Statements

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

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

Financial Analysis of the Corporation

Condensed Statements of Net Position

The Corporation adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* As a result the Corporation's Net Position as of July 1, 2016 and the Statement of Revenues, and Expenses and Changes in Net Position for June 30, 2017 have been restated to reflect the required adjustments. For more details see footnote No. 2.

The following table summarizes NYCEDC's financial position at June 30, 2018, 2017, and 2016 (dollars in thousands) and the percentage changes between June 30, 2018 and 2017:

	2018	2017 (Restated)	2016	% Change 2018–2017
Current assets	$ **686,251**	$ 599,028	$ 553,581	15%
Non-current assets	**414,384**	474,433	473,565	(13)%
Total assets	**1,100,635**	1,073,461	1,027,146	3%
Deferred outflows of resources	**–**	167	–	(100)%
Current liabilities	**261,803**	248,257	256,424	5%
Non-current liabilities	**389,057**	391,522	344,483	(1)%
Total liabilities	**650,860**	639,779	600,907	2%
Deferred inflows of resources	**1,526**	–	–	100%
Net position:				
Restricted	**102,543**	107,507	95,144	(5)%
Unrestricted	**307,576**	292,020	302,445	5%
Net investment in capital assets	**38,130**	34,322	28,650	11%
Total net position	$ **448,249**	$ 433,849	$ 426,239	3%

Financial Analysis of the Corporation (continued)

During fiscal year 2018 total assets increased $27 million or 3%, primarily due to increases in certain amounts receivable. $13 million in tenant receivables was recognized from cruise operations at the Manhattan Cruise Terminal.

Other receivables increased $14 million, mainly due to the initiation of a $7 million loan program to support certified minority and women owned business enterprises and undercapitalized small businesses. In addition, NYCEDC realized $4.5 million in shared commissions from the brokerage firm that coordinated a new lease agreement for NYCEDC's office space (see Note 20).

Total liabilities increased $11 million or 2%. Unearned revenues increased $16 million and included a real estate transaction in which the purchaser agreed to pre-pay $7 million for future maintenance expenses of 420 Albee Square, in Brooklyn. Amounts due to the City increased $10 million mainly due to an increase in city funding provided for the above-noted loan program and accounts payable and accrued expenses increased $15 million. These increases were partially offset by a $19 million decrease in obligation for OPEB associated with the newly adopted GASB 75 and a $12 million reduction in deposits received on real estate sales which had been pending.

The Corporation's overall net position during fiscal year 2018 increased $14.4 million or 3% over the restated net position for fiscal year 2017. This increase consisted of a $19.4 million increase in unrestricted net position and net investment in capital assets, and was partially offset by a $5 million decrease in restricted net position.

Financial Analysis of the Corporation (continued)

Prior Year

During fiscal year 2017, total assets increased $46 million or 5%, primarily due to a $57 million increase in cash, cash equivalents, and investments. Land held for development increased by $19 million due to property acquisitions at Home Street in the Bronx and West 21st Street in Coney Island. These increases were offset by a $35 million reduction in the net amount due from the City, primarily due to decreased grant receivables for Community Development Block Grant (CDBG) and Federal Emergency Management Agency (FEMA). Other receivables decreased $14 million, mainly due to $11 million in proceeds received from a property sale in East Harlem.

Total liabilities increased $39 million or 6%. Tenant security and deposits payable increased $15 million, primarily due to pre-development escrow deposits including $8 million for certain Long Island City waterfront properties, $3 million for the former PC Richard site at Union Square, and $2 million for the 'Slaughterhouse' site adjacent to the Javits Center. Unearned revenues increased $14 million, mainly due to the prepayment of $16 million for development of the final phase of the High Line project.

The Corporation's overall net position during fiscal year 2017 increased $7.6 million or 2% as a result of the fiscal year operating activities. This increase consisted of a $12 million increase in restricted net position, and a $5 million decrease in net investments in capital assets and unrestricted net position.

Financial Analysis of the Corporation (continued)

Operating Activities

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

The following table summarizes NYCEDC's change in net position for the fiscal years ended June 30, 2018, 2017, and 2016 (dollars in thousands) and the percentage changes between fiscal years 2018 and 2017:

	2018	2017 (Restated)	2016	% Change 2018–2017
Operating revenues:				
Grants	$ 488,174	$ 450,527	$ 565,900	8%
Real estate sales, property rentals	223,080	186,329	288,157	20%
Fees and other income	49,867	41,601	54,717	20%
Total operating revenues	761,121	678,457	908,774	12%
Operating expenses:				
Project and program costs	490,021	461,096	567,943	6%
Property rental expenses	87,566	56,749	64,805	54%
Ferry related expenses, net	43,932	30,009	–	46%
Personnel services	64,242	59,039	53,800	9%
Contract expenses to the City	30,105	42,490	102,759	(29)%
Office rent and other expenses	35,257	22,875	20,801	54%
Total operating expenses	751,122	672,258	810,108	12%
Operating income	9,999	6,199	98,666	61%
Total non-operating income (expenses)	4,401	2,627	1,823	68%
Change in net position	14,400	8,826	100,489	63%
Total net position, beginning of year	433,849	425,023	325,750	2%
Total net position, end of year	$ 448,249	$ 433,849	$ 426,239	3%

Financial Analysis of the Corporation (continued)

During fiscal year 2018, operating revenues increased $82.6 million or 12%, primarily due to a $38 million increase in reimbursable grants, a $35 million increase in property rental revenue and a $10 million increase in other income. The increase in reimbursable grants is primarily the result of increased activities at the Coney Island West project and for the NYC Ferry program, as well as priority flood mitigation projects on behalf of the City's H+H Corporation (previously Health and Hospitals Corp). Property rental revenue increased by $35 million due to passenger volume revenue recognized from Carnival Cruise Corporation's operations at the Manhattan Cruise Terminal, and from a tenant's refinancing of the facilities at the Brooklyn Renaissance Plaza. Other income increased $10 million, mainly due to the transfer of development rights at 420 Albee Square in Brooklyn.

Operating expenses during fiscal year 2018 increased $78.9 million. Program and project costs increased by $29 million primarily due to the grant funded projects noted above. Property rental and related operating expenses increased by $31 million which included $4.6 million for a restructured long term agreement with the Hunts Point Meat Market, $4.2 million in pass-through rental revenues for NYC Parks Department, and $16.7 million in general operating increases for various repairs, maintenance and professional service expenses for the property portfolios. Ferry related expenses increased $14 million due to several factors including sustaining the first full year of ferry services, the launch of the Astoria route and preparation for the Soundview and Lower East Side routes, and the overall increase in services to meet unexpected demand.

Accordingly, operating income increased by $3.8 million from fiscal year 2017 with the Corporation recognizing total operating income of $10.0 million during fiscal year 2018.

Non-operating Activities

Total non-operating revenues for fiscal years 2018 and 2017 were $4.4 million and $2.6 million, respectively. The fiscal year 2018 total was all due to investment income which was a $2.9 million increase from fiscal year 2017.

Net position

The Corporation recognized an increase in net position of $14.4 million during fiscal year 2018. This constitutes an increase of $5.6 million or 3% as compared with fiscal year 2017.

Financial Analysis of the Corporation (continued)

Prior Year

During fiscal year 2017, operating revenues decreased $230 million or 25%, primarily due to a $115 million decrease in reimbursable grants from the winding down of the Rockaway Boardwalk project. In addition, real estate sales and property rentals decreased by $90 million and $12 million, respectively.

Operating expenses during fiscal year 2017 decreased $135 million. Project and program costs decreased by $107 million due to the winding down of the Rockaway Boardwalk project. Contract expenses to the City decreased $60 million mainly due to lower proceeds from real estate transactions. These decreases were partially offset by $30 million in expenses incurred for initiation of the NYC Ferry service.

Accordingly, the Corporation recognized operating income of $6.2 million during fiscal year 2017.

Non-operating Activities

Total non-operating revenues for fiscal years 2017 and 2016 were $2.6 million and $1.8 million, respectively. In fiscal year 2017, interest income from investments generated $1.5 million.

Net position

The Corporation recognized an increase in net position of $8.8 million during fiscal year 2017. This constitutes a decrease of $92 million as compared with fiscal year 2016.

Financial Analysis of the Corporation (continued)

Capital Assets

The following table summarizes NYCEDC's capital assets for the fiscal years ended June 30, 2018, 2017 and 2016 (dollars in thousands) and the percentage change between June 30, 2018 and 2017:

	2018	2017	2016	% Change 2018–2017
Leasehold improvements	$ **26,539**	$ 16,906	$ 15,773	57%
Equipment and computer software	**16,750**	16,235	7,159	(3)%
Work-in progress	**9,821**	12,701	14,581	(23)%
	53,110	45,842	37,513	16%
Less accumulated depreciation and amortization	**(14,980)**	(11,520)	(8,863)	30%
Net capital assets	$ **38,130**	$ 34,322	$ 28,650	11%

Additional information about NYCEDC's capital assets is presented in Note 9 to the financial statements.

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 Chief Financial Officer of New York City Economic Development Corporation, 110 William Street, New York, NY 10038, or visit NYCEDC's website at: https://www.nycedc.com/about-nycedc/contact-us.

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

Statements of Net Position (in thousands)

	June 30 2018	June 30 2017 (Restated)
Assets		
Current assets:		
Cash and cash equivalents – current	$ 92,080	$ 83,968
Restricted cash and cash equivalents – current	124,844	117,140
Unrestricted investments	111,515	86,132
Restricted investments	41,482	23,405
Current portion of loans and mortgage notes receivable	5,518	2,326
Accrued interest receivable from loans	186	234
Due from the City, including $163,411 and $147,423, respectively, under contracts with the City	215,672	217,650
Tenant receivables, net of allowance for uncollectible amounts of $26,817 and $21,317, respectively	73,241	59,621
Prepaid expenses	3,037	3,405
Other receivables	18,106	4,339
Land deposits in escrow	570	808
Total current assets	686,251	599,028
Non-current assets:		
Restricted cash and cash equivalents	154,844	158,318
Unrestricted investments	54,721	95,744
Restricted investments	9,544	30,941
Loans and mortgage notes receivable, less current portion (less allowance for loan losses of $866 and $792, respectively)	21,623	20,110
Tenant receivables non-current	–	736
Capital assets, net	38,130	34,322
Land held for development, at cost	132,387	132,387
Other assets	3,135	1,875
Total non-current assets	414,384	474,433
Total assets	1,100,635	1,073,461
Deferred outflows of resources		
Derivative instrument – fuel futures	–	167
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses, including $105,744 and $87,692, respectively, under contracts with the City	191,314	176,809
Deposits received on pending sales of real estate	13,116	24,763
Due to the City: real estate obligations and other	18,968	8,592
Unearned revenue	34,885	36,053
Other liabilities	3,520	2,040
Total current liabilities	261,803	248,257
Non-current liabilities:		
Tenant security and escrow deposits payable	71,426	64,039
Net OPEB liability	1,563	20,811
Due to the City: real estate obligations	130,154	130,554
Unearned revenue, including unearned grant revenue of $28,154 and $25,001, respectively, under contracts with the City	136,582	119,789
Retainage payable	47,158	54,572
Other liabilities	2,174	1,757
Total non-current liabilities	389,057	391,522
Total liabilities	650,860	639,779
Deferred inflows of resources		
Deferred inflows of resources related to OPEB	250	–
Deferred inflows of resources related to fuel futures	1,276	–
Total deferred inflows of resources	1,526	–
Net position:		
Restricted by law or under various agreements	102,543	107,507
Unrestricted	307,576	292,020
Net investment in capital assets	38,130	34,322
Total net position	$ 448,249	$ 433,849

See accompanying notes.

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

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

	Year Ended June 30 2018	2017 (Restated)
Operating revenues:		
Grants	$ **488,174**	$ 450,527
Property rentals	**214,523**	179,146
Fee income	**9,835**	11,494
Other income	**40,032**	30,107
Real estate sales, net	**8,557**	7,183
Total operating revenues	**761,121**	678,457
Operating expenses:		
Project costs	**98,086**	112,269
Program costs	**391,935**	348,827
Property rentals and related operating expenses	**87,566**	56,749
Ferry related expenses, net	**43,932**	30,009
Personnel services	**64,242**	59,039
Office rent	**12,999**	8,717
Contract and other expenses to the City	**30,105**	42,490
Other general expenses	**22,257**	14,158
Total operating expenses	**751,122**	672,258
Operating income	**9,999**	6,199
Non-operating revenues (expenses):		
Income from investments	**4,446**	1,536
Reimbursable grants – Superstorm Sandy	**51**	3,891
Repairs and other expenses – Superstorm Sandy, net of insurance proceeds	**(96)**	(2,761)
Non-operating (expense)/income	**–**	(39)
Total non-operating revenues (expenses)	**4,401**	2,627
Change in net position	**14,400**	8,826
Net position, beginning of year, restated	**433,849**	425,023
Net position, end of year	$ **448,249**	$ 433,849

See accompanying notes.

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

Statements of Cash Flow (in thousands)

	Year Ended June 30 2018	2017 (Restated)
Cash flows from Operating activities		
Real estate sales	$ 9,556	$ 3,883
Property rentals	192,235	172,306
Grants from the City	502,743	510,218
Fee income	10,833	11,494
Other income	33,455	45,047
Project costs	(124,690)	(104,878)
Program costs	(373,968)	(357,212)
Property rentals and related operating expenses	(76,379)	(53,038)
Ferry expenses	(43,747)	(27,151)
Personnel services	(62,995)	(59,549)
Contribution to OPEB trust	(20,000)	–
Office rent	(9,234)	(8,717)
Contract and other expenses to the City	(26,728)	(42,490)
Other general and administrative expenses	(12,720)	(14,525)
Repayments of loans and mortgage receivable	(4,704)	(5,673)
Tenant security and escrow deposits	7,387	15,225
Reimbursable grants – Superstorm Sandy	51	3,891
Expenses paid for Superstorm Sandy	(96)	(2,761)
Other	(5,431)	(3,338)
Net cash (used in) provided by operating activities	(4,432)	82,732
Cash flows from Capital and related financing activities		
Purchase of capital assets	(6,869)	(7,891)
Non-operating revenues	–	(39)
Net cash used in capital and related financing activities	(6,869)	(7,930)
Cash flows from Investing activities		
Sale of investments	156,523	139,297
Purchase of investments	(137,563)	(156,798)
Deposits on land	238	(19,475)
Interest income	4,445	1,536
Net cash provided by (used in) investing activities	23,643	(35,440)
Net increase in cash and cash equivalents	12,342	39,362
Cash and cash equivalents, beginning of year	359,426	320,064
Cash and cash equivalents, end of year	$ 371,768	$ 359,426

	Year Ended June 30	
	2018	**2017 (Restated)**
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 9,999**	$ 6,199
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**3,060**	2,219
Net cash provided by non-operating activities	**(45)**	1,130
Changes in assets, liabilities and deferred inflows of resources	**–**	
Changes in operating assets and liabilities:		
Accrued interest receivable	**49**	(43)
Due to/from the City	**11,955**	47,186
Other non-current assets	**(1,260)**	(988)
Tenant receivables	**(12,884)**	(6,098)
Prepaid expenses and other receivables	**(13,400)**	13,213
Loans and mortgage notes receivable	**(4,704)**	(5,673)
Tenant security and escrow deposits payable	**7,387**	15,225
Accounts payable and accrued expenses	**14,505**	993
Deposits received on pending sales of real estate	**(11,647)**	(7,904)
Net OPEB liability	**(19,248)**	(1,124)
Unearned grant revenue	**15,625**	13,940
Deferred inflows of resources	**1,526**	–
Retainage payable	**(7,414)**	4,006
Other current liabilities	**1,646**	(465)
Other non-current liabilities	**418**	916
Net cash (used in) provided by operating activities	**$ (4,432)**	$ 82,732
Supplemental disclosures of non-cash activities		
Unrealized gain (loss) on investments	**$ 218**	$ (1,504)

See accompanying notes.

1. Background and Organization

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

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

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

Commercial Leases Portfolio: NYCEDC manages property leases between the City and various commercial and industrial tenants. For ground leases, these agreements include restrictions on the use of the land to the construction or development of commercial, manufacturing, industrial or residential facilities. The leases also generally provide for minimum rentals plus provisions for additional rent.

Brooklyn Army Terminal Portfolio: The Brooklyn Army Terminal (BAT) is an industrial property owned by the City that is leased to NYCEDC. 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.

1. Background and Organization (continued)

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

Other Properties Portfolio: This portfolio was established to account for the activities of certain City-owned properties and other assets for which NYCEDC assumed management responsibilities. Pursuant to various agreements between NYCEDC and the City, the net revenue from three of the properties is retained for property operating and capital expenses or for expenses of projects in the area. The retained amounts as of June 30, 2018 and 2017 were $3.3 million and $5.5 million, respectively.

42nd Street Development Project Portfolio: This portfolio was established as a joint effort between the City and the State to redevelop the 42nd Street district into a vibrant office and cultural center. Ownership for all the properties was transferred from the State to the City by October 31, 2012. NYCEDC has assumed management and administrative responsibilities for all leases in connection with the 42nd Street Development Project (Note 14).

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).

Impact of New Accounting Standards Adopted

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

2. Summary of Significant Accounting Policies (continued)

This Statement replaces the requirements of both Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers.

This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

As a result of adopting this pronouncement, the Corporation's Net Position as of July 1, 2016, Statement of Net Position as of June 30, 2017 and the Statement of Revenues, and Expenses and Changes in Net Position for the year ended June 30, 2017 have been restated to reflect the required adjustments.

2. Summary of Significant Accounting Policies (continued)

	As previously reported	Adjustment	As restated
As of July 1, 2016:			
Net position	$ 426,239	$ (1,216)	$ 425,023
As of June 30, 2017:			
Net OPEB liability	22,291	(1,480)	20,811
Net position	432,369	1,480	433,849
For the year ended June 30, 2017:			
Personnel services	61,735	(2,696)	59,039
Total operating expenses	674,954	(2,696)	672,258
Operating income	3,503	2,696	6,199
Change in net position	6,130	2,696	8,826

Recently issued GASB Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Provisions of this statement are effective for fiscal years beginning after December 15, 2019. The Corporation is evaluating the impact this standard will have on its financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement are effective for fiscal years beginning after June 15, 2018. The Corporation does not anticipate any related impact on its financial statements.

2. Summary of Significant Accounting Policies (continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Provisions of this statement are effective for fiscal years beginning after December 15, 2019. The Corporation does not anticipate any related impact on its financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests.* The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Provisions of this statement are effective for fiscal years beginning after December 15, 2018. The Corporation is evaluating the impact this standard will have on its financial statements.

Revenue and Expense Classification

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

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

2. Summary of Significant Accounting Policies (continued)

Grants

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

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

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 a part of unearned revenue in the accompanying statements of net position.

Other grants are recorded as revenue when earned.

Property Rental Revenue

Property rental revenue is recognized on a straight-line basis over the term of the leases.

Real Estate Sales

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

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

Retainage Payable

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

2. Summary of Significant Accounting Policies (continued)

Loans and Mortgage Notes Receivable

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

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

Cash and Cash Equivalents

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

Investments

Investments held by NYCEDC are recorded at fair value.

Restricted Cash and Investments

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

Capital Assets

Capital asset purchases for internal use by NYCEDC in excess of $10,000 and consisting primarily of leasehold improvements and equipment are capitalized. Leasehold improvements are depreciated using the straight-line method over the shorter of the life of the lease or the estimated useful life assigned. The Corporation also uses the straight-line method for depreciating or amortizing futniture and equipment over the estimated useful life assigned. The useful life of furniture and equipment varies from three to five years. Leasehold improvements have useful lives from 7 to 20 years. Vessels are depreciated over a useful life of 25 years.

2. Summary of Significant Accounting Policies (continued)

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.

Tax Status

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

Reclassifications

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

3. Contracts With the City of New York

NYCEDC Master Contract

The City and NYCEDC have entered into the 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 other activities (1) facilitating commercial and industrial development projects, (2) stabilizing and improving industrial areas (3) administering public loan, grant, and subsidy programs, (4) encouraging development of intrastate, interstate and international commerce, and (5) managing and maintaining certain City-owned properties.

In partial consideration of the services rendered by NYCEDC pursuant to the 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 a cap. 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 Master Contract without regard to the contract cap.

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

Pursuant to section 11.05 of the Master Contract, at any time upon written request of the Mayor of the City or 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 million. At the direction of the City, NYCEDC remitted $8.9 million and $6.6 million from its unrestricted net position in fiscal years 2018 and 2017, respectively, which are accounted for under contract and other expenses to the City in the statements of revenues, expenses and changes in net position.

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

Maritime Contract

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

In the performance of its services under the Maritime Contract, NYCEDC collects monies, including but not limited to, rents and other revenues from tenants of certain City-owned properties managed by NYCEDC in connection with its maritime program. In consideration of the services rendered by NYCEDC pursuant to the Maritime Contract, the City has agreed to pay NYCEDC for all costs incurred in the furtherance of the City's objectives under this contract, to the extent such costs have been provided for in the City-approved budget (the Budget) as called for by the

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

Maritime Contract. Any Reimbursable Expenses, as defined in the Maritime Contract, may be retained by NYCEDC out of the net revenues generated on the City's behalf, to the extent such expenses are not provided for in the Budget (the Reimbursed Amount). Net revenues generated on the City's behalf for services under the Maritime Contract in excess of the Reimbursed Amount must be remitted to the City on a periodic basis. Historically, at the direction of the City, NYCEDC was required to remit $16.7 million for each fiscal year pursuant to the Maritime Contract, and such amounts were included in contract and other expenses to the City. Beginning in fiscal year 2017, to partially offset the cost of establishing and operating the NYC Ferry service (Note 12), this amount was not required to be remitted to the City.

Pursuant to section 9.06 of the 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.

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

Other Agreements

In addition, NYCEDC remits to the City certain rental amounts collected from the 42nd Street Development Project. The amounts remitted from this source for fiscal year 2018 and 2017 were $21 million, each (Note 14).

4. Grants

NYCEDC receives grants for specifically defined projects. For the year ended June 30, 2018, grant revenue was $488 million, of which $449 million comprised reimbursement grants from and through the City, and the remaining $39 million was provided by other sources. For the year ended June 30, 2017, grant revenue was $454 million, of which $423 million comprised reimbursement grants from and through the City.

5. Land Held for Development and Real Estate Obligations due to the City

NYCEDC may purchase land to help achieve the City's and NYCEDC's redevelopment goals. In both fiscal years 2018 and 2017, the land held for development totaled $132 million. Several acquisitions were obtained using capital funds from the City and these amounts are reflected as real estate obligations due to the City on the statement of net position. As of June 30, 2018 and 2017, real estate obligations due to the City were $125 million.

The following table summarizes land held for development and real estate obligations due to the City for the fiscal years ended June 30, 2018 and 2017 (dollars in thousands):

	2018	2017
225 125th Street, B1790, L12	**$ 1,972**	$ 1,972
2309-2313 3rd Avenue, B1790, L3,49	**858**	858
236 East 126th Street, B1790 L31	**183**	183
246 East127th Street, B1791, L 25	**4,300**	4,300
Springfield Gardens, Queens, B13432, L57	**54**	54
Sub-total of land held for development	**7,367**	7,367
Boardwalk, Coney Island	**105,345**	105,345
1047 Home Street, Bronx, B3006, L21	**800**	800
1051 Home Street, Bronx, B3006, L19	**1,200**	1,200
1057 Home Street, Bronx, B3006, L17	**500**	500
1174 Longfellow Avenue, Bronx,B2758, L14	**4,000**	4,000
3050 W. 21st Street, Brooklyn, B7071, L123	**13,175**	13,175
Sub-total of land held and RE Obligation to the City	**125,020**	125,020
Total land held for development	**$132,387**	$132,387

6. Other Income

The following table summarizes other income for the fiscal years ended June 30, 2018 and 2017 (dollars in thousands):

	2018	2017
Tenant reimbursements	$ **7,908**	$ 7,620
Developer contributions	**3,115**	3,330
Interest income from loans	**662**	732
Loan/bad debt recovery income	**1,645**	1,145
Miscellaneous income – 420 Albee Square	**11,294**	–
Miscellaneous income – The Civic Contribution Agreement	**–**	9,074
Miscellaneous income	**15,408**	8,206
Total	$ **40,032**	$ 30,107

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, 2018 and 2017, these mortgage notes totaled $8.2 million and $8.4 million, respectively, exclusive of any interest 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 generate employment, increase tax revenue, improve the physical environment of areas, stabilize neighborhoods, or provide other benefits to the City. Collectively, the installment notes and loans form the Finance Programs.

At June 30, 2018, the loan and mortgage notes portfolio consisted of 13 loans that bear interest at rates ranging from 0% to 9.50% and mature at various dates through October 1, 2046.

7. Loans and Mortgage Notes Receivable (continued)

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

	Principal Maturity	Interest
Fiscal Year:		
2019	$ 5,518	$ 821
2020	1,990	585
2021	1,805	509
2022	4,467	399
2023	869	266
2024–2028	2,279	1,315
2029–2033	2,138	961
2034–2038	5,774	686
2039–2043	1,805	345
2044–2047	1,362	71
	28,007	$ 5,958
Allowance for uncollectible amounts	(866)	
Loans and mortgage notes receivable, net	$ 27,141	

The nine largest loans comprise 99% of the entire portfolio. At June 30, 2018, the outstanding loans were extended to the following industries: real estate development 55%, life science 16% and other services 29%.

8. Due to/From the City of New York

NYCEDC is required to remit certain amounts to the City under the Master Contract (Note 3). The unremitted portion of such amounts at June 30, 2018 and 2017 amounted to $19 million and $8.6 million, respectively.

Pursuant to the Master Contract with the City, NYCEDC recorded total grants from and through the City in the amount of $449 million and $423 million during fiscal years 2018 and 2017, respectively, of which $163 million and $147 million in capital funds were unpaid by the City as of June 30, 2018 and 2017, respectively. These unpaid amounts are included in the accompanying statements of net position as due from the City.

9. Capital Assets

Changes in capital assets for the years June 30, 2016 to June 30, 2018, consisted of the following (dollars in thousands):

	June 30, 2016	Additions	Depreciation	Disposals	June 30, 2017	Additions	Depreciation	Disposals	June 30, 2018
Leasehold Improvements	$ 15,773	$ 1,133	$ -	$ -	$ 16,906	$ 9,633	$ -	$ -	$ 26,539
Equipment	6,533	2,943	-	(29)	9,447	515	-	-	9,962
Vessels	-	6,000			6,000				6,000
Computer software	627	161	-	-	788	-	-	-	788
Work-in progress	14,581	(1,880)	-	-	12,701	(2,880)	-	-	9,821
Capital assets	37,514	8,357	-	(29)	45,842	7,268	-	-	53,110
Less Accumulated depreciation	(8,863)		(2,686)	29	(11,520)		(3,460)	-	(14,980)
Capital assets, net	$ 28,651	$ 8,357	$ (2,686)	$ -	$ 34,322	$ 7,268	$ (3,460)	$ -	$ 38,130

Depreciation and amortization of capital assets and obligations for the fiscal years ended June 30, 2018 and 2017 were $3.5 million and $2.7 million, respectively.

10. Deposits and Investments

Deposits

At year-end, NYCEDC's cash and cash equivalent balance was $372 million. Of this amount, $13 million was FDIC insured. Of the remaining balance, $175 million was invested in funds comprised of U.S. government backed securities. Emergency funds on hand amounted to $10,000 at June 30, 2018.

At June 30, 2018 and 2017, cash, cash equivalents and investments of $331 million and $330 million, respectively, were restricted for use in connection with designated programs of NYCEDC.

Investments

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

10. Deposits and Investments (continued)

As of June 30, 2018 and 2017, the Corporation had the following investments. Investments maturities are shown for June 30, 2018, only (in thousands):

	Fair Value		Investment Maturities at June 30, 2018 in Years	
	2018	**2017**	**Less than 1**	**1 to 7**
Money market mutual funds	$ 169,728	$ 150,245	$ 169,728	$ –
Money market deposit account	5,251	5,251	5,251	–
FHLB notes	35,257	51,680	8,877	26,380
FHLMC notes	70,499	131,609	48,033	22,466
Commercial paper	47,732	22,637	47,732	–
FFCB notes	14,515	4,487	4,487	10,033
FNMA notes	24,578	25,609	19,292	5,286
US Treasury	24,481	–	24,481	–
Certificates of deposit	200	200	200	–
	392,241	391,718	$ 328,075	$ 64,165
Less amount classified as cash equivalents	(174,979)	(155,496)		
Total investments	$ 217,262	$ 236,222		

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

Money market funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. US Agencies securities and commercial paper, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at cost.

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

10. Deposits and Investments (continued)

Credit Risk – It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government or issued by its agencies. As of June 30, 2018, 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, Aaa by Moody's and AAA by Fitch Ratings.

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

The Corporation manages custodial credit risk by limiting possession of its investments to highly rated institutions and/or requiring that high-quality collateral be held by the counterparty in the name of the Corporation. At June 30, 2018, the Corporation was not subject to custodial credit risk.

Concentration of Credit Risk – The Corporation places no limit on the amount the Corporation may invest in any United States of America government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2018 and 2017 (dollars in thousands):

	Dollar Amount and Percentage of Total Investments			
Issuer	**June 30, 2018**		**June 30, 2017**	
Federal Home Loan Mortgage Corp.	**$ 70,499**	**32.45%**	$ 131,609	55.71%
Federal Home Loan Bank	**35,257**	**16.23**	51,680	21.88
Federal Farm Credit Bank	**14,515**	**6.68**	–	–
Federal National Mort. Assoc.	**24,578**	**11.31**	25,609	10.84
US Treasury	**24,481**	**11.27**	–	–

10. Deposits and Investments (continued)

Investment Income

Investment income includes unrealized gains and losses on investments as well as interest earned on bank accounts, certificates of deposit and securities. Investment income amounted to $4.4 million and $1.5 million for the fiscal years ended June 30, 2018 and 2017, respectively.

11. Ground Leases and Properties Managed by NYCEDC on Behalf of the City

NYCEDC is contracted by the City to manage and maintain properties on behalf of the City, including certain City-owned properties that are leased to NYCEDC. NYCEDC in turn, leases or subleases the properties to commercial and industrial tenants. For ground leases, these agreements generally include restrictions on the use of the land to the construction or development of commercial, manufacturing, industrial or residential facilities. All managed leases generally provide for minimum rentals plus provisions for additional rent. Certain agreements also provide for renewals at the end of the initial lease term for periods ranging from 10 to 50 years.

The future minimum rental income as of June 30, 2018, payable by the tenants under the leases and subleases, all of which are accounted for as operating leases, are as follows (dollars in thousands):

Fiscal Year	Minimum Rental Income From BAT Tenants	Minimum Rental Income From Commercial Tenants	Minimum Rental Income From Maritime Tenants	Minimum Rental Income From 42nd St Development Proj. Tenants	Minimum Rental Income From Other Tenants	Total
2019	$ 17,899	$ 20,494	$ 38,678	$ 15,414	$ 456	$ 92,941
2020	16,634	19,266	37,531	15,414	251	89,096
2021	14,836	18,358	35,405	15,414	191	84,204
2022	13,981	17,443	34,036	15,414	191	81,065
2023	10,665	16,705	33,147	15,414	191	76,122
2024 - 2028	30,932	64,760	141,835	77,069	953	315,549
2029 - 2033	15,909	54,965	85,091	77,069	953	233,987
2034 - 2038	4,148	54,214	61,133	77,069	445	197,009
2039 - 2043	4,148	49,183	35,249	19,958	–	108,538
2044 - 2048	4,148	46,980	35,249	77,069	–	163,446
Thereafter	4,632	330,713	68,855	162,993	–	567,193
Total	$ 137,932	$ 693,081	$ 606,209	$ 568,297	$ 3,631	$ 2,009,150

The thereafter category includes 41 leases with expiration dates between July 1, 2049 and December 31, 2100.

12. NYC Ferry System

In 2016, NYCEDC contracted with HNY Ferry, LLC (HNY) for the provision of citywide ferry services under the new NYC Ferry system. The system is made up of six routes that were designed to meet the transportation needs of neighborhoods traditionally underserved by public transportation. The NYC Ferry routes are being launched over a two year period. As part of the six routes, HNY assumed operational responsibility for the existing East River ferry route in December 2016 to incorporate that route into the NYC Ferry system. NYCEDC launched the first of the new NYC Ferry system routes, the Rockaway route, on May 1, 2017. Routes for South Brooklyn and Astoria, Queens were launched in June and August 2017, respectively. In August 2018, the final two planned routes began for Soundview in the Bronx and the Lower East Side of Manhattan.

The net cost of these operations as of June 30, 2018 and 2017 were \$44 million and \$30 million, respectively. To offset the costs to NYCEDC for establishing and operating the ferry system, NYCEDC was not required to remit to the City \$16.7 million under the Maritime Contract or commercial rents received from the 42nd Street Development Project (Notes 3 and 14).

13. Future Tenant Receivables

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 \$40 million, of which \$24.3 million is for Jay Street (One Metrotech Center), \$5.8 million is for Bridge Street (Two Metrotech Center), \$6.3 million is for Tech Place (11 Metrotech Center) and \$3.8 million is for Myrtle Avenue (Nine Metrotech Center). These receivables will be collected over a period ranging from 8 years to 21 years and will be recognized as revenue over the life of the agreements.

14. 42nd Street Development Project

The 42nd Street Development Project (the Project) was conceived in the 1980s as a joint initiative of the City and the State to transform the properties in the 42nd Street area between 7th and 8th Avenues. For a number of years, NYCEDC has overseen the ground leases for the Project on behalf of the City. By October 2012, all title to the properties that comprise the Project transferred from the State to the City.

14. 42nd Street Development Project (continued)

Beginning in January 1, 2011 and in accordance with section 11.05 of the Master Contract, NYCEDC transferred to the City all payments in lieu of taxes, real estate taxes and substantially all rental revenues it collected on the Project. Beginning in fiscal year 2017, to partially offset the costs to NYCEDC for establishing and operating the NYC Ferry service (Note 12), NYCEDC has not been required to remit commercial rents from the Project to the City. NYCEDC will continue to pass through to the City all payments in lieu of taxes and real estate taxes collected from the Project.

15. Pension Plan

NYCEDC maintains a 401(a) defined contribution pension plan, which covers substantially all full time employees. The pension plan provides for variable contribution rates by NYCEDC ranging from 6% to 18% of the employees' eligible wages, as defined in the IRC. NYCEDC employees receive a non-matching contribution in the amount of 6% of wages at the beginning of the 2nd year of employment. This amount increases to 10% at the beginning of the 4th year of employment; 12% at the beginning of the 5th year of employment; 14% at the beginning of the 6th year of employment; 16% at the beginning of the 11th year of employment; and 18% at the beginning of the 16th year of employment. Employees are 100% vested at the time of contribution. Contributions are made quarterly and are current. The plan is administered at the direction of the NYCEDC Retirement Plan Investment Committee. Pension expense for the fiscal years ended June 30, 2018 and 2017, amounted to $5.1 million and $4.4 million, respectively, and is included in personnel services in the accompanying statements of revenues, expenses, and changes in net position.

16. Postemployment Benefits Other Than Pensions

NYCEDC sponsors a single employer defined benefit health care plan that provides postemployment medical benefits for eligible retirees and their spouses. Commonly referred to as a plan for Other Post-Employment Benefits (OPEB), this plan was amended during February 2011 with an effective date of July 1, 2011, and again in July 2016 with an effective date of June 30, 2016. The amendments include revisions to the definition of what constitutes an eligible participant and the closure of the plan to new participants. As a result of these amendments, the plan maintains the current benefit structure, but plan participation will continue for only certain groups of members, who are (i) all retired members, (ii) all active employees hired prior to April 1, 1986, who are ineligible for Medicare coverage when they depart EDC, and (iii) all active employees who started working prior to January 1, 2011 with at least 10 years of service as of that date or will be age 60 or older by June 30, 2023.

16. Postemployment Benefits Other Than Pensions (continued)

Benefit provisions and contribution requirements for the plan are administered and managed by NYCEDC, and there is no statutory requirement for NYCEDC to continue this plan. The plan is a contributory plan with retirees subject to contributions established for either the Low or High version of the plan. Retirees receiving the post-employment health benefits pay a premium amount equal to what a current NYCEDC active employee pays, based on 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 coverage. Additional costs may be incurred by the retiree under either the Low or High plan version.

As of July 1, 2016, NYCEDC adopted GASB statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("GASB 75"). This Statement established guidelines for reporting costs associated with "other postemployment benefits" ("OPEB"). This Statement replaces GASB Statement No. 45. The Corporation's annual OPEB cost for the plan is calculated based on the Entry Age Normal level percentage cost method, an amount actuarially determined in accordance with the parameters of GASB Statements 75. In FY18, NYCEDC established and funded an irrevocable trust for the payments to fund this obligation.

Employees Covered by Benefit Terms. At June 30, 2018 and 2017, the following employees were covered by the benefit terms:

	2018	2017
Active Employees	68	73
Inactive Employees and/or beneficiaries currently receiving benefit payments	38	36
Total participants	106	109

Contributions. NYCEDC has the right to establish and amend the contribution requirements. For the year ended June 30, 2018 and 2017, the average contribution rate was 243% and 7% respectively, of covered payroll. Employees are required to contribute to the plan at the active rates.

16. Postemployment Benefits Other Than Pensions (continued)

Net OPEB Liability

NYCEDC's net OPEB liability was measured at June 30, 2018 and restated as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuary Assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified:

Inflation	3.0% per annum, compounded annually
Investment rate of return	3.2% per annum, compounded annually
Salary increases	4.25%
Healthcare costs trend rates	8.4% grading down to an ultimate rate of 4.7% for <65, 7.5% grading down to an ultimate rate of 4.7% for <65

Mortality rates were based on "Health care costs – from birth to death" sponsored by the society of actuaries and prepared by Dale H. Yamamoto (May 2013). The mortality improvement scale was updated to the MP-2017 scale.

The actuary assumptions used in the June 30, 2018 valuation were based on information provided by the NYCEDC for the period of July 1, 2017 through June 30, 2018. Update procedures were used to roll back the total OPEB liability to NYCEDC's year end of June 30, 2017.

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on investments net of investment expense, was 0.00% because the contribution was made, in cash, on June 27, 2018. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

16. Postemployment Benefits Other Than Pensions (continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation for each major asset class is summarized in the following table for 2018 and 2017:

Asset Class	Allocation
US Large Cap	2%
Global Equity ex US	1%
Hedge Funds	2%
Intermediate US Government	30%
Long US Government	65%
	100%

Discount Rate. The discount rate used to measure the total OPEB liability was 3.2 percent at June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed that Corporation's contributions will be made at rates equal to the actuarially determined contribution rates. The plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2047.

Changes in Net OPEB Liability

For the year ended June 30, 2018 in (dollars in thousands):

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balances at beginning of the year	$ 20,811	–	$ 20,811
Changes for the year:			
Service cost	561	–	561
Interest	666	–	666
Difference between expected and actual experience	(103)	–	(103)
Changes of assumptions	(147)		(147)
Employer Contributions	–	20,000	(20,000)
Net investment income	–	–	–
Benefit payments	(225)	–	(225)
Administrative expense	–	–	–
Net changes	752	20,000	(19,248)
Balances at end of the year	$ 21,563	$ 20,000	$ 1,563

16. Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the NYCEDC, as well as what the NYCEDC's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.2) or 1 percentage point higher (4.2) than the current discount rate (dollars in thousands):

	1% Decrease (2.2%)	Discount Rate (3.2%)	1% Increase (4.2%)
Net OPEB liability, June 30, 2018	$4,353	$1,563	(2,344)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend rates. The following presents the net OPEB liability of the Corporation, as well as what the Corporation's net OPEB liability would be if it were calculating using healthcare cost trend rates that are 1 percentage point lower or 1 percent point higher (dollars in thousands):

	1% Decrease (7.4% Decreasing to 2.2%)	Healthcare Cost Trend Rates (8.4% decreasing to 4.5%)	1% Increase (9.4% decreasing to 5.7%)
Net OPEB liability, June 30, 2018	$(2,811)	$1,563	$5,138

OPEB Expense and Deferred Outflows of Recourses and Deferred Inflows of Resources Related to OPEB

For the year's ended June 30, 2018 and 2017 NYCEDC recognized OPEB expense of $1,183,145 and $1,206,116, respectively. The June 2017 figure was actuarially recalculated as a result of adopting GASB 75, resulting in a reduction of expense in that year. OPEB expense is reported in the NYCEDC's financial statements as part of salaries and benefits expense. At June 30, 2018 NYCEDC reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows	Deferred Outflows
Net difference between projected and actual earnings on OPEB plan Investments	$250	$0

16. Postemployment Benefits Other Than Pensions (continued)

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

Year ended June 30:		
2019	$	43.7
2020		43.7
2021		43.7
2022		43.7
2023		43.6
2024		31.6
	$	250.0

17. Blended Component Unit – CLIC Captive Insurance

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

At June 30, 2018, CLIC had no investments and maintained a cash balance of approximately $1 million with JP Morgan Chase.

CLIC continues to provide coverage for two lines of insurance, cyber insurance and additional terrorism insurance. Effective July 1, 2016, CLIC began directly providing excess cyber coverage to NYCEDC and its affiliates, with limits of $9 million per loss and in the aggregate, in excess of $1 million of underlying insurance and self-insured retentions.

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

This policy covers certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and subsequent extensions. Under the TRIA coverage, the United States Government provides a backstop on a quota share basis for 83% (decreasing by 1% per calendar year until equal to 80%) if the total loss affecting all involved insurers exceeds $100 million.

17. Blended Component Unit – CLIC Captive Insurance (continued)

The financial results for CLIC for the year ended June 30, 2018 and 2017 are set forth below.

Statements of Net Position

The following table summarizes CLIC's financial position at June 30, 2018 and 2017 (dollars in thousands):

	2018	2017
Total assets	$ 1,087	$ 1,042
Total liabilities	6	14
Total net position	$ 1,081	$ 1,028

Statement of Revenues, Expenses and Changes in Net Position

The following table summarizes CLIC's change in net position for the fiscal years ended June 30, 2018 and 2017 (dollars in thousands):

	2018	2017
Operating revenues	$ 128	$ 127
Operating expenses	75	99
Operating income	53	28
Change in net position	53	28
Total net position, beginning of year	1,028	1,000
Total net position, end of year	$ 1,081	$ 1,028

18. Other Related-Party Transactions

New York City Land Development Corporation (LDC)

On May 8, 2012, the City formed LDC as a local development corporation organized under section 1411 of the NPCL. LDC is engaged in economic development activities by means of assisting the City with the leasing and selling of certain properties. No management fees were established between NYCEDC and LDC in the current fiscal year. Instead, NYCEDC provides LDC with operating grant funding for LDC's general and administrative expenses. For the periods ended June 30, 2018 and 2017, $1,517 and $1,015, respectively, was provided to LDC for such expenses.

18. Other Related-Party Transactions (continued)

New York City Industrial Development Agency (IDA)

NYCEDC is responsible for administering the economic development programs of IDA. For both fiscal years ended June 30, 2018 and 2017, NYCEDC earned management fee income from IDA of $3.3 million. In fiscal year 2018, a contingency fee of $54,434 was earned by NYCEDC from IDA's recapture of benefits from one project company. Such amounts are included in fee income in NYCEDC's accompanying statements of revenues, expenses and changes in net position. At June 30, 2018 and 2017, the amounts due from IDA totaled $1.3 million and $2.2 million, respectively.

Build NYC Resource Corporation (Build NYC)

Build NYC was incorporated under section 1411 of the NPCL in 2013. Pursuant to an agreement between NYCEDC and Build NYC, NYCEDC provides management services to Build NYC and administers Build NYC's financial books and records. For both fiscal years ended June 30, 2018 and 2017, NYCEDC earned management fee income from Build NYC of $3.3 million.

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

Pursuant to an agreement between NYCEDC and TCR, NYCEDC collected fees from TCR for management services. For the fiscal year ended June 30, 2018 and 2017, NYCEDC earned management fees of $312,188 and $310,000, respectively from TCR.

New York City Neighborhood Capital Corporation (NCC)

NCC is not-for-profit corporation organized under the NPCL. NCC has all power and authority to make qualified low-income community investments in the City of New York and allocate federal tax credits. NYCEDC provided full management services to NCC.

19. Accounting for Derivatives and Fuel Hedging Activity

As described in Note 12, NYCEDC, on behalf on the City, contracted in June 2016 with HNY for the provision of citywide ferry services for the new NYC Ferry system. NYCEDC was initially responsible for the cost of up to 3.3 million gallons of ultra-low sulfur diesel fuel per annum under the six year operating agreement with HNY. Due to the unexpected increase in demand for ferry services, NYCEDC is in the process of increasing the number of vessels in service, and the related annual fuel cap. Beginning in fiscal year 2020, the annual cap will increase to 5.7 million gallons. The cap will increase gradually to reach 8.2 million gallons by fiscal year 2023. Although the contract caps the number of gallons that NYCEDC is responsible for, the price per gallon is subject to market conditions. Consequently, NYCEDC was authorized by its Board of Directors to implement an energy price risk management program to manage NYCEDC's exposure to the cost of fuel for NYC Ferry.

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

The following risks are generally associated with hedging instruments:

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

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

Counterparty Risk: the risk that the counterparty will not fulfill its obligations under the option contracts. To minimize such exposure, NYCEDC diversifies and executes transactions with multiple counterparties.

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

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

Beginning in September 2017, NYCEDC executed International Swaps and Derivatives Association ("ISDA") master agreements with Chase Bank, N.A. (JPMorgan) and Citibank, N.A. (Citibank) paving the way to use swap and call option contracts for hedging purposes. Subsequently, NYCEDC purchased call option contracts from JPMorgan, with a notional volume of 2.8 million gallons to hedge against the fuel cap for calendar year 2018 and a call option contract from Citibank, with a notional volume of 1.6 million gallons, covering the first half of calendar year 2019.

As of June 30, 2018, the fair value of NYCEDC's ultra-low sulfur diesel call option contracts, within the Level 2 category of the fair value hierarchy, were as follows:

Notional Amount (Gallons)	Maturity	Fair Value 6/30/2018	Strike Price Gallon
Counter Party: JPMorgan		$ 66,110	$ 1.92
294,000	18-Jul	85,005	1.92
294,000	18-Aug	87,947	1.92
252,000	18-Sep	78,437	1.92
294,000	18-Oct	95,012	1.92
210,000	18-Nov	70,303	1.92
210,000	18-Dec	72,768	1.92
		$ 555,582	
Counter Party: Citibank			
252,000	19-Jan	$ 96,963	$ 1.88
210,000	19-Feb	80,440	1.88
294,000	19-Mar	110,522	1.88
294,000	19-Apr	109,826	1.88
294,000	19-May	110,175	1.88
294,000	19-Jun	112,762	1.88
		$ 620,688	
Total Options value		$ 1,176,270	

Additionally, NYCEDC continued to use futures contracts as a hedging vehicle. On June 30, 2018, NYCEDC maintained a position of 51 futures contracts for ultra-low sulfur diesel. These contracts cover a percentage of the fuel commitment for the first three years of the HNY operating contract period.

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

As of June 30, 2018, the fair values of NYCEDC's commodity futures contracts, based on average daily rates are listed below. These contracts fall within the Level 2 category investments of the fair value hierarchy.

Notional Amount (Gallons)	No. of Contracts	Maturity Date	Fair Value June 30, 2017	in $ Price/Gallon
42,000	1	Aug-18	$ (2,192)	$2.26
42,000	1	Sep-18	1,399	$2.18
42,000	1	Oct-18	(290)	$2.22
42,000	1	Jan-19	407	$2.22
42,000	1	Jun-19	962	$2.17
84,000	2	Aug-19	470	$2.20
84,000	2	Sep-19	3,772	$2.16
84,000	2	Oct-19	1,806	$2.19
84,000	2	Nov-19	1,949	$2.19
84,000	2	Dec-19	6,229	$2.15
84,000	2	Jan-20	6,552	$2.16
84,000	2	Feb-20	5,384	$2.18
84,000	2	Mar-20	6,481	$2.15
84,000	2	Apr-20	6,552	$2.13
84,000	2	May-20	5,603	$2.19
84,000	2	Jun-20	5,447	$2.12
84,000	2	Jul-20	6,002	$2.10
84,000	2	Aug-20	886	$2.16
84,000	2	Sep-20	1,999	$2.14
84,000	2	Oct-20	1,978	$2.13
84,000	2	Nov-20	1,974	$2.13
84,000	2	Dec-21	3,192	$2.10
84,000	2	Jan-21	6,972	$2.06
84,000	2	Feb-21	5,649	$2.07
84,000	2	Mar-21	5,855	$2.06
84,000	2	Apr-21	5,930	$2.05
84,000	2	May-21	5,275	$2.06
42,000	1	Jun-21	1,974	$2.06
42,000	1	Jul-21	1,957	$2.10
Total Fair Value			**$ 100,174**	

20. Commitments and Contingencies

NYCEDC has an aggregate contractual commitment of $169.4 million under different self-funded economic development initiatives and projects, including but not limited to the NYC Ferry system and the City of New York Early-Stage Life Sciences project.

Additionally, NYCEDC rents office space under a current lease agreement expiring in fiscal year 2020. A new lease agreement was entered into effective March 2018 with an expiration date of May 31, 2039. The future minimum rental commitments as of June 30, 2018, required under the current and new operating leases are as follows (dollars in thousands):

Fiscal year:		
2019	$	19,932
2020		13,599
2021		12,333
2022		12,332
2023		12,332
2024 to 2028		61,663
2029 to 2033		61,663
2034 to 2038		61,663
2039 and thereafter		10,277
	$	266,794

Accordingly, rent expense for office space amounted to $12.5 million and $8.7 million for fiscal years ended June 30, 2018 and 2017, respectively.

The Corporation's Finance Program is designed to provide financial assistance to certain eligible businesses with the expectation of spurring economic development benefits for the City. In this regard, NYCEDC acts as a guarantor under two loan guarantee programs: the NYC Capital Access Program and the Revolving Loan Guarantee Program. The loan guarantee programs enable qualified businesses to gain access to bank loans or lines of credit. NYCEDC guarantees can be up to 35% of the loan amount. As of June 30, 2018, the Corporation's aggregate commitment for these programs is $5 million.

20. Commitments and Contingencies (continued)

NYCEDC was the co-trustee along with 42nd Street Development Corporation (a subsidiary of New York State Urban Development Corporation d/b/a Empire State Development Corporation (ESDC)) for the use of certain development funds under the 42nd Street Development Project. The trustees jointly extended a loan to the New Amsterdam Development Corporation (NADC) for renovation of the New Amsterdam Theatre. The principal loan amount of $25.6 million was equally disbursed by the trustees and matures on January 31, 2027. Interest on the loan has ranged between 3% and 3.5%. NYCEDC's portion of the loan, $12.8 million, was reimbursed to NYCEDC by the City. The conduit loan payment constitutes both a receivable from NADC and a payable to the City. This transaction is not reflected in the financial statements as it does not have any impact on NYCEDC's financial position.

NYCEDC is party to a funding agreement among ESDC, the City and the Trustees of Columbia University (Columbia). The agreement was signed on November 20, 1992 as part of the Audubon building lease assignment for the benefit of Columbia. At inception Columbia received $10 million from the City, through NYCEDC, and $8 million directly from ESDC to pay for eligible site development costs. Under the lease agreement, Columbia is required to repay the $18 million no later than April 5, 2020. NYCEDC's responsibilities in this transaction are limited to redistributing the repayment to the City and ESDC upon collection from Columbia. This is a conduit loan payment from Columbia to the City and ESDC. This transaction is not reflected in the financial statements as it does not have any impact on NYCEDC's financial position.

NYCEDC, and in certain situations as co-defendant with the City, IDA, Build NYC and/or LDC, 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.

21. Risk Management

NYCEDC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. NYCEDC carries commercial insurance coverage for these risks.

22. Net Position

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

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

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

Changes in Net Position

The changes in net position during fiscal years 2018 and 2017 are as follows (in thousands):

	Restricted	Unrestricted	Net Investment in Capital Assets	Total
Net position, June 30, 2016	$ 95,144	$ 301,228	$ 28,651	$ 425,023
Increase in net position	2,225	6,601	–	8,826
Capital assets additions	–	(7,890)	7,890	–
Retirements/depreciation	–	2,219	(2,219)	–
Adjustment – NYC Ferry	10,137	(10,137)	–	–
Net position, June 30, 2017*	**$ 107,506**	**$ 292,021**	**$ 34,322**	**$ 433,849**
Increase (decrease) in net position	**(4,963)**	**19,363**	–	**14,400**
Capital assets additions	–	**(7,268)**	**7,268**	–
Retirements/depreciation	–	**3,460**	**(3,460)**	–
Net position, June 30, 2018	**$ 102,543**	**$ 307,576**	**$ 38,130**	**$ 448,249**

*Restricted balance is adjusted to reflect the reclassification of the NYC Ferry portfolio from the unrestricted net position to the restricted net position.

23. Superstorm Sandy

Superstorm Sandy (Sandy) made landfall in New York City on October 29, 2012. The severe and widespread water and wind damage affected many individuals, businesses and organizations. Many City assets that 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. Property and flood insurance coverage were in effect for certain properties, and claims payments were received from insurers and recorded as non-operating revenues. Related expenses were recorded as non-operating expenses. For the years ended June 30, 2018 and 2017, repairs and other expense, net of insurance proceeds totaled of $96,345 and $2.8 million respectively. Additional non-operating revenues of $51,477 and $3.9 million for years ended June 30, 2018 and 2017, respectively, have been recognized pursuant to federal reimbursable grants from the FTA and FEMA. The decrease in expenses and related reimbursable grants is in line with the declining trend over the past couple of year as the reimbursement cycle for the restoration projects approaches completion.

The following table summarizes Superstorm Sandy net (income) expense at June 30, 2018 and 2017 and total amount from October 29, 2012 to June 30, 2017 (dollars in thousands):

	Years Ended June 30		From October 29, 2012 To June 30, 2018
	2018	**2017**	**Total**
Repairs and other expenses – Sandy	$ **96**	$ **2,761**	$ 48,209
Less: Insurance proceeds	–	–	(28,831)
	96	**2,761**	19,378
Less: Reimbursable grants-FEMA	**(51)**	**(3,831)**	(12,863)
Less: Reimbursable grants-FTA	–	**(60)**	(6,244)
Less: Reimbursable grants-State	–	–	(16)
Net Sandy-related (income) expenses	$ **45**	$ **(1,130)**	$ 255

Required Supplementary Information

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

Schedule of Changes in Net OPEB Liability

	2018	2017
Total OPEB liability:		
Service cost	$ 561,356	$ 612,729
Interest	665,475	593,387
Difference between expected and actual experience	(102,921)	-
Changes of assumptions	(147,173)	
Benefit payments	(224,937)	(224,937)
Net change in total OPEB liability	751,800	(583,769)
Net OPEB liability - beginning	20,811,427	21,395,196
Net OPEB liability - ending (a)	$ 21,563,227	$ 20,811,427
Total fiduciary net position:		
Contributions - employer	$ 20,000,000	$ -
Net investment income	-	-
Benefits payments	-	-
Administrative expenses	-	-
Net change in fiduciary net position	20,000,000	-
Trust fiduciary net position - beginning	-	-
Trust fiduciary net position - ending (b)	$ 20,000,000	$ -
Corporation's net OPEB liability - end of year (a-b)	$ 1,563,227	$ 20,811,427
Trust fiduciary net position as a percentage of the total OPEB liability	92.75%	0.00%
Covered-employee payroll	$ 8,231,020	$ 7,895,463
Corporation's net OPEB liability as a percentage of covered-employee payroll	18.99%	263.59%

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

Schedule of Changes in Net OPEB Liability (continued)

Notes to Schedule:

Benefit changes: None.
Changes of assumptions: Updated the discount rate from the unfunded rate of 3.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017 to 3.20% based on the long-term rate of return assumption on plan assets based on NYCEDC's current investment policy. Reflected updated legislation enacted by the Health Care and Education Affordability Reconciliation Act and the Tax Cuts and Jobs Act in the calculation of the liability due to Cadillac tax.

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

	2018	2017
Actuarially determined contribution	$ -	$ 1,283
Contributions in relation to the actuarially determined contribution	20,000	542
Contribution deficiency (excess)	$ (20,000)	$ 741
Covered-employee payroll	8,231	7,895
Contributions as a percentage of covered-employee payroll	242.98%	6.87%

Schedule of Changes in Net OPEB Liability (continued)

Valuation date:	June 30, 2017. Results were rolled forward to June 30, 2018.
Actuarial cost method:	Entry age normal, level percent of pay. Service costs are attributed through all assumed ages of exit from active service.
Amortization method:	
Asset valuation method:	Fair value.
Inflation:	3.0% per annum, compounded annually
Salary increases:	4.25% per annum
Investment rate of return:	The valuation uses a discount rate of 3.2% per annum, net of investment expenses and including inflation. This is the long-term rate of return assumption on plan assets based on NYCEDC's current investment policy.
Health care trend rates:	8.4% grading down to an ultimate rate of 4.7% for <65, 7.5% grading down to an ultimate rate of 4.7% for <65
Mortality:	Based on the RP-2014 White Collar Employee and Healthy Annuitant Mortality tables with application of the MP-2017 improvement scale on a fully generational basis.
Benefit changes	None

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

Supplementary Information

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position (in thousands)

					Restricted								June 30	
	Total Unrestricted	Maritime Fund	"NYC" Ferry	Total Maritime & NYC Ferry	Brooklyn Army	Other Properties	Finance Programs	Capital Programs	Public Purpose & Other Fund	CDBG Fund	Apple 42nd Street	Total Restricted	2018	2017 (Restated)
Operating revenues:														
Grants	84,054	-	-	-	-	-	-	391,388	-	12,732	-	404,120	488,174	450,527
Property rentals	53,546	90,106	-	90,106	20,940	4,096	-	-	-	-	45,835	160,977	214,523	179,146
Fee income	9,005	579	-	579	80	5	37	-	52	-	77	830	9,835	11,494
Other income	20,550	9,315	12,722	22,037	4,222	47	228	-	3,666	-	2,004	32,204	52,754	30,107
Other Income - 42nd Street	22,710	-	-	-	-	-	-	-	-	-	(22,710)	(22,710)	-	-
Real estate sales, net	8,556	-	-	-	-	-	-	-	-	-	-	-	8,556	7,183
Total Operating revenues	198,421	100,000	12,722	112,722	25,242	4,148	265	391,388	3,718	12,732	25,206	575,421	773,842	678,457
Operating expenses:														
Project costs	84,510	-	-	-	-	-	-	-	1,359	12,216	-	13,575	98,085	112,269
Program costs	-	-	-	-	-	-	547	391,388	-	-	-	391,935	391,935	348,827
Property rentals and related operating expenses	14,691	47,815	-	47,815	14,770	6,251	-	-	-	-	4,059	72,875	87,566	56,749
Ferry related expenses	-	-	56,240	56,240	-	-	-	-	-	-	-	56,240	56,240	30,009
Personal Services	56,559	5,331	484	5,815	1,300	-	149	-	218	684	-	8,166	64,725	59,039
Office rent	12,999	-	-	-	-	-	-	-	-	-	-	-	12,999	8,717
Contract and other expenses to the City	8,905	-	-	-	-	31	-	-	-	-	21,168	21,199	30,104	42,490
Other general expenses	13,256	8,143	19	8,162	666	3	68	-	124	-	-	9,023	22,279	14,158
Total operating expenses	190,920	61,289	56,743	118,032	16,736	6,285	764	391,388	1,701	12,900	25,207	573,013	763,933	672,258
Operating income	7,501	38,711	(44,021)	(5,310)	8,506	(2,137)	(499)	-	2,017	(168)	(1)	2,408	9,909	6,199
Nonoperating revenues (expenses):														
Income (Loss) from Investments	3,574	91	-	91	-	9	416	-	355	-	1	872	4,446	1,536
Grants - Superstorm Sandy	51	-	-	-	-	-	-	-	-	-	-	-	51	3,891
Emergency repairs and other - Superstorm Sandy,	(96)	-	-	-	-	-	-	-	-	-	-	-	(96)	(2,761)
net of insurance proceeds				-								-	-	
Non-operating income/(expense)	-	-	90	90	-	-	-	-	-	-	-	90	90	(39)
Total nonoperating revenues (expenses):	3,529	91	90	181	-	9	416	-	355	-	1	962	4,491	2,627
Income before transfers	11,030	38,802	(43,931)	(5,129)	8,506	(2,128)	(83)	-	2,372	(168)	-	3,370	14,400	8,826
Interfund transfers	8,333	(38,802)	38,802	-	(8,506)	-	5	-	-	168	-	(8,333)	-	-
Change in net position	19,363	-	(5,129)	(5,129)	-	(2,128)	(78)	-	2,372	-	-	(4,963)	14,400	8,826
				-								-	-	
Total net position, beginning of year	326,343	7,000	10,137	17,137	500	5,456	54,742	3,512	26,159	-	-	107,506	433,849	425,023
Total net position, end of year	$ 345,706	$ 7,000	$ 5,008	$ 12,008	$ 500	$ 3,328	$ 54,664	$ 3,512	$ 28,531	$ -	$ -	$ 102,543	$ 448,249	$ 433,849

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

We have audited, in accordance with auditing standards generally accepted in the United States 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, 2018, and the related statements of revenues, 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 ________, 2018.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist, that were not identified. 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

___________, 2018

Exhibit B

ANNUAL INVESTMENT REPORT
Board of Directors Meeting
September 28, 2018

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

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

WHEREAS, attached hereto is the Annual Investment Report for NYCEDC for the fiscal year ended June 30, 2018; and

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

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

Staff: Spencer Hobson, Executive Vice President and Treasurer
Fred D'Ascoli, Senior Vice President and Assistant Treasurer
Raafat Osman, Vice President and Assistant Treasurer

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
ANNUAL INVESTMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Investment Guidelines and Amendments

Attached hereto as Schedule 1 is the current investment policies, procedures and guidelines (the "Investment Guidelines") of New York City Economic Development Corporation ("NYCEDC"). In the fiscal year ended June 30, 2018, the Board did not approve any changes to the Investment Guidelines previously adopted.

Summary of Investment Guidelines

The portfolio is managed to accomplish the following objectives:

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

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

Independent Audit Report

Attached hereto as Schedule 2 is the annual audit report on investments for the fiscal year ended June 30, 2018 by Ernst & Young LLP.

Investment Income Record

Investment income from interest earned on bank accounts, certificates of deposit and securities was approximately $4.4 million for the fiscal year ended June 30, 2018.

Fees, Commissions and Other Charges

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

SCHEDULE 1

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

I. Purpose

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

II. Scope of the Investment Policy

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

III. Investment Objectives

The portfolio shall be managed to accomplish the following objectives:

A. Preservation of Principal – The single most important objective of the Corporation's investment program is the preservation of principal of funds within the portfolio.

B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of the Corporation.

C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

IV. Implementation of Guidelines

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

V. Authorized Investments

A. The Treasurer or an Assistant Treasurer of the Corporation is authorized to invest funds of the Corporation as summarized and restricted below:

1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.

3. Repurchase Agreements. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or commercial paper (of a type defined below) in a range of 100% to 102% of the matured value of the repurchase agreements and have a term to maturity of no greater than ninety (90) days. They must be physically delivered for retention to the Corporation or its agent (which shall not be an agent of the party with whom the Corporation enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case the Corporation shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.

4. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.

5. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of $50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.

6. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.

7. Other investments approved by the Comptroller of New York City for the investment of City funds.

B. In addition to the above investments, the Corporation may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.

2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Economic Development or his successor in function.

VI. Written Contracts

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

VII. Diversification

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

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

VIII. Maximum Maturity

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

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. Generally, assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase. However, up to twenty percent (20%) of assets categorized as Investments may be invested in permitted investments with a stated maturity of no more than seven (7) years from the date of purchase.

IX. Monitoring and Adjusting the Portfolio

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

X. Internal Controls

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

XI. Eligible Brokers, Agents, Dealers, Investment Advisors, Investment Bankers and Custodians

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

A. Brokers, Agents, Dealers

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.

2. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").

B. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.

C. Investment Bankers: firms retained by the Corporation to serve as senior managing underwriters for negotiated sales must be registered with the SEC.

D. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than $50,000,000.

XII. Reporting

A. Quarterly

The Treasurer or an Assistant Treasurer, under the direction of the Chief Financial Officer, shall prepare and deliver to the Board of Directors once for each quarter of the Corporation's fiscal year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

B. Annually

1. Audit – the Corporation's independent accountants shall conduct an annual audit of the Corporation's investments for each fiscal year of the Corporation, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.

2. Investment Report – Annually, the Treasurer or an Assistant Treasurer, under the direction of the Chief Financial Officer, shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:

   a. The Investment Guidelines and amendments thereto since the last report;
   b. An explanation of the Guidelines and any amendments made since the last report;
   c. The independent audit report required by Subsection (1) above;
   d. The investment income record of the Corporation for the fiscal year; and
   e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Corporation since the last report.

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

XIII. Applicability

Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investments of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

XIV. Conflict of Law

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

XV. No Conflict With Other Policies of the Corporation

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

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by the Corporation, such as any restrictions set forth in any third party contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern. If possible, all sets of restrictions should be complied with. Furthermore, by adopting these Investment Guidelines, the Board is not amending or superseding any approval given or hereafter given for investments related to particular projects.

SCHEDULE 2

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Schedule of Investments

New York City Economic Development Corporation
(A Component Unit of the City of New York)
Years Ended June 30, 2018 and 2017
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

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

Schedule of Investments

Years Ended June 30, 2018 and 2017

Contents

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

Report of Independent Auditors

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

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for the New York City Economic Development Corporation ("NYCEDC"), a component unit of the City of New York, as of June 30, 2018 and 2017, and the related notes.

Management's Responsibility for the Financial Schedule

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Schedule of Investments referred to above present fairly, in all material respects, the investments of NYCEDC as of June 30, 2018 and 2017, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of June 30, 2018 and 2017

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards,* the financial statements of NYCEDC as of and for the years ended June 30, 2018 and 2017, and our report thereon dated ________, 2018, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated ________, 2018, on our consideration of 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 with respect to the Schedule of Investments. 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 with respect to the Schedule of Investments.

________, 2018

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

Schedule of Investments
(In Thousands of Dollars)

	June 30	
	2018	**2017**
Operating	**$ 242,289**	$ 244,118
Restricted	**149,952**	147,599
Total investments	**$ 392,241**	$ 391,717

The accompanying notes are an integral part of this schedule.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

1. Background and Organization

The accompanying schedule of investments includes the investments of the New York City Economic Development Corporation ("NYCEDC" or the "Corporation").

New York City Economic Development Corporation is a not-for-profit corporation organized under the New York State ("State") Not-for-Profit Corporation Law (the "NPCL") that generates income that is exempt from federal taxation under section 115 of the Internal Revenue Code ("IRC"). NYCEDC's primary activities consist of rendering a variety of services to administer certain economic development programs on behalf of the City of New York ("the City") relating to 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.

2. Summary of Significant Accounting Policies

Investments

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

Money market funds, categorized as Level 1, are valued at the unadjusted prices quoted in active principal markets for identical assets. US Agencies securities and commercial paper, categorized as Level 2, are valued based on models using observable inputs. Certificates of deposit are valued at book value.

3. Investments

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

3. Investments (continued)

As of June 30, 2018 and 2017, the Corporation had the following investments. Investments maturities are shown for June 30, 2018, only (in thousands).

	Fair Value		Investment Maturities at June 30, 2018 in Years	
	2018	**2017**	**Less than 1**	**1 to 7**
Money market funds	$ **169,728**	$ 150,245	$ 169,728	$ –
Money market deposit account	**5,251**	5,251	5,251	–
FHLB notes	**35,257**	51,680	8,877	26,380
FHLMC notes	**70,499**	131,609	48,033	22,466
Commercial paper	**47,732**	22,636	47,732	–
FFCB notes	**14,515**	4,487	4,482	10,033
FNMA notes	**24,578**	25,609	19,292	5,286
US Treasury	**24,481**	–	24,481	–
Certificates of deposit	**200**	200	200	–
	392,241	391,717	$ 328,075	$ 64,165
Less amount classified as cash equivalents	**(174,979)**	(155,496)		
Total investments	$ **217,262**	$ 236,221		

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

Credit Risk – It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government or issued by its agencies. As of June 30, 2018, 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, Aaa by Moody's and AAA by Fitch Ratings. Commercial papers and certificates of deposit were rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investor's Service, Inc.

Custodial Credit Risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

3. Investments (continued)

Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the Corporation and are held by the counterparty, the counterparty's trust department or agent.

The Corporation manages custodial credit risk by limiting possession of its investments to highly rated institutions and/or requiring that high-quality collateral be held by the counterparty in the name of the Corporation. At June 30, 2018, the Corporation was not subject to custodial credit risk.

Concentration of Credit Risk – The Corporation places no limit on the amount the Corporation may invest in any United States of America government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2018 and 2017 (dollars in thousands).

Issuer	Dollar Amount and Percentage of Total Investments			
	June 30, 2018		June 30, 2017	
Federal Home Loan Mortgage Corp.	$ 70,499	32.45%	$ 131,609	55.71%
Federal Home Loan Bank	35,257	16.23	51,680	21.88
Federal Farm Credit Bank	14,515	6.68	–	–
US Treasury	24,481	11.27	–	–
Federal National Mort. Assoc.	24,578	11.31	25,609	10.84

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Investments of the New York City Economic Development Corporation ("NYCEDC"), a component unit of the City of New York, as of June 30, 2018, and the related notes to the Schedule of Investments, and have issued our report there on dated ________, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, 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 Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of NYCEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NYCEDC's Schedule of Investments are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and investment policies established by NYCEDC and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Schedule of Investments 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.

________, 2018

Exhibit C

Authority Performance Measurement Report for Fiscal Years 2018, 2017 and 2016

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

Performance Measures	*FY17 to FY18 changes (Up/Down/Neutral)*	*FY18 Actuals 7/1/17-6/30/18*	*FY17 Actuals 7/1/16-6/30/17*	*FY16 Actuals 7/1/15-6/30/16*
Management of core assets				
Occupancy rate of NYCEDC-managed property	↑	95.0%	94.6%	93.6%
Square footage of assets actively managed by NYCEDC	↑	64,823,730	63,545,911	66,321,448
Revenue generated by NYCEDC asset portfolio*	↑	$237,121,510	$196,206,294	$208,217,796
Strengthening the city's competitive position; inclusive innovation and economic growth				
Number of businesses served by industry-focused programmatic initiatives	↓	1,538	2,604	2,722
Percentage of private sector jobs in innovation industries (calendar year)	↔	14.6%	14.7%	14.8%
MWBE commitment rate (Local Law 1)	↑	37.0%	31.9%	28.2%
MWBE award rate (Local Law 1)	↑	31.9%	25.0%	26.0%
MWBE Participation Rate (Local Law 1)**	↑	23.1%	15.0%	14.6%
Facilitate investments that grow quality jobs				
Projected new private investment leveraged on the sale/long-term lease of City-owned property	↑	$1,359,056,618	$798,544,261	$1,213,559,828
Percentage of project employees that were reported to be earning a Living Wage or more in the previous fiscal year **	↔	95% (FY17)	95% (in FY16)	95% (in FY15)
Capital expenditures related to asset management	↑	$98,524,110	$86,292,353	$37,300,000
Total jobs at Project Locations (Local Law 62)***	↑	217,245 (FY17)	213,798 (FY16)	213,962 (FY15)
Cultivate dynamic, resilient, livable communities throughout the five boroughs				
Average monthly NYC Ferry ridership	↑	341,672	136,463***	131,896***
Total capital expenditures (excluding asset management and funding agreements)*	↑	$283,121,257	$217,464,950	$303,437,602
Square feet of graffiti removed	↑	6,138,750	5,720,250	5,650,000
Percentage of active projects in boroughs outside of Manhattan***	↔	76% (FY17)	76% (FY16)	77% (FY15)

* FY17 and FY16 data have been revised to reflect NYCEDC's audited financial statements.
** This metric represents the prior fiscal year data, which is the most recent data available.
*** This metric represents East River Ferry ridership, prior to the new NYC Ferry service.

LDCMT-26-8413

Definitions/Explanations - Authority Performance Measurement Report for Fiscal Years 2018, 2017 and 2016

Performance Measures	Definitions
Management of core assets	
Occupancy rate of NYCEDC-managed property	For NYCEDC-managed properties, the number of square feet leased as a percent of the total available space.
Square footage of assets actively managed by NYCEDC	The square footage of assets in which NYCEDC, on behalf of the City, is responsible for the day to day management and leasing of the property..
Revenue generated by NYCEDC asset portfolio	Revenue generated from NYCEDC's portfolio of assets.
Strengthening the city's competitive position; inclusive innovation and economic growth	
Number of businesses served by industry-focused programmatic initiatives	The number of businesses actively enrolled in NYCEDC's Center for Urban Innovation/Initiative-sponsored programmatic initiatives, including NYCEDC's incubator network and centers for excellence, technology competitions, partnership funds and programmatic ventures throughout the five boroughs.
Percentage of private sector jobs in innovation industries (calendar year)	The share of jobs within sectors designated as "advanced," "innovative" and "creative" by the Brookings Institution, HR&A Advisors and the NYCEDC's Center for Urban Innovation as a percent of all private sector jobs. This indicator is reported on a calendar year basis.
MWBE commitment rate (Local Law 1)	Portion of the total contract value that contracted parties indicate they will dedicate to M/W/DBE firms. Commitment is basically the goal on the contract, whether or not specific awards have been made. Commitment is known at contract execution.
MWBE award rate (Local Law 1)	Actual MWBE awards made to individual firms on EDC contracts. Awards are specific awards to M/WBE firms. May or may not be known at contract execution (won't be with CM and retainer contracts, for example).
MWBE Participation Rate (Local Law 1)	The ratio of MWBE contract expenditures to total contract expenditures with MWBE goals. Participation/attainment is referring to payments.
Facilitate investments that grow quality jobs	
Projected new private investment leveraged on the sale/long-term lease of City-owned property	The net present value of the total investment of private entities in connection with the sale or long-term lease of City-owned property. Private investment includes land sale or lease, and hard (site work and building construction) and soft (architecture and engineering) development costs. The data is extrapolated in the year that the transaction closes (land sale closing or lease execution), and reflects the anticipated total private investment associated with these projects.
Percentage of project employees that were reported to be earning a Living Wage or more in the previous fiscal year	The number of employees on projects receiving financial assistance from New York City Industrial Development Agency, Build NYC Resource Corporation, or NYCEDC programs that earned a living wage or more than a living wage as defined by the Fair Wages for New Yorkers Act as a percent of the total number of project employees.
Capital expenditures related to asset management	Based on an accrual basis, the amounts paid to firms (architecture, landscape architecture, engineering, resident engineering, etc.), construction managers, construction contractors, etc. for capital project related services on NYCEDC-managed property.
Total jobs at Project Locations (Local Law 62)	All Full-Time Equivalent jobs at Project Locations as reported during a given annual period pursuant to Section 1301 of the City Charter and Local Law 62 (The "LL 62 Report"). Every year, through the LL62 Report, NYCEDC provides information on projects supporting investment, job creation, job retention, and growth in New York City. This FY16 LL76 Report included information on 554 projects receiving Financial Assistance in the form of loans, grants, and tax or energy benefits. The report also includes information on 46 sales and 89 leases of City-owned land.
Cultivate dynamic, resilient, livable communities throughout the five boroughs	
Average monthly East River Ferry ridership	The average monthly ridership of commuters traveling on the NYC Ferry system as reported to NYCEDC. For FY17 and 16, the data came from the ridership of the East Rivery Ferry.
Total capital expenditures (excluding asset management and funding agreements)	Based on an accrual basis, the amounts paid to firms (architecture, landscape architecture, engineering, resident engineering, etc.), construction managers, construction contractors, etc. for capital project related services. The FY 16 number has been updated to reflect NYCEDC's audited financial statements.
Square feet of graffiti removed	The square feet of graffiti removed by power-washing and painting through Graffiti-Free NYC, the City's graffiti removal program.
Percentage of active projects in boroughs outside of Manhattan	The percentage of all Projects as reported during a given annual period pursuant to the LL 62 Report, which are located in boroughs outside of Manhattan.

Exhibit D

LONG TERM GROUND LEASES TO THE PENINSULA JV, LLC
Board of Directors Meeting
September 28, 2018

LESSOR: The City of New York (the "City")

LESSEE/ LEASE ASSIGNOR: NYCLDC

LEASE ASSIGNEE: The lease assignee (for each lease) will either be (i) The Peninsula JV, LLC, a joint venture between Gilbane Development Company ("Gilbane"), The Hudson Companies Incorporated ("Hudson") and MHANY Management Inc. ("MHANY"), or affiliated entity(ies) (the "Developer") or (ii) an affiliated housing development fund corporation ("HDFC") or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project on the Site (the "Financing Entity"). If the Financing Entity is the lease assignee, the Developer will be the beneficial owner of the leasehold interest. With respect to the industrial space, lease assignee may be one of the above lease assignees and/or a not-for-profit organization affiliated with MHANY (any such not-for-profit organization being part of "Developer" but only with regard to the industrial space).

Gilbane is controlled directly or indirectly by Robert V. Gilbane, Edward T. Broderick and Matthew P. Lawrence.

Hudson is controlled directly or indirectly by David Kramer, William Fowler, Alison Novak, Aaron Koffman and Sally Gilliland.

MHANY is a not-for-profit corporation controlled by its members.

SITE LOCATION: Block 2763, Lot 29 and part of Lots 1 and 2; Block 2738, Lot 35 (the "Site")
1201-1231 Spofford Avenue
Borough of the Bronx
Community Board No. 2 ("CB2")

SITE DESCRIPTION: The Site, which includes the former Spofford Juvenile Detention Center and an Administration for Children's Services ("ACS") managed early childhood education center, occupies a full block on the west side of Spofford Avenue between Tiffany Street and Manida Street in Hunts Point in the Bronx. The Site shares a northern border with the Corpus Christi Monastery, Julio Carballo Fields and

Hunts Point Recreation Center, and includes an improved but non-operational structure comprising Spofford Juvenile Detention Center and an improved, operational structure housing the early childhood educational center. In total, the Site is approximately 206,000 square feet (4.73 acres).

The Site is approximately depicted in Attachment A.

BACKGROUND:

The majority of the Site has been vacant since 2011 when the 170,000 square foot Spofford Juvenile Detention Center, which was built in the 1950s, was closed after approximately 50 years of operation. An early childhood education center, operated by La Peninsula, funded and managed by ACS, remains on the Site in a separate building (the "ACS Facility").

NYCEDC released a Request for Expressions of Interest on June 23, 2015 for the disposition and redevelopment of the Site and ultimately selected the Developer as the successful respondent on October 16, 2016. Respondents to the RFEI and a brief summary of their responses are listed in Attachment B.

PROJECT DESCRIPTION:

The Developer proposes to demolish the structures on the Site and develop a mixed-use development comprised of five buildings that total approximately 825,000 square feet ("SF"). The development will include (i) approximately 700,000 SF of affordable housing, (ii) approximately 50,000 SF of industrial space, (iii) approximately 20,000 SF of commercial space, (iv) approximately 55,000 SF of community facility space, (v) approximately 54,000 SF of publicly accessible open space and (vi) underground parking for approximately 260 vehicles (collectively, the "Project").

The Developer anticipates delivering an aggregate of approximately 740 affordable housing units. It is expected that a total of 40% of the residential units will be permanently affordable: 25% by reason of the City's Mandatory Inclusionary Housing program ("MIH") and 15% pursuant to an additional commitment from Developer. The remaining 60% of the residential units are expected to remain affordable for a period of time (the "Regulatory Period") set by HPD and New York City Housing Development Corporation ("HDC") pursuant to a project agreement with the Developer. Affordable units will be spread across multiple income bands with an anticipated range from 30% to 90% of the Area Median Income.

It is anticipated that the Project will close in phases and be leased in multiple leases. The property for each phase will be released upon satisfaction of certain terms and conditions set forth in the Pre-Development Agreement including but not limited to completion of certain construction requirements of the previous phase(s). Construction of each phase is expected to commence shortly after each closing as specified in the corresponding lease.

Phase I is anticipated to include construction of buildings 1A and 1B and no less than 8,200 SF of publicly accessible open space. Building 1A is anticipated to be an approximately 50,000 SF light industrial and commercial building. It is anticipated that the building will house food production, media, financial services, and retail tenants. Building 1B is anticipated to include approximately 180 affordable housing units and approximately 15,000 SF of artist workspace.

Phase II is anticipated to include construction of buildings 2A and 2B and no less than 31,000 SF of publicly accessible open space. Building 2A is expected to include approximately 220 affordable housing units, and building 2B is expected to include approximately 140 affordable housing units. Phase II is anticipated to also include (i) approximately 10,000 SF of community facility space and (ii) an approximately 15,000 SF daycare and early childhood education facility with an approximately 5,000 SF private play area.

Phase III is expected to include construction of an approximately 195-unit affordable housing building where the current ACS facility stands and no less than approximately 6,000 SF of publicly accessible open space. In addition to the housing, Phase III is anticipated to include approximately 26,000 SF of community facility and commercial space.

In March 2018, the Developer commenced clean-up, asbestos remediation, demolition and soil remediation pursuant to a license agreement administered by NYCEDC. Under the license agreement, the Developer is required to secure the Site while this work is underway.

PURPOSE OF DISPOSITION/ BENEFIT TO THE PUBLIC:

It is anticipated that the disposition of the Site will transform a vacant and underutilized City-owned asset into a mixed-use development that provides for affordable housing, industrial space, a daycare and early childhood education facility and the creation of new publicly accessible open space.

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into multiple long term leases for the Site, most likely, one lease per building. It is further anticipated that NYCLDC will then assign each such lease to a lease assignee entity listed above.

No lease term will be longer than 99 years. For building 1A, the industrial building, the initial lease term will be a minimum of 25 years with two renewal options for a total anticipated term of 99 years. The annual rent for the initial term will be at least $10 and thereafter based on an appraisal of fair market value subject to the lease for the renewal terms.

The initial term of each lease for a residential building (1B, 2A, 2B and 3) will be 60 years or such term as is required to accommodate a low income housing structure or other financing structure, as determined in cooperation with HPD and HDC, with two renewal options for a total anticipated term of 99 years per lease. The annual rent for the Regulatory Period of each of the residential buildings will be at least $10. At the termination of the Regulatory Period, it is anticipated that the ground rent will be based on an appraisal of fair market value subject to the lease.

Beginning in the tenth year of the lease or earlier, it is anticipated that the Developer shall pay participation rent equal to 50% or more of all non-residential rent proceeds (including but not limited to rent proceeds from building 1A) above $150,000. At the direction of HPD or HDC, NYCEDC will forgo the collection of participation rent.

Developer will also make payments in lieu of taxes ("PILOT") in amounts equal to the real property taxes that would be assessed and levied against the Project if Developer was the owner of the Site, provided that PILOT will reflect any abatements, exemptions, or credits for which the Project or Developer qualifies.

APPRAISED VALUE:

An independent appraisal was commissioned in August 2018. The appraisal concluded that the fair market value of the Site, accounting for the specific development requirements and restrictions pertaining to the use and transfer of the Site is $0.00. The appraisal concluded that the highest and best use fair market sale value of the Site is $17,300,000.

EXISTING ZONING:

The Site is zoned M1-2/R7-2 Special Mixed-Use District. The Site was designated as a MIH area and was granted special permits (i) to create a Large Scale General

Development, and (ii) to modify height, parking and setback requirements.

PUBLIC APPROVALS:

A Final EIS was issued for the Project on February 2, 2018. City Planning on February 26, 2018 (Calendar No. 5, 6, 7, 8, 9 and 10) and the New York City Council on March 22, 2018 approved the disposition and rezoning of the Site to M1-2/R7-2 Special Mixed-Use District pursuant to ULURP. The Site was designated as a MIH area and was granted special permits to (i) create a Large Scale General Development, and (ii) modify height, parking and setback requirements. Pursuant to Section 384(b)(4) of the City Charter, on June 22, 2018, the Bronx Borough Board approved the proposed disposition of the Site by the City.

The Project design is subject to review and approval by the Public Design Commission ("PDC"). The Project received Conceptual Approval from PDC on April 24, 2018 and Preliminary Approval for Phase 1 on June 11, 2018.

PROPOSED RESOLUTIONS:

Approval for NYCLDC to (i) lease the Site from the City pursuant to multiple leases, (ii) assign such leases to the Developer and/or the Financing Entity, substantially as described herein, and (iii) enter into any related agreements and documents and consents to effectuate the Project substantially as described herein.

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to the Developer and/or the Financing Entity that will achieve the same purpose as the transfer.

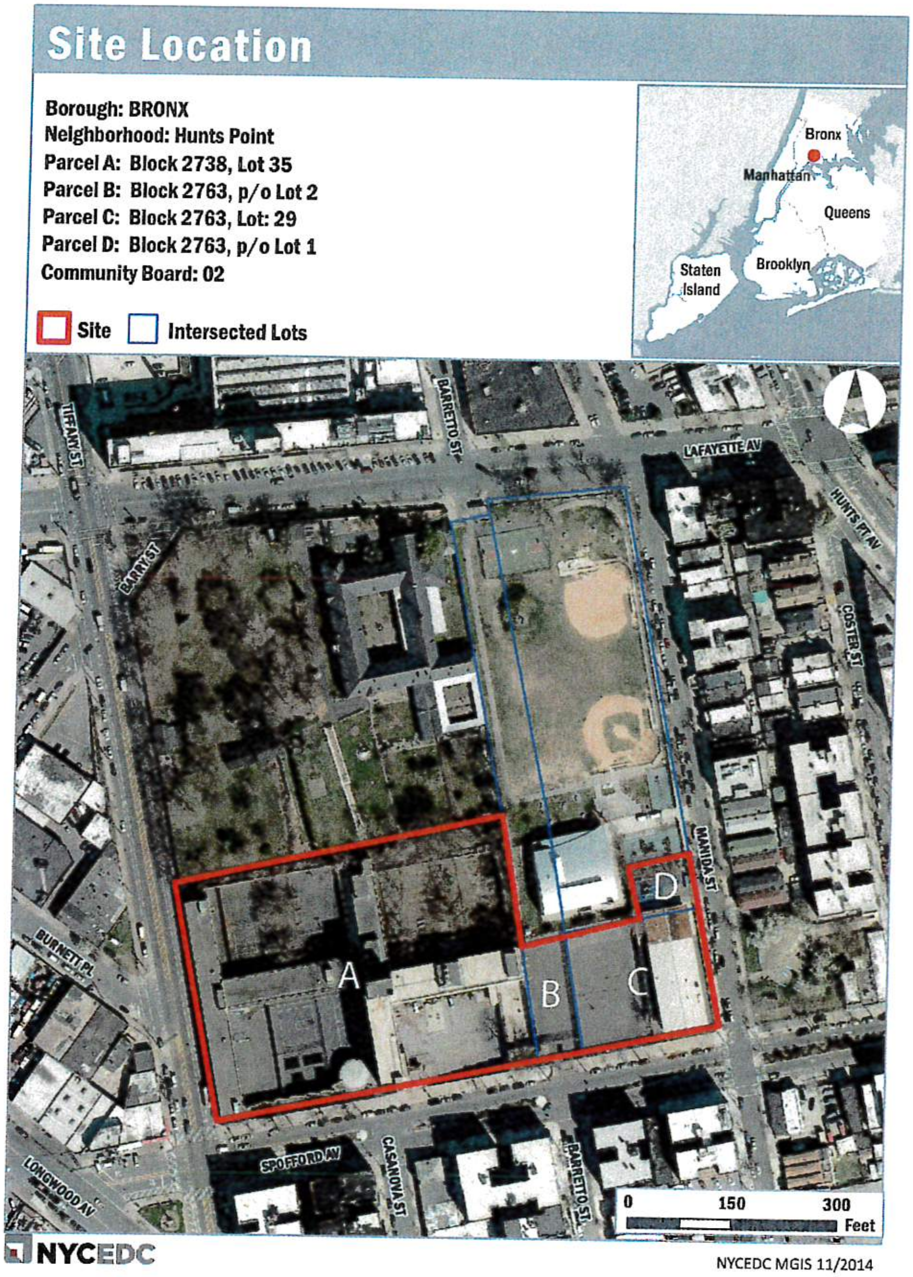
NYCEDC PROJECT CODE: 6060

STAFF:

Diana Clement, Assistant Vice President, Real Estate Transaction Services
Susan Goldfinger, Senior Vice President, Real Estate Transaction Services
Jeffrey Nelson, Executive Vice President, Real Estate Transaction Services
Randi Cohen, Counsel, Legal

ATTACHMENT A

PROJECT LOCATION



LDCMT-26-9711

ATTACHMENT B

INITIAL RESPONDENT RESPONSES

Development Partners	Proposed Project	Approximate Proposed Payment	Housing Units
Gilbane Development led with Mutual Housing Association of New York and Hudson Companies	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: $1.00	753
BRP led with L+M, Direct Invest Development, Majora Carter Group, Habitat for Humanity and Settlement Housing Fund	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: $1.00	1,097
Monadnock Development led with Signature Urban Properties, Urbane Development, Artspace	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: $1.00	746
SEBECO Development, Inc.	Mixed-use development with affordable housing, commercial and community facility space	Ground Rent: $1.00	482