

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Financial Statements

April 30, 2023 and 2022 (Unaudited)

(With Independent Auditors' Review Report Thereon)

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

April 30, 2023 and 2022 (Unaudited)

Table of Contents

| | Page |
|---|-------------|
| Independent Auditors' Review Report | 1-2 |
| Management's Discussion and Analysis | 3-19 |
| Basic Financial Statements: | |
| Statements of Net Position (Deficit) | 20-21 |
| Statements of Revenues, Expenses, and Changes in Net Position (Deficit) | 22 |
| Statements of Cash Flows | 23-24 |
| Notes to Financial Statements | 25-65 |
| Required Supplementary Information: | |
| Schedule of the Authority's Proportionate Share of the Net Pension Liability | 66 |
| Schedule of Employer Contributions | 67 |
| Schedule of Changes in total OPEB Liability and Related Ratios | 68 |
| Other Supplementary Information: | |
| Combining Statements of Net Position (Deficit) | 69-72 |
| Combining Statements of Revenues, Expenses, and Changes in Net Position (Deficit) | 73-74 |
| Combining Statements of Cash Flows | 75-78 |



INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of
Hugh L. Carey Battery Park City Authority:

Results of Review of Interim Financial Information

We have reviewed the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Authority"), a component unit of the State of New York, which comprise the statements of net position (deficit) as of April 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position (deficit) and cash flows for the six-month periods then ended, and the related notes to the financial statements.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America ("GAAS") applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion.

We are required to be independent of the Authority and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Required Supplementary Information

Our reviews were made primarily for the purpose of obtaining a basis for reporting whether we are aware of any material modifications that should be made to the interim financial information in order for it to be in conformity with U.S. GAAP through performing limited procedures. U.S. GAAP requires that the management's discussion and analysis on pages 3 through 19, the schedule of the Authority's proportionate share of the net pension liability on page 66, the schedule of employer contributions on page 67, and the schedule of changes in total OPEB liability and related ratios on page 68, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information has not been subjected to the limited procedures applied in the reviews of the interim financial information. We have not audited or reviewed the information and, accordingly, we do not express an opinion or provide any assurance on it.

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Supplementary Information

The supplementary included on pages 69-78, is presented for purposes of additional analysis and is not a required part of the interim financial information. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the interim financial information. The supplementary information has been subjected to the limited procedures applied in the reviews of the interim financial information, and we did not become aware of any material modifications that should be made to such information.

Mayer Hoffman McCann CPAs

New York, NY
August 31, 2023

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Overview

The following is an overview of the financial activities of Hugh L. Carey Battery Park City Authority (the "Authority") and the Battery Park City Parks Conservancy (the "Conservancy"), a blended component unit of the Authority, collectively referred to as the "Organization", for the six-month periods ended April 30, 2023 and 2022. The basic financial statements, which include the statements of net position (deficit), the statements of revenues, expenses, and changes in net position (deficit), the statements of cash flows, and the notes to the financial statements, provide information about the Organization in accordance with accounting principles generally accepted in the United States of America. All transactions between the Authority and the Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Comparison of 2023 to 2022 and 2022 to 2021

Financial Highlights – 2023

- The six-month period ended April 30, 2023 yielded a total of \$203.8 million in operating revenues, representing an increase of \$8.7 million or 4.5% compared to the six-month period ended April 30, 2022. Payments in lieu of real estate taxes ("PILOT") revenue totaling \$140.4 million (69% of the Authority's operating revenues for the six-month period ended April 30, 2023), increased \$8.5 million or 6.4% compared to the six-month period ended April 30, 2022. Base rent decreased \$33 thousand or 0.2% to \$22.4 million for the six-month period ended April 30, 2023. Lease interest and other revenue increased \$322 thousand or 0.8% to \$41.1 million for the six-month period ended April 30, 2023. Total operating expenses decreased \$383 thousand or 1.2% to \$30.5 million for the six-month period ended April 30, 2023.
- An \$82.8 million provision was recorded representing half the PILOT-related portion estimated for fiscal year 2023 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2023 (see note 14), an increase of \$1.4 million as compared to the six-month period ended April 30, 2022. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- As of April 30, 2023, \$40.5 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures (see note 8), as compared to \$54.9 million as of April 30, 2022.

Financial Highlights – 2022

- The six-month period ended April 30, 2022 yielded a total of \$195.1 million in operating revenues, representing an decrease of \$14.5 million or 6.9% compared to the six-month period ended April 30, 2021. PILOT revenue totaling \$131.9 million (68% of the Authority's operating revenues for the six-month period ended April 30, 2022), decreased \$14.5 million or 9.9% compared to the six-month period ended April 30, 2021.

Base rent decreased \$1.8 million or 7.5% to \$22.4 million for the six-month period ended April 30, 2022. Lease interest and other revenue increased \$1.8 million or 4.7% to \$40.8 million for the six-month period ended April 30, 2022. Total operating expenses increased \$441 thousand or 1.5% to \$30.9 million for the six-month period ended April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

- A payment of \$178.4 million was made in June 2022 towards the provision for the transfer to the City for the fiscal year ended October 31, 2021. A \$81.3 million provision was recorded representing half the PILOT-related portion estimated for fiscal year 2022 excess revenues that was charged to nonoperating expense for the six-month period ended April 30, 2022, a decrease of \$5.5 million as compared to the six-month period ended April 30, 2021. Generally, the Authority's net position decreases with increases in the amount of excess revenues to be provided to the City, which has an adverse effect on the Authority's net position.
- In October 2022, the Authority made a payment of \$2.0 million towards the provision for the transfer to the City for the fiscal year ended October 31, 2021. The Authority has fulfilled the 2010 Settlement Agreement obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- The \$2.0 million towards the provision for the transfer to the City for the fiscal year ended October 31, 2021 has not been requested by the City. As of April 30, 2022, pursuant to the 2010 Agreement, the Authority has fulfilled its obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- As of April 30, 2022, \$54.9 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to \$85.5 million as of April 30, 2021.
- The Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* ("GASB 87"), which changed the accounting and financial reporting for leases. The Authority is required to restate its net position balance to the earliest year of implementation. Accordingly, the Authority restated the April 30, 2021 net position balance to include the lessor/lessee assets, lessee liabilities and lessor deferred inflows of resources as required by GASB.

Summary Statement of Net Position (Deficit)

The summary statement of net position (deficit) presents the financial position of the Organization. The net position (deficit) is the difference between total assets plus total deferred outflows of resources and total liabilities plus the deferred inflows of resources. A summarized comparison of the Organization's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (deficit) at April 30, 2023, 2022 and 2021 is as follows:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

| | April 30 | | | 2023 vs | 2022 vs |
|---|-------------------------|----------------------|----------------------|---------------------|----------------------|
| | 2023 | 2022 | 2021 | 2022 | 2021 |
| Assets: | | | | | |
| Bank deposits, investments and rents and other receivables | \$ 21,963,963 | 13,445,031 | 14,198,149 | 8,518,932 | (753,118) |
| Bond resolution restricted assets (current and noncurrent) | 431,683,768 | 480,390,112 | 559,371,208 | (48,706,344) | (78,981,096) |
| Battery Park City project assets, net | 568,250,705 | 554,075,755 | 532,480,970 | 14,174,950 | 21,594,785 |
| Lease and accrued interest receivables | 1,769,618,907 | 1,735,601,297 | 1,703,513,752 | 34,017,610 | 32,087,545 |
| Other current and noncurrent assets | 239,355,846 | 153,754,056 | 139,951,549 | 85,601,790 | 13,802,507 |
| Total assets | <u>3,030,873,189</u> | <u>2,937,266,251</u> | <u>2,949,515,628</u> | <u>93,606,938</u> | <u>(12,249,377)</u> |
| Deferred Outflows of Resources: | | | | | |
| Deferred pension outflows | 5,922,029 | 7,360,968 | 6,179,094 | (1,438,939) | 1,181,874 |
| Deferred OPEB outflows | 4,942,094 | 5,797,273 | 6,382,407 | (855,179) | (585,134) |
| Accumulated change in fair value of interest rate swaps | - | - | 3,821,911 | - | (3,821,911) |
| Unamortized loss on extinguishment of bonds | 11,285,249 | 12,583,969 | 13,882,689 | (1,298,720) | (1,298,720) |
| Deferred costs of refunding, less accumulated amortization | 56,837,477 | 63,036,768 | 69,236,058 | (6,199,291) | (6,199,290) |
| Total deferred outflows of resources | <u>78,986,849</u> | <u>88,778,978</u> | <u>99,502,159</u> | <u>(9,792,129)</u> | <u>(10,723,181)</u> |
| Total assets and deferred outflows of resources | <u>\$ 3,109,860,038</u> | <u>3,026,045,229</u> | <u>3,049,017,787</u> | <u>83,814,809</u> | <u>(22,972,558)</u> |
| Liabilities: | | | | | |
| Current liabilities | \$ 367,703,609 | 368,236,532 | 470,240,425 | (532,923) | (102,003,893) |
| Long-term liabilities | 1,002,331,201 | 1,064,825,028 | 1,103,624,035 | (62,493,827) | (38,799,007) |
| Total liabilities | <u>1,370,034,810</u> | <u>1,433,061,560</u> | <u>1,573,864,460</u> | <u>(63,026,750)</u> | <u>(140,802,900)</u> |
| Deferred Inflows of Resources: | | | | | |
| Deferred lease inflows | 1,836,012,048 | 1,850,810,901 | 1,866,120,575 | (14,798,853) | (15,309,674) |
| Deferred pension inflows | 9,519,402 | 9,078,009 | 9,078,009 | 441,393 | - |
| Deferred OPEB inflows | 17,741,117 | 7,365,384 | 6,532,649 | 10,375,733 | 832,735 |
| Accumulated change in fair value of interest rate swaps | 22,018,440 | 19,569,514 | - | 2,448,926 | 19,569,514 |
| Total deferred inflows of resources | <u>1,885,291,007</u> | <u>1,886,823,808</u> | <u>1,881,731,233</u> | <u>(1,532,801)</u> | <u>5,092,575</u> |
| Total liabilities and deferred inflows of resources | <u>3,255,325,817</u> | <u>3,319,885,368</u> | <u>3,455,595,693</u> | <u>(64,559,551)</u> | <u>(135,710,325)</u> |
| Net Position (Deficit): | | | | | |
| Net investment in capital assets | 64,975,637 | 41,954,664 | 29,581,609 | 23,020,973 | 12,373,055 |
| Restricted | 150,845,860 | 107,752,712 | 97,752,930 | 43,093,148 | 9,999,782 |
| Unrestricted | (361,287,276) | (443,547,515) | (533,912,445) | 82,260,239 | 90,364,930 |
| Total net deficit | <u>(145,465,779)</u> | <u>(293,840,139)</u> | <u>(406,577,906)</u> | <u>148,374,360</u> | <u>112,737,767</u> |
| Total liabilities, deferred inflows of resources and net position (deficit) | <u>\$ 3,109,860,038</u> | <u>3,026,045,229</u> | <u>3,049,017,787</u> | <u>83,814,809</u> | <u>(22,972,558)</u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Assets and Deferred Outflows of Resources

2023 vs. 2022

At April 30, 2023, the Organization maintained total assets and deferred outflows of resources of approximately \$3.11 billion, approximately \$83.8 million higher than \$3.03 billion at April 30, 2022.

2022 vs. 2021

At April 30, 2022, the Organization maintained total assets and deferred outflows of resources of approximately \$3.03 billion, approximately \$23.0 million lower than \$3.05 billion at April 30, 2021.

Bank Deposits, Investments, Rents and Other Receivables

2023 vs. 2022

Bank deposits, investments, and rents and other receivables held at April 30, 2023 increased \$8.5 million over April 30, 2022. Bank deposits and investments increased by \$3.5 million as a result of the increase in the unpledged revenue fund account. Rents and other receivables increased by \$5.0 million, primarily due to an overall increase in total rental receivables.

2022 vs. 2021

Bank deposits, investments, and rents and other receivables held at April 30, 2022 decreased \$753 thousand over April 30, 2021. Bank deposits and investments increased by \$1.5 million as a result of the increase in the unpledged revenue fund account. Rents and other receivables decreased by \$2.3 million, primarily due to an overall decrease in total rental receivables.

Bond Resolution Restricted Assets

2023 vs. 2022

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, the 2009, 2013, 2019 Revenue Bond Resolutions and the 2023 Revolving Line of Credit. Such assets of \$431.7 million at April 30, 2023 were \$48.7 million lower than the fair value of assets held at April 30, 2022 of \$480.4 million (see note 8).

Funds held in the Pledged Revenue Fund of \$72.0 million at April 30, 2023 were \$1.2 million less than funds held at April 30, 2022.

Funds held in the Debt Service Funds of \$82.3 million at April 30, 2023 were \$6.3 million less than funds at April 30, 2022.

Funds held in the Project Operating Fund of \$12.0 million at April 30, 2023 were \$1.3 million higher than funds at April 30, 2022.

Funds held in the Residual Fund for payment to the City of \$172.2 million at April 30, 2023 were \$47.5 million lower than funds held at April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Funds held under the resolution for project infrastructure and certain other asset costs were \$40.5 million as of April 30, 2023, or \$14.4 million less than April 30, 2022.

Funds held in the Reserve Fund of \$33.5 million at April 30, 2023 were \$238 thousand higher than funds at April 30, 2022.

2022 vs. 2021

Bond resolution restricted assets are funds and accounts established in accordance with the 2003 General Bond Resolutions, and the 2009, 2013 and 2019 Revenue Bond Resolutions. Such assets of \$480.4 million at April 30, 2022 were \$79.0 million lower than the fair value of assets held at April 30, 2021 of \$559.4 million.

Funds held in the Pledged Revenue Fund of \$73.2 million at April 30, 2022 were \$10.2 million less than funds held at April 30, 2021.

Funds held in the Debt Service Funds of \$88.5 million at April 30, 2022 were \$26.0 million less than funds at April 30, 2021.

Funds held in the Project Operating Fund of \$10.7 million at April 30, 2022 were \$608 thousand lower than funds at April 30, 2021.

Funds held in the Residual Fund for payment to the City of \$219.8 million at April 30, 2022 were \$10.0 million lower than funds held at April 30, 2021.

Funds held under the resolution for project infrastructure and certain other asset costs were \$54.9 million as of April 30, 2022, or \$30.6 million less than April 30, 2021.

Funds held in the Reserve Fund of \$33.2 million at April 30, 2022 were \$1.5 million lower than funds at April 30, 2021.

Lease Receivables

2023 vs 2022

For the six-month period ended April 30, 2023, lease receivables, including an increase in accrued interest of \$9.0 million, were recognized in accordance with GASB 87. Such assets of \$1.77 billion at April 30, 2023 were \$34.0 million higher than the value of assets held at April 30, 2022 of \$1.74 billion (see note 15b).

2022 vs. 2021

For the six-month period ended April 30, 2022, lease receivables, including an increase in accrued interest of \$8.5 million, were recognized in accordance with GASB 87. Such assets of \$1.74 billion at April 30, 2022 were \$32.1 million higher than the value of assets held at April 30, 2021 of \$1.70 billion.

Project Assets

At April 30, 2023, the Authority's investment in project assets, net of accumulated depreciation was \$568.3 million, an increase of \$14.2 million over April 30, 2022. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

The Project's development plan includes approximately 35 acres of parkland and open spaces and provides for the construction, by private developers, of approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a public library, and approximately 8,600 residential units.

The Authority's Project assets include land, site improvements, and a residential building constructed by the Authority on Site 22.

Additionally, condominium units owned by the Authority in Sites 1, 3, 16/17 and a community center on Sites 23 and 24, and related infrastructure improvements are included in project assets. The balances at April 30, 2023, 2022, and 2021 were as follows:

| | | April 30 | | | 2023 vs | 2022 vs |
|--|----|---------------|---------------|---------------|--------------|--------------|
| | | 2023 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ | 83,015,653 | 83,015,653 | 83,015,653 | - | - |
| Site improvements | | 538,718,515 | 514,353,382 | 485,276,907 | 24,365,133 | 29,076,475 |
| Residential building and condominium units | | 147,058,282 | 146,422,640 | 143,393,960 | 635,642 | 3,028,680 |
| | | 768,792,450 | 743,791,675 | 711,686,520 | 25,000,775 | 32,105,155 |
| Less: accumulated depreciation | | (200,541,745) | (189,715,920) | (179,205,550) | (10,825,825) | (10,510,370) |
| Total Battery Park City project assets | \$ | 568,250,705 | 554,075,755 | 532,480,970 | 14,174,950 | 21,594,785 |

2023 vs. 2022

For the six-month period ended April 30, 2023, the increase to site improvements relates to the BPCA resiliency programs, restoration of piles, Community Center leak remediation, Police Memorial redesign, and other minor capital improvements.

2022 vs. 2021

For the six-month period ended April 30, 2022, the increase to site improvements relates to the BPCA resiliency programs, restoration of piles, Community Center leak remediation, leasehold improvements, and other minor capital improvements.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis**April 30, 2023 and 2022 (Unaudited)*****Other Current and Noncurrent Assets***

Other current and noncurrent assets at April 30, 2023, 2022, and 2021 were as follows:

| | April 30 | | | 2023 vs 2022 | 2022 vs 2021 |
|---|-----------------------|--------------------|--------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2021 | | |
| Residential lease required funds | \$ 29,326,134 | 28,709,936 | 29,133,606 | 616,198 | (423,670) |
| Corporate-designated, escrowed and OPEB funds | 171,063,876 | 89,242,306 | 92,871,374 | 81,821,570 | (3,629,068) |
| Fair value of interest rate swaps | 22,018,440 | 19,569,514 | - | 2,448,926 | 19,569,514 |
| Other assets | 16,947,396 | 16,232,300 | 17,946,569 | 715,096 | (1,714,269) |
| Total other current and noncurrent assets | <u>\$ 239,355,846</u> | <u>153,754,056</u> | <u>139,951,549</u> | <u>85,601,790</u> | <u>13,802,507</u> |

2023 vs. 2022

Total other current and noncurrent assets increased \$85.6 million from \$153.8 million at April 30, 2022 to \$239.4 million at April 30, 2023.

Residential lease required funds, which include security deposits held for condominium buildings, increased by \$617 thousand.

Overall, corporate-designated, escrowed, and OPEB funds increased \$81.8 million from April 30, 2022. The fair value of interest rate swaps, which continue in effect and continue as an effective hedge, had a positive fair value of \$22.0 million at April 30, 2023. Other assets increased \$715 thousand from April 30, 2022.

2022 vs. 2021

Total other current and noncurrent assets increased \$13.8 million from \$140.0 million at April 30, 2021 to \$153.8 million at April 30, 2022.

Residential lease required funds, which include security deposits held for condominium buildings, decreased by \$424 thousand. Overall, corporate-designated, escrowed, and OPEB funds decreased \$3.6 million from April 30, 2021. The fair value of interest rate swaps, which continue in effect and continue as an effective hedge, had a positive fair value of \$19.6 million at April 30, 2022. Other assets decreased \$1.7 million from April 30, 2021.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Deferred Outflows of Resources

Deferred outflows of resources at April 30, 2023, 2022 and 2021 were as follows:

| | April 30 | | | 2023 vs 2022 | 2022 vs 2021 |
|---|----------------------|-------------------|-------------------|--------------------|---------------------|
| | 2023 | 2022 | 2021 | | |
| Deferred pension outflows | \$ 5,922,029 | 7,360,968 | 6,179,094 | (1,438,939) | 1,181,874 |
| Deferred OPEB outflows | 4,942,094 | 5,797,273 | 6,382,407 | (855,179) | (585,134) |
| Accumulated change in fair value of interest rate swaps | - | - | 3,821,911 | - | (3,821,911) |
| Unamortized loss on extinguishment of bonds | 11,285,249 | 12,583,969 | 13,882,689 | (1,298,720) | (1,298,720) |
| Deferred costs of refunding, less accumulated amortization | 56,837,477 | 63,036,768 | 69,236,058 | (6,199,291) | (6,199,290) |
| Total deferred outflows of Resources | \$ <u>78,986,849</u> | <u>88,778,978</u> | <u>99,502,159</u> | <u>(9,792,129)</u> | <u>(10,723,181)</u> |

2023 vs. 2022

The \$5.9 million at April 30, 2023 represents the Authority's portion of the deferred pension outflows from the New York State pension plan (see note 18).

The \$4.9 million at April 30, 2023 represents the Authority's deferred OPEB outflows resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") (see note 19).

The unamortized loss on extinguishment of bonds decreased by \$1.3 million from April 30, 2022 to April 30, 2023.

The deferred cost of refunding decreased by \$6.2 million from April 30, 2022 to April 30, 2023.

2022 vs. 2021

The \$7.4 million at April 30, 2022 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

The \$5.8 million at April 30, 2022 represents the Authority's deferred OPEB outflows resulting from GASB 75.

Accumulated change in the fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of \$3.8 million at April 30, 2021.

The unamortized loss on extinguishment of bonds decreased by \$1.3 million from April 30, 2021 to April 30, 2022.

The deferred cost of refunding decreased by \$6.2 million from April 30, 2021 to April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Liabilities

Total liabilities at April 30, 2023, 2022 and 2021 were as follows:

| | April 30 | | | 2023 vs | 2022 vs |
|---|------------------|---------------|---------------|--------------|---------------|
| | 2023 | 2022 | 2021 | 2022 | 2021 |
| Current liabilities: | | | | | |
| Accrued interest on bonds | \$ 10,318,347 | 10,887,798 | 11,543,971 | (569,451) | (656,173) |
| Accounts payable and other liabilities | 15,509,253 | 14,211,128 | 10,380,637 | 1,298,125 | 3,830,491 |
| Accrued pension payable | - | 30,221 | 30,221 | (30,221) | - |
| Lease liability and accrued interest payable | 1,426,697 | 1,384,248 | 862,278 | 42,449 | 521,970 |
| Due to the City of New York | 253,204,922 | 259,753,483 | 271,832,981 | (6,548,561) | (12,079,498) |
| Due to the City of New York 2010 Agreement | - | 1,968,068 | 46,690,714 | (1,968,068) | (44,722,646) |
| Due to the Port Authority of NY & NJ | 869,381 | 869,381 | 869,381 | - | - |
| Unearned revenue | 50,725,171 | 46,347,467 | 63,938,239 | 4,377,704 | (17,590,772) |
| Security and other deposits | 4,738 | 4,738 | 4,738 | - | - |
| 2013 Revenue Bonds | 29,760,000 | 28,380,000 | 27,015,000 | 1,380,000 | 1,365,000 |
| 2019 Revenue Bonds | 4,635,000 | 4,400,000 | 4,235,000 | 235,000 | 165,000 |
| 2023 Revolver Payable | 1,250,100 | - | - | 1,250,100 | - |
| Bond resolution fund payables | - | - | 32,837,265 | - | (32,837,265) |
| Total current liabilities | 367,703,609 | 368,236,532 | 470,240,425 | (532,923) | (102,003,893) |
| Noncurrent liabilities: | | | | | |
| Unearned revenue | 23,334,606 | 29,544,653 | 20,393,954 | (6,210,047) | 9,150,699 |
| Security and other deposits | 30,048,446 | 29,432,249 | 29,430,625 | 616,197 | 1,624 |
| Lease liability | 10,027,564 | 11,422,971 | 12,649,697 | (1,395,407) | (1,226,726) |
| OPEB | 35,992,761 | 45,554,096 | 44,128,556 | (9,561,335) | 1,425,540 |
| Fair value of interest rate swaps | - | - | 3,821,911 | - | (3,821,911) |
| Imputed borrowing | 56,837,477 | 63,036,768 | 69,236,058 | (6,199,291) | (6,199,290) |
| Bonds outstanding, net: | | | | | |
| 2013 Revenue Bonds | 145,209,209 | 177,800,881 | 209,012,552 | (32,591,672) | (31,211,671) |
| 2019 Revenue Bonds | 700,881,138 | 708,033,410 | 714,950,682 | (7,152,272) | (6,917,272) |
| Total noncurrent liabilities | 1,002,331,201 | 1,064,825,028 | 1,103,624,035 | (62,493,827) | (38,799,007) |
| Total liabilities | \$ 1,370,034,810 | 1,433,061,560 | 1,573,864,460 | (63,026,750) | (140,802,900) |

2023 vs. 2022

The Organization's total liabilities decreased \$63.0 million from \$1.43 billion at April 30, 2022 to \$1.37 billion at April 30, 2023.

Total liabilities comprise amounts due to the City and the Port Authority of New York & New Jersey, accrued interest on bonds, unearned revenue, security and other deposits, OPEB, outstanding bonds and revolver payable, fair value of interest rate swaps, imputed borrowing, accounts payable and other liabilities, accrued pension payable and lease liability and accrued interest payable.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

The \$63.0 million decrease in total liabilities is due to:

- a \$569 thousand decrease in accrued interest payable on bonds from \$10.9 million at April 30, 2022 to \$10.3 million at April 30, 2023.
- a \$1.3 million increase in accounts payable and other liabilities from \$14.2 million at April 30, 2022 to \$15.5 million at April 30, 2023.
- a \$1.4 million decrease in lease liability from \$12.8 million at April 30, 2022 to \$11.5 million at April 30, 2023.
- the liability due to the City includes an \$82.8 million provision recorded for the period ended April 30, 2023, representing approximately half of the estimated fiscal year 2023 PILOT-related excess revenues and \$170.4 million payable from the previous fiscal year ended October 31, 2022, to be transferred to the City. The \$253.2 million due to the City was \$6.5 million lower compared to the amount due at April 30, 2022.
- as of April 30, 2023, pursuant to the 2010 Agreement (see note 14), the Authority has fulfilled its obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- a \$1.8 million decrease to \$74.1 million in unearned revenue from \$75.9 million at April 30, 2022, due to revenue of \$1.8 million recognized on leases.
- a \$616 thousand increase in total security and other deposits to \$30.1 million at April 30, 2023. Security deposits are held for condominiums and not rentals.
- The Organization had a \$36.0 million OPEB liability at April 30, 2023, a decrease of \$9.6 million from \$45.6 million at April 30, 2022.
- a \$6.2 million decrease in the imputed borrowing represents the revised fair value of the bifurcated swaps at the date of refunding. The \$80.0 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a \$31.2 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of \$28.4 million and bond premium amortization of \$2.8 million.
- a \$6.9 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of \$4.3 million and bond premium amortization of \$2.6 million.
- a \$1.3 million increase in revolver payable, represents the new borrowing vehicle that the Authority entered into during March 2023.

2022 vs. 2021

The Organization's total liabilities decreased \$140.8 million from \$1.57 billion at April 30, 2021 to \$1.43 billion at April 30, 2022.

Total liabilities comprise amounts due to the City and the Port Authority of New York & New Jersey, accrued interest on bonds, unearned revenue, security and other deposits, OPEB, outstanding bonds, fair value of interest rate swaps, imputed borrowing, accounts payable and other liabilities, accrued pension payable and lease liability and accrued interest payable.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

The \$140.8 million decrease in total liabilities is due to:

- a \$656 thousand decrease in accrued interest payable on bonds from \$11.5 million at April 30, 2021 to \$10.9 million at April 30, 2022.
- a \$3.8 million increase in accounts payable and other liabilities from \$10.4 million at April 30, 2021 to \$14.2 million at April 30, 2022.
- accrued pension payable of \$30 thousand at April 30, 2021 remained the same at April 30, 2022. This amount is the Authority's liability portion based on the New York State pension plan.
- a \$705 thousand decrease in lease liability from \$13.5 million at April 30, 2021 to \$12.8 million at April 30, 2022.
- the liability due to the City at April 30, 2022 includes an \$81.3 million provision recorded for the period ended April 30, 2022, representing approximately half of the estimated fiscal year 2022 PILOT-related excess revenues and \$178.4 million payable from the previous fiscal year ended October 31, 2021, to be transferred to the City. The \$259.8 million due to the City was \$12.1 million lower compared to the amount due at April 30, 2021.
- the liability due to the City under the 2010 Agreement for "pay-as-you-go" capital totals \$2.0 million. As of April 30, 2022, pursuant to the 2010 Agreement (see note 14), the Authority has fulfilled its obligation. All additional excess funds will then be accumulated in accordance with the Settlement Agreement.
- a \$8.4 million decrease to \$75.9 million in unearned revenue from \$84.3 million at April 30, 2021, due to revenue of \$8.4 million recognized on leases.
- a \$2 thousand increase in total security and other deposits to \$29.4 million at April 30, 2022. Security deposits are held for condominiums and not rentals.
- The Organization had a \$45.6 million OPEB liability at April 30, 2022, an increase of \$1.4 million from \$44.1 million at April 30, 2021.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of \$19.6 million at April 30, 2022. The positive fair value of \$19.6 million is recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit). This value increased \$23.4 million, from a negative fair value of \$3.8 million at April 30, 2021.
- a \$6.2 million decrease in the imputed borrowing represents the revised fair value of the bifurcated swaps at the date of refunding. The \$80.0 million is being amortized using the straight-line method over the remaining life of the original 2003 bonds.
- a \$29.8 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of \$27.0 million and bond premium amortization of \$2.8 million.
- a \$6.8 million decrease in 2019 Revenue Bonds outstanding due to a principal payment of \$4.2 million and bond premium amortization of \$2.6 million.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Deferred Inflows of Resources

Deferred inflows of resources at April 30, 2023, 2022, and 2021 were as follows:

| | April 30 | | | 2023 vs | 2022 vs |
|---|-------------------------|----------------------|----------------------|--------------------|------------------|
| | 2023 | 2022 | 2021 | 2022 | 2021 |
| Deferred Inflows of Resources: | | | | | |
| Deferred lease inflows | \$ 1,836,012,048 | 1,850,810,901 | 1,866,120,575 | (14,798,853) | (15,309,674) |
| Deferred pension inflows | 9,519,402 | 9,078,009 | 9,078,009 | 441,393 | - |
| Deferred OPEB inflows | 17,741,117 | 7,365,384 | 6,532,649 | 10,375,733 | 832,735 |
| Accumulated change in fair value of interest rate swaps | 22,018,440 | 19,569,514 | - | 2,448,926 | 19,569,514 |
| Total deferred inflows of resources | <u>\$ 1,885,291,007</u> | <u>1,886,823,808</u> | <u>1,881,731,233</u> | <u>(1,532,801)</u> | <u>5,092,575</u> |

2023 vs. 2022

Deferred lease inflows of \$1.84 billion at April 30, 2023 represents the Authority's deferred lease inflows resulting from GASB 87 (see note 7).

Deferred pension inflows of \$9.5 million at April 30, 2023 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of \$17.7 million at April 30, 2023 represents the Authority's deferred OPEB inflows resulting from GASB 75 (see note 19).

Accumulated change in fair value of interest rate swaps of \$22.0 million at April 30, 2023 were \$2.4 million more than at April 30, 2022.

2022 vs. 2021

Deferred lease inflows of \$1.85 billion at April 30, 2022 represents the Authority's deferred lease inflows resulting from GASB 87.

Deferred pension inflows of \$9.1 million at April 30, 2022 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Deferred OPEB inflows of \$7.4 million at April 30, 2022 represents the Authority's deferred OPEB inflows resulting from GASB 75.

Accumulated change in fair value of interest rate swaps of \$19.6 million at April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Net Position (Deficit)

| | April 30 | | | 2023 vs | 2022 vs |
|----------------------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| | 2023 | 2022 | 2021 | 2022 | 2021 |
| Net Position (deficit): | | | | | |
| Net investment in capital assets | \$ 64,975,637 | 41,954,664 | 29,581,609 | 23,020,973 | 12,373,055 |
| Restricted | 150,845,860 | 107,752,712 | 97,752,930 | 43,093,148 | 9,999,782 |
| Unrestricted | (361,287,276) | (443,547,515) | (533,912,445) | 82,260,239 | 90,364,930 |
| Total net position (deficit) \$ | <u>(145,465,779)</u> | <u>(293,840,139)</u> | <u>(406,577,906)</u> | <u>148,374,360</u> | <u>112,737,767</u> |

2023 vs. 2022

The change in total net position (deficit) from April 30, 2023 represents a positive change in the deficit position of \$148.4 million from (\$293.8) million at April 30, 2022 to (\$145.5) million at April 30, 2023.

Net investment in capital assets was a surplus of \$65.0 million and \$42.0 million at April 30, 2023 and 2022, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's \$150.8 million of restricted net position at April 30, 2023 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling \$361.3 million at April 30, 2023 resulting from the cumulative net excess revenues, which are transferred to the City annually.

2022 vs. 2021

The change in total net position (deficit) from April 30, 2022 represents a positive change in the deficit position of \$112.7 million from \$406.6 million at April 30, 2021 to \$293.8 million at April 30, 2022.

Net investment in capital assets was a surplus of \$42.0 million and \$29.6 million at April 30, 2022 and 2021, respectively. Although investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities. The Organization's \$107.8 million of restricted net position at April 30, 2022 represents resources that are subject to various external restrictions. These assets are generally restricted under bond resolutions and other agreements.

The remaining balance is classified as an unrestricted deficit totaling \$443.5 million at April 30, 2022 resulting from the cumulative net excess revenues, which are transferred to the City annually.

Summary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit)

Below is a summary of the Organization's revenues, expenses, and changes in net position (deficit) for the six-month periods ended April 30, 2023, 2022, and 2021:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

| | April 30 | | | 2023 vs | 2022 vs |
|---|-------------------------|----------------------|----------------------|--------------------|---------------------|
| | 2023 | 2022 | 2021 | 2022 | 2021 |
| Operating revenues: | | | | | |
| Revenues from ground leases: | | | | | |
| Base rent | \$ 22,370,026 | 22,402,834 | 24,218,983 | (32,808) | (1,816,149) |
| Payments in lieu of real estate taxes | 140,395,896 | 131,941,027 | 146,417,975 | 8,454,869 | (14,476,948) |
| Lease interest and other revenue | 41,082,418 | 40,760,830 | 38,947,240 | 321,588 | 1,813,590 |
| | <u>203,848,340</u> | <u>195,104,691</u> | <u>209,584,198</u> | <u>8,743,649</u> | <u>(14,479,507)</u> |
| Operating expenses: | | | | | |
| Wages and related benefits | 8,928,096 | 7,952,044 | 8,306,545 | 976,052 | (354,501) |
| OPEB | 723,698 | 2,916,383 | 2,580,654 | (2,192,685) | 335,729 |
| Other operating and administrative expenses | 14,313,860 | 14,318,099 | 14,038,295 | (4,239) | 279,804 |
| Depreciation and amortization | 6,534,156 | 5,695,879 | 5,516,278 | 838,277 | 179,601 |
| Total operating expenses | <u>30,499,810</u> | <u>30,882,405</u> | <u>30,441,772</u> | <u>(382,595)</u> | <u>440,633</u> |
| Operating income | <u>173,348,530</u> | <u>164,222,286</u> | <u>179,142,426</u> | <u>9,126,244</u> | <u>(14,920,140)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Investment and other income (loss) | 13,103,098 | (5,938,068) | (497,914) | 19,041,166 | (5,440,154) |
| Interest expense, net | (15,460,280) | (14,760,455) | (15,481,854) | (699,825) | 721,399 |
| Lease amortization and interest expense | (728,613) | (939,900) | (949,336) | 211,287 | 9,436 |
| Bond issuance costs | (251,367) | - | - | (251,367) | - |
| Provision for transfer to the City of New York | (82,776,276) | (81,345,540) | (86,796,701) | (1,430,736) | 5,451,161 |
| Provision for transfer to the City of New York - 2010 Agreement | - | - | (1,968,068) | - | 1,968,068 |
| Provision for transfer to NYC - West Thames St. Pedestrian Bridge | - | - | (417,220) | - | 417,220 |
| Total nonoperating expenses | <u>(86,113,438)</u> | <u>(102,983,963)</u> | <u>(106,111,093)</u> | <u>16,870,525</u> | <u>3,127,130</u> |
| Change in net position (deficit) | <u>87,235,092</u> | <u>61,238,323</u> | <u>73,031,333</u> | <u>25,996,769</u> | <u>(11,793,010)</u> |
| Net deficit, beginning of period | <u>(232,700,871)</u> | <u>(355,078,462)</u> | <u>(479,609,239)</u> | <u>122,377,591</u> | <u>124,530,777</u> |
| Net deficit, end of period | <u>\$ (145,465,779)</u> | <u>(293,840,139)</u> | <u>(406,577,906)</u> | <u>148,374,360</u> | <u>112,737,767</u> |

Operating Revenue

2023 vs. 2022

Overall operating revenues for the six-month period ended April 30, 2023 totaled \$203.8 million, \$8.7 million higher than the six-month period ended April 30, 2022 of \$195.1 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased \$32 thousand from \$22.4 million for the six-month period ended April 30, 2023. PILOT revenue totaling \$140.4 million (69% of the total operating revenues for the six-month period ended April 30, 2023), increased by \$8.5 million over the six-month period ended April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

The change in lease interest and other revenue is a \$322 thousand increase from \$40.8 million for the six-month period ended April 30, 2022 to \$41.1 million for the six-month period ended April 30, 2023.

2022 vs. 2021

Overall operating revenues for the six-month period ended April 30, 2022 totaled \$195.1 million, \$14.5 million lower than the six-month period ended April 30, 2021 of \$209.6 million. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent decreased \$1.8 million from \$24.2 million for the six-month period ended April 30, 2022. PILOT revenue totaling \$131.9 million (68% of the total operating revenues for the six-month period ended April 30, 2022), decreased by \$14.5 million over the six-month period ended April 30, 2021.

The change in lease interest and other revenue is a \$1.8 million increase from \$38.9 million for the six-month period ended April 30, 2021 to \$40.8 million for the six-month period ended April 30, 2022.

Operating Expenses

2023 vs. 2022

Operating expenses totaled \$30.5 million for the six-month period ended April 30, 2023, representing a \$383 thousand decrease compared to the six-month period ended April 30, 2022. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses and depreciation and amortization.

Wages and related benefits totaling \$8.9 million were \$976 thousand higher than the prior six-month period ended April 30, 2022.

OPEB expenses for the Organization decreased for the six-month period ended April 30, 2023 by \$2.2 million as compared to the six-month period ended April 30, 2022 (see note 19).

Other operating and administrative expenses of \$14.3 million decreased by \$4 thousand for the six-month period ended April 30, 2023.

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2023 of \$6.5 million was \$838 thousand higher than the six-month period ended April 30, 2022.

2022 vs. 2021

Operating expenses totaled \$30.9 million for the six-month period ended April 30, 2022, representing a \$441 thousand increase compared to the six-month period ended April 30, 2021. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses and depreciation and amortization.

Wages and related benefits totaling \$8.0 million were \$355 thousand lower than the prior six-month period ended April 30, 2021.

OPEB expenses for the Organization increased for the six-month period ended April 30, 2022 by \$336 thousand as compared to the six-month period ended April 30, 2021.

Other operating and administrative expenses of \$14.3 million increased by \$280 thousand for the six-month period ended April 30, 2022.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

Depreciation and amortization expenses recorded for the six-month period ended April 30, 2022 of \$5.7 million were \$180 thousand higher than the six-month period ended April 30, 2021.

Nonoperating Revenues (Expenses)

2023 vs. 2022

Total nonoperating expenses, net, were \$16.9 million less for the six-month period ended April 30, 2023 than the six-month period ended April 30, 2022. A provision for a transfer to the City of \$82.8 million in excess revenues was charged to expense for the six-month period ended April 30, 2023, a decrease of \$1.4 million from the six-month period ended April 30, 2022. The Authority has fulfilled its obligation for the pay-as-you-go fund and any excess will accumulate under the Settlement Agreement (see note 14).

Investment and other income (loss) increased period over period by \$19.0 million, primarily due to realized and unrealized gains in the portfolio during the period ended April 30, 2023. Net interest expense increased by \$700 thousand for the six-month period ended April 30, 2023 compared to the six-month period ended April 30, 2022.

2022 vs. 2021

Total nonoperating expenses, net, were \$3.1 million less for the six-month period ended April 30, 2022 than the six-month period ended April 30, 2021. A provision for a transfer to the City of \$81.3 million in excess revenues was charged to expense for the six-month period ended April 30, 2022, a decrease of \$5.5 million from the six-month period ended April 30, 2021. The Authority has fulfilled its obligation for the pay-as-you-go fund and any excess will accumulate under the Settlement Agreement.

Investment and other income (loss) decreased period over period by \$5.4 million, primarily due to realized and unrealized losses in the portfolio during the period ended April 30, 2022. Net interest expense decreased by \$721 million for the six-month period ended April 30, 2022 compared to the six-month period ended April 30, 2021.

Change in Net Position (Deficit)

The total net deficit at April 30, 2023 and 2022 was \$145.5 million and \$293.8 million, respectively.

The total net deficit at April 30, 2022 and 2021 was \$293.8 million and \$406.6 million, respectively.

Other Information

Debt Administration

On October 23, 2013, the Authority issued \$356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the "2013 Series A Bonds") and \$6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B (the "2013 Series B Bonds").

In addition, the Authority directly placed \$609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds, Series 2013C (the "2013 Series C Bonds"), \$199,330,000 of Junior Revenue Bonds, Series 2013D (the "2013 Series D Bonds"), and \$199,335,000 of Junior Revenue Bonds, Series 2013E (the "2013 Series E Bonds") (collectively, the "2013 Series C, D, and E Bonds") (see notes 12 and 17). At April 30, 2023, outstanding bonds and ratings were as follows:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Management's Discussion and Analysis

April 30, 2023 and 2022 (Unaudited)

| | <u>Outstanding debt</u> | <u>Fitch</u> | <u>Moody's</u> |
|-------------------------------|-----------------------------|--------------|----------------|
| 2013 Senior Revenue A Bonds * | \$ 150,900,000 | AAA | Aaa |

* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

On August 6, 2019, the Authority issued \$72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the "2019 Series A Bonds"), \$146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the "2019 Series B Bonds"), and \$3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (Sustainability Bonds) (the "2019 Series C Bonds"). On that date, the Authority also issued \$300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the "2019 Series D Bonds"), composed of \$150,000,000 of Subseries 2019D-1 and \$150,000,000 of Subseries 2019D-2) and sold \$150,000,000 of variable-rate Junior Revenue Bonds, Series 2019E (the "2019 Series E Bonds") to a bank (see notes 13 and 17). At April 30, 2023, outstanding bonds and ratings were as follows:

| | <u>Outstanding debt</u> | <u>Fitch</u> | <u>Moody's</u> |
|------------------------------|-----------------------------|--------------|----------------|
| 2019 Senior Revenue A Bonds* | \$ 72,765,000 | AAA | Aaa |
| 2019 Senior Revenue B Bonds* | 146,510,000 | AAA | Aaa |
| 2019 Senior Revenue C Bonds* | 3,570,000 | AAA | Aaa |
| 2019 Junior Revenue D Bonds* | 291,550,000 | AA+ | Aaa |
| 2019 Junior Revenue E Bonds | 145,765,000 | Not rated | Not rated |

* Source: Fitch - rating as of May 11, 2021, Moody's - rating as of June 14, 2019

COVID-19 – Despite the significant impact that the COVID-19 pandemic has had on the overall New York City economy, initially causing a cessation of operations by numerous commercial establishments and a decreased absorption in office space tenancy, the pandemic has not had a material impact on the Authority's operations or revenues. The foregoing notwithstanding, the COVID-19 pandemic remains an evolving situation. Accordingly, no assurances can be given at this time as to what impact the pandemic will have on the Authority's future financial position or future results of its operations.

Requests for Information – This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 200 Liberty Street, 24th Floor, New York, NY 10281. The Authority's website is: bpca.ny.gov.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

April 30, 2023 and 2022 (Unaudited)

| Assets | 2023 | 2022 |
|---|-------------------------|----------------------|
| Current assets: | | |
| Bank deposits | \$ 136,999 | 415,268 |
| Investments (notes 3(e) and 3(k)) | 9,506,543 | 5,662,707 |
| Restricted assets: | | |
| Lease receivable (note 15b) | 5,793,869 | 5,480,264 |
| Accrued interest receivable | 25,620,055 | 16,588,471 |
| Rents and other receivables (net of allowance for doubtful accounts of \$18,346,543 in 2023 and \$13,832,348 in 2022 (note 15a)) | 12,320,421 | 7,367,056 |
| 2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10) | 338,516,049 | 392,176,939 |
| 2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11) | — | 64,725 |
| 2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12) | 2,874,162 | 8,106,366 |
| 2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13) | 14,732,669 | 15,338,666 |
| 2023 Revolver Funds (notes 3(e), 3(k), 8) | 10,997 | — |
| Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 15(c)) | 19,161,000 | — |
| Accrued pension asset (note 18) | 2,672,048 | — |
| Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19) | 87,058,339 | 1,787,919 |
| Total current assets | <u>518,403,151</u> | <u>452,988,381</u> |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Lease receivable (note 15b) | 1,738,204,983 | 1,713,532,562 |
| 2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10) | 33,526,210 | 33,288,344 |
| 2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12) | 6,410,468 | 2,196,081 |
| 2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13) | 16,452,213 | 29,218,991 |
| Residential lease required funds (notes 3(e) and 3(k)) | 29,326,134 | 28,709,936 |
| Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k) and 19) | 84,005,537 | 87,454,387 |
| Fair value of interest rate swaps (notes 3(j) and 10) | 22,018,440 | 19,569,514 |
| Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4) | 568,250,705 | 554,075,755 |
| Other assets | 14,275,348 | 16,232,300 |
| Total noncurrent assets | <u>2,512,470,038</u> | <u>2,484,277,870</u> |
| Total assets | <u>3,030,873,189</u> | <u>2,937,266,251</u> |
| Deferred Outflows of Resources | | |
| Deferred pension outflows (note 18) | 5,922,029 | 7,360,968 |
| Deferred OPEB outflows (note 19) | 4,942,094 | 5,797,273 |
| Unamortized loss on extinguishment of bonds (notes 3(g), 11 and 12) | 11,285,249 | 12,583,969 |
| Deferred costs of refunding, less accumulated amortization of \$23,176,980 in 2023 and \$16,997,689 in 2022 (note 10) | 56,837,477 | 63,036,768 |
| Total deferred outflows of resources | <u>78,986,849</u> | <u>88,778,978</u> |
| Total assets and deferred outflows of resources | <u>\$ 3,109,860,038</u> | <u>3,026,045,229</u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Statements of Net Position (Deficit)

April 30, 2023 and 2022 (Unaudited)

| Liabilities | 2023 | 2022 |
|---|-------------------------|----------------------|
| Current liabilities: | | |
| Accrued interest on bonds | \$ 10,318,347 | 10,887,798 |
| Accounts payable and other liabilities (note 16) | 15,509,253 | 14,211,128 |
| Accrued pension payable (note 18) | — | 30,221 |
| Lease liability (note 7) | 1,395,407 | 1,349,159 |
| Accrued interest payable | 31,290 | 35,089 |
| Due to the City of New York (note 14) | 253,204,922 | 259,753,483 |
| Due to the City of New York - 2010 Agreement (note 14) | — | 1,968,068 |
| Due to the Port Authority of New York & New Jersey (note 20(b)) | 869,381 | 869,381 |
| Unearned revenue (note 3(d)): | | |
| PILOT revenue | 44,371,121 | 41,508,097 |
| Base rent and other revenue | 6,354,050 | 4,839,370 |
| Security and other deposits | 4,738 | 4,738 |
| 2013 Revenue Bonds (notes 8, 9 and 12) | 29,760,000 | 28,380,000 |
| 2019 Revenue Bonds (notes 8, 9 and 13) | 4,635,000 | 4,400,000 |
| 2023 Revolver Payable (note 8) | 1,250,100 | — |
| Total current liabilities | <u>367,703,609</u> | <u>368,236,532</u> |
| Noncurrent liabilities: | | |
| Unearned revenue (note 3(d)): | | |
| Base rent and other revenue | 23,334,606 | 29,544,653 |
| Security and other deposits | 30,048,446 | 29,432,249 |
| Lease liability (note 7) | 10,027,564 | 11,422,971 |
| OPEB (note 19) | 35,992,761 | 45,554,096 |
| Imputed borrowing (notes 3(j) and 10) | 56,837,477 | 63,036,768 |
| Bonds outstanding, net (notes 8, 9, 10, 11, 12, 13 and 17): | | |
| 2013 Revenue Bonds, less accumulated amortization of \$26,966,778 in 2023 and \$24,135,107 in 2022 | 145,209,209 | 177,800,881 |
| 2019 Revenue Bonds, less accumulated amortization of \$9,413,042 in 2023 and \$6,895,770 in 2022 | 700,881,138 | 708,033,410 |
| Total noncurrent liabilities | <u>1,002,331,201</u> | <u>1,064,825,028</u> |
| Total liabilities | <u>1,370,034,810</u> | <u>1,433,061,560</u> |
| Deferred Inflows of Resources | | |
| Deferred lease inflows (note 7) | 1,836,012,048 | 1,850,810,901 |
| Deferred pension inflows (note 18) | 9,519,402 | 9,078,009 |
| Deferred OPEB inflows (note 19) | 17,741,117 | 7,365,384 |
| Accumulated change in fair value of interest rate swaps | 22,018,440 | 19,569,514 |
| Total deferred inflows of resources | <u>1,885,291,007</u> | <u>1,886,823,808</u> |
| Total liabilities and deferred inflows of resources | <u>3,255,325,817</u> | <u>3,319,885,368</u> |
| Net Position (Deficit): | | |
| Net investment in capital assets | 64,975,637 | 41,954,664 |
| Restricted: | | |
| Debt service | 62,850,493 | 69,348,144 |
| Under bond resolutions and other agreements | 87,995,367 | 38,404,568 |
| Unrestricted (deficit) | <u>(361,287,276)</u> | <u>(443,547,515)</u> |
| Total net position (deficit) | <u>(145,465,779)</u> | <u>(293,840,139)</u> |
| Total liabilities, deferred inflows of resources and net position (deficit) | <u>\$ 3,109,860,038</u> | <u>3,026,045,229</u> |

See accompanying notes to financial statements and independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

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

Six-month periods ended April 30, 2023 and 2022 (Unaudited)

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|----------------------|
| Operating revenues: | | |
| Revenues from ground leases (notes 5, 6, and 7): | | |
| Base rent | \$ 22,370,026 | 22,402,834 |
| Payments in lieu of real estate taxes (note 14) | 140,395,896 | 131,941,027 |
| Lease interest and other revenue | 41,082,418 | 40,760,830 |
| Total operating revenues | <u>203,848,340</u> | <u>195,104,691</u> |
| Operating expenses: | | |
| Wages and related benefits | 8,928,096 | 7,952,044 |
| OPEB (note 19) | 723,698 | 2,916,383 |
| Other operating and administrative expenses | 14,313,860 | 14,318,099 |
| Depreciation of project assets | 6,154,944 | 5,271,806 |
| Other depreciation and amortization | 379,212 | 424,073 |
| Total operating expenses | <u>30,499,810</u> | <u>30,882,405</u> |
| Operating income | <u>173,348,530</u> | <u>164,222,286</u> |
| Nonoperating revenues (expenses): | | |
| Investment income on funds relating to: | | |
| 2003 Revenue Bonds (note 10) | 1,163,740 | 664,831 |
| Corporate-designated, escrowed, and OPEB funds | 645,508 | 578,122 |
| Realized and unrealized gains (losses) | 11,293,850 | (7,181,021) |
| Interest expense relating to: | | |
| 2003 Swap agreements – net expense | (1,142,109) | (5,395,576) |
| 2003 Revenue Bonds (note 10) | (5,879) | (5,846) |
| 2013 Revenue Bonds (note 12) | (2,321,189) | (3,025,189) |
| 2019 Revenue Bonds (note 13) | (11,336,970) | (5,684,484) |
| 2023 Revolver | (4,773) | — |
| Loss from extinguishment | (649,360) | (649,360) |
| Lease amortization and interest expense | (728,613) | (939,900) |
| Bond issuance costs | (251,367) | — |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14) | <u>(82,776,276)</u> | <u>(81,345,540)</u> |
| Total nonoperating expenses | <u>(86,113,438)</u> | <u>(102,983,963)</u> |
| Change in net position (deficit) | 87,235,092 | 61,238,323 |
| Net position (deficit), beginning of period | <u>(232,700,871)</u> | <u>(355,078,462)</u> |
| Net position (deficit), end of period | <u>\$ (145,465,779)</u> | <u>(293,840,139)</u> |

See accompanying notes to financial statements and independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Cash Flows

Six-month periods ended April 30, 2023 and 2022 (Unaudited)

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Tenant payments | \$ 171,869,676 | 163,609,503 |
| Miscellaneous receipts | 118,870 | 427,341 |
| Total cash receipts from operating activities | <u>171,988,546</u> | <u>164,036,844</u> |
| Cash payments for: | | |
| Salaries and benefits | (9,017,621) | (8,190,543) |
| Services and supplies | (5,582,052) | (5,230,209) |
| Total cash payments for operating activities | <u>(14,599,673)</u> | <u>(13,420,752)</u> |
| Net cash provided by operating activities | <u>157,388,873</u> | <u>150,616,092</u> |
| Cash flows from capital and related financing activities: | | |
| Development costs – site improvements and construction | (1,392,756) | (14,318,053) |
| Capital asset expenditures | (9,753,323) | (326,763) |
| Auction fees for variable debt | (5,879) | (5,846) |
| Swap payment made on the 2003 Swap agreement | (1,803,244) | (5,552,183) |
| Swap interest payments received on the 2003 Swap agreement | 505,592 | 27,630 |
| Principal paydown on 2013 Senior Revenue Bonds | (28,380,000) | (27,015,000) |
| Interest paid on 2013 Senior Revenue Bonds | (4,441,025) | (5,114,325) |
| Interest paid on 2019 Senior Revenue Bonds | (6,344,313) | (5,377,686) |
| Interest paydown on 2019 Junior Revenue Bonds | (5,377,686) | (4,235,000) |
| Principal paid on 2019 Junior Revenue Bonds | (4,400,000) | (700,501) |
| Remarketing fees for 2019 Junior Revenue Bonds | (72,812) | (73,538) |
| Bond purchase agreement fee for 2019 Junior Revenue Bonds | (649,540) | (655,913) |
| Revolver fund proceeds | 1,000,100 | — |
| Revolver bond expenses | (239,103) | — |
| Revolver commitment fee | (4,773) | — |
| Interest paid on lease liability | (191,136) | (212,616) |
| Principal paid on lease liability | (708,429) | (647,346) |
| Net cash used in capital and related financing activities | <u>(62,258,327)</u> | <u>(64,207,140)</u> |
| Cash flows from investing activities: | | |
| Interest and realized gains/losses on sales of investment securities | 8,482,681 | 509,858 |
| Maturities and redemptions of investment securities | 196,404,432 | 334,575,256 |
| Purchases of investment securities | (189,737,596) | (173,134,461) |
| Net cash provided by investing activities | <u>15,149,517</u> | <u>161,950,653</u> |
| Increase in cash and cash equivalents | 110,280,063 | 248,359,605 |
| Cash and cash equivalents, beginning of period | 225,424,188 | 74,344,041 |
| Cash and cash equivalents, end of period | <u>\$ 335,704,251</u> | <u>322,703,646</u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Statements of Cash Flows

Six-month periods ended April 30, 2023 and 2022 (Unaudited)

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|--------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 173,348,530 | 164,222,286 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Provision for bad debt expense | 1,902,786 | 2,405,963 |
| Depreciation and amortization | 6,534,156 | 5,695,879 |
| Other | (416,492) | (331,589) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in lease receivables | 2,767,800 | (26,282,014) |
| (Increase) in accrued interest receivables | (4,467,095) | (4,289,419) |
| (Increase) in rents and other receivables | (4,213,073) | (4,174,540) |
| Decrease in other assets | 3,094,636 | 2,563,996 |
| Increase in accounts payable and other liabilities | 4,378,512 | 5,094,404 |
| (Decrease) in unearned revenue | (2,346,253) | (3,371,494) |
| (Decrease) increase in OPEB liability | (11,789,239) | 61,099 |
| (Decrease) in lease liability | (680,453) | — |
| Changes in deferred resources: | | |
| Deferred lease resources | (22,632,572) | 6,736,861 |
| Deferred OPEB resources | 11,907,630 | 2,284,660 |
| Net cash provided by operating activities | <u>\$ 157,388,873</u> | <u>150,616,092</u> |
| Reconciliation of cash and cash equivalents, end of period: | | |
| Bank deposits | \$ 136,999 | 415,268 |
| Cash and cash equivalents (note 3(e)) | 2,926,912 | 14,498,520 |
| Investments with less than 91-day maturities (note 3(e)) | 332,640,340 | 307,789,858 |
| Cash and cash equivalents, end of period | <u>\$ 335,704,251</u> | <u>322,703,646</u> |

See accompanying notes to financial statements and independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(1) General

Hugh L. Carey Battery Park City Authority (the “Authority”) is a public benefit corporation created in 1968 under the laws of the State of New York (the “State”) pursuant to the Battery Park City Authority Act (the “Act”) and is a legally separate entity from the State. The Authority has been doing business as the Hugh L. Carey Battery Park City Authority since 1999. For financial reporting purposes, the Authority is a component unit of the State and is included in the State’s comprehensive annual financial report.

The Authority’s reporting entity comprises itself and the Battery Park City Parks Conservancy (the “Conservancy”). The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation and is a blended component unit of the Authority in accordance with Governmental Accounting Standards Board (“GASB”) standards. The Conservancy meets the criteria as a blended component unit since its governing body is the same as the Authority and the Authority holds operational responsibility for the Conservancy. The Conservancy’s assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes (see note 21).

The Authority and its blended component unit, the Conservancy, are referred to collectively as “the Organization” in the financial statements. All significant transactions between the Authority and the Conservancy have been eliminated.

The Act sets forth the purposes of the Authority, including: the improvement of the Battery Park City project (the “Project”) area; the creation in such area, in cooperation with the City of New York (the “City”) and the private sector, of a mixed commercial and residential community; and the making of loans secured by first mortgages to any housing company organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law. The Act also authorizes the Authority to pledge and assign revenues to secure financing for low and moderate-income housing developments outside the Project area, as well as issue bonds for the purposes of furthering the development of a commodities and futures exchange facility in Battery Park City, repaying certain State appropriations, and making payments to the City and State (see note 9).

The Act provides that the Authority and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Authority shall have bonds, notes, and other obligations outstanding, unless adequate provision has been made for the payment of those obligations.

(2) Description of Project

The Project consists of approximately 92 acres of landfill created, owned, and operated by the Authority (see note 4). The Project’s development plan includes approximately 36 acres of parkland and open spaces and provides for the construction, by private developers, approximately 10.7 million square feet of office space, retail space, a marina, two hotels, a multiplex cinema, museums, three public schools, a community center, a public library, four not-for-profit condos owned by the Authority, and approximately 8,275 residential units (see notes 5, 6 and 7).

The Authority also owns and controls significant air rights throughout the Project. Ground rents, payments in lieu of real estate taxes (“PILOT”), and other lease payments are received under the ground leases, all expiring in 2069. All sites on the Project have been developed.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

On December 15, 2022, New York State Legislation (2022 Laws, Ch. 686, § C, as amended by 2023 Laws, Ch. 85) (“Legislation”) was signed into effect directing the Authority to extend the term of the Master Lease through June 18, 2119 notwithstanding any provision of law to the contrary and allowing the Authority to extend the term of the Lease beyond that date. As required by the Master Lease, the Settlement Agreement and its Amendment dated as of 1986, the Authority notified and consulted with the Mayor and Comptroller of the City of New York (collectively, “the City”) regarding the proposed amendment to the Master Lease. During such consultation, the Authority and the City agreed to amend the Settlement Agreement to provide that the extension of the term of any Basic Sublease beyond June 18, 2069, the entry into any new Basic Sublease with a term that extends beyond June 18, 2069, and any further extensions of the term of the Master Lease beyond June 18, 2119, will be subject to the City’s prior approval (see Note24(c)).

(3) Summary of Significant Accounting Policies

a) Financial Reporting

The Organization follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by GASB.

The Organization’s financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

b) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Estimates include reserves for doubtful accounts, useful lives of Project assets and other postemployment benefits. Actual results could differ from those estimates.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

c) Project Assets

Costs incurred by the Authority in developing the Project as of April 30, 2023 and 2022 were capitalized as Project assets and were classified as follows:

| | Balance at October 31, 2022 | Additions | Deletions | Balance at April 30, 2023 |
|--|--|------------------|------------------|--|
| Land | \$ 83,015,653 | — | — | 83,015,653 |
| Site improvements | 521,691,002 | 18,478,833 | 1,451,320 | 538,718,515 |
| Residential building and condominiums | 146,890,692 | 167,590 | — | 147,058,282 |
| Total Project assets | 751,597,347 | 18,646,423 | 1,451,320 | 768,792,450 |
| Less accumulated depreciation: | | | | |
| Site improvements | 148,028,370 | 3,699,296 | — | 151,727,666 |
| Residential building and condominiums | 47,087,045 | 1,727,034 | — | 48,814,079 |
| Total accumulated depreciation | 195,115,415 | 5,426,330 | — | 200,541,745 |
| Net Project assets | \$ 556,481,932 | 13,220,093 | 1,451,320 | 568,250,705 |

As of April 30, 2023 and 2022, construction in progress (CIP) amounts of \$42,330,030 and \$27,248,514, respectively, are included in the site improvements balance, which consists primarily of the resiliency projects that are estimated to be completed in 2026.

| | Balance at October 31, 2021 | Additions | Deletions | Balance at April 30, 2022 |
|--|--|------------------|------------------|--|
| Land | \$ 83,015,653 | — | — | 83,015,653 |
| Site improvements | 501,769,583 | 12,583,799 | — | 514,353,382 |
| Residential building and condominiums | 145,316,216 | 1,106,424 | — | 146,422,640 |
| Total Project assets | 730,101,452 | 13,690,223 | — | 743,791,675 |
| Less accumulated depreciation: | | | | |
| Site improvements | 140,784,735 | 3,556,657 | — | 144,341,392 |
| Residential building and condominiums | 43,659,379 | 1,715,149 | — | 45,374,528 |
| Total accumulated depreciation | 184,444,114 | 5,271,806 | — | 189,715,920 |
| Net Project assets | \$ 545,657,338 | 8,418,417 | — | 554,075,755 |

The Authority records Project assets at historical cost. The costs of normal maintenance of the Project that do not add to the value of the Project or extend its useful life are not capitalized. Upon completion, site improvement costs, which consist principally of infrastructure, streets, and civic and public facilities, are being depreciated by the straight-line method over the remaining lease years (to 2069). Interest costs incurred during construction related to cost of infrastructure and facilities for phases being developed were capitalized until such phases were substantially completed and ready for construction of buildings.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

The residential building is being depreciated over a useful life of 50 years and the condominium units through the first appraisal date of each lease.

d) Revenue from Ground Leases

As required by GASB 87, the Authority recognizes a lease receivable and a deferred inflow of resources. The lease receivable is amortized over the life of the lease and interest revenue is recognized over the term of the lease. Revenue from ground leases is recognized in a systematic and rational manner over the term of the lease and the deferred inflow of resources is reduced in the same manner. Given the nature of the Authority's operations, revenue from ground leases and related fees and agreements are considered operating revenues. All other revenues are considered nonoperating. In accordance with the lease terms, the Authority received upfront lease payments in fiscal periods prior to 2023 of \$40.7 million, \$60 million, \$42.5 million, \$22.5 million, \$33.9 million, \$4.75 million and \$4 million from residential buildings on Site 22, Site 16/17, Site 3, Site 23, Site 24, Site 2A and Site 13, respectively. Under GASB 87, the remaining upfront base rent revenue of the following ground leases has been reclassified to deferred lease inflows from resources from unearned revenue. The residential sites that were impacted by this implementation were Sites 3, 13, 16/17, 23, and 24, accordingly.

In August 2005, the Site 26 commercial ground lease was signed providing for a one-time lump sum base rent payment of \$161 million to be deposited with an escrow agent, which was paid in June 2007. In the fiscal year ended October 31, 2010, the Authority received \$169.3 million from the escrow account as the Project was completed and various conditions were performed by the City. Base rent revenue relating to the one-time payment is being recognized on a pro rata basis over the lease term, which ends in 2069. Under GASB 87, the remaining upfront base rent portion of the commercial ground lease for Site 26 has been reclassified to deferred lease inflows of resources from unearned revenue.

e) Investments and Deposits

The Authority carries all investments at fair value. Inherent risks that could affect the Authority's ability to provide services and meet its obligations as they become due are reported in accordance with U.S. GAAP. The Authority's permitted investments include: (i) 100% U.S. government guaranteed securities (U.S. Treasury notes, bonds, strips, T-bills, Ginnie Mae securities); (ii) notes, bonds, debentures, and mortgages of U.S. government-sponsored agencies provided that its obligations receive the highest credit rating at the time of purchase from all rating agencies that rate the obligation; (iii) obligations of any corporation organized under the laws of any state in the United States maturing within 270 days provided that such obligations receive the highest rating of two independent rating services (commercial paper); (iv) municipal bonds issued by the State of New York, its counties, towns and cities and New York authorities; and (v) the general obligations of any state provided that such obligations receive the highest rating by at least one rating agency. The Organization maintains its cash in bank accounts that are fully collateralized or backed by the Federal Deposit Insurance Corporation ("FDIC") or letters of credit. All investments held in funds and accounts established in accordance with bond resolutions are held as trust assets by the trustee banks in the Authority's name.

Total investments held by the Authority at April 30, 2023 and 2022 included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds and 2023 revolver funds, (see note 8) and residential lease required fund accounts, are as follows:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| | April 30, 2023 | | | April 30, 2022 | | |
|---|----------------|-------------|---------------------------------------|----------------|-------------|---------------------------------------|
| | Cost | Fair value | Weighted average maturity (years) (a) | Cost | Fair value | Weighted average maturity (years) (a) |
| U.S. Treasury securities: | | | | | | |
| Treasury Bills | \$ 351,146,746 | 354,239,234 | 0.07 | \$ 396,295,309 | 396,327,137 | 0.12 |
| Treasury Bonds | 183,042,546 | 176,376,091 | 1.82 | 167,701,014 | 161,050,305 | 1.99 |
| Treasury Strips | 2,478,639 | 2,495,961 | 1.85 | 2,478,639 | 2,481,345 | 2.93 |
| Total | | | | | | |
| U.S. Treasury securities | 536,667,931 | 533,111,286 | | 566,474,962 | 559,858,787 | |
| Commercial paper | — | — | — | 5,491,855 | 5,492,584 | 0.31 |
| Federal agency securities | 65,227,379 | 65,392,528 | 0.04 | — | — | 1.00 |
| Federal agency mortgage backed securities | 1,501,382 | 1,430,282 | 2.82 | 2,034,114 | 1,988,380 | 1.10 |
| Municipal bonds | 6,774,137 | 6,591,097 | 1.56 | 5,480,905 | 5,320,844 | 1.99 |
| Supra National Agency | 13,725,815 | 12,967,216 | 1.88 | 17,668,764 | 16,845,946 | 2.55 |
| Total investments | 623,896,644 | 619,492,409 | 0.63 | 597,150,600 | 589,506,541 | 0.98 |
| Cash and cash equivalents | 2,926,912 | 2,926,912 | | 14,498,520 | 14,498,520 | |
| Total investments and deposits | \$ 626,823,556 | 622,419,321 | | \$ 611,649,120 | 604,005,061 | |

(a) Portfolio weighted average effective duration

As of April 30, 2023 and 2022, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to \$332,640,340 and \$307,789,858, respectively.

The Authority's investment objectives for the portfolio are legal compliance, safety of principal, to meet liquidity requirements and to maximize legally allowable return.

Interest rate risk is the probability of loss on investments from future changes in interest rates, which can adversely affect their fair value. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration takes into account the change in cash flow expectations of securities with embedded options such as callable bonds and mortgage-backed securities. The interest rate risk of the Authority's portfolio is measured according to effective duration.

Investments of amounts in funds and accounts established under the 2003 General Bond Resolution, and the 2009, 2013 and 2019 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Corporate-designated and escrowed funds represent funds designated by the Authority's board of directors for specific purposes such as budget reserves, the Special Fund, Project contingency reserves, restoration reserves, insurance reserves, and arbitrage reserves and funds designated for the payment of medical benefits to the Authority's retirees (OPEB funds).

Residential lease required funds represent funds held by the Authority in accordance with its residential leases. These funds are largely comprised of security and escrow deposits held by the Authority for the residential buildings.

f) Net Position (Deficit)

The Organization's net position (deficit) is classified in the following categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of Project assets, net of accumulated depreciation and deferred costs reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of assets restricted for specific purposes by law or by parties external to the Organization. Unrestricted net position (deficit) consists of net position that is not classified as net investment in capital assets or that is not restricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, consistent with any respective restrictions, and then to use unrestricted resources as they are needed.

g) Bond Insurance Costs

The bond insurance costs for the 2003 Bonds are included in unamortized loss on extinguishment of bonds in deferred outflows of resources and are amortized using the straight-line method over the remaining period to the maturity of the extinguished bonds.

h) Statements of Cash Flows

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents.

i) Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") governs the specifics of accounting for public other postemployment benefit ("OPEB") plan obligations for participating employers. GASB 75 requires a liability for OPEB obligations, known as the net OPEB liability (total OPEB liability for unfunded plans), to be recognized in the statements of net position (deficit) of participating employers. Changes in the net OPEB liability will be immediately recognized as OPEB expense in the statement of revenues, expenses and changes in net position (deficit) or reported as deferred inflows/outflows of resources depending on the nature of the change. GASB 75 establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

j) *Accounting and Financial Reporting for Derivative Instruments, Deferred Outflows and Inflows of Resources, and Net Position*

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing. GASB 53 requires that associated interest swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On April 30, 2023, the associated interest swaps were tested and qualified for hedge accounting. Accordingly, the fair value of the interest rate swaps on August 6, 2019 of negative \$80 million was recorded as an imputed borrowing and a deferred outflow of resources by the Authority. These amounts are being amortized on a straight-line basis over the remaining life of the swaps and were \$56.8 million at April 30, 2023. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a positive fair value (from August 6, 2019) of \$22.0 million at April 30, 2023. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit). The amount recorded as imputed borrowing and deferred outflow of resources for the six-month period ended April 30, 2022 had a negative fair value of \$63.0 million. In addition, there was a positive fair value of \$19.6 million at April 30, 2022. This positive fair value was recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit).

k) *Fair Value Measurement and Application*

GASB No. 72, *Fair Value Measurement and Application*, requires the reporting of all assets and liabilities measurable at fair value to be disclosed in accordance with a defined fair value hierarchy. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3.

Level 1 inputs – observable, quoted prices for identical assets or liabilities in active markets.

Level 2 inputs – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves.

Level 3 inputs – unobservable inputs for the asset or liability. These should be based on the best information available. The Organization should utilize all reasonably available information but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the reporting entity's own data should be adjusted if information is reasonably available without undue cost and effort. The fair value measurement of the Organization's assets and liabilities at April 30, 2023 and 2022 were as follows:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| April 30, 2023 | | | |
|---|-----------------------|--------------------|--------------------|
| | Level 1 | Level 2 | Total |
| Assets at fair value: | | | |
| U.S. Treasury Securities: | | | |
| Treasury Bills | \$ 354,239,234 | - | 354,239,234 |
| Treasury Bonds | 176,376,091 | - | 176,376,091 |
| Treasury Strips | 2,495,961 | - | 2,495,961 |
| Federal Agency Securities | - | 65,392,528 | 65,392,528 |
| Federal Agency Mortgage Backed Securities | - | 1,430,282 | 1,430,282 |
| Municipal Bonds | - | 6,591,097 | 6,591,097 |
| Supra National Bonds | - | 12,967,216 | 12,967,216 |
| Interest rate swaps | - | 22,018,440 | 22,018,440 |
| Total assets at fair value | <u>\$ 533,111,286</u> | <u>108,399,563</u> | <u>641,510,849</u> |

| April 30, 2022 | | | |
|---|-----------------------|-------------------|--------------------|
| | Level 1 | Level 2 | Total |
| Assets at fair value: | | | |
| U.S. Treasury Securities: | | | |
| Treasury Bills | \$ 396,327,137 | - | 396,327,137 |
| Treasury Bonds | 161,050,305 | - | 161,050,305 |
| Treasury Strips | 2,481,345 | - | 2,481,345 |
| Commercial Paper | - | 5,492,584 | 5,492,584 |
| Federal Agency Mortgage Backed Securities | - | 1,988,380 | 1,988,380 |
| Municipal Bonds | - | 5,320,844 | 5,320,844 |
| Supra National Bonds | - | 16,845,946 | 16,845,946 |
| Interest rate swaps | - | 19,569,514 | 19,569,514 |
| Total assets at fair value | <u>\$ 559,858,787</u> | <u>49,217,268</u> | <u>609,076,055</u> |

l) Tax Abatements

The primary objective of GASB 77, *Tax Abatement Disclosures*, is to disclose the nature and magnitude of the reduction in tax revenues through tax abatement programs. The New York State Real Property Tax Code, Article 4, Title 2, allows for partial City property tax exemptions, namely 421a abatements for residential condominiums and 467a tax abatements for residential real property held in the cooperative or condominium form of ownership. The City determines the properties within the Project eligible for the tax abatements and the Authority administers the abatements to qualified properties by reducing future PILOT billings.

The 421a tax abatements for the six-month periods ended April 30, 2023 and 2022 were \$3.3 million, and \$5.2 million, respectively.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

The 467a tax abatements for the six-month periods ended April 30, 2023 and 2022 were \$3.0 million, and \$2.9 million, respectively.

m) Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

All of the Authority's bonds outstanding as of April 30, 2023 (see notes 11, 12 and 13) are governed by the 2003 General Bond Resolution, which states that upon any event of default, the Trustee may, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the outstanding bonds, proceed to protect and enforce the rights of the Bondholders, as the Trustee, shall deem most effectual to protect and enforce such rights. The 2003 General Bond Resolution does not, however, contain any remedial provision for acceleration of bond maturity.

The Authority's Supplemental Resolutions pertaining to the 2019 Series D Bonds and the 2019 Series E Bonds, respectively, provide that the occurrence and during the continuance of an event of default, the Bonds of each of those series, and all obligations secured under the applicable Supplemental Resolution, shall bear interest at a default rate, which shall be payable by the Authority to each bondholder on each interest payment date.

n) Leases

In June 2017, GASB issued Statement No. 87, *Leases*, ("GASB 87"). The objective of GASB 87 is to improve 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 were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

o) New Accounting Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has determined that GASB 94 will not have an impact on the Authority's financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (“GASB 96”). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has completed the process of evaluating GASB 96 and determined that it does not have a material impact on the Authority’s financial statements.

GASB Statement No. 99, *Omnibus 2022*, has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has determined that GASB 99 will not have an impact on the Authority’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* (“GASB 100”), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. The Authority has not completed their evaluation of GASB 100 but does not anticipate any material impact.

GASB Statement No. 101, *Compensated Absences* (“GASB 101”), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. The Authority has not completed their evaluation of GASB 101 but does not anticipate any material impact.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(4) Rights of City to Reacquire Project Site

The fee interest in the Project site formerly owned by the City was conveyed to the Authority in the early 1980s for a nominal consideration. The City has the right to reacquire the Project site at any time, subject to the then existing leases, for a nominal consideration after: (a) all notes, bonds, and other indebtedness incurred by the Authority, or for which the Authority's revenues have been pledged, have been repaid or defeased; and (b) satisfaction or provision for payment of its contractual obligations and other contingent liabilities. The City may provide for repayment or defeasance of indebtedness incurred by the Authority under its various bond resolutions. As of April 30, 2023, the City had not expressed its intent regarding its right to reacquire the Project site.

(5) Commercial Development

The commercial center includes six Class A office buildings totaling 10.7 million square feet, two hotels, a multi-plex movie theater and retail uses. There are thirty residential developments containing 8,273 apartments within 30 projects that have been constructed since 1980.

As of April 30, 2023, all commercial development leases expire in 2069 and provide for future base rent payments aggregating based upon GASB 87, \$978.8 million over the lease terms, which includes base rent of \$20.3 million per annum from 2024 through 2069 payable by the commercial development leases (see note 7). Annual PILOT is also required to be paid to the Authority based on the assessed value of each building and the tax rate then applicable to real property located in the borough of Manhattan, unless alternative PILOT arrangements are set forth in the ground lease. The City determines the assessed value of each building. Each lessee, or certain authorized tenants of the lessee, has the right to appeal the assessment to the City Tax Commission and bring tax certiorari proceedings in State court to seek reductions in the amounts of such assessments.

A number of administrative and judicial appeals on some of the parcels are currently pending for the current and prior tax years. While any such proceedings are pending, the lessee is required to pay PILOT based upon the assessments established by the City.

If a lessee is successful in any such proceedings, subsequent PILOT payments to the Authority will be reduced to the extent necessary to offset the prior overpayment of PILOT as a result of the revised assessment.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(6) Residential and Other Development

In 1980, the Authority entered into a lease with a limited profit housing company that constructed an apartment complex consisting of 1,712 rental apartment units. In total, the Authority has entered into 30 leases of residential buildings consisting of 8,273 units containing 3,748 condominium and 4,525 rental units, including 115 condominium units in a mixed-use building containing a museum and a hotel. The allocation of residential space between condominiums and rental units and aggregate square footage relating to such categories of residential space are subject to change to the extent that condominium projects are converted to rental projects and vice versa. In addition, the number of condominium or rental units may vary to the extent that individual condominium or rental units are combined into larger units.

Future base rent payments are fixed through the first lease appraisal date, which varies among the projects, but is generally the first day of the calendar month next succeeding the twentieth or twenty-fifth anniversary of the date on which a temporary certificate of occupancy is issued.

For lease years subsequent to the first appraisal date, the leases provide for base rent payments, subject to limitations, based upon a percentage of the fair market value of the land, but generally not less than an amount in excess of the highest base rent payable for any lease year ending prior to the first appraisal date. Reappraisal dates occur every 15 years, commencing on the fifteenth anniversary of the first appraisal date.

Thirteen leases for residential buildings in the south neighborhood were modified to provide for increased fixed ground rents spread over the first two reappraisal periods. This modification reduced the ground rent increases from the original terms at 6% of fair market value.

Annual PILOT is also required to be paid to the Authority during the term of these leases. Certain leases provide for an abatement equivalent to the real estate tax abatements assessed by the New York City Department of Finance.

Certain residential leases also provide for supplemental rental payments, generally through the first appraisal date, which are to be paid if, and only to the extent, the PILOT payments are less than the minimum specified in each lease.

The residential leases also provide for payments to the Authority for the operation and maintenance of civic facilities installed by the Authority and, in some cases, of percentage rent based on rentals from commercial facilities.

Certain leases also provide, among other matters, for the lessees to make payments to the Authority in the event of a conversion to a cooperative or condominium form of ownership.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(7) Leases**Lessor lease agreements are categorized and summarized as follows:****Summary:**

The Authority implemented GASB 87 for the period beginning November 1, 2020 and used the payment schedules to measure the lease receivable as of April 30, 2023. In addition, the lease receivable was discounted to a net present value at November 1, 2020 using the Authority's weighted average cost of capital.

For the periods ended April 30, 2023 and 2022, the Authority received \$22,370,026 and \$22,402,834, respectively, in lease revenue and \$28,852,742 and \$28,092,570, respectively, in lease interest revenues from all its properties. Future base rent payments due to the Authority are as follows for the years ending April 30:

| Year Ended | Principal | | | | Interest | | | |
|--------------|-----------------------|----------------------|-------------------|----------------------|--------------------|----------------------|-------------------|----------------------|
| | Commercial | Residential | Hotel & Other | Total | Commercial | Residential | Hotel & Other | Total |
| 2024 | \$ 3,881,865 | 541,037 | 1,370,967 | 5,793,869 | 16,407,591 | 31,387,386 | 1,315,543 | 49,110,520 |
| 2025 | 4,010,522 | 607,927 | 1,487,125 | 6,105,574 | 16,278,934 | 32,010,785 | 1,245,613 | 49,535,332 |
| 2026 | 4,226,777 | 668,687 | 1,295,547 | 6,191,011 | 16,146,013 | 32,731,022 | 1,183,838 | 50,060,873 |
| 2027 | 5,298,633 | 719,187 | 1,071,431 | 7,089,251 | 15,990,823 | 34,564,122 | 1,146,999 | 51,701,944 |
| 2028 | 5,474,245 | 771,150 | 1,106,941 | 7,352,336 | 15,815,211 | 37,009,892 | 1,111,489 | 53,936,592 |
| 2029-2033 | 30,216,019 | 3,727,456 | 6,879,538 | 40,823,013 | 76,231,259 | 204,520,993 | 4,925,112 | 285,677,364 |
| 2034-2038 | 35,566,371 | 11,695,090 | 9,121,593 | 56,383,054 | 70,880,909 | 220,134,524 | 3,639,200 | 294,654,633 |
| 2039-2043 | 41,864,108 | 48,900,307 | 1,660,583 | 92,424,998 | 64,583,171 | 217,995,001 | 2,679,605 | 285,257,777 |
| 2044-2048 | 49,276,988 | 107,278,417 | 1,398,542 | 157,953,947 | 57,170,293 | 184,763,367 | 2,466,645 | 244,400,305 |
| 2049-2053 | 58,002,465 | 137,843,988 | 1,909,187 | 197,755,640 | 48,444,816 | 164,931,979 | 2,213,679 | 215,590,474 |
| 2054-2058 | 68,272,961 | 198,564,363 | 3,032,342 | 269,869,666 | 38,174,318 | 134,390,309 | 1,799,143 | 174,363,770 |
| 2059-2063 | 80,362,054 | 268,369,457 | 3,569,279 | 352,300,790 | 26,085,224 | 91,905,170 | 1,262,206 | 119,252,600 |
| 2064-2068 | 94,591,766 | 333,032,997 | 4,530,047 | 432,154,810 | 11,855,515 | 43,134,693 | 623,537 | 55,613,745 |
| 2069 | 23,253,516 | 87,208,533 | 1,338,844 | 111,800,893 | 457,942 | 1,754,334 | 26,716 | 2,238,992 |
| Total | \$ 504,298,290 | 1,199,928,596 | 39,771,966 | 1,743,998,852 | 474,522,019 | 1,431,233,577 | 25,639,325 | 1,931,394,921 |

Lessee lease agreements are summarized as follows:

| Start Dates | Terms | Interest Rate | Total Lease Liability | Balance 4/30/2023 |
|-----------------------|-----------------|---------------|-----------------------|-------------------|
| 11/1/2020 to 1/1/2022 | 13 - 120 months | 3.265% | \$ 13,866,354 | \$ 11,422,971 |

The Authority leases office space, community space and storage space. The interest rate used for this lease is 3.265%, which is based on the weighted average cost of capital of the Authority as of November 1, 2020. The current lease periods range from 13 to 120 months with escalation payments that occur throughout the term of the lease.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Annual requirements to amortize long-term obligations and related interest are as follows:

| Period Ending | | Principal | | Interest |
|------------------|----|-------------------|----|------------------|
| 2024 | \$ | 1,395,407 | \$ | 352,359 |
| 2025 | | 1,416,103 | | 306,193 |
| 2026 | | 1,402,128 | | 259,844 |
| 2027 | | 844,839 | | 221,644 |
| 2028 | | 1,449,572 | | 186,236 |
| Thereafter | | 4,914,922 | | 265,136 |
| Total | \$ | <u>11,422,971</u> | \$ | <u>1,591,412</u> |

(8) 2003 General Bond Resolution Funds, 2009, 2013, 2019 Revenue Bond Resolution Funds and 2023 Revolver Funds

The current and noncurrent balances in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by the trustee at April 30, 2023 and 2022 were as follows:

| 2003 General Bond Resolution Funds | | | | |
|---|--|-------------------------|-------------------------|--|
| April 30, 2023 | General Bond Resolution | Senior Bonds | Junior Bonds | Total General Bond Resolution |
| Reserve Fund | \$ 33,526,210 | — | — | 33,526,210 |
| Project Operating Fund | 11,988,974 | — | — | 11,988,974 |
| Debt Service Funds | — | 51,865,117 | 30,386,414 | 82,251,531 |
| Residual Fund | 172,273,312 | — | — | 172,273,312 |
| Pledged Revenue Fund | 72,002,232 | — | — | 72,002,232 |
| Totals | <u>\$ 289,790,728</u> | <u>51,865,117</u> | <u>30,386,414</u> | <u>372,042,259</u> |

| 2003 General Bond Resolution Funds | | | | |
|---|--|-------------------------|-------------------------|--|
| April 30, 2022 | General Bond Resolution | Senior Bonds | Junior Bonds | Total General Bond Resolution |
| Reserve Fund | \$ 33,288,344 | — | — | 33,288,344 |
| Project Operating Fund | 10,652,534 | — | — | 10,652,534 |
| Debt Service Funds | — | 64,212,500 | 24,334,918 | 88,547,418 |
| Residual Fund | 219,766,274 | — | — | 219,766,274 |
| Pledged Revenue Fund | 73,210,713 | — | — | 73,210,713 |
| Totals | <u>\$ 336,917,865</u> | <u>64,212,500</u> | <u>24,334,918</u> | <u>425,465,283</u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

As of April 30, 2023, there were in transit 2003 debt service bond resolution fund receivables of \$19,161,000 after the payment of debt service. Accordingly, this amount has been included in the bond resolution funds receivable amount in the statement of net position (deficit).

In December 2009, as a result of the 2009 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bonds Resolutions and were held by trustees. As of April 30, 2023, all 2009 Senior Revenue Bond funds have been spent. The chart below represents the balance at April 30, 2022:

| | 2009 Revenue Bonds | | |
|-----------------------|---|---|---------------------------------|
| | 2009A Senior Revenue Bonds | 2009B Senior Revenue Bonds | Total 2009 Bonds |
| April 30, 2022 | | | |
| Project Costs Fund | \$ 64,725 | — | 64,725 |

In October 2013, as a result of the 2013 Senior Revenue Bonds issuance, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at April 30, 2023 and 2022:

| | 2013 Revenue Bonds | | |
|-----------------------|---|---|---------------------------------|
| | 2013A Senior Revenue Bonds | 2013B Senior Revenue Bonds | Total 2013 Bonds |
| April 30, 2023 | | | |
| Project Costs Fund | \$ 9,284,630 | — | 9,284,630 |

| | 2013 Revenue Bonds | | |
|-----------------------|---|---|---------------------------------|
| | 2013A Senior Revenue Bonds | 2013B Senior Revenue Bonds | Total 2013 Bonds |
| April 30, 2022 | | | |
| Project Costs Fund | \$ 10,302,447 | — | 10,302,447 |

In August 2019, as a result of the 2019 Senior Revenue Bonds and Junior Revenue Bonds issuances, funds and accounts were added to implement certain provisions of the 2003 General Bond Resolutions and were held by trustees as follows at April 30, 2023 and 2022:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| 2019 Revenue Bonds | | | | |
|---------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| | 2019A | 2019B | 2019C | Total |
| | Senior Revenue | Senior Revenue | Senior Revenue | 2019 |
| April 30, 2023 | Bonds | Bonds | Bonds | Bonds |
| Cost of Issuance | \$ 5,628 | — | — | 5,628 |
| Project Cost Funds | 21,250,109 | 6,278,036 | 3,651,109 | 31,179,254 |
| Totals | <u>\$ 21,255,737</u> | <u>6,278,036</u> | <u>3,651,109</u> | <u>31,184,882</u> |

| 2019 Revenue Bonds | | | | |
|---------------------------|-----------------------|-----------------------|-----------------------|-------------------|
| | 2019A | 2019B | 2019C | Total |
| | Senior Revenue | Senior Revenue | Senior Revenue | 2019 |
| April 30, 2022 | Bonds | Bonds | Bonds | Bonds |
| Cost of Issuance | \$ 5,628 | — | — | 5,628 |
| Project Cost Funds | 34,177,596 | 6,824,696 | 3,549,737 | 44,552,029 |
| Totals | <u>\$ 34,183,224</u> | <u>6,824,696</u> | <u>3,549,737</u> | <u>44,557,657</u> |

On March 28, 2023, the Authority entered into a revolving line of credit agreement with TD Bank, which provides up to \$100 million to finance capital projects in the Project area. The revolving line of credit is a source of interim liquidity between the issuance of long term bond issuances and has an expiration date of March 27, 2026. The Authority agrees to pay interest at a rate per annum which shall be the Federal Funds Effective Rate in effect from time to time, plus the Applicable Margin. As of April 30, 2023, the revolving line of credit had an outstanding balance of approximately \$1.3 million. The interest expense for the period ended April 30, 2023 amounted to approximately \$5 thousand.

The 2023 revolver funds as of April 30, 2023 are as follows:

| 2023 Revolver Funds | | | | |
|----------------------------|--------------|---------------|---------------|-----------------------|
| | 2023A | 2023B1 | 2023B2 | Total Revolver |
| | Funds | Funds | Funds | Funds |
| April 30, 2023 | | | | |
| Project Cost Funds | \$ — | 100 | 10,897 | 10,997 |

Investments of amounts in funds and accounts established under the various 2003 General Bond Resolutions and 2009, 2013 and 2019 Revenue Bond Resolutions are presently restricted to obligations of the State, U.S. government, and its agencies, or in any other obligations in which the Comptroller of the State of New York is authorized to invest pursuant to Section 98 of the State Finance Law.

Amounts in the Project Costs Fund may be used to pay for costs of certain park, street, community center and other infrastructure improvements, and other capital expenditures.

Amounts in the Debt Service Funds and dedicated funds established under the 2003 General Bond Resolutions are used to pay debt service on the 2003 Swap agreements (see note 10) and the 2009, 2013 and 2019 Revenue Bonds. To the extent not utilized to fund any future debt service deficiencies, the funds will be available to retire bonds issued thereunder in the last year of bond maturity.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

A Reserve Fund is held for the payments of debt service for the 2013 Series A Senior Revenue Bonds.

Amounts in the Project Operating Fund established under the 2003 General Bond Resolution Funds are not pledged to pay debt service and may be used by the Authority for and on certain additional indebtedness, which may be issued by the Authority for the funding of maintenance, repair, and restoration of the public open areas and civic facilities, and administrative and other expenditures, as defined.

Amounts held in the Pledged Revenue Fund ("PRF") are pledged and assigned for the payment of the debt service on the 2003 Swap agreements (see note 10) and the 2009, 2013 and 2019 Revenue Bonds and on certain additional indebtedness, which may be issued by the Authority and secured by the Authority's revenue.

Each November, after meeting funding requirements, the entire balance of funds remaining on deposit in the PRF is transferred to the Residual Fund. These balances become general assets for "lawful corporate purposes." From time to time, revenues not pledged to the bondholders are deposited to the PRF.

(9) Authority Bonds Authorized

The Act, as amended, authorizes the Authority to issue bonds and notes in amounts not to exceed:

(a) \$300 million outstanding at any one time for the development of the Project;

(b) another \$150 million for the purpose of financing capital costs in connection with development of the Project area, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(c) \$400 million outstanding at any one time for the making of loans to housing companies organized to provide housing within the Project area pursuant to the New York State Private Housing Finance Law;

(d) \$100 million for the purpose of repaying State appropriations including accrued interest thereon and funding the infrastructure of the Project, plus a principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(e) \$150 million for the purpose of making a payment to the City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness;

(f) \$250 million for the purpose of making a payment to the State of New York. Such authorized amounts exclude bonds and notes issued to refund outstanding bonds and notes.

(g) \$110 million for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City, plus the principal amount of bonds and notes issued to fund any related debt service reserve fund and to provide a portion of interest on and costs of issuance related to such indebtedness. As of April 30, 2023, no bonds were issued for this purpose.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(h) \$500 million for the purpose of financing capital costs in connection with a program of infrastructure construction, improvements and other capital expenditures for the Project, plus the funding of any related debt service reserve funds, provide capitalized interest, and to provide for fees and other charges and expenses including any underwriter's discounts, related to the issuance of such bonds or notes (see note 24A, a subsequent event note related to an additional bond authorization).

Issuance of additional bonds by the Authority is subject to meeting certain conditions, including approval by the City and the New York State Public Authorities Control Board.

The Act, as amended, authorized the Authority to enter into interest rate exchange agreements through December 31, 2003 in connection with the issuance of Authority debt or in connection with Authority debt already outstanding, to provide for an exchange of payments based upon fixed and/or variable-interest rates. In October 2003, the Authority entered into \$400 million of interest Swaps (see note 10).

(10) 2003 Interest Rate Exchange Agreements (Swaps)

On October 2, 2003, the Authority executed Swaps with three counterparties. The Swaps were executed in conjunction with the Authority's issuance of \$400 million of its 2003 Series C Bonds.

The total notional amount of the Swaps was \$400 million, which amortize consistent with the original amortization schedule for the 2003 Series C Bonds. The effective date for the Swaps was October 16, 2003, which coincided with the delivery date of the 2003 Series C Bonds. The Authority executed the Swaps in order to effectively convert the variable-rate 2003 Series C Bonds to a net fixed-rate.

In July 2019, the Authority amended the terms of its Swap agreements with all counterparties. The Authority changed the fixed-rate of interest owed semiannually to counterparties from 3.452% to a range of 3.499% to 3.512%, which is now due to be paid monthly. In return, the counterparties owe the Authority floating-rate interest equal to one-week Securities Industry and Financial Markets Association ("SIFMA") through mid-2024, and thereafter 65% of the fall back rate until maturity.

The original notional amounts of the Swaps and the amortization thereof match the original principal amount and amortization schedule of the refunded 2003 Series C Bonds. Each Swap has been determined to be a hedge of the Authority's variable-rate obligations on the 2019 Series D Bonds and the 2019 Series E Bonds.

On October 29, 2021, the Authority adhered to the Fallback Protocol. Given each of the Authority's counterparties has also adhered to the Fallback Protocol, the Authority's adherence effectively replaces the fallback language in each of the amended trade confirmation with the Fallback Protocol language, thus replacing LIBOR with SOFR plus the SOFR Spread from mid-2024 through maturity, unless and until such rate is further amended.

The Swaps were not terminated in connection with the issuance of the 2019 Series D Bonds and the 2019 Series E Bonds. Each Swap has been determined to be a hedge of the Authority's variable-rate obligations on the 2019 Series D Bonds and the 2019 Series E Bonds (see note 24A, a subsequent event note related to the termination of the interest rate swaps).

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| | Swap Notional Amortization | Interest-rate swaps | | |
|---------------------|----------------------------------|---------------------|-----------------------|------------------------------------|
| | | Payment | Pro-Forma Receipts | Pro-Forma Net (payment) receipt |
| Fiscal Year Ending: | | | | |
| 2023 (1/2 year) | \$ - | 5,598,128 | 3,269,932 | (2,328,196) |
| 2024 | 6,400,000 | 11,083,872 | 5,745,971 | (5,337,901) |
| 2025 | 6,600,000 | 10,855,592 | 16,593,415 | 5,737,823 |
| 2026 | 6,875,000 | 10,618,971 | 14,635,857 | 4,016,886 |
| 2027 | 7,125,000 | 10,373,131 | 13,498,362 | 3,125,231 |
| 2028 – 2032 | 225,300,000 | 32,034,708 | 39,520,604 | 7,485,896 |
| 2033 – 2034 | 66,500,000 | 2,348,650 | 2,837,177 | 488,527 |
| Totals | \$ 318,800,000 | 82,913,052 | 96,101,318 | 13,188,266 |

The above table shows payments based on the Authority's pay-fixed-rate interest rate Swap payment obligation at an effective interest rate of 3.499% to 3.512%, while the Authority's variable-rate receipts are based on the floating rate equal to one-week SIFMA through mid- 2024, thereafter 65% of SOFR plus SOFR Spread to maturity, which the counterparties are obligated to pay on a monthly basis.

Although the pro-forma receipts shown are projected based on the latest interest rate at April 30, 2023, one-week SIFMA (3.86%) and 65% of SOFR (3.12%) plus SOFR Spread; actual receipts will depend on the actual fluctuation of one-week SIFMA and SOFR.

The Authority is exposed to a limited degree of counterparty credit risk associated with the Swaps. However, each of the counterparties carries a rating of "Baa1" or higher from at least one of the nationally recognized credit rating agencies. The counterparties are required to post collateral to the extent that they experience an appreciable decline in credit rating and the Swaps have positive fair value for the Authority.

The Authority reduced its basis risk on the Swaps for the five-year period of the amendment to one-week SIFMA, which matches the variable rate on the Series 2019 D Bonds and the Series 2019 E Bonds. Starting in mid-2024, the Swaps' floating rate index reverts back to 65% of SOFR plus SOFR Spread, which may result in basis risk. On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding.

On August 6, 2019, the Authority refunded its 2013 Series C, 2013 Series D, and 2013 Series E variable-rate Junior Revenue Bonds and issued 2019 Series D and 2019 Series E variable-rate bonds. The interest rates on these bonds were hedged by interest rate swaps, which were bifurcated as of the date of the refunding. As defined by GASB 53, debt-type instruments (swaps) with market exposure are accounted for by bifurcating the transaction between a borrowing and an embedded derivative. The fair values of each element of the bifurcation can be made by estimating the fair value of the instrument (swaps) less the fair value of the borrowing.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

GASB 53 requires that associated interest rate swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On April 30, 2023, the associated interest rate swaps were tested and qualified for hedge accounting. Accordingly, the fair value of the interest rate swaps on August 6, 2019 of negative \$80 million was recorded as an imputed borrowing and a deferred outflow of resources by the Authority. These amounts are being amortized on a straight-line basis over the remaining life of the swaps and were \$56.8 million at April 30, 2023. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a positive fair value (from August 6, 2019) of \$22.0 million at April 30, 2023. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit). The amount recorded as imputed borrowing and deferred outflow of resources as of April 30, 2022 had a negative fair value of \$63.0 million. In addition, there was a positive fair value of \$19.6 million at April 30, 2022. This positive fair value is recorded as a deferred inflow of resources and an asset on the Authority's statement of net position (deficit) (see note 24A, a subsequent event note related to the termination of the interest rate swaps).

Debt service on the 2013 and 2019 Bonds and the 2003 Swap agreements (see notes 12 and 13) is secured by and is payable, after satisfaction of certain administrative, operating, and maintenance obligations of the Authority, solely from certain pledged lease revenues and Swap receipts, which are required to be deposited and maintained in the PRF established under the 2003 General Bond Resolution. The PRF, including income and earnings on investments thereof, has been pledged and assigned to a trustee for the benefit of the owners of the 2013 and 2019 Bonds and certain other beneficiaries, as their respective interest may appear.

In addition, the 2013 Series A Senior Revenue Bonds are secured by the Reserve Fund established under the 2003 General Bond Resolution. The rights to payment of the 2013 and 2019 Senior Bonds and senior reimbursement obligations are senior to the payment of the 2019 Junior Bonds, junior swap payments, and junior reimbursement obligations from amounts in the PRF.

As of each November 1, amounts in the PRF in excess of funding requirements for Project operating expenses and debt service, along with certain other unpledged amounts will be transferred into the Residual Fund (see notes 8 and 9).

(11) 2009 Revenue Bonds

On December 22, 2009, the Authority issued \$56,600,000 of fixed-rate Senior Revenue Bonds, Series 2009A (Federally Taxable—Build America Bonds) (the "2009 Series A Bonds") and \$30,635,000 of fixed-rate Senior Revenue Bonds, Series 2009B (the "2009 Series B Bonds"). At April 30, 2023 and 2022, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding.

All Series 2009A and 2009B Bonds maturing after November 1, 2019 were refunded on August 6, 2019 and as of that date are no longer debt obligations of the Authority.

The Authority issued certain of the 2009 Series B Bonds at a premium of \$1.81 million, which were being amortized on a straight-line basis until the bonds were refunded on August 6, 2019. The remaining unamortized net bond premiums of approximately \$1.1 million were reclassified to Gain (Loss) on Extinguishment of Bonds, when the bonds were refunded.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(12) 2013 Revenue Bonds

On October 23, 2013, the Authority issued \$356,085,000 of fixed-rate Senior Revenue Bonds, Series 2013A (Tax-Exempt Bonds) (the “2013 Series A Bonds”) and \$6,700,000 of fixed-rate Senior Revenue Bonds, Series 2013B Federally Taxable Bonds) (the “2013 Series B Bonds”). In addition, the Authority directly placed \$609,530,000 of variable-rate Junior Revenue Bonds with three banks or bank affiliates, comprising \$210,865,000 of Junior Revenue Bonds, Series 2013C (the “2013 Series C Bonds”), \$199,330,000 of Junior Revenue Bonds, Series 2013D (the “2013 Series D Bonds”), and \$199,335,000 of Junior Revenue Bonds, Series 2013E (the “2013 Series E Bonds”) (collectively, the “2013 Series C, D, and E Bonds”). The cumulative unamortized loss on redemption or maturity of bonds, including the unamortized bond insurance costs, collectively totaling \$11.3 million and \$12.6 million at April 30, 2023 and 2022, respectively, is classified in the statements of net position (deficit) as a deferred outflow of resources and is being amortized over the respective maturity of the corresponding bonds.

As of April 30, 2023, principal and interest payments due on the 2013 Series A Senior Revenue Bonds were as follows:

2013 Series A Senior Revenue Bonds:

| | <u>Coupon Rate</u> | <u>Principal amount</u> | <u>Interest</u> |
|---------------------|--------------------|-------------------------|-----------------|
| Fiscal Year Ending: | | | |
| 2023 (1/2 year) | 4.00% - 5.00% | \$ — | 4,441,025 |
| 2024 | 5.00% | 29,760,000 | 6,730,050 |
| 2025 | 5.00% | 28,740,000 | 5,267,550 |
| 2026 | 5.00% | 25,040,000 | 3,923,050 |
| 2027 | 5.00% | 23,745,000 | 2,703,425 |
| 2028 – 2032 | 4.00% - 5.00% | 43,615,000 | 5,345,100 |
| Totals | | \$ 150,900,000 | 28,410,200 |

The 2013 Series A Senior Bonds maturing after November 1, 2023 are subject to redemption, in whole or in part, at any time on or after November 1, 2023 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

(13) 2019 Revenue Bonds

On August 6, 2019, the Authority issued \$72,765,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019A (Sustainability Bonds) (the “2019 Series A Bonds”), \$146,510,000 of fixed-rate tax-exempt Senior Revenue Bonds, Series 2019B (the “2019 Series B Bonds”), and \$3,570,000 of fixed-rate Senior Revenue Bonds, Series 2019C (Federally Taxable) (the “2019 Series C Bonds”). On that date, the Authority also issued \$300,000,000 of variable-rate Junior Revenue Bonds, Series 2019D (Adjustable Rate Bonds) (the “2019 Series D Bonds”), composed of \$150,000,000 of Subseries 2019D-1 and \$150,000,000 of Subseries 2019D-2) and sold \$150,000,000 of variable-rate Junior Revenue Bonds, Series 2019E (the “2019 Series E Bonds”) to a bank.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Proceeds of the Series 2019 Bonds were issued for the following purposes:

- A total of \$3,813,506 of proceeds were allocated to pay for costs of issuance.
- A total of \$99,352,522 of proceeds (comprising \$86,150,000 from the 2019 Series A Bonds, \$9,702,522 from the 2019 Series B Bonds, and \$3,500,000 from the 2019 Series C Bonds) are to be used for certain infrastructure and other capital improvements.
- A total of \$671,425,000 of proceeds of the 2019 Series B Bonds, the 2019 Series D Bonds, and the 2019 Series E Bonds was used to refund the 2009 Series A Bonds (\$56,600,000), 2009 Series B Bonds (\$28,055,000), the 2013 Series C Bonds (\$204,835,000), the 2013 Series D Bonds (\$190,965,000), and the 2013 Series E Bonds (\$190,970,000).

As of April 30, 2023, principal and interest payments due on the fixed-rate Senior Revenue Bonds, 2019 Series A, 2019 Series B and 2019 Series C were as follows:

2019 Series A Senior Revenue Bonds:

| | <u>Coupon Rate</u> | <u>Principal amount</u> | <u>Interest</u> |
|---------------------|--------------------|-------------------------|-----------------|
| Fiscal Year Ending: | | | |
| 2023 (1/2 Year) | — | \$ — | 1,673,450 |
| 2024 | — | — | 3,346,900 |
| 2025 | — | — | 3,346,900 |
| 2026 | — | — | 3,346,900 |
| 2027 | — | — | 3,346,900 |
| 2028 – 2032 | — | — | 16,734,500 |
| 2033 – 2037 | — | — | 16,734,500 |
| 2038 – 2042 | 4.00% | 7,220,000 | 16,541,900 |
| 2043 – 2047 | 4.00% - 5.00% | 38,100,000 | 11,446,025 |
| 2048 – 2050 | 5.00% | 27,445,000 | 2,103,125 |
| Totals | | \$ 72,765,000 | 78,621,100 |

The 2019 Series A Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

2019 Series B Senior Revenue Bonds:

| | <u>Coupon Rate</u> | <u>Principal amount</u> | <u>Interest</u> |
|---------------------|--------------------|-------------------------|--------------------|
| Fiscal Year Ending: | | | |
| 2023 (1/2 Year) | — | \$ — | 3,659,075 |
| 2024 | — | — | 7,318,150 |
| 2025 | — | — | 7,318,150 |
| 2026 | — | — | 7,318,150 |
| 2027 | — | — | 7,318,150 |
| 2028 – 2032 | 5.00% | 1,700,000 | 36,425,750 |
| 2033 – 2037 | 5.00% | 41,485,000 | 31,012,625 |
| 2038 – 2042 | 4.00% - 5.00% | 103,325,000 | 12,097,550 |
| Totals | | \$ <u>146,510,000</u> | <u>112,467,600</u> |

The 2019 Series B Senior Revenue Bonds maturing on or after November 1, 2030 are subject to redemption, in whole or in part, at any time on or after November 1, 2029 at the option of the Authority, at a redemption price of par plus interest to the redemption date.

2019 Series C Senior Revenue Bonds:

| | <u>Coupon Rate</u> | <u>Principal amount</u> | <u>Interest</u> |
|---------------------|--------------------|-------------------------|-----------------|
| Fiscal Year Ending: | | | |
| 2023 (1/2 Year) | — | \$ — | 45,161 |
| 2024 | — | — | 90,321 |
| 2025 | — | — | 90,321 |
| 2026 | — | — | 90,321 |
| 2027 | — | — | 90,321 |
| 2028 – 2029 | 2.53% | 3,570,000 | 45,161 |
| Totals | | \$ <u>3,570,000</u> | <u>451,606</u> |

The 2019 Series C Senior Revenue Bonds are subject to redemption, in whole or in part, on any Business Day at the option of the Authority, for the full issue price plus accrued interest or the sum of the present value of the remaining scheduled payments of principal and interest to maturity.

2019 Series D Junior Revenue Bonds:

Both subseries of the 2019 Series D Bonds are variable-rate demand bonds and bear interest at a variable-rate based on one-week SIFMA plus applicable fees. The Authority has also entered into a stand-by purchase agreement as liquidity support for each of the two subseries.

The Authority has the right to cause the 2019 Series D Bonds to be repurchased from the initial purchasers on any business day at the discretion of the Authority.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

2019 Series E Junior Revenue Bonds:

The 2019 Series E Bonds bear interest at a variable-rate based on one-week SIFMA plus a spread. The Authority has the right to cause the 2019 Series E Bonds to be repurchased from the initial purchasers on any business day upon 20 days' prior written notice.

As of April 30, 2023, principal and interest payments due on the 2019 Series D and Series E variable-rate bonds were as follows:

| Fiscal Year Ending: | Junior D | | Junior E | | Total | |
|---------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 (1/2 Year) | \$ - | 5,300,379 | - | 2,737,467 | - | 8,037,846 |
| 2024 | 3,090,000 | 9,464,373 | 1,545,000 | 4,904,922 | 4,635,000 | 14,369,295 |
| 2025 | 4,970,000 | 8,833,548 | 2,490,000 | 4,586,383 | 7,460,000 | 13,419,931 |
| 2026 | 8,750,000 | 8,448,255 | 4,370,000 | 4,388,652 | 13,120,000 | 12,836,907 |
| 2027 | 10,860,000 | 8,155,475 | 5,435,000 | 4,235,584 | 16,295,000 | 12,391,059 |
| 2028 – 2032 | 95,780,000 | 32,582,327 | 47,880,000 | 16,914,987 | 143,660,000 | 49,497,314 |
| 2033 – 2037 | 126,260,000 | 15,219,793 | 63,120,000 | 7,894,368 | 189,380,000 | 23,114,161 |
| 2038 – 2039 | 41,840,000 | 430,716 | 20,925,000 | 223,278 | 62,765,000 | 653,994 |
| Total \$ | <u>291,550,000</u> | <u>88,434,866</u> | <u>145,765,000</u> | <u>45,885,641</u> | <u>437,315,000</u> | <u>134,320,507</u> |

The above schedule reflects interest on one-week SIFMA on April 30, 2023 plus applicable fees.

(14) Agreements with the City of New York Relating to Disposition of Revenue

The Authority entered into the Settlement Agreement with the City which provides, in effect, that: (i) all PILOT received by the Authority from its tenants remaining after operating and administrative and maintenance expenses, payment of a proportionate part of principal and interest on the 2003 Swap agreements (see note 10), 2009, 2013 and 2019 Revenue Bonds (see notes 11, 12 and 13), certain site development costs and any agreed-upon commitments, will be remitted to the City; and (ii) all other rent payments and other revenue received by the Authority, remaining after payment of a proportionate part of the aforementioned items, will be retained by the Authority and spent in such manner and for such purposes as the Authority and the City shall jointly determine.

The \$170.4 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2022, has not yet been requested. A provision in the amount of \$82.8 million has been charged as a nonoperating expense for the six-month period ended April 30, 2023.

In January 2010, the City and the Authority signed an amendment to the Settlement agreement (the “2010 Agreement”) to distribute \$861 million of accumulated and future excess revenues from the Joint Purpose Fund. The City and State were each allocated \$200 million to be distributed in a pari passu basis.

The Authority met the \$400 million obligation. Additionally, the Authority made payments totaling \$200 million to satisfy the City 421-A fund obligation.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

The remaining \$261 million distribution to the City pay-as-you-go capital fund was fulfilled. The excess will then be accumulated in accordance with the Settlement Agreement.

(15) (A) Rents and Other Receivables

Rents and other receivables consisted of the following at April 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|----------------------|---------------------|
| Rents receivable | \$ 28,706,768 | 20,014,946 |
| Interest receivable | 1,870,724 | 1,116,469 |
| Miscellaneous receivables | <u>89,472</u> | <u>67,989</u> |
| Total receivables | 30,666,964 | 21,199,404 |
| Less allowance for doubtful accounts | <u>(18,346,543)</u> | <u>(13,832,348)</u> |
| Net receivables | <u>\$ 12,320,421</u> | <u>7,367,056</u> |

(B) Lease Receivables

The Authority is reporting Lease Receivables of \$1,743,998,852 and \$1,719,012,826 at April 30, 2023 and 2022, respectively. For the six month periods ending April 30, 2023 and 2022, the Authority reported lease revenues of \$22,370,026 and \$22,402,834 and interest revenue of \$28,852,742 and \$28,092,570, respectively, related to lease payments received. These leases are summarized as follows:

4/30/2023

| <u>Lease</u> | <u>Lease Receivable</u> | <u>Lease Revenue</u> | <u>Lease Interest Revenue</u> |
|---------------|-------------------------|----------------------|-------------------------------|
| Commercial | \$ 504,298,290 | 6,621,906 | 8,245,593 |
| Residential | 1,199,928,594 | 15,085,267 | 19,952,721 |
| Hotel & Other | <u>39,771,968</u> | <u>662,853</u> | <u>654,428</u> |
| Total | <u>\$ 1,743,998,852</u> | <u>22,370,026</u> | <u>28,852,742</u> |

4/30/2022

| <u>Lease</u> | <u>Lease Receivable</u> | <u>Lease Revenue</u> | <u>Lease Interest Revenue</u> |
|---------------|-------------------------|----------------------|-------------------------------|
| Commercial | \$ 508,055,626 | 6,621,908 | 8,306,517 |
| Residential | 1,169,964,270 | 15,706,941 | 19,111,340 |
| Hotel & Other | <u>40,992,930</u> | <u>73,985</u> | <u>674,713</u> |
| Total | <u>\$ 1,719,012,826</u> | <u>22,402,834</u> | <u>28,092,570</u> |

(C) Bond Resolution Fund Receivables

As of April 30, 2023, \$19,161,000 of bond resolution funds from the debt service accounts were generated by the sale of fund investments (see note 8). The securities were received by the Authority on May 1, 2023.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

These bond resolution funds have been recorded separately as bond resolution fund receivables in the statement of net position (deficit).

(16) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at April 30, 2023 and 2022:

| | | <u>2023</u> | <u>2022</u> |
|------------------------------|----|--------------------------|--------------------------|
| Amounts due to vendors | \$ | 8,243,183 | 5,893,481 |
| State recovery costs | | 4,446,500 | 4,446,500 |
| Contract retention costs | | 1,168,955 | 2,244,939 |
| Accrued payroll and benefits | | 1,326,025 | 1,298,356 |
| Accrued bond fees | | <u>324,590</u> | <u>327,852</u> |
| Total | \$ | <u><u>15,509,253</u></u> | <u><u>14,211,128</u></u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(17) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of April 30, 2023 were comprised of the following obligations:

| | October 31, 2022 | Additions | Deletions | April 30, 2023 | Due within one year |
|--|---------------------|-----------|------------|-------------------|------------------------|
| <u>Authority bonds outstanding:</u> | | | | | |
| <u>2013 Revenue Bonds:</u> | | | | | |
| Series 2013A | \$ 179,280,000 | — | 28,380,000 | 150,900,000 | 29,760,000 |
| Unamortized net premiums | 25,485,045 | — | 1,415,836 | 24,069,209 | — |
| Subtotal 2013 Bonds | 204,765,045 | — | 29,795,836 | 174,969,209 | 29,760,000 |
| <u>2019 Revenue Bonds:</u> | | | | | |
| Series 2019A | 72,765,000 | — | — | 72,765,000 | — |
| Series 2019B | 146,510,000 | — | — | 146,510,000 | — |
| Series 2019C | 3,570,000 | — | — | 3,570,000 | — |
| Series 2019D | 294,480,000 | — | 2,930,000 | 291,550,000 | 3,090,000 |
| Series 2019E | 147,235,000 | — | 1,470,000 | 145,765,000 | 1,545,000 |
| Subtotal | 664,560,000 | — | 4,400,000 | 660,160,000 | 4,635,000 |
| Unamortized net premiums | 46,614,774 | — | 1,258,636 | 45,356,138 | — |
| Subtotal 2019 Bonds | 711,174,774 | — | 5,658,636 | 705,516,138 | 4,635,000 |
| Total bonds outstanding | 915,939,819 | — | 35,454,472 | 880,485,347 | 34,395,000 |
| <u>Other long-term liabilities:</u> | | | | | |
| OPEB | 47,782,000 | 2,558,704 | 14,347,943 | 35,992,761 | — |
| Imputed borrowing | 59,937,122 | — | 3,099,645 | 56,837,477 | — |
| Lease liability | 12,103,424 | — | 680,453 | 11,422,971 | 1,395,407 |
| Unearned revenue | 76,406,030 | 43,535 | 2,389,788 | 74,059,777 | 50,725,171 |
| Security and other deposits | 29,462,454 | 590,730 | — | 30,053,184 | 4,738 |
| Total other long-term liabilities | 225,691,030 | 3,192,969 | 20,517,829 | 208,366,170 | 52,125,316 |
| Total long-term liabilities | \$ 1,141,630,849 | 3,192,969 | 55,972,301 | 1,088,851,517 | 86,520,316 |

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The April 30, 2023 column less the due within one year equals the non-current liabilities total.

The Authority's bonds and other long-term liabilities as of April 30, 2022 were comprised of the following obligations:

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| | October 31, 2021 | Additions | Deletions | April 30, 2022 | Due within one year |
|--|---------------------|-----------|-------------|-------------------|------------------------|
| <u>Authority bonds outstanding:</u> | | | | | |
| <u>2013 Revenue Bonds:</u> | | | | | |
| Series 2013A | \$ 206,295,000 | — | 27,015,000 | 179,280,000 | 28,380,000 |
| Series 2013B | — | — | — | — | — |
| Unamortized net premiums | 28,316,716 | — | 1,415,835 | 26,900,881 | — |
| Subtotal 2013 Bonds | 234,611,716 | — | 28,430,835 | 206,180,881 | 28,380,000 |
| <u>2019 Revenue Bonds:</u> | | | | | |
| Series 2019A | 72,765,000 | — | — | 72,765,000 | — |
| Series 2019B | 146,510,000 | — | — | 146,510,000 | — |
| Series 2019C | 3,570,000 | — | — | 3,570,000 | — |
| Series 2019D | 297,300,000 | — | 2,820,000 | 294,480,000 | 2,930,000 |
| Series 2019E | 148,650,000 | — | 1,415,000 | 147,235,000 | 1,470,000 |
| Subtotal | 668,795,000 | — | 4,235,000 | 664,560,000 | 4,400,000 |
| Unamortized net premiums | 49,132,046 | — | 1,258,636 | 47,873,410 | — |
| Subtotal 2019 Bonds | 717,927,046 | — | 5,493,636 | 712,433,410 | 4,400,000 |
| Total bonds outstanding | 952,538,762 | — | 33,924,471 | 918,614,291 | 32,780,000 |
| <u>Other long-term liabilities:</u> | | | | | |
| OPEB | 45,492,997 | 2,227,903 | 2,166,804 | 45,554,096 | — |
| Imputed borrowing | 66,136,413 | — | 3,099,645 | 63,036,768 | — |
| Fair value of interest rate swap | 4,286,718 | — | 4,286,718 | — | — |
| Lease liability | 13,273,424 | — | 501,294 | 12,772,130 | 1,349,159 |
| Unearned revenue | 258,342,245 | — | 182,450,125 | 75,892,120 | 46,347,467 |
| Security and other deposits | 29,438,993 | — | 2,006 | 29,436,987 | 4,738 |
| Total other long-term liabilities | 416,970,790 | 2,227,903 | 192,506,592 | 226,692,101 | 47,701,364 |
| Total long-term liabilities | \$ 1,369,509,552 | 2,227,903 | 226,431,063 | 1,145,306,392 | 80,481,364 |

Security and other deposits classified as due within one year represent amounts held on behalf of others that may become callable by the Authority within the year.

The April 30, 2022 column less the due within one year equals the non-current liabilities total.

(18) Retirement Costs

The information presented is for the measurement date March 31, 2022, the latest information available from the New York State and Local Retirement System.

Plan Description and Benefits Provided

The Authority relies on the New York State and Local Retirement System for certain information included below:

The Authority – The Battery Park City Authority participates in the New York State and Local Employees’ Retirement System (“ERS”), and the New York State and Local Police and Fire Retirement System (“PFRS”) which are collectively referred to as the “System.” These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all net assets and record changes in plan net position allocated to the System. The

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits

The benefits employees will receive are governed by the RSSL. Employees are placed in tiers depending on when they last became members. The benefits in all tiers are 1.67% of the final average salary for each year of service if members retire with less than 20 years. If members retire with more than 20 years of service, the percentages vary according to the tier they are in. The minimum service requirements and minimum age requirement vary according to the tier the employee is in.

Annual cost of living adjustments are provided to pensioners after waiting periods defined in the plan. The adjustments are a percentage of the annual retirement benefit as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost of living percentage is 50% of the Consumer Price Index but not less than 1% or more than 3%.

Ordinary disability benefits are usually one third of salary and are provided to eligible members after ten years or, in some cases, five years of service. Accidental disability benefits are either 75% of salary with an offset for any workers' compensation benefits received or the ordinary disability benefit with the year of service eligibility requirement dropped, depending on the tier. Death benefits are payable upon the death, before retirement, of a member who meets the eligibility requirements as set forth by law. The benefit is generally three times the member's annual salary.

Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required and were as follows:

| <u>Year</u> | | <u>ERS</u> |
|-------------|----|------------------|
| 2022 | \$ | 1,181,874 |
| 2021 | | 1,036,597 |
| 2020 | | 965,189 |
| | \$ | <u>3,183,660</u> |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2023 and 2022, the Authority reported an asset of \$2,672,048 and liability of \$30,221, respectively for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of the Systems' fiscal year end at March 31, 2022 and 2021, respectively, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability (asset) was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At April 30, 2023 and 2022, the Authority's proportion was 0.0326873% and 0.0303502%, respectively.

At April 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

April 30, 2023

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 202,358 | 262,470 |
| Changes of assumptions | 4,459,348 | 75,247 |
| Net difference between projected and actual earnings on pension plan investments | - | 8,749,837 |
| Changes in proportion and differences between LG contributions and proportionate share of contributions | 341,746 | 431,848 |
| Contributions made prior to measurement date | 918,577 | - |
| Total | <u>\$ 5,922,029</u> | <u>9,519,402</u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

April 30, 2022

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 369,079 | - |
| Changes of assumptions | 5,556,649 | 104,800 |
| Net difference between projected and actual earnings on pension plan investments | - | 8,681,223 |
| Changes in proportion and differences between LG contributions and proportionate share of contributions | 253,366 | 291,986 |
| Contributions made prior to measurement date | 1,181,874 | - |
| Total | <u>\$ 7,360,968</u> | <u>9,078,009</u> |

As of April 30, 2023 and 2022, \$5,922,029 and \$7,360,968 was reported as a deferred outflow of resources, respectively, and \$9,519,402 and \$9,078,009 was reported as a deferred inflow of resources, respectively, including a deferred outflow of resources amounting to \$918,577 and \$1,181,874 as of April 30, 2023 and 2022, respectively related to pensions resulting from the Authority's contributions subsequent to the measurement date that will be recognized as pension expense in the next fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|------------------------|-----------------------|
| Year ended October 31: | |
| 2023 | \$ 236,589 |
| 2024 | (1,028,567) |
| 2025 | (2,314,293) |
| 2026 | (491,102) |
| 2027 | - |
| Thereafter | - |
| | <u>\$ (3,597,373)</u> |

Actuarial Assumptions

The total pension liability (asset) at the System's year end of March 31, 2022 and 2021 was determined by using an actuarial valuation as of April 1, 2021 and 2020, with updated procedures used to roll forward the total pension liability (asset) to the System's year end of March 31, 2022 and 2021.

Significant actuarial assumptions used in the April 1, 2021 and 2020 valuations were as follows:

| | |
|---------------------|--------------------------------|
| <u>2021</u> | |
| Interest Rate | 5.9% |
| Salary Scale ERS | 4.4% |
| Decrement tables | April 1, 2015 - March 31, 2020 |
| System's Experience | |
| Inflation rate | 2.7% |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

| | |
|---------------------|--------------------------------|
| <u>2020</u> | |
| Interest Rate | 5.9% |
| Salary Scale ERS | 4.4% |
| Decrement tables | April 1, 2015 - March 31, 2020 |
| System's Experience | |
| Inflation rate | 2.7% |

The actuarial assumptions used in the 2021 and 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The long term expected rate of return on pension 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 investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class and the target asset allocation as of March 31, 2022 and 2021 are summarized below.

March 31, 2022

| Asset Type | Target Allocation | Long Term Expected Real Rate |
|-----------------------------|-------------------|------------------------------|
| Domestic Equity | 32.00% | 3.30% |
| International Equity | 15.00% | 5.85% |
| Private Equity | 10.00% | 6.50% |
| Real Estate | 9.00% | 5.00% |
| Opportunistic/ARS portfolio | 3.00% | 4.10% |
| Credit | 4.00% | 3.78% |
| Real Asset | 3.00% | 5.80% |
| Fixed Income | 23.00% | 0.00% |
| Cash | 1.00% | -1.00% |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

March 31, 2021

| Asset Type | Target Allocation | Long Term Expected Real Rate |
|-----------------------------|-------------------|------------------------------|
| Domestic Equity | 32.00% | 4.05% |
| International Equity | 15.00% | 6.30% |
| Private Equity | 10.00% | 6.75% |
| Real Estate | 9.00% | 4.95% |
| Opportunistic/ARS portfolio | 3.00% | 4.50% |
| Credit | 4.00% | 3.63% |
| Real Asset | 3.00% | 5.95% |
| Fixed Income | 23.00% | 0.00% |
| Cash | 1.00% | 0.50% |

Discount Rate

The discount rates used to calculate the total pension liability (asset) as of March 31, 2022 and 2021 were 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of April 30, 2023:

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|-----------------------|----------------------------|-----------------------|
| Authority's share of the Net Pension Liability (Asset) | \$ 6,877,822 | (2,672,048) | (10,660,053) |

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate as of April 30, 2022:

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|-----------------------|----------------------------|-----------------------|
| Authority's share of the Net Pension Liability (Asset) | \$ 8,388,153 | 30,221 | (7,677,749) |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Pension plan fiduciary net position

The components of the current-year net pension liability of the System's plan year-end of March 31, 2022 and 2021 were as follows:

| | (Dollars in Thousands) | |
|---|------------------------|-------------------|
| | 2022 | 2021 |
| | Employees' | Employees' |
| | Retirement System | Retirement System |
| Employers' total pension liability | \$ 223,874,888 | 220,680,157 |
| Plan net position | (232,049,473) | (220,580,583) |
| Employers' net pension liability | \$ (8,174,585) | 99,574 |
| Ratio of plan net position to the employers' total pension liability | 103.65% | 99.95% |

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution plan ("VDC") option available to all unrepresented (non-union) employees of NYS public employers who are paid at a rate of \$75,000 or more on an annual basis as an alternative to the ERS/TRS defined benefit plan systems. The NYS VDC is a defined contribution plan. Defined contribution plans are retirement savings vehicles that provide benefits "defined" by employer and employee contributions to the plan and the investment earnings on those contributions.

(19) Other Postemployment Benefit Plan (OPEB)

a) Plan Description

The Authority is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State as an agent multiple employer defined benefit plan. Under the plan, the Authority provides certain healthcare benefits for eligible retired employees and their dependents under a single-employer noncontributory healthcare plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan. The Authority's Board is authorized to establish contribution rates for employees and retirees below those set by Civil Service Law. The Authority's plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10-year service requirement, all of the employee's service need not be with the Authority, but may be a composite of New York State service elsewhere, with a minimum of 3 years with the Authority. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Eligible retirees hired on or after November 1, 2001, contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The Authority covers 100% of the cost of single and dependent coverage for employees hired before November 1, 2001. A vestee is an Authority employee vested as a member of the retirement system administered by the State, has withdrawn from State service after meeting the Authority's minimum service requirement, but has not met the age requirement for continuing health insurance.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

As of April 30, 2023, 189 participants, including 132 employees and 57 retired and/or spouses of retired employees, were eligible to receive these benefits. NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State. For the periods ending April 30, 2023 and 2022 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuation date of November 1, 2022 and 2020, respectively. This is the date as of which the actuarial valuations were performed. The measurement dates are October 31, 2022 and 2021, respectively. These are the dates as of which the OPEB liabilities were determined.

b) Funding

The contribution requirements (funding) of the Authority's net OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's net OPEB obligation continues to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations. There are no assets in a trust that meets the criteria of GASB 75, paragraph 4.

c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total OPEB liability is the portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB. 75. The total annual OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date in accordance with the parameters of GASB 75.

As of April 30, 2023 and 2022, \$35,992,761 and \$45,554,096, respectively, has been reported for the Authority's total OPEB liabilities.

For the six-month periods ending April 30, 2023 and 2022, the Authority has recognized OPEB expenses of \$723,698 and \$2,916,383, respectively.

Deferred inflows of resources and deferred outflows of resources are a portion of changes in net OPEB liability that is not immediately recognized in OPEB expense.

These changes include differences between expected and actual experience, changes in assumptions and differences between expected and actual earnings on plan investments.

As of April 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | April 30, 2023 | |
|------------------------|----------------------------------|-----------------------------------|
| | Deferred Inflows of Resources | Deferred Outflows of Resources |
| Changes of assumptions | \$ 17,741,117 | 4,942,094 |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of April 30, 2023 will be recognized in OPEB expense as follows:

| | | |
|------------------------|----|----------------------------|
| Year ended October 31: | | |
| 2024 | \$ | (1,628,406) |
| 2025 | | (2,228,083) |
| 2026 | | (2,154,238) |
| 2027 | | (1,850,167) |
| 2028 | | (1,249,575) |
| Thereafter | | <u>(3,688,554)</u> |
| | \$ | <u><u>(12,799,023)</u></u> |

April 30, 2022

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|------------------------|--|---|
| Changes of assumptions | \$ 7,365,384 | 5,797,273 |

d) Actuarial Methods and Assumptions

The Authority's total OPEB liabilities were determined by actuarial valuations as of November 1, 2022, using the following actuarial assumptions:

2022

Inflation rate 2.3%

Salary scale 3.3%

Health cost Getzen Model Version 2020

Mortality MP-2021 Mortality Tables

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 6.7% to 7.3%, declining approximately each year to an ultimate trend rate of 4.1%. The trend rates reflect a general inflation level of 2.3%.

These valuation reports reflect postemployment benefits that have been extended to current and future retirees and their dependents.

Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

Examples include assumptions about employment, mortality and the healthcare cost trend. In accordance with GASB 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.

2020

Inflation rate 2.2%

Salary scale 3.2%

Health cost Getzen Model Version 2020

Mortality MP-2020 Mortality Tables

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.3% to 6.2%, declining approximately 0.1% each year to an ultimate trend rate of 3.3%. The trend rates reflect a general inflation level of 2.2%.

e)Discount Rate

The discount rate used to calculate the total OPEB liability as of April 30, 2023 and 2022 were 4.90% and 2.41%, respectively. The discount rate is a single rate of return, when applied to all projected benefit payments equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. (2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. The Municipal Bond Rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

f)Sensitivity of the Net OPEB Liability to the Discount Rate Assumption

The following represents the Authority's total OPEB liability estimated as of April 30, 2023, calculated using the discount rate of 4.90%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

April 30, 2023

| | | 1% Decrease 3.90% | Current Discount 4.90% | 1% Increase 5.90% |
|----------------------|----|----------------------|---------------------------|----------------------|
| Total OPEB Liability | \$ | 41,400,486 | 35,992,761 | 31,575,875 |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

The following represents the Authority's total OPEB liability estimated as of April 30, 2023, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

| | | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|----------------------|----|--------------------|---------------------------|--------------------|
| Total OPEB Liability | \$ | 31,076,122 | 35,992,761 | 42,197,779 |

The following represents the Authority's total OPEB liability estimated as of April 30, 2022, calculated using the discount rate of 2.41%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current rate:

April 30, 2022

| | | <u>1% Decrease 1.41%</u> | <u>Current Discount 2.41%</u> | <u>1% Increase 3.41%</u> |
|----------------------|----|------------------------------|-----------------------------------|------------------------------|
| Total OPEB Liability | \$ | 51,743,549 | 45,554,096 | 36,777,348 |

The following represents the Authority's total OPEB liability estimated as of April 30, 2022, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

| | | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|----------------------|----|--------------------|---------------------------|--------------------|
| Total OPEB Liability | \$ | 35,960,042 | 45,554,096 | 53,186,906 |

g) OPEB Status and Funding Progress

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2023 was as follows:

| | | |
|----------------------------------|----|--------------------------|
| OPEB Balance at November 1, 2022 | \$ | <u>47,782,000</u> |
| Changes for the period: | | |
| Service cost | | 1,351,838 |
| Interest | | 601,559 |
| Benefit payments | | (567,158) |
| Changes in assumptions | | <u>(13,175,478)</u> |
| Net changes | | <u>(11,789,239)</u> |
| OPEB Balance at April 30, 2023 | \$ | <u><u>35,992,761</u></u> |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

The following is a list of significant changes in the actuarial assumptions from the prior year:

The discount rate increased from 2.41% to 4.90%.

The Authority's OPEB obligation and the funded status of the plan as of April 30, 2022 was as follows:

| | |
|----------------------------------|---------------|
| OPEB Balance at November 1, 2021 | \$ 45,492,997 |
| Changes for the period: | |
| Service cost | 1,307,370 |
| Interest | 511,707 |
| Benefit payments | (509,674) |
| Changes in assumptions | (1,248,304) |
| Net changes | 61,099 |
| OPEB Balance at April 30, 2022 | \$ 45,554,096 |

Corporate assets held at April 30, 2023 and 2022 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately \$40.4 million and \$42.7 million, respectively. The Authority has segregated assets for the exclusive purpose of paying OPEB obligations, the funds cannot be irrevocably dedicated for that purpose and therefore cannot be held as a funded OPEB asset. The OPEB assets are therefore included in the statements of net position (deficit) within the other corporate designated, escrowed, and postemployment benefit funds financial statement classification.

(20) Commitments and Other Matters

- (a) The Authority has entered into construction and other related contracts, having unexpended balances aggregating approximately \$289.5 million as of April 30, 2023.
- (b) On October 23, 2007, the members of the Authority approved a proposal by the Governor to pay up to \$40 million of Special Fund monies to the PANYNJ for the construction of the pedestrian concourse running under Route 9A. The concourse connects the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of April 30, 2023, the Authority had disbursed a total sum of \$39,130,618 to the PANYNJ.
- (c) Pursuant to its ground lease with Goldman Sachs Group Inc. ("Goldman") providing for construction by Goldman of a new world headquarters building in Battery Park City, the Authority entered into an arrangement as of July 18, 2007 under which Goldman may make purchases related to construction, furnishing, and equipping the building without liability for New York State and City sales tax, for an aggregate sales tax exemption of up to \$60 million. To qualify for the exemption, the Authority is liable for payment of Goldman's purchases in connection with the building, in an amount not to exceed \$100 million (in addition to the value of goods delivered to the building), which purchases Goldman is to make as agent of the Authority, but which Goldman is obligated to pay pursuant to its ground lease. The Goldman Sachs Group, Inc. (the corporate parent of Goldman) executed a guaranty to assure reimbursement of any amounts paid by the Authority as a consequence of this arrangement. The likelihood of any payments made directly by the Authority resulting from this arrangement is considered remote.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(21) Battery Park City Parks Conservancy Corporation

The Conservancy was incorporated on December 2, 1987 as a New York not-for-profit corporation. The Authority, as sole member of the Conservancy, designated the Authority's Members to serve as the Conservancy's Board of Directors. By approval of the Board of Directors, the Conservancy added the Authority's President as an additional Director. The Conservancy's mission is to maintain and repair the parks and open spaces in and around Battery Park City. The Authority merged in the employees and their related benefits in November 2015. All other operations and related expenses were conducted by the Authority as of November 2020.

(22) Litigation

The Authority is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. Authority management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the Authority, and that any potential losses would, in any event, be covered by the Authority's various insurance policies.

(23) COVID-19

Despite the significant impact that the COVID-19 pandemic has had on the overall New York City economy, initially causing a cessation of operations by numerous commercial establishments and a decreased absorption in office space tenancy, the pandemic has not had a material impact on the Authority's operations or revenues. The foregoing notwithstanding, the COVID-19 pandemic remains an evolving situation. Accordingly, no assurances can be given at this time as to what impact the pandemic will have on the Authority's future financial position or future results of its operations.

(24) Subsequent Events

(A) On May 12, 2023, New York State Legislature amended the statute to increase the Authority's bond authorization by \$1 billion. The Authority issued its 2023 Series A/B/C on June 28, 2023 for \$732.5 million, which consisted of both new money and reissued bonds. The 2023 bonds includes the Senior Revenue Bonds Series 2023A (Sustainability Bonds), 2023B and 2023C (Federally Taxable) (Sustainability Bonds). The bonds are scheduled to close August 3, 2023. The purpose of the bond issuance is to fund and further the progress of the Authority's current and future capital plans, specifically the resiliency related infrastructure projects. In conjunction with the bond issuance, the Authority terminated all of its outstanding interest rate swaps.

(B) On April 25, 2023, after nearly 20 months of productive, good-faith discussions, the negotiating teams for the Authority and District Council 37 ("DC 37") reached a settlement for an initial three-year contract, subject to member ratification and Board review, commencing on June 1, 2023 through May 31, 2026. On May 11, 2023, employee members ratified the contract by a roughly two-thirds vote. As such, ratification of the terms and approval of the economic provisions by the Board is hereby sought to implement the written agreement between the Authority and DC 37. On June 6, 2023, the Authority's Board ratified and approved the terms of the stipulation of agreement and collective bargaining agreement with DC 37.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Notes to Financial Statements

April 30, 2023 and 2022 (Unaudited)

(C) On June 15, 2023, the Authority executed (i) a Seventh Amendment to the Master Lease to extend the expiration date from June 18, 2069 to June 18, 2119, and (ii) a Second 2023 Amendment of Settlement Agreement providing that the extension of the term of any Basic Sublease beyond June 18, 2069, the entry into any new Basic Sublease with a term that extends beyond June 18, 2069, and any further extensions of the term of the Master Lease beyond June 18, 2119, will be subject to the City's prior approval.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability (Unaudited)

New York State and Local Employees' Retirement System

(Dollar amounts in thousands)

| | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 |
|---|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|--|-------------|--|-------------|--|-------------|
| The Authority's proportion of the net pension liability (asset) | 0.03035020% | | 0.03035020% | | 0.02944110% | | 0.02678100% | | 0.02572800% | | 0.02614580% | | 0.01468700% | | 0.01539080% |
| The Authority's proportionate share of the net pension liability (asset) | \$ (2,672) | \$ 30 | \$ 7,796 | \$ 1,898 | \$ 830 | \$ 2,457 | \$ 2,357 | \$ 519 | | | | | | | |
| The Authority's covered payroll | \$ 5,025 | \$ 4,632 | \$ 4,673 | \$ 4,076 | \$ 4,154 | \$ 3,893 | \$ 3,983 | \$ 3,843 | | | | | | | |
| The Authority's proportionate share of the net pension liability (asset) as a percentage of covered payroll | -26.59% | | 0.65% | | 166.83% | | 46.57% | | 19.98% | | 63.11% | | 59.18% | | 13.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.65% | | 99.95% | | 86.4% | | 96.3% | | 98.2% | | 94.7% | | 90.7% | | 97.9% |

Notes to Schedule:

* Data is not available for years prior to the fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

Changes of assumptions

Changes of assumptions reflect the changes in the discount rate. The following are the discount rates used in each measurement period:

| <u>Measurement Date - March 31:</u> | <u>Percentage</u> |
|-------------------------------------|-------------------|
| 2022 | 5.90% |
| 2021 | 5.90% |
| 2020 | 6.80% |
| 2019 | 7.00% |
| 2018 | 7.00% |
| 2017 | 7.00% |
| 2016 | 7.00% |
| 2015 | 7.50% |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of Employer Contributions
Six-Month Periods Ended April 30 (Unaudited)

New York State and Local Retirement System
(Dollar amounts in thousands)

| | | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 |
|---|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Actuarially determined contribution | \$ | 1,182 | \$ | 1,036 | \$ | 965 | \$ | 1,165 | \$ | 930 | \$ | 713 | \$ | 518 | \$ | 709 | \$ | 605 | \$ | 541 |
| Contribution in relation to the actuarially determined contribution | \$ | 1,182 | \$ | 1,036 | \$ | 965 | \$ | 1,165 | \$ | 930 | \$ | 713 | \$ | 518 | \$ | 709 | \$ | 605 | \$ | 541 |
| Contribution deficiency (excess) | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| The Authority's covered payroll | \$ | 5,025 | \$ | 4,632 | \$ | 4,673 | \$ | 4,076 | \$ | 4,154 | \$ | 3,893 | \$ | 3,983 | \$ | 3,843 | \$ | 4,427 | \$ | 4,220 |
| Contribution as a percentage of covered payroll | | 23.52% | | 22.37% | | 20.65% | | 28.58% | | 22.39% | | 18.31% | | 13.01% | | 18.45% | | 13.67% | | 12.82% |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Required Supplementary Information – Schedule of Changes in Total OPEB Liability and Related Ratios

For the Six-Month Periods Ended April 30 (Unaudited)

(Dollar amounts in thousands)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------|---------|--------|--------|---------|---------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 1,352 | 1,307 | 1,149 | 974 | 1,052 | 1,069 |
| Interest cost | 602 | 512 | 737 | 700 | 701 | 644 |
| Effect of assumption changes or inputs | (2,217) | (30) | 2,480 | (13) | 212 | (1) |
| Effect of economic/demographic gains or (losses) | (10,959) | (1,218) | 1,921 | 1,091 | (8,139) | (1,260) |
| Benefit Payments | (567) | (510) | (521) | (453) | (463) | (448) |
| Net Change in Total OPEB Liability | (11,789) | 61 | 5,766 | 2,299 | (6,637) | 4 |
| Total OPEB Liability - Beginning | \$ 47,782 | 45,493 | 38,363 | 34,845 | 40,192 | 38,923 |
| Total OPEB Liability - Ending | \$ 35,993 | 45,554 | 44,129 | 37,144 | 33,555 | 38,927 |
| Covered payroll | \$ 5,730 | 5,288 | 4,577 | 4,402 | 4,354 | 4,471 |
| Total OPEB Liability as a Percentage of Covered Payroll | 628% | 861% | 964% | 844% | 771% | 871% |

Notes to Schedule:

This schedule is intended to present the 10 most current fiscal years of data. However, six periods of data are available with the adoption of GASB Statement 75 for the periods ended April 30, 2018 through April 30, 2023.

Changes of assumptions

Changes of assumptions reflect the changes in the discount rate each period. The following are the discount rates used in each period:

| <u>Period Ended</u> | <u>Percentage</u> |
|---------------------|-------------------|
| 2023 | 4.90% |
| 2022 | 2.41% |
| 2021 | 2.15% |
| 2020 | 3.67% |
| 2019 | 3.85% |
| 2018 | 3.35% |

The Authority funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined. Therefore, the required supplementary information related to actuarially determined contributions for the 10 most current periods ended is not applicable.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2023 (Unaudited)

| Assets | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|--|--|--|---------------------|----------------------|
| Current assets: | | | | |
| Bank deposits | \$ 122,107 | 14,892 | — | 136,999 |
| Investments | 9,506,543 | — | — | 9,506,543 |
| Restricted assets: | | | | |
| Lease receivable | 5,793,869 | — | — | 5,793,869 |
| Accrued interest receivable | 25,620,055 | — | — | 25,620,055 |
| Rents and other receivables (net of allowance for doubtful accounts of \$18,346,543) | 12,320,421 | — | — | 12,320,421 |
| 2003 General Bond Resolution Funds | 338,516,049 | — | — | 338,516,049 |
| 2013 Revenue Bond Resolution Funds | 2,874,162 | — | — | 2,874,162 |
| 2019 Revenue Bond Resolution Funds | 14,732,669 | — | — | 14,732,669 |
| 2023 Revolver Funds | 10,997 | — | — | 10,997 |
| Bond resolution fund receivables | 19,161,000 | — | — | 19,161,000 |
| Accrued pension asset | 2,672,048 | — | — | 2,672,048 |
| Corporate-designated, escrowed and OPEB funds | 87,058,339 | — | — | 87,058,339 |
| Total current assets | <u>518,388,259</u> | <u>14,892</u> | <u>—</u> | <u>518,403,151</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Lease Receivable | 1,738,204,983 | — | — | 1,738,204,983 |
| 2003 General Bond Resolution Funds | 33,526,210 | — | — | 33,526,210 |
| 2013 Revenue Bond Resolution Funds | 6,410,468 | — | — | 6,410,468 |
| 2019 Revenue Bond Resolution Funds | 16,452,213 | — | — | 16,452,213 |
| Residential lease required funds | 29,326,134 | — | — | 29,326,134 |
| Corporate-designated, escrowed, and OPEB funds | 84,005,537 | — | — | 84,005,537 |
| Fair value of interest rate swaps | 22,018,440 | — | — | 22,018,440 |
| Battery Park City project assets – at cost, less accumulated depreciation | 568,250,705 | — | — | 568,250,705 |
| Other assets | 14,275,348 | — | — | 14,275,348 |
| Total noncurrent assets | <u>2,512,470,038</u> | <u>—</u> | <u>—</u> | <u>2,512,470,038</u> |
| Total assets | <u>3,030,858,297</u> | <u>14,892</u> | <u>—</u> | <u>3,030,873,189</u> |
| Deferred Outflows of Resources | | | | |
| Deferred pension outflows | 5,922,029 | — | — | 5,922,029 |
| Deferred OPEB outflows | 4,942,094 | — | — | 4,942,094 |
| Unamortized loss on extinguishment of bonds | 11,285,249 | — | — | 11,285,249 |
| Deferred costs of refunding, less accumulated amortization of \$23,176,980 | 56,837,477 | — | — | 56,837,477 |
| Total deferred outflows of resources | <u>78,986,849</u> | <u>—</u> | <u>—</u> | <u>78,986,849</u> |
| Total assets and deferred outflows of resources | <u>\$ 3,109,845,146</u> | <u>14,892</u> | <u>—</u> | <u>3,109,860,038</u> |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2023 (Unaudited)

| Liabilities | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|--|--|---------------------|----------------------|
| Current liabilities: | | | | |
| Accrued interest on bonds | \$ 10,318,347 | — | — | 10,318,347 |
| Accounts payable and other liabilities | 15,509,253 | — | — | 15,509,253 |
| Lease liability | 1,395,407 | — | — | 1,395,407 |
| Accrued interest payable | 31,290 | — | — | 31,290 |
| Due to the City of New York | 253,204,922 | — | — | 253,204,922 |
| Due to the Port Authority of New York & New Jersey | 869,381 | — | — | 869,381 |
| Unearned revenue: | | | | |
| PILOT revenue | 44,371,121 | — | — | 44,371,121 |
| Base rent and other revenue | 6,354,050 | — | — | 6,354,050 |
| Security and other deposits | 4,738 | — | — | 4,738 |
| 2013 Revenue Bonds | 29,760,000 | — | — | 29,760,000 |
| 2019 Revenue Bonds | 4,635,000 | — | — | 4,635,000 |
| 2023 Revolver Payable | 1,250,100 | — | — | 1,250,100 |
| Total current liabilities | <u>367,703,609</u> | <u>—</u> | <u>—</u> | <u>367,703,609</u> |
| Noncurrent liabilities: | | | | |
| Unearned revenue: | | | | |
| Base rent and other revenue | 23,334,606 | — | — | 23,334,606 |
| Security and other deposits | 30,048,446 | — | — | 30,048,446 |
| Lease liability | 10,027,564 | — | — | 10,027,564 |
| OPEB | 35,992,761 | — | — | 35,992,761 |
| Imputed borrowing | 56,837,477 | — | — | 56,837,477 |
| Bonds outstanding: | | | | |
| 2013 Revenue Bonds, less accumulated amortization of \$26,966,778 | 145,209,209 | — | — | 145,209,209 |
| 2019 Revenue Bonds, less accumulated amortization of \$9,413,042 | 700,881,138 | — | — | 700,881,138 |
| Total noncurrent liabilities | <u>1,002,331,201</u> | <u>—</u> | <u>—</u> | <u>1,002,331,201</u> |
| Total liabilities | <u>1,370,034,810</u> | <u>—</u> | <u>—</u> | <u>1,370,034,810</u> |
| Deferred Inflows of Resources | | | | |
| Deferred lease inflows | 1,836,012,048 | — | — | 1,836,012,048 |
| Deferred pension inflows | 9,519,402 | — | — | 9,519,402 |
| Deferred OPEB inflows | 17,741,117 | — | — | 17,741,117 |
| Accumulated change in fair value of interest rate swaps | 22,018,440 | — | — | 22,018,440 |
| Total deferred inflows of resources | <u>1,885,291,007</u> | <u>—</u> | <u>—</u> | <u>1,885,291,007</u> |
| Net Position (Deficit): | | | | |
| Net investment in capital assets | 64,975,637 | — | — | 64,975,637 |
| Restricted: | | | | |
| Debt service | 62,850,493 | — | — | 62,850,493 |
| Under bond resolutions and other agreements | 87,995,367 | — | — | 87,995,367 |
| Unrestricted (deficit) | (361,302,168) | 14,892 | — | (361,287,276) |
| Total net position (deficit) | <u>(145,480,671)</u> | <u>14,892</u> | <u>—</u> | <u>(145,465,779)</u> |
| Total liabilities, deferred inflows of resources and net position (deficit) | <u>\$ 3,109,845,146</u> | <u>14,892</u> | <u>—</u> | <u>3,109,860,038</u> |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2022 (Unaudited)

| Assets | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|--|-----------------------------------|---|--------------|---------------|
| Current assets: | | | | |
| Bank deposits | \$ 375,376 | 39,892 | — | 415,268 |
| Investments | 5,662,707 | — | — | 5,662,707 |
| Restricted assets: | | | | |
| Lease Receivable | 5,480,264 | — | — | 5,480,264 |
| Accrued Interest Receivable | 16,588,471 | — | — | 16,588,471 |
| Rents and other receivables (net of allowance for doubtful accounts of \$13,832,348) | 7,367,056 | — | — | 7,367,056 |
| 2003 General Bond Resolution Funds | 392,176,939 | — | — | 392,176,939 |
| 2009 Revenue Bond Resolution Funds | 64,725 | — | — | 64,725 |
| 2013 Revenue Bond Resolution Funds | 8,106,366 | — | — | 8,106,366 |
| 2019 Revenue Bond Resolution Funds | 15,338,666 | — | — | 15,338,666 |
| Corporate-designated, escrowed and OPEB funds | 1,787,919 | — | — | 1,787,919 |
| Total current assets | 452,948,489 | 39,892 | — | 452,988,381 |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Lease Receivable | 1,713,532,562 | — | — | 1,713,532,562 |
| 2003 General Bond Resolution Funds | 33,288,344 | — | — | 33,288,344 |
| 2013 Revenue Bond Resolution Funds | 2,196,081 | — | — | 2,196,081 |
| 2019 Revenue Bond Resolution Funds | 29,218,991 | — | — | 29,218,991 |
| Residential lease required funds | 28,709,936 | — | — | 28,709,936 |
| Corporate-designated, escrowed, and OPEB funds | 87,454,387 | — | — | 87,454,387 |
| Fair value of interest rate swaps | 19,569,514 | — | — | 19,569,514 |
| Battery Park City project assets – at cost, less accumulated depreciation | 554,075,755 | — | — | 554,075,755 |
| Other assets | 16,232,300 | — | — | 16,232,300 |
| Total noncurrent assets | 2,484,277,870 | — | — | 2,484,277,870 |
| Total assets | 2,937,226,359 | 39,892 | — | 2,937,266,251 |
| Deferred Outflows of Resources | | | | |
| Deferred pension outflows | 7,360,968 | — | — | 7,360,968 |
| Deferred OPEB outflows | 5,797,273 | — | — | 5,797,273 |
| Unamortized loss on extinguishment of bonds | 12,583,969 | — | — | 12,583,969 |
| Deferred costs of refunding, less accumulated amortization of \$16,997,689 | 63,036,768 | — | — | 63,036,768 |
| Total deferred outflows of resources | 88,778,978 | — | — | 88,778,978 |
| Total assets and deferred outflows of resources | \$ 3,026,005,337 | 39,892 | — | 3,026,045,229 |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Net Position (Deficit)

April 30, 2022 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|--|--|---------------------|----------------------|
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accrued interest on bonds | \$ 10,887,798 | — | — | 10,887,798 |
| Accounts payable and other liabilities | 14,211,128 | — | — | 14,211,128 |
| Accrued pension payable | 30,221 | — | — | 30,221 |
| Lease liability | 1,349,159 | — | — | 1,349,159 |
| Accrued interest payable | 35,089 | — | — | 35,089 |
| Due to the City of New York | 259,753,483 | — | — | 259,753,483 |
| Due to the City of New York - 2010 Agreement | 1,968,068 | — | — | 1,968,068 |
| Due to the Port Authority of New York & New Jersey | 869,381 | — | — | 869,381 |
| Unearned revenue: | | | | |
| PILOT revenue | 41,508,097 | — | — | 41,508,097 |
| Base rent and other revenue | 4,839,370 | — | — | 4,839,370 |
| Security and other deposits | 4,738 | — | — | 4,738 |
| 2013 Revenue Bonds | 28,380,000 | — | — | 28,380,000 |
| 2019 Revenue Bonds | 4,400,000 | — | — | 4,400,000 |
| Total current liabilities | <u>368,236,532</u> | <u>—</u> | <u>—</u> | <u>368,236,532</u> |
| Noncurrent liabilities: | | | | |
| Unearned revenue: | | | | |
| Base rent and other revenue | 29,544,653 | — | — | 29,544,653 |
| Security and other deposits | 29,432,249 | — | — | 29,432,249 |
| Lease liability | 11,422,971 | — | — | 11,422,971 |
| OPEB | 45,554,096 | — | — | 45,554,096 |
| Imputed borrowing | 63,036,768 | — | — | 63,036,768 |
| Bonds outstanding: | | | | |
| 2013 Revenue Bonds, less accumulated amortization of \$24,135,107 | 177,800,881 | — | — | 177,800,881 |
| 2019 Revenue Bonds, less accumulated amortization of \$6,895,770 | 708,033,410 | — | — | 708,033,410 |
| Total noncurrent liabilities | <u>1,064,825,028</u> | <u>—</u> | <u>—</u> | <u>1,064,825,028</u> |
| Total liabilities | <u>1,433,061,560</u> | <u>—</u> | <u>—</u> | <u>1,433,061,560</u> |
| Deferred Inflows of Resources | | | | |
| Deferred lease inflows | 1,850,810,901 | — | — | 1,850,810,901 |
| Deferred pension inflows | 9,078,009 | — | — | 9,078,009 |
| Deferred OPEB inflows | 7,365,384 | — | — | 7,365,384 |
| Accumulated change in fair value of interest rate swaps | 19,569,514 | — | — | 19,569,514 |
| Total deferred inflows of resources | <u>1,886,823,808</u> | <u>—</u> | <u>—</u> | <u>1,886,823,808</u> |
| Net Position (Deficit): | | | | |
| Net investment in capital assets | 41,954,664 | — | — | 41,954,664 |
| Restricted: | | | | |
| Debt service | 69,348,144 | — | — | 69,348,144 |
| Under bond resolutions and other agreements | 38,404,568 | — | — | 38,404,568 |
| Unrestricted (deficit) | <u>(443,587,407)</u> | <u>39,892</u> | <u>—</u> | <u>(443,547,515)</u> |
| Total net position (deficit) | <u>(293,880,031)</u> | <u>39,892</u> | <u>—</u> | <u>(293,840,139)</u> |
| Total liabilities, deferred inflows of resources and net position (deficit) | <u>\$ 3,026,005,337</u> | <u>39,892</u> | <u>—</u> | <u>3,026,045,229</u> |
| See independent auditors' review report. | | | | |

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Six-month period ended April 30, 2023 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|-----------------------------------|---|--------------|---------------|
| Operating revenues: | | | | |
| Revenues from ground leases: | | | | |
| Base rent | \$ 22,370,026 | — | — | 22,370,026 |
| Payments in lieu of real estate taxes | 140,395,896 | — | — | 140,395,896 |
| Lease interest and other revenue | 41,082,418 | — | — | 41,082,418 |
| Total operating revenues | 203,848,340 | — | — | 203,848,340 |
| Operating expenses: | | | | |
| Wages and related benefits | 8,928,096 | — | — | 8,928,096 |
| OPEB | 723,698 | — | — | 723,698 |
| Other operating and administrative expenses | 14,313,860 | — | — | 14,313,860 |
| Depreciation of project assets | 6,154,944 | — | — | 6,154,944 |
| Other depreciation and amortization | 379,212 | — | — | 379,212 |
| Total operating expenses | 30,499,810 | — | — | 30,499,810 |
| Operating income | 173,348,530 | — | — | 173,348,530 |
| Nonoperating revenues (expenses): | | | | |
| Investment income on funds relating to: | | | | |
| 2003 Revenue Bonds | 1,163,740 | — | — | 1,163,740 |
| Corporate-designated, escrowed, and OPEB funds | 645,508 | — | — | 645,508 |
| Realized and unrealized (losses) | 11,293,850 | — | — | 11,293,850 |
| Interest expense relating to: | | | | |
| 2003 Swap agreements – net expense | (1,142,109) | — | — | (1,142,109) |
| 2003 Revenue Bonds | (5,879) | — | — | (5,879) |
| 2013 Revenue Bonds | (2,321,189) | — | — | (2,321,189) |
| 2019 Revenue Bonds | (11,336,970) | — | — | (11,336,970) |
| 2023 Revolver | (4,773) | — | — | (4,773) |
| Loss on extinguishment from debt | (649,360) | — | — | (649,360) |
| Lease amortization and interest expense | (728,613) | — | — | (728,613) |
| Bond issuance costs | (251,367) | — | — | (251,367) |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts | (82,776,276) | — | — | (82,776,276) |
| Total nonoperating expenses | (86,113,438) | — | — | (86,113,438) |
| Change in net position (deficit) | 87,235,092 | — | — | 87,235,092 |
| Net position (deficit), beginning of period | (232,715,763) | 14,892 | — | (232,700,871) |
| Net position (deficit), end of period | \$ (145,480,671) | 14,892 | — | (145,465,779) |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)

Six-month period ended April 30, 2022 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|--|--|---------------------|---------------|
| Operating revenues: | | | | |
| Revenues from ground leases: | | | | |
| Base rent | \$ 22,402,834 | — | — | 22,402,834 |
| Payments in lieu of real estate taxes | 131,941,027 | — | — | 131,941,027 |
| Lease interest and other revenue | 40,755,330 | 5,500 | — | 40,760,830 |
| Total operating revenues | 195,099,191 | 5,500 | — | 195,104,691 |
| Operating expenses: | | | | |
| Wages and related benefits | 7,952,044 | — | — | 7,952,044 |
| OPEB | 2,916,383 | — | — | 2,916,383 |
| Other operating and administrative expenses | 14,318,099 | — | — | 14,318,099 |
| Depreciation of project assets | 5,271,806 | — | — | 5,271,806 |
| Other depreciation and amortization | 424,073 | — | — | 424,073 |
| Total operating expenses | 30,882,405 | — | — | 30,882,405 |
| Operating income | 164,216,786 | 5,500 | — | 164,222,286 |
| Nonoperating revenues (expenses): | | | | |
| Investment income on funds relating to: | | | | |
| 2003 Revenue Bonds | 664,831 | — | — | 664,831 |
| Corporate-designated, escrowed, and OPEB funds | 578,122 | — | — | 578,122 |
| Realized and unrealized (losses) | (7,181,021) | — | — | (7,181,021) |
| Interest expense relating to: | | | | |
| 2003 Swap agreements – net expense | (5,395,576) | — | — | (5,395,576) |
| 2003 Revenue Bonds | (5,846) | — | — | (5,846) |
| 2013 Revenue Bonds | (3,025,189) | — | — | (3,025,189) |
| 2019 Revenue Bonds | (5,684,484) | — | — | (5,684,484) |
| Loss on extinguishment from debt | (649,360) | — | — | (649,360) |
| Lease amortization and interest expense | (939,900) | — | — | (939,900) |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts | (81,345,540) | — | — | (81,345,540) |
| Total nonoperating expenses | (102,983,963) | — | — | (102,983,963) |
| Change in net position (deficit) | 61,232,823 | 5,500 | — | 61,238,323 |
| Net position (deficit), beginning of period | (355,112,854) | 34,392 | — | (355,078,462) |
| Net position (deficit), end of period | \$ (293,880,031) | 39,892 | — | (293,840,139) |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Cash Flows
Six-month period ended April 30, 2023 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|--|--|--|---------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Cash receipts from: | | | | |
| Tenant payments | \$ 171,869,676 | — | — | 171,869,676 |
| Miscellaneous receipts | 118,870 | — | — | 118,870 |
| Total cash receipts from operating activities | <u>171,988,546</u> | <u>—</u> | <u>—</u> | <u>171,988,546</u> |
| Cash payments for: | | | | |
| Salaries and benefits | (9,017,621) | — | — | (9,017,621) |
| Services and supplies | (5,582,052) | — | — | (5,582,052) |
| Total cash payments for operating activities | <u>(14,599,673)</u> | <u>—</u> | <u>—</u> | <u>(14,599,673)</u> |
| Net cash provided by operating activities | <u>157,388,873</u> | <u>—</u> | <u>—</u> | <u>157,388,873</u> |
| Cash flows from capital and related financing activities: | | | | |
| Development costs – site improvements and construction | (1,392,756) | — | — | (1,392,756) |
| Capital asset expenditures | (9,753,323) | — | — | (9,753,323) |
| Auction fees for variable debt | (5,879) | — | — | (5,879) |
| Swap payment made on the 2003 Swap agreement | (1,803,244) | — | — | (1,803,244) |
| Swap interest payments received on the 2003 Swap agreement | 505,592 | — | — | 505,592 |
| Principal paydown on 2013 Senior Revenue Bonds | (28,380,000) | — | — | (28,380,000) |
| Interest paid on 2013 Senior Revenue Bonds | (4,441,025) | — | — | (4,441,025) |
| Interest paid on 2019 Senior Revenue Bonds | (6,344,313) | — | — | (6,344,313) |
| Interest paid on 2019 Junior Revenue Bonds | (5,377,686) | — | — | (5,377,686) |
| Principal paydown on 2019 Junior Revenue Bonds | (4,400,000) | — | — | (4,400,000) |
| Remarketing fees for 2019 Junior Revenue Bonds | (72,812) | — | — | (72,812) |
| Bond purchase agreement fee for 2019 Junior Revenue Bonds | (649,540) | — | — | (649,540) |
| Revolver fund proceeds | 1,000,100 | — | — | 1,000,100 |
| Revolver bond expenses | (239,103) | — | — | (239,103) |
| Revolver commitment fee | (4,773) | — | — | (4,773) |
| Interest paid on lease liability | (191,136) | — | — | (191,136) |
| Principal paid on lease liability | (708,429) | — | — | (708,429) |
| Net cash used in capital and related financing activities | <u>(62,258,327)</u> | <u>—</u> | <u>—</u> | <u>(62,258,327)</u> |
| Cash flows from investing activities: | | | | |
| Interest and realized gains/losses on sales of investment securities | 8,482,681 | — | — | 8,482,681 |
| Maturities and redemptions of investment securities | 196,404,432 | — | — | 196,404,432 |
| Purchases of investment securities | (189,737,596) | — | — | (189,737,596) |
| Net cash provided by investing activities | <u>15,149,517</u> | <u>—</u> | <u>—</u> | <u>15,149,517</u> |
| Increase in cash and cash equivalents | <u>110,280,063</u> | <u>—</u> | <u>—</u> | <u>110,280,063</u> |
| Cash and cash equivalents, beginning of period | <u>225,409,296</u> | <u>14,892</u> | <u>—</u> | <u>225,424,188</u> |
| Cash and cash equivalents, end of period | <u>\$ 335,689,359</u> | <u>14,892</u> | <u>—</u> | <u>335,704,251</u> |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2023 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|--|--|---------------------|--------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 173,348,530 | — | — | 173,348,530 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Bad debt expense | 1,902,786 | — | — | 1,902,786 |
| Depreciation and amortization | 6,534,156 | — | — | 6,534,156 |
| Other | (416,492) | — | — | (416,492) |
| Changes in operating assets and liabilities: | | | | |
| Decrease in lease receivables | 2,767,800 | — | — | 2,767,800 |
| Increase in accrued interest receivable | (4,467,095) | — | — | (4,467,095) |
| Increase in rents and other receivables | (4,213,073) | — | — | (4,213,073) |
| Decrease in other assets | 3,094,636 | — | — | 3,094,636 |
| Increase in accounts payable and other liabilities | 4,378,512 | — | — | 4,378,512 |
| (Decrease) in unearned revenue | (2,346,253) | — | — | (2,346,253) |
| (Decrease) in OPEB | (11,789,239) | — | — | (11,789,239) |
| (Decrease) in lease liability | (680,453) | — | — | (680,453) |
| Changes in deferred resources: | | | | |
| Deferred lease resources | (22,632,572) | — | — | (22,632,572) |
| Deferred OPEB resources | 11,907,630 | — | — | 11,907,630 |
| Net cash provided by operating activities | <u>\$ 157,388,873</u> | <u>—</u> | <u>—</u> | <u>157,388,873</u> |
| Reconciliation of cash and cash equivalents, end of period: | | | | |
| Bank deposits | \$ 122,107 | 14,892 | — | 136,999 |
| Cash and cash equivalents | 2,926,912 | — | — | 2,926,912 |
| Investments with less than 91-day maturities | 332,640,340 | — | — | 332,640,340 |
| Cash and cash equivalents, end of period | <u>\$ 335,689,359</u> | <u>14,892</u> | <u>—</u> | <u>335,704,251</u> |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)
Other Supplementary Information – Combining Statement of Cash Flows
Six-month period ended April 30, 2022 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|--|--|--|---------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Cash receipts from: | | | | |
| Tenant payments | \$ 163,609,503 | — | — | 163,609,503 |
| Miscellaneous receipts | 421,841 | 5,500 | — | 427,341 |
| Total cash receipts from operating activities | <u>164,031,344</u> | <u>5,500</u> | <u>—</u> | <u>164,036,844</u> |
| Cash payments for: | | | | |
| Salaries and benefits | (8,190,543) | — | — | (8,190,543) |
| Services and supplies | (5,230,209) | — | — | (5,230,209) |
| Total cash payments for operating activities | <u>(13,420,752)</u> | <u>—</u> | <u>—</u> | <u>(13,420,752)</u> |
| Net cash provided by operating activities | <u>150,610,592</u> | <u>5,500</u> | <u>—</u> | <u>150,616,092</u> |
| Cash flows from capital and related financing activities: | | | | |
| Development costs – site improvements and construction | (14,318,053) | — | — | (14,318,053) |
| Capital asset expenditures | (326,763) | — | — | (326,763) |
| Auction fees for variable debt | (5,846) | — | — | (5,846) |
| Swap payment made on the 2003 Swap agreement | (5,552,183) | — | — | (5,552,183) |
| Swap interest payments received on the 2003 Swap agreement | 27,630 | — | — | 27,630 |
| Principal paydown on 2013 Senior Revenue Bonds | (27,015,000) | — | — | (27,015,000) |
| Interest paid on 2013 Senior Revenue Bonds | (5,114,325) | — | — | (5,114,325) |
| Interest paid on 2019 Senior Revenue Bonds | (5,377,686) | — | — | (5,377,686) |
| Principal paydown on 2019 Junior Revenue Bonds | (4,235,000) | — | — | (4,235,000) |
| Interest paid on 2019 Junior Revenue Bonds | (700,501) | — | — | (700,501) |
| Remarketing fees for 2019 Junior Revenue Bonds | (73,538) | — | — | (73,538) |
| Bond purchase agreement fee for 2019 Junior Revenue Bonds | (655,913) | — | — | (655,913) |
| Interest paid on lease liability | (212,616) | — | — | (212,616) |
| Principal paid on lease liability | (647,346) | — | — | (647,346) |
| Net cash used in capital and related financing activities | <u>(64,207,140)</u> | <u>—</u> | <u>—</u> | <u>(64,207,140)</u> |
| Cash flows from investing activities: | | | | |
| Interest and realized gains/losses on sales of investment securities | 509,858 | — | — | 509,858 |
| Maturities and redemptions of investment securities | 334,575,256 | — | — | 334,575,256 |
| Purchases of investment securities | (173,134,461) | — | — | (173,134,461) |
| Net cash used in investing activities | <u>161,950,653</u> | <u>—</u> | <u>—</u> | <u>161,950,653</u> |
| Decrease in cash and cash equivalents | 248,354,105 | 5,500 | — | 248,359,605 |
| Cash and cash equivalents, beginning of period | 74,309,649 | 34,392 | — | 74,344,041 |
| Cash and cash equivalents, end of period | <u>\$ 322,663,754</u> | <u>39,892</u> | <u>—</u> | <u>322,703,646</u> |

See independent auditors' review report.

HUGH L. CAREY BATTERY PARK CITY AUTHORITY
(A Component Unit of the State of New York)

Other Supplementary Information – Combining Statement of Cash Flows

Six-month period ended April 30, 2022 (Unaudited)

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|--|--|---------------------|--------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | \$ 164,216,786 | 5,500 | — | 164,222,286 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Bad debt expense | 2,405,963 | — | — | 2,405,963 |
| Depreciation and amortization | 5,695,879 | — | — | 5,695,879 |
| Other | (331,589) | — | — | (331,589) |
| Changes in operating assets and liabilities: | | | | |
| (Increase) in lease receivables | (26,282,014) | — | — | (26,282,014) |
| (Increase) in accrued interest receivables | (4,289,419) | — | — | (4,289,419) |
| (Increase) in rents and other receivables | (4,174,540) | — | — | (4,174,540) |
| Decrease in other assets | 2,563,996 | — | — | 2,563,996 |
| Increase in accounts payable and other liabilities | 5,094,404 | — | — | 5,094,404 |
| (Decrease) in unearned revenue | (3,371,494) | — | — | (3,371,494) |
| Increase in OPEB | 61,099 | — | — | 61,099 |
| Changes in deferred resources: | | | | |
| Deferred lease resources | 6,736,861 | — | — | 6,736,861 |
| Deferred OPEB resources | 2,284,660 | — | — | 2,284,660 |
| Net cash provided by operating activities | <u>\$ 150,610,592</u> | <u>5,500</u> | <u>—</u> | <u>150,616,092</u> |
| Reconciliation of cash and cash equivalents, end of period: | | | | |
| Bank deposits | \$ 375,376 | 39,892 | — | 415,268 |
| Cash and cash equivalents | 14,498,520 | — | — | 14,498,520 |
| Investments with less than 91-day maturities | 307,789,858 | — | — | 307,789,858 |
| Cash and cash equivalents, end of period | <u>\$ 322,663,754</u> | <u>39,892</u> | <u>—</u> | <u>322,703,646</u> |

See independent auditors' review report.