Hugh L. Carey Battery Park City Authority
Meeting of the Members
200 Liberty Street, 24th floor
New York, New York 10281
January 27, 2021
2:00 p.m.

AGENDA

I. CALL TO ORDER

II. APPROVAL OF THE DECEMBER 16, 2020 MINUTES

III. PUBLIC COMMENT

IV. INVESTMENT COMMITTEE MEETING REPORT

V. AUDIT COMMITTEE REPORT

VI. M/WBE REPORT

VII. RESILIENCY UPDATE

VIII. CORPORATE ACTION

A. Approval of Investment Report & Guidelines for Fiscal Year Ended October 31, 2020.

B. Approval of the Proposed 2021 Procurement Guidelines.

C. Acceptance of Audited Financial Statements for FY20 and Authorization to File on PARIS.

D. Approval of Prompt Payment Report and Prompt Payment Policy for Fiscal Year Ended October 31, 2020.

E. Authorization to Extend the Term of Agreement with JPMorgan Chase Bank for Banking and Cash Management Services.

F. Authorization to Enter Into an Agreement with Marks Paneth LLP to Provide Public Accounting – Audit Services.

G. Authorization to Enter Into an Agreement with Brickens Construction for NYC Police Memorial General Contractor Services.

H. Authorization to Extend the Term of Agreement with Page Sutherland for NYC Police Memorial Design Services.

I. Authorization to Extend the Term of Agreement with SCF Arquitectos LLC for Hurricane Maria Memorial Design Services.

J. Authorization to Amend the Agreement with Spruce Technology, Inc. for Microsoft Sharepoint Services.

IX. FOR INFORMATION ONLY

A. Recent and Upcoming Procurement Activity.
B. BPCA Annual Report.
C. Selected Press Clippings.

X. MOTION TO ADJOURN

**APPROVAL OF THE INVESTMENT REPORT & GUIDELINES FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020**

BE IT RESOLVED, that the Investment Report & Guidelines of the Hugh L. Carey Battery Park City Authority (the "Authority") for the fiscal year ended October 31, 2020 in the form presented to this meeting, be, and hereby is approved; and be it further

RESOLVED, that the Treasurer of the Authority be, and hereby is, directed to file said Investment Report (including the Guidelines) with the: (1) NYS Division of the Budget; (2) NYS Department of Audit and Control; (3) NYS Comptroller; the Chairman and ranking Minority Members of the (4) New York State Senate Finance Committee; and (5) New York State Assembly Ways and Means Committee, as required by Section 2925 of the Public Authorities Law, Public Authorities Accountability Act of 2005 and the New York State Comptroller's Regulation 2 NYCRR (Part 203); and be it further

RESOLVED, that the Assistant Corporate Secretary of the Authority be, and hereby is, directed to file said Investment Report (including the Guidelines) with the minutes of this meeting; and be it further

RESOLVED, that Investment Report & Guidelines be posted on the Authority's website and the NY State Public Authorities Reporting System (PARIS); and be it further

RESOLVED, that any and all actions taken by any officer of the Authority in connection with the negotiation or preparation of such policies and procedures are hereby ratified, confirmed and approved.

*   *   *

# BATTERY PARK CITY AUTHORITY

# INVESTMENT REPORT & GUIDELINES

# FISCAL YEAR ENDED

# OCTOBER 31, 2020

**January 2021**

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**OCTOBER 31, 2020** ***(SEPARATE FILE ATTACHED)***

## 1. OVERVIEW OF INVESTMENT GUIDELINES

### 1.1. Definitions

"Authority" means the Battery Park City Authority, a corporate municipal instrumentality of the State of New York, established pursuant to the Act ("**Act**" shall mean the Battery Park City Authority Act, Title 12 of Article 8 of the Public Authorities Law [constituting Chapter 43-a of the Consolidated Laws of the State of New York] as added by Chapter 343 of the Laws of 1968, as amended).

"Board" means the Members of the Battery Park City Authority Board.

"Investment Funds" means monies and financial resources available for investment by the Authority.

"Investment Securities" means any or all of the investment obligations.

"Rating Agencies" means Standard & Poor's Corporation, Moody's Investor Service, and Fitch Ratings.

"State" means the State of New York.

### 1.2. Purpose and Scope

The purpose of these guidelines ("Guidelines" or "Investment Guidelines") is to establish the parameters, responsibilities, and controls for the investment and the management of Investment Funds. These Guidelines have been adopted by, and can be changed only by, the Board.

These Guidelines shall govern the investment and reinvestment of Investment Funds and the sale and liquidation of Investment Securities, as well as the monitoring, maintenance, accounting, reporting, and internal controls by and of the Authority with respect to such investment and reinvestment of Investment Funds and sale and liquidation of Investment Securities.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

### 1.3 Compliance

Section 2925 (6) of the State Public Authorities Law requires the Authority to annually prepare and approve an investment report which describes the Authority's Investment Guidelines and any amendments to the Guidelines, investment policies and procedures, the results of the annual independent audit, the Authority's investment income and a list of the fees associated with those investments, as well as commissions or other charges paid to each investment banker, broker, agent, dealer and advisor **(SEE - APPENDIX B – INVESTMENT REPORT FYE OCTOBER 31, 2020)**.

### 1.4. Roles and Responsibilities

It shall be the responsibility of the Chief Financial Officer to ensure that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in New York and the guidelines established by the State Comptroller's Office and the Governmental Accounting Standards Board (GASB). The Deputy Treasurer, acting on behalf of the Board as custodian of the Investment Policy, is responsible for ensuring that all aspects of the investment management program are executed in a manner consistent with the Guidelines. A description of operating controls is attached as Appendix A to these Guidelines.

An investment committee ("Investment Committee") will be appointed by the Board to develop and execute investment strategy for the Authority's Investment Funds. In the event that the Board is not fully constituted, the entire Board may meet in lieu of the Investment Committee. The Investment Committee may consult with a qualified investment advisor/manager in the course of fulfilling its responsibilities.

The Authority's external auditor will conduct an annual audit of the investment management activity to ensure compliance with the Investment Guidelines by Treasury and the external investment manager, if any. The findings of the audit shall be formally documented and submitted annually to the Chief Financial Officer and the Board.

**1.5. Standard of Prudence**

The standard of prudence to be applied to the investment of the Authority's Investment Funds shall be the "Prudent Person Rule" that states:

*"Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."*

Authorized Authority officials and employees involved in the investment process acting in accordance with the laws of the State, these Guidelines and any other written procedures pertaining to the administration and management of the Investment Funds and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that any negative deviations are reported in a timely fashion to the Chief Financial Officer or another authorized official and that reasonable and prudent action is taken to control and prevent any further adverse developments.

**1.6. Conflict of Interest**

Authority Officers and employees involved in the investment process ("Investment Officials") shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officials shall not:

1. accept any money, loan, gift, favor, service, or business or professional opportunity that could influence them in the performance of their official duties;
2. accept any business or professional opportunity when they know there is a reasonable likelihood that the opportunity is being afforded to influence them in the performance of their official duties;
3. enter into any personal investment transactions with the same individual with whom business is conducted on behalf of the Authority; or,
4. disclose or use confidential information that is not generally available to the public for their own or another person's financial benefit.

**1.7. Review, Amendments, Updates and Revisions**

The Deputy Treasurer and the Chief Financial Officer will review the Guidelines on an annual basis, or as required, to ensure continued effectiveness of the Investment Guidelines. The Guidelines shall be submitted to the Board annually for review and approval. Modifications to the Investment Guidelines may be required as business needs and requirements change. Any amendments must be reviewed and approved by the Chief

Financial Officer and submitted to the Board for final approval. Subsequent to any modifications to the Investment Guidelines, revised Guidelines must be distributed to Authority personnel on the approved distribution list as well as any external investment advisor/manager and financial institutions.

**1.8 Diversity –MBE/WBE Participation**

It is the Authority's standard practice to reach out to MBE/WBE brokers/dealers to provide them opportunities to trade for Investment Securities. The Authority required that thirty percentage (30%) of annual costs under the 2020 service agreement for investment advisory services be allocated to a certified MBE/WBE firm.

**1.9 Oversight – Investment Committee**

An Investment Committee was established to formalize oversight of the Authority's investment portfolio with the charter below. In the event that the Board is not fully constituted, the entire Board may meet in lieu of the Investment Committee.

**BATTERY PARK CITY AUTHORITY**
**INVESTMENT COMMITTEE CHARTER**

**PURPOSE & FORMATION**

Pursuant to Article IV, Section 3 of the Authority's bylaws (the "Bylaws"), the purpose of the investment committee ("Investment Committee) is to assist the Board in fulfilling its oversight responsibilities by establishing the Authority's investment policies and overseeing its investments.

**COMPOSITION**

Pursuant to Article IV, Section 3 of the Bylaws, the Investment Committee shall consist of at least three (3) Members who shall be appointed by the Chair, one of whom the Chair shall appoint as chair of the committee ("Investment Committee Chair"). The Chair shall be an additional non-voting member of the Investment Committee, provided that if there shall be any vacancy or vacancies in the whole number of the Members as prescribed by law, the Chair may serve as a voting member of the Investment Committee. Each member of the Investment Committee shall be an "independent member," as defined in Public Authorities Law § 2825(2). Members of the Investment Committee shall possess the necessary skills to understand the duties and functions of the Investment Committee and shall be familiar with general investment policies and best practices.

**DUTIES OF THE INVESTMENT COMMITTEE**

The Investment Committee's duties and responsibilities are set forth in the Bylaws. Whenever the Investment Committee takes action, it exercises its independent judgment on an informed basis that the action is in the best interests of BPCA. In doing so, the Investment Committee may rely to a significant extent on information and advice provided by management and independent advisors.

The Investment Committee has the authority, including, but not limited, to:

- Approve the investment and risk limits for the investment portfolio.
- Review the investment policies for the Authority, including, where applicable, asset classes, liquidity, the use of debt, and risk management.
- Approve the annual investment program.

- Authorize investments and ratify investments made pursuant to delegated authorities.
- Review the investment performance of BPCA's accounts and funds, including benchmarks and attribution.
- Review the organization and staffing of the investment management advisory function.
- Review the quality of the investment services provided to the Authority, such as: a) oversee the business and investment strategy, b) evaluate investment performance benchmarks and attribution, and c) review costs, pricing and profitability.

**MEETINGS**

The Investment Committee shall meet four (4) times a year or more frequently, as may be necessary and appropriate to carry out its responsibilities. The Investment Committee may ask members of management or others to attend the meetings and provide pertinent information as appropriate. Meetings may be in person or by video conference, if necessary.

In addition, the Investment Committee:

- Shall act only on the affirmative vote of a majority of the members present at a meeting.
- Is expected to maintain free and open communication with management and the Board.
- Shall have authority to retain independent legal, accounting or other advisors if determined appropriate, in its sole judgment, provided such consultants are approved by the full Board.
- Submit the minutes of all Investment Committee meetings to the Board and regularly report to the Board on Investment Committee matters, actions taken and issues discussed at its meetings.
- Review and reassess the adequacy of this Charter annually and propose to the Board any changes.
- The Investment Committee shall evaluate its performance annually and report its conclusions to the Board.

## 2. INVESTMENT MANAGEMENT OBJECTIVES

### 2.1. Investment Objectives

The Authority's Investment Funds shall be managed to accomplish the following hierarchy of objectives:

1. **Legality -** The Authority shall comply with all investment guidelines required for public authorities in the State with regards to general investment practices and the management of public funds.

2. **Safety -** Next to legality, safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3. **Liquidity -** The portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the Authority, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.

4. **Return -** The Authority's portfolio shall be managed in such a fashion as to maximize the return on all investments (up to the "arbitrage allowance" in bond funds) within the context and parameters set forth by the investment objectives stated above.

**2.2. Authorized Investment Securities**

The investment of Authority funds is limited by the law creating the Authority to "obligations of the State or of the United States of America or obligations the principal of and interest on which are guaranteed by the State or the United States of America" or any other obligations in which the Comptroller of the State of New York (the "Comptroller") is authorized to invest pursuant to Section 98 (Investment of state funds) of the State Finance Law. As effective on November 20, 2015, the Act allows any monies of the Authority, including the proceeds of bonds or notes, not required for immediate use, at the discretion of the Authority to be invested in obligations of the State, U.S. Government and its agencies, or in any other obligations in which the Comptroller is authorized to invest pursuant to Section 98 of the State Finance Law. The 2003 General Bond Resolution and the 2009 and 2013 Revenue Bond Resolutions allow all investments alternatives included in the Act, as follows:

1. Bonds and notes of the United States.

2. Bonds and notes of this State.

2-a. General obligation bonds and notes of any state other than this State, provided that such bonds and notes receive the highest rating of at least one independent rating agency designated by the Comptroller.

3. Obligations for the payment of which the faith and credit of the United States or of this State are pledged.

3-a. Notes, bonds, debentures, mortgages and other evidences of indebtedness of the United States Postal Service; the federal national mortgage association; federal home loan mortgage corporation; student loan marketing association; federal farm credit system or any other United States government sponsored agency, provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, the highest rating of all independent rating agencies that rate such agency or its obligations, provided, however, that no more than five hundred million dollars may be invested in the obligations of any one agency.

4. Judgments or awards of the court of claims of this state.

5. Stocks, bonds, or notes of any county, town, city, village, fire district or school district of this State issued pursuant to law.

6. Mortgage bonds or any obligations for the payment of money, no matter how designated, secured by another instrument representing a lien on specific real property or a leasehold thereof, heretofore or hereafter and at the time of the assignment thereof to the Comptroller insured by the federal housing administrator or any of his successors in office and guaranteed by the United States under the provisions of the national housing act, as amended or supplemented. Any such mortgage bonds or obligations as aforesaid in which the Comptroller has invested or shall have invested pursuant to this subdivision shall be serviced by the Comptroller or in his discretion, by mortgagees, as such are defined by the national housing act, as amended or supplemented, duly appointed by him and subject to the inspection and supervision of some governmental agency. The Comptroller may receive and hold such debentures and certificates or other obligations as are issued in payment of such insurance or guarantee.

7. Bonds and notes of the Savings and Loan Bank of the State of New York.

8. Bonds or notes of any housing authority of this State duly issued pursuant to law.

9. Bonds or notes of any regulating district of this State duly issued pursuant to law.

10. Bonds or notes of any drainage improvement district of this State duly issued pursuant to law.

11. Bonds or notes of the authorities or commissions set forth below when issued pursuant to law:
  - a. Port of New York Authority.
  - b. Niagara Frontier Authority.
  - c. Triborough bridge and tunnel authority.
  - d. Thousand Islands Bridge Authority.
  - e. New York State Bridge Authority.
  - f. New York City Tunnel Authority.
  - g. Lake Champlain Bridge Commission.
  - h. Lower Hudson Regional Market Authority.
  - i. Albany Regional Market Authority.
  - *j. Repealed.*
  - k. American Museum of Natural History Planetarium Authority.
  - l. Industrial Exhibit Authority.
  - m. Buffalo Sewer Authority.
  - n. Whiteface Mountain Authority. (see footnote 2, Repealed)
  - o. Pelham-Portchester Parkway Authority.
  - p. Jones Beach State Parkway Authority.
  - q. Bethpage Park Authority.
  - r. Dormitory Authority.
  - s. Central New York Regional Market Authority.
  - t. Erie County Water Authority.
  - u. Suffolk County Water Authority.
  - v. New York State Thruway Authority.
  - w. Genesee Valley Regional Market Authority.
  - x. Onondaga county water authority.
  - y. Power Authority of the state of New York.
  - z. Ogdensburg Bridge and Port Authority.
  - aa. [See, also, par. aa below] East Hudson Parkway Authority.
    aa. [See, also, par. aa above] Niagara Frontier Port Authority.
  - bb. Northwestern New York Water Authority.
  - cc. Metropolitan Commuter Transportation Authority. (see footnote 3, now Metro. Transp. Auth.)
  - dd. [See, also, par. dd below] Niagara Frontier Transportation Authority.
    dd. [See, also, par. dd above] New York State Pure Waters Authority.
  - ee. Rochester-Genesee Regional Transportation Authority.
  - ff. [See, also, par. ff below] Capital District Transportation Authority.
    ff. [See, also, par. ff above] Central New York Regional Transportation Authority.

12. Obligations of the International Bank for Reconstruction and Development duly issued pursuant to law.

13. Obligations of the Inter-American Development Bank duly issued pursuant to law.
13-a. Obligations of the Asian Development Bank duly issued pursuant to law.
13-b. Obligations of the African Development Bank duly issued pursuant to law.
13-c. Obligations of the International Finance Corporation duly issued pursuant to law.

14. [See, also, subd. 14 below] Collateral trust notes issued by a trust company, all of the capital stock of which is owned by not less than twenty savings banks of the State of New York.
14. [See, also, subd. 14 above] Bonds and notes issued for any of the corporate purposes of the New York State housing finance agency.

15. Bonds and notes issued for any of the corporate purposes of the New York State medical care facilities finance agency.

16. Bonds and notes issued for any of the corporate purposes of the New York State project finance agency.

17. Bonds and notes issued for any of the corporate purposes of the municipal assistance corporation for New York City.

18. Obligations of any corporation organized under the laws of any state in the United States maturing within two hundred seventy days provided that such obligations receive the highest rating of two independent rating services designated by the Comptroller and that the issuer of such obligations has maintained such ratings on similar obligations during the preceding six months provided, however, that the issuer of such obligations need not have received such rating during the prior six month period if such issuer has received the highest rating of two independent rating services designated by the Comptroller and is the successor or wholly owned subsidiary of an issuer that has maintained such ratings on similar obligations during the preceding six month period or if the issuer is the product of a merger of two or more issuers, one of which has maintained such ratings on similar obligations during the preceding six month period, provided, however, that no more than five hundred million dollars may be invested in such obligations of any one corporation.

19. Bankers' acceptances maturing within ninety days which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank or trust company, which is organized under the laws of the United States or of any state thereof and which is a member of the federal reserve system and whose short-term obligations meet the criteria outlined in subdivision eighteen of this section. Provided, however, that no more than five hundred million dollars may be invested in such bankers' acceptance of any one bank or trust company.

20. No-load money market mutual funds registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, provided that such funds are limited to investments in obligations issued or guaranteed by the United States of America or in obligations of agencies or instrumentalities of the United States of America where the payment of principal and interest are guaranteed by the United States of America (including contracts for the sale and repurchase of any such obligations), and are rated in the highest rating category by at least one nationally recognized statistical rating organization, provided, however, that no more than two hundred fifty million dollars may be invested in such funds.

The State Comptroller, whenever he deems it for the best interest of any of such funds, may dispose of any of the securities therein or investments therefor, in making other investments authorized by law, and he may exchange any such securities for those held in any other of such funds, and the Comptroller may take such action as may be necessary to obtain the benefits of the insurance provided for in the national housing act, and may draw his warrant upon the treasurer for the amount required for such investments and exchanges.

Notwithstanding the provisions of any other general or special law, the State Comptroller shall not invest the moneys of any fund in any security or securities except as above described, provided, however, that: a) the State Comptroller may, in order to maximize the rate of return on investments, invest the moneys belonging to the New York interest on lawyer account fund in notes, securities and deposits of banking institutions which accept IOLA accounts, and b) the provisions of this section shall not limit the types of investments that may be made with moneys belonging to the volunteer ambulance service award fund established by section two hundred nineteen-h of the general municipal law.

### 2.3. Authorized Investments of Project Operating Funds – Additional Bond Issuers

The Authority has two classification of Funds; Pledged Funds and Project Operating Funds. Pledged Funds, subject to the 2003 General Bond Resolution, may only be invested in securities specifically listed in Section 98 of the State Finance Law, as listed in Section 2.2 above. Project Operating Funds, those that are not pledged to bond holders, are also limited to Section 98 of the State Finance Law, but may include bond issuers of the State whose authorizing statute specifically provides that bodies of the State are authorized to legally invest in the stated bond issuers' securities. The additional bond issuers ("Additional Bond Issuers"), while not specifically listed in Section 98 of the State Finance Law, and therefore are not eligible for investments of the Pledged Fund, but do qualify for investments of the Project Operating Fund, are as follows:

1. New York City Transitional Finance Authority.
2. New York Municipal Water Finance Authority.
3. New York City Housing Development Corporation.
4. New York State Urban Development Corporation.
5. Nassau County Interim Finance Authority.

### 2.4. Portfolio Diversification

The Authority's Investment Funds shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the aggregate portfolio of Investment Funds, based on book value at the time of purchase, permitted in each eligible security is as follows:

| | |
|---|---|
| US Treasuries | 100% |
| Federal Agencies | 100% ($250 million max per issuer) |
| Commercial Paper | Lesser of 5% or $250 million per issuer |
| Bankers' Acceptances | Lesser of 5% or $250 million per issuer |
| Money Market Funds | Lesser of 25% or $250 million |
| Municipal Bonds | 20% |

In addition, the Authority requires:

a) Minimum "A" credit rating for all municipal securities permitted by the Policy (NY State, other states, and issues of local NY governments).

b) Maximum allocation of no greater than 10% per issuer, or such lower limit as specified above.

### 2.5. Investment Maturity

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

Investments shall have a stated maturity or weighted average life of not more than ten (10) years unless specifically approved by the Investment Committee.

### 2.6. Environmental, Social, and Governance Investment Principles

The Authority's investment philosophy is anchored in the following core principle, which is fundamental and constant. Assets controlled by the Authority must be managed in accordance with this principle, regardless of the ebbs and flows likely to arise due to markets, politics and personalities.

The primary principle guiding the Authority's investments is the consideration of financial impact(s) on current and future requirements of the Authority. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the Authority's mission of planning and sustaining a balanced community of commercial, residential, retail, and park space on the lower west side of Manhattan.

Within the context of this primary principle, the Authority must consider a holistic view of risk that accounts for various factors which could modify a return/risk objective. These include:

- Maintaining appropriate levels of liquidity for the Authority's operational needs;
- Mitigating downside financial risks;
- Understanding and appropriately managing reputational risk or legal liability; and,
- Protecting Authority assets from external pressures.

The Authority, as well as the Office of the New York State Comptroller, supports the practice of incorporating environmental, social, and governance ("ESG") factors with other conventional financial analytical tools when evaluating investment opportunities as these factors not only support the Authority's mission but they may help identify potential opportunities and risks which conventional tools miss. The Authority encourages its investment managers to include ESG factors in their analytical processes. The Authority prohibits investment in companies that are heavily reliant on fossil fuels. However, ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess both risk and return.

## 3. OPERATING PARAMETERS & CONTROLS

### 3.1. Authorized Officers and Employees

Investment decisions on behalf of the Authority shall be made by the Chief Financial Officer, or by the Deputy Treasurer or the external investment manager, under the supervision of the Chief Financial Officer. Investment transactions shall be implemented by the Chief Financial Officer, or by the Deputy Treasurer, or the professional investment and advisory management firm on the Investment Committee, under the supervision of the Chief Financial Officer.

### 3.2. Competitive Selection

For each transaction, a minimum of three quotes shall be obtained and documented from Dealers and/or Banks, except in the purchase of government securities at their initial auction or upon initial offering, and the most favorable quote accepted.

### 3.3. Compliance Audit

An annual independent audit of all investments will be performed by the external auditors. The Authority's financial statements with respect to investments, which are required to be prepared in conformance with generally accepted accounting principles for governments ("GAAP"), shall contain all of the note disclosures on deposits with financial institutions and investments required by the Governmental Accounting Standards Board Statements No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements", dated April 1986. The Annual Investment Audit shall:

- Determine whether: the Authority complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority's assets; and a system of adequate internal controls is maintained.
- Determine whether the Authority has complied with applicable laws, regulations and these Investment Guidelines.
- Be designed to the extent practical to satisfy both the common interest of the Authority and the public officials accountable to others.

The results of the Annual Investment Audit shall be set forth in a report (the "Annual Investment Audit Report") which shall include, without limitation:

- A description of the scope and objectives of the audit;
- A statement that the audit was made in accordance with generally accepted government auditing standards;
- A statement of negative assurance on items tested;
- A description of any material weakness found in the internal controls;
- A description of any non-compliance with the Authority's own investment policies as well as applicable laws;
- Regulations and the Comptroller's Investment Guidelines;
- A statement on any other material deficiency or reportable condition as defined *by Governmental Auditing Standards* identified during the audit not covered above; and
- Recommendations, if any, with respect to amendment of these Guidelines

Investment practices and controls will be subject to review and testing by internal auditors on a surprise basis at the discretion of the VP of Administration (who is also the Internal Controls Officer), President, CEO and/or the Board.

### 3.4. Written Contracts and Confirmations

A written confirmation shall be required for each investment transaction. However, the Authority shall not be required to enter into a formal written contract provided that the Authority's oral instructions to its broker, dealer, agent, investment manager/advisor, or custodian with respect to such transactions are confirmed in writing at the earliest practicable moment.

### 3.5. Safekeeping and Custody

All investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by a third-party custodian who may not otherwise be a counterparty to the investment transaction.

All securities shall be held in the name of the Authority and will be free and clear of any lien.

All investment transactions will be conducted on a delivery-vs.-payment basis. Payment for investments shall be made only upon receipt by the custodian of the physical security, or in the case of securities in book-entry form, when credited for the custodian's account, which shall be segregated for the Authority's sole use. The custodian shall issue a safekeeping receipt to the Authority listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the custodian will also provide reports that list all securities held for the Authority, the book value of holdings and the market value as of month-end.

The custodian may act on oral instructions from the CFO, Deputy Treasurer or investment advisor under the direction of the CFO. Such instructions are to be confirmed in writing immediately by an authorized signatory of the Authority.

Representatives of the custodian responsible for, or in any manner involved with, the safekeeping and custody process of the Authority shall be bonded in such a fashion as to protect the Authority from losses from malfeasance and misfeasance. If required by the Chief Financial Officer, appropriate Authority Officials may also be bonded in such a fashion.

### 3.6. Internal Controls

An operating procedures manual were developed to control all Authority investment activity. The manual is consistent with these Guidelines, shall be approved by the Chief Financial Officer, and shall include the following:

- the establishment and maintenance of a system of internal controls;
- methods for adding, changing or deleting information contained in the investment record, including a description of the document to be created and verification tests to be conducted;
- a data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and,
- requirements for periodic reporting and a satisfactory level of accountability.

### 3.7. Notification Concerning Violations of Investment Guidelines

In the event that these Investment Guidelines are violated, the Chief Financial Officer shall be informed immediately and advised of any corrective action that should be taken, as well as the implication of such action.

## 4. QUALIFIED FINANCIAL INSTITUTIONS

### 4.1. Qualifications for Brokers, Dealers and Agents

The Authority's investment manager's Director of Treasury Operations and/or the Authority's Investment Manager shall maintain a list of broker/dealers that are approved for investment purposes ("Qualified Institutions"). Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- "primary" dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- registered as a dealer under the Securities Exchange Act of 1934;
- member in good standing of the Financial Industry Regulatory Authority (FINRA);
- registered to sell securities in the State; and,
- the firm and assigned broker have been engaged in the business of effecting transactions in U.S. Government and agency obligations for at least five (5) consecutive years.

When selecting trading partners, the Authority will also consider the firm's quality, size, and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transactions.

### 4.2. Qualifications for Investment Advisors/Managers

For the purpose of rendering investment management/advisory services to the Authority, the Authority may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, corporation, or person which is:

- Authorized to do business in the State as an investment manager/advisor; and
- Registered with the Securities & Exchange Commission under the Investment Advisor Act of 1940 or exempt from registration.

The Authority shall also consider the firm's capitalization, quality, size and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated engagement.

### 4.3. Qualifications for Custodial Banks

To be eligible to hold Investment Securities purchased by the Authority or collateral securing its investments, a custodial bank shall be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Investment Securities to the credit of the Authority. The custodian should not be the same party that is selling the Investment Securities. To be eligible to perform custodial services, the Chief Financial Officer must affirmatively find that the proposed custodial bank is financially sound. This shall be determined by review of the financial statements and credit ratings of the proposed custodial bank.

### 4.4. Ongoing Disclosure

All brokers, dealers and other financial institutions described in sections 4.1, 4.2, and 4.3 shall be provided with current copies of the Authority's Investment Guidelines. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority has investment transactions.

### 4.5. Affirmative Action

Article 15-A of the Executive Law and 9 NYCRR Part 4.21 regarding affirmative action shall apply with respect to the Authority's investment activities. The Authority shall seek to utilize minority and women-owned financial firms in the conduct of the Authority's investment activities. Management reporting is required by the Authority in order to track compliance with policy guidelines, assess the performance of the portfolio and to inform appropriate management personnel.

## 5. REPORTING

### 5.1. Management Reporting

In order to manage the Investment Funds effectively and to provide Authority management with useful information, it is necessary for the Treasury Department to report reliable and timely information regarding the investment transactions that take place.

A Quarterly Management Report on the investment management program shall be prepared and presented to the CFO and the Authority's Board. The Quarterly Management Report shall include:

- An indication of all new investments;
- A portfolio inventory;
- Credit quality of each holding;

- Duration (or average maturity) of each fund;
- Mark-to-market valuations on investments and collateral; and
- A breakdown of the portfolio by counterparty.

An Annual Investment Report shall be submitted to the Authority's Board and filed with the State Division of the Budget, State Comptroller, State Senate Finance Committee, and State Assembly Ways and Means Committee. The Annual Investment Report shall include the following:

- The investment guidelines in compliance with Section 2925(3) of the Public Authorities Law and any amendments since last reported;
- An explanation of the investment guidelines and amendments;
- The results of the Annual Independent Audit (described in Section 3.3.);
- Investment income record of the Authority; and
- A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and manager/advisor rendering investment associated services to the Authority since the date of the last investment report.

After approval of the report, it will be submitted or posted to:

- State Division of the Budget,
- State Department of Audit and Control,
- State Comptroller,
- State Public Authorities Information Reporting System (PARIS),
- Authority website, and
- The Chairmen and Ranking Minority Members of the Senate Finance Committee and Assembly Ways and Means Committee.

**5.2. Performance Reporting**

In order to ensure the effectiveness of the Authority's investment strategy, it is important to measure the performance of the portfolio. The performance measurement process can be broken into four categories:

- Investment benchmark – The Authority will continuously measure its performance against a benchmark having an average maturity comparable to the portfolios.
- Performance measurement – Each quarter the Authority must measure the performance of its investment portfolio versus its benchmark. By continuously measuring results against this standard benchmark, the Authority can determine a pattern of over/under performance.
- Identify sources of over/under performance – The Performance Reports distributed to the CFO must include information on the source of over/under performance.
- Disseminate results – Results shall be distributed to the CFO and the Board in a timely manner.

## APPENDIX A – OPERATING CONTROLS

**Distribution of the Investment Guidelines**

The guidelines and all subsequent amendments, revisions and updates shall be distributed to Authority personnel per the approval of the Chief Financial Officer.

During the period in which the Authority retains an investment manager, the investment manager must also receive the investment guidelines and all amendments, updates, or revisions to insure compliance with the most current guidelines.

***Exhibit –Investment Guidelines Distribution Matrix***

| Distribution List | Frequency |
|---|---|
| Board of Directors | As Necessary |
| Chief Financial Officer ("CFO") | As Necessary |
| Controller | As Necessary |
| Deputy Treasurer | As Necessary |

**Roles and Responsibilities in Executing the Investment Guidelines**

The roles and responsibilities for investment management at the Authority rest primarily with the Finance Department although other departments have important roles. The matrix below defines the roles and responsibilities of all parties involved in the execution of the Investment Guidelines.

***Exhibit –Policy Roles & Responsibility Matrix***

| Roles | Responsibility | Frequency |
|---|---|---|
| Board of Directors | • Final Approval of the guidelines<br>• Approval of exceptions to the guidelines (e.g. new investment types)<br>• Approval of revisions to the guidelines | • Annual<br>• As necessary<br>• As necessary |
| Chief Financial Officer ("CFO") | • Approval of the guidelines<br>• Approval of investment strategy<br>• Approval of performance measurements<br>• Approval of minor exceptions to the guidelines (i.e. amounts, maturities) | • Annual<br>• Annual<br>• Ongoing<br>• As necessary |
| Deputy Treasurer | • Serve as custodian of the guidelines<br>• Develop investment strategy<br>• Review investment strategy<br>• Establish performance measurements<br>• Distribution of guidelines and amendments<br>• Annual review of guidelines<br>• Oversight of investment activity<br>• Invest funds as provided for in the guidelines<br>• Keep abreast of developments in the markets<br>• Review performance information<br>• Management reporting | • Ongoing<br>• Annual<br>• Ongoing<br>• Ongoing<br>• As necessary<br>• Annual<br>• Ongoing<br>• Ongoing<br>• Ongoing<br>• Monthly<br>• Daily, Weekly Monthly |

| | | |
|---|---|---|
| Assistant | • Collect performance information<br>• Distribute performance information<br>• Prepare Investment Instruction Letter | • Quarterly<br>• Quarterly<br>• Ongoing |
| Investment Manager | • Develop investment strategy<br>• Review investment strategy<br>• Invest funds as provided for in the guidelines<br>• Reporting investment portfolio | • Annual<br>• Ongoing<br>• Ongoing<br>• Daily, Weekly Quarterly |

**Segregation of Duties**

The Authority requires adequate segregation of duties to prevent possible fraud, operational errors, misappropriation of funds, unauthorized trades, concealment of trades, and manipulation of accounting records. Personnel involved in risk monitoring activities should be segregated from risk taking (i.e. executing transactions).

***Exhibit – Segregation of Duties Matrix***

| Activity to be Performed | Segregation Level |
|---|---|
| Trade Execution | Individuals who are authorized to execute transactions should not confirm and settle the trades or conduct account reconciliation activities. |
| Trade Confirmation | Individuals who conduct confirmations should not execute transactions. |
| Settlement – Disbursing and Receiving Funds | Individuals who handle cash settlement on the trades should not execute the trades. Cash settlement shall be transacted by any one of the authorized Authority signatories who did not participate in the trade execution. Only one signature is required due to the nature of the transaction, i.e., transfer of assets (including transfers in excess of $25,000). |
| Account Reconciliation | Account reconciliation activities must be segregated from trade execution activities. |

**Management Reporting**

***Exhibit – Summary of Management Reporting***

| Report | Contents | Audience | Frequency |
|---|---|---|---|
| Management Report | Investment portfolio, mark-to- market valuations, collateral, counterparty breakdown | CFO, Board | Quarterly |

| | | | |
|---|---|---|---|
| Annual Investment Report | Investment Guidelines, explanation of Investment Guidelines & amendments, annual investment audit, annual investment income, total fees and commissions paid | CFO, Board (File with Division of the Budget, State Comptroller, State Finance Committee, Assembly Ways and Means Committee) | Annually |

***Exhibit – Summary of Treasury Performance Reporting***

| Report | Contents | Audience | Frequency |
|---|---|---|---|
| Performance Report | Investment performance vs. benchmark variance analysis | CFO, Board | Quarterly |

**Operating Procedures**

Operating procedures for the administration of the Authority's investment program should include the following:

- Each disbursement of funds (and corresponding receipt of Investment Securities) or delivery of Investment Securities (and corresponding receipt of funds) shall be based upon proper written authorization. If the authorization is initially given orally, there shall be written or telegraphic confirmation from an authorized signatory of the Authority to the custodian;
- The process of initiating, reviewing and approving requests to buy and sell Investment Securities shall be documented and retained for audit purposes. Dealer limits should be established and reviewed regularly;
- Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed in writing to the Authority. Delivery of obligations sold shall only be made upon receipt of funds;
- Custodial banks shall be required to report whenever activity has occurred in the Authority's custodial account;
- There shall be at least monthly verification of both the principal amount and the market values of all investments and collateral. Appropriate listings shall be obtained from the custodian and compared against the Authority's records;
- A record of investments shall be maintained. The records shall identify the Investment Security, the fund for which held, the place where kept, date of disposition and amount realized, and the market value and custodian of collateral;
- The establishment and maintenance of a system of internal controls;
- Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- A database of records incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices, and related information necessary to manage the portfolio; and
- Requirements for periodic reporting and a satisfactory level of accountability.

The procedures below describe in more detail the methods employed by the investment officers (Treasurer and Deputy Treasurer) to formulate and initiate investment transactions and include the records and documentation used in processing an investment from the time of its initiation to the recording and reconciliation on the Authority's accounting records.

1. The Treasurer, Deputy Treasurer or Investment Advisor maintains a schedule of all current investments and updates schedule on a timely (daily) basis as securities mature and/or new investments are initiated. A calendar of investment maturities is maintained and updated as chronological reminder (tickler file) or maturities.

2. All investments are initiated by the Investment Advisor via:

   a. specific written investment instruction sent to the Trustee or
   b. verbal investment instructions followed up by written confirmation

3. The Deputy Treasurer or Investment Advisor will initiate the investments by reviewing the investment schedule and calendar on a weekly basis to determine investments to be made over the following week based on Investment Guidelines and weekly working group meetings. All investments are available to review online on a real time (next day) basis.

   The Treasurer, Deputy Treasurer and Investment Advisor considers many factors in forming investment decisions, such as:

   a. existing bond resolution requirements and conditions;
   b. other existing agreements affecting investments/cash flow (i.e. Settlement Agreement; Agreement and Consent dated September 22, 1988, as amended, Agreement for Certain Payments, Lease Agreements etc.);
   c. BPCA cash flow requirements and Investment Guidelines and Policies;
   d. current and future market conditions (i.e. interest rates);
   e. New York State Comptroller's Guidelines; and,
   f. published market surveys, consultant reports, etc., relating to securities available, interest rates and investment strategies.

4. Copies of the bank trade confirmation letters sent to the Trustee Bank are digitally filed in the Treasury folder and monthly in a folder for each Bank account

5. All investments are available to the President and others for review and discussed at Investment Committee meetings. A copy of the Investment Instructions Letter is retained in the Treasury folder and a copy is maintained in the bank reconciliation files

   Documentation for securities purchased including the information as to brokers solicited for quotes shall be retained and filed by the Authority, the Trustee, and Investment Advisor. Corporate funds which are not invested are collateralized or insured by FDIC. Reconciliation of monthly Trustee statements are performed. This includes reconciliation of investment transactions, investment income, and portfolio holdings. Corresponding journal entries are subsequently posted to the Authority's general ledger. The BPCA Controller or Director of Financial Reporting initials and dates these reconciliations when reviewed to signify timely approval and completion.

6. Quarterly investment schedules are reviewed by the Investment Committee and made available to the Board. Investment schedules are audited by the Authority's public accountants at year end. The auditors request and receive confirmation of our cash and security holdings as of fiscal year end. In addition, the Authority's Internal Audit department periodically audits investments.

The procedures will be subjected to regular audits by internal and external auditors as required. Procedures are to be revised and updated on an annual basis and referenced in the Investment Policy and Procedure Statement, approved by the Members, in accordance with Section 2925(6) of the Public Authorities Law.

## APPENDIX B

## INVESTMENT REPORT - FYE OCTOBER 31, 2020

### Investments

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 October 31, 2020 and 2019, included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, were as follows:

| | October 31, 2020 | | | October 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Fair value | Weighted average maturity (years) (a) | Cost | Fair value | Weighted average maturity (years) (a) |
| U.S. Treasury securities: | | | | | | |
| Treasury Bills | $ 362,958,734 | 363,089,845 | 0.20 | $ 343,208,285 | 344,511,546 | 0.16 |
| Treasury Bonds | 78,024,170 | 80,306,380 | 3.45 | 75,021,743 | 74,786,480 | 3.26 |
| Treasury Strips | 2,478,639 | 2,624,746 | 4.24 | 343,043 | 363,566 | 5.26 |
| Total U.S. Treasury securities | 443,461,543 | 446,020,971 | | 418,573,071 | 419,661,592 | |
| Commercial paper | 19,572,406 | 19,598,474 | 0.11 | 18,042,099 | 18,227,872 | 0.01 |
| Federal agency securities | 6,398,995 | 6,408,720 | 0.13 | — | — | — |
| Federal agency mortgage backed securities | 4,031,734 | 4,187,861 | 2.91 | 5,865,363 | 5,936,683 | 2.79 |
| Municipal bonds | 9,635,082 | 9,745,913 | 1.84 | 10,812,947 | 10,808,574 | 1.52 |
| Supra National Agency | 14,428,780 | 14,734,253 | 2.65 | 10,275,437 | 10,306,075 | 1.09 |
| Total investments | 497,528,540 | 500,696,192 | 0.87 | 463,568,917 | 464,940,796 | 0.74 |
| Cash and cash equivalents | 45,387,330 | 45,387,330 | | 56,878,028 | 56,878,028 | |
| Total investments | $ 542,915,870 | 546,083,522 | | $ 520,446,945 | 521,818,824 | |

(a) Portfolio weighted average effective duration

As of October 31, 2020 and 2019, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $116,093,394 and $166,204,124 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.

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 (see note 12), 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.

**Fees**

There were no fees, commissions or other charges paid to investment bankers, brokers, agents, or dealers for rendering investment related services to the Authority during the fiscal year and all investments are competitively bid.  Consultant fees in the amount of approximately $350,000 were paid to PFM Asset Management LLC ("PFMAM" during the current fiscal year for professional money management advice to the Authority's Investment Committee.  PFMAM utilizes a MWBE firm, Ramirez Asset Management, as a subcontractor to manage a portion of the investment portfolio and they are paid 30% of the contract value for these services.

## APPENDIX C

### YEAR IN REVIEW - FYE October 31, 2020
*(Prepared by PFM Asset Management LLC)*

### Summary of Bond Market and Authority Portfolio Strategy

#### Annual Summary
The Authority's 2020 fiscal year started on a positive note, with U.S.-China trade tensions easing and the stock market rallying to new highs. The economic trajectory would soon change as the Coronavirus emerged as a global threat, derailing economic progress and forcing many nations into lockdown. World governments and central banks reacted swiftly with unprecedented amounts of fiscal and monetary stimulus. In the U.S., the Federal Reserve ("Fed") scheduled two emergency meetings in March and cut interest rates by 150 bps, to a range of 0.00% to 0.25%, and implemented several liquidity programs along with quantitative easing. The U.S. Government passed the CARES Act, providing much needed support to local governments, businesses, and individuals. The economy did plummet in response to shutdowns, but sharply rebounded, while major U.S. stock indices rallied back to end the year in positive territory. At the end of the fiscal year, investors were paying close attention to the upcoming Presidential election and closely monitoring progress for a COVID-19 vaccination.

#### Summary of Bond Market and Authority Portfolio Strategy

#### *First Quarter: November 1, 2019 – January 31, 2020*

*Market Summary*
The first quarter was characterized by moderate economic growth, strong job creation, elevated consumer confidence, and a robust housing market. Reescalation of the U.S.-China Trade War was a threat earlier in the quarter, until both sides agreed to a "Phase 1" trade deal in December. The agreement would reduce tariffs on Chinese and American goods for each counter party, increase the amount of U.S. agricultural products purchased from China, and commit China to improved intellectual property security. However, as the world entered 2020, the Coronavirus outbreak started to become a major concern, raising questions about the actual increase in trade in the short run. After three consecutive rate cuts in 2019, the Federal Reserve left interest rates unchanged at its January 2020 meeting, maintaining the target rate at 1.50% to 1.75%. U.S. equity markets rose to all-time highs during the quarter, with both the S&P 500 and NASDAQ returning over 30% for calendar year 2019.

Consumer spending and a notable decline in imports helped the U.S. economy grow 2.1% during the fourth quarter of 2019. Furthermore, the economy grew at 2.3% for the entire year, driven primarily by the consumer. Inflation cooled heading into 2020 as the core Personal Consumption Expenditure (PCE) index fell to 1.6%, below the Fed's 2% target. The U.S. labor market added 145,000 jobs in December, extending the streak of payroll gains to 10 years and making the 2010s the best decade for job growth in U.S. history. Overall, the economy added approximately 2.11 million jobs in 2019, down from 2.68 million jobs in 2018. The unemployment rate ended the quarter at 3.6%. On the manufacturing front, the ISM Manufacturing PMI survey remained in contractionary territory (below 50) and fell to its lowest level since 2009. Despite remaining below the 50 mark for six months, the indicator rebounded to end January at 50.9, signaling expansion.

Bond market yields were somewhat volatile during the quarter. The U.S. Treasury yield curve steepened during December as a stable Fed, abundant liquidity, and reduced trade risk stabilized U.S. rate outlooks. In January, however, there was a significant rally in U.S. Treasuries due to a flight to quality over emerging economic concerns, including the Coronavirus outbreak. By quarter-end, yields on 2-year Treasuries and longer declined by up to 21 bps (0.21%). The spread between 3-month and 10-year Treasuries ended January at -4 bps (-0.04%), signaling a slightly inverted yield curve.

*Portfolio Strategy Recap*

- Absolute performance for the Authority's longer-term funds was strong for the quarter. Relative to benchmarks, performance was generally in line with or exceeded benchmark returns as the portfolios continued realignment with the designated investment strategy during the quarter.
- The short-term portfolios performed in line with the benchmark for the quarter. Each portfolio continued to benefit from attractive spreads in high quality commercial paper. Consistent with historical patterns, the 2003 Pledged Revenue Fund experienced significant activity as intra-fund transfers were initiated.

***Second Quarter: February 1, 2020 – April 30, 2020***

*Market Summary*

The longest bull market in history ended during the second quarter, as equity prices and bond yields plummeted in response to the COVID-19 pandemic. On March 13th, President Trump declared a national emergency and locked down the country, following suit with many other western nations and countries around the world. Globally, central banks and governments rapidly responded with unprecedented monetary and fiscal policy support. The U.S. government passed the CARES Act in late March, providing more than $2.2 trillion in fiscal support to local governments, businesses, and individuals battered by the pandemic. The legislation represented the largest emergency aid package in U.S. history, worth about 10% of U.S. GDP. Congress also passed the Paycheck Protections Program and Health Care Enhancement Act in April to provide $484 billion in additional funding to replenish key programs under the CARES Act. The Federal Reserve responded by cutting interest rates by 150 bps (1.50%) to the 0.00% to 0.25% range, established several liquidity programs to reduce strains, and initiated unlimited quantitative easing. The Federal Reserve's balance sheet would inflate by over $3.0 trillion as a result of its stimulus programs. The S&P 500 plummeted 34% peak-to-trough but quickly regained a third of its loss as a result of the extraordinary expansionary policies put in place.

The shutdown of many segments in the economy forced the U.S. into a recession, ending the longest bull market in U.S. history. The economy lost 20.5 million jobs in April, erasing most jobs added over the last decade, and pushed the unemployment rate up to 14.7%, the highest rate since the Great Depression. The number of Americans applying for unemployment benefits topped 30 million. The unprecedented amount of job losses, deteriorating consumer confidence, and shutdown of the economy led to a decrease in consumer spending. Consequently, U.S. GDP fell 4.8% in the first quarter of 2020—the lowest level since 2008. The service industry experienced a massive loss as box office sales and restaurant reservations fell to zero, while the airline industry saw 95% of daily travel volume vanish. The manufacturing PMI fell to 36.1 and the services PMI sank to 26.7, both well below 50, indicating unparalleled contraction.

Bond yields plunged in the wake of the Fed's rate cuts and broad flight-to-quality sentiment. The 3-month and 2-year Treasuries declined by 145 bps and 112 bps (1.14% and 1.12%), respectively, ending April at 0.10% and 0.20%. Yields on 10-year Treasuries fell by 87 bps (0.87%), closing the quarter at 0.64%.

*Portfolio Strategy Recap*

- The longer-term portfolios experienced strong absolute performance for the quarter but underperformed relative to benchmarks.
- U.S. Treasury performance led all investment-grade fixed income sectors. Diversification away from U.S. Treasury securities, which typically enhances returns, was a detractor to performance relative to the benchmarks.
- The credit sector underperformed U.S. Treasuries, as investment grade spreads widened and market values fell amid the unexpected, extreme flight-to-quality. Spreads began to normalize amid Fed stimulus, which added to performance relative to the benchmark, albeit not enough to surpass the strong performance of U.S. Treasuries during the quarter

- The 2003 Operating Fund also underperformed its benchmark due to a high commercial paper allocation. Commercial paper spreads also widened, leading to underperformance relative to Treasuries during the quarter.
- The 2003 Pledged Revenue Fund performed in-line with the benchmark. It experienced significant cash outflows during the quarter.

### *Third Quarter: May 1, 2020 – July 31, 2020*

*Market Summary*

The COVID-19 pandemic continued to shape global markets and the economy during the third quarter. Broad lockdowns and stay-at-home orders were effective in initially slowing the spread of the virus. However, when social distancing measures eased in the warmer summer months, confirmed case counts spiked sharply higher as the virus picked up dangerous speed in certain states, namely California, Florida, and Texas. As a result of the uptick, expectations for further fiscal stimulus increased. The Fed spent much of the quarter mobilizing and refining its arsenal of emergency lending programs to provide liquidity and stabilize financial markets. The balance sheet swelled from $4 trillion to $7 trillion and included the first purchases of corporate bond exchange-traded funds and individual corporate bonds. The strong fiscal and monetary policy support combined with better-than-expected corporate earnings led to a historic rebound in equity markets. The S&P 500 turned positive for the year, after losing 34% of its value the previous quarter.

The final estimate of first quarter GDP showed that the U.S economy contracted 5.0%. However, second quarter GDP fell by a record amount of 31.4% year-over-year, as the pandemic-induced shutdown negatively affected businesses and lowered consumer spending. Record job losses were followed by record job gains, as 9.3 million jobs were added back to the economy from May to July. Consequently, the unemployment rate fell to 10.2%, still well above pre-COVID lows. Despite the decline in unemployment, initial and continuous jobless claims remained at high levels. On a positive note, retails sales and manufacturing data rebounded from lows to end the quarter.

U.S Treasury yields were relatively stable throughout the quarter. Longer-term Treasuries fell by 10 bps (0.10%), while intermediate-term yields, with maturities between 2- and 7-years, declined between 9 and 15 bps (0.09% to 0.15%). At quarter-end, the 3-month Treasury Bill yielded 0.09%, while the 10-year maturity remained at historic lows, yielding 0.53%.

*Portfolio Strategy Recap*

- The longer-term portfolios outperformed relative to their benchmarks, while the short-term portfolios performed in-line with the benchmark.
- U.S. Treasury performance continued to lead all investment-grade fixed income sectors. Diversification away from U.S. Treasury securities was additive, though most sectors continued to trail U.S. Treasuries.
- The 2003 Pledged Revenue Fund saw significant contributions during the quarter.

### *Fourth Quarter: August 1, 2020 – October 31, 2020*

*Market Summary*

The COVID-19 pandemic continued to dominate headlines as the world passed the grim milestone of one million deaths. New case counts started to fall in the late summer months but started to rise again for a third time in late October into November, this time at rates not seen earlier in the pandemic. Furthermore, the country was preparing for a historic Presidential election amidst the virus. The Federal Reserve continued to acknowledge the "tremendous human and economic hardship" and urged Congress to provide more stimulus. Fed policymakers also extended the time period of expected zero rates through 2023, and in a major policy shift, decided to seek "to achieve inflation that averages 2% over time," further supporting that rates will be kept zero for longer.

The U.S. economy grew at a record 33.1% annual rate in the third quarter of 2020, recovering a significant portion of the economic loss from COVID-19 that sent the economy to a record contraction in the second quarter. The strong rebound was fueled by increased consumption, business and residential investment, and exports. Despite the strong bounce, economic output remained 3.5% below pre-pandemic levels. The labor market also showed steady signs of improvement as 2.8 million jobs were added over the quarter, pushing the unemployment rate down from 10.2% in July to 6.2% in October. Personal income and personal spending increased by 0.9% and 1.4%, respectively, while the manufacturing PMI and services PMI both finished October above the 50 mark, remaining in expansionary territory.

The U.S. Treasury yield curve steepened quarter-over-quarter due to better-than-projected economic data, large treasury issuance funding the record budget deficit, and increasing inflation expectations. The 3-month yield remained stable and finished the fiscal year at 0.09%. Intermediate-term yields between the 2-year and 5-year maturities moved up between 5 bps and 18 bps (0.05% - 0.18%). The 10-year and 30-year yields moved up by 35 bps (0.35%) and 47 bps (0.47%), ending the fiscal year at 0.88% and 1.66%, respectively.

*Portfolio Strategy Recap*

- The longer-term funds outperformed their benchmarks for the quarter and fiscal year, while the shorter-term funds performed in-line with their benchmark.
- Absolute returns for long-term funds were negatively impacted by higher rates and a steeper yield curve. Most fixed income sectors outperformed U.S. Treasuries during the quarter. Allocations to supra sovereign and municipal sectors were positive contributors to performance.
- The short-term funds were positioned in preparation for the new fiscal year. As a result, the 2003 Pledged Revenue account's duration was shortened as the fiscal year closed.
- Commercial paper yields tightened significantly during the quarter, limiting its use in short-term portfolios.

**Portfolio Performance Update**

Absolute returns for the Authority's short-term investment strategies were modest for the fiscal year. These strategies are largely driven by cash flow needs. For the fiscal year, both portfolios performed in-line with or slightly below the benchmark. Since inception, both portfolios outperformed the benchmark.

For the fiscal year, absolute returns were strong for the Authority's longer-term portfolios. Most portfolios outperformed their respective benchmarks. Most notably, the BPCPC Operating Reserve Contingency outperformed by 27 bps (0.27%), while the Insurance Fund and the Operating Budget Reserve outperformed by 21 bps (0.21%) and 18 bps (0.18%), respectively. The sharp decline in U.S. Treasury yields during the fiscal year contributed to strong performance for the long-term portfolios.

| | 1 Year Ending October 31, 2020 | 3 Years Ending October 31, 2020 | Since Inception |
|---|---|---|---|
| **Long-Term Strategy:** | | | |
| **2003 Reserve Fund** | **4.09%** | **2.79%** | **3.25%** |
| *BM: BAML 1-5 Year US Treasury Note Index* | *4.14%* | *3.16%* | *3.22%* |
| **BPCPC Operating Reserve Contingency** | **5.48%** | **3.69%** | **3.75%** |
| **Insurance Fund** | **5.42%** | **3.67%** | **3.70%** |
| **Operating Budget Reserve** | **5.39%** | **3.69%** | **3.83%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *5.21%* | *3.91%* | *3.51%* |
| **BPCA Other Post-Employment Benefits** | **5.30%** | **3.95%** | **3.09%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *5.21%* | *3.91%* | *2.91%* |
| **BPCPC Other Post-Employment Benefits** | **5.25%** | **3.96%** | **2.63%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *5.21%* | *3.91%* | *2.68%* |
| | | | |
| **Short-Term Strategy:** | | | |
| **2003 Pledged Revenue** | **0.89%** | **1.62%** | **1.28%** |
| **2003 Project Operating Fund** | **0.75%** | **1.66%** | **1.29%** |
| *BM: BAML 3 Month US Treasury Bill Index* | *0.92%* | *1.66%* | *1.22%* |

*Notes:*

1. *Performance on trade date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.*
2. *Merrill Lynch Indices provided by Bloomberg Financial Markets.*
3. *The total returns shown for periods longer than a year are the annualized returns for the stated period.*
4. *Performance for the 2003 Reserve Fund, BPCPC Operating Reserve Contingency, Insurance Fund, and Operating Budget Reserve were impacted in the 2nd and 3rd calendar quarters of 2019 by a temporary suspension of investment strategy in order to provide liquidity for the 2019 bond financing.*
5. *Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present.*
   - *Since inception performance for the BPCA Other Post-Employment Benefits performance is calculated from January 31, 2008 to present.*
   - *Since inception performance for the BPCPC Other Post-Employment Benefits performance is calculated from February 12, 2010 to present.*
   - *For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized.*

# Hugh L. Carey
# Battery Park City Authority

## Review of Investment Performance

Quarter Ended October 31, 2020

PFM Asset
Management LLC

200 Princeton South
Corporate Center
Suite 270A
Ewing, NJ 08628

609.452.0263
pfm.com

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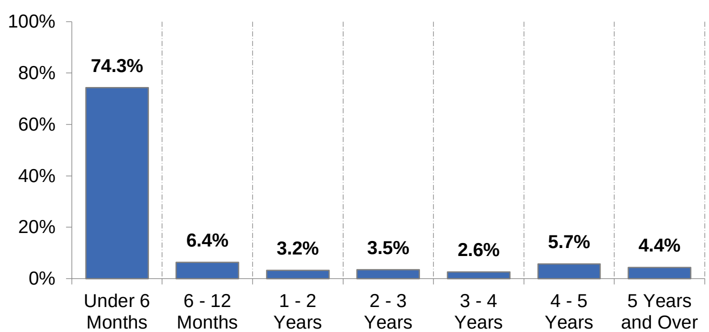
# I. Executive Summary

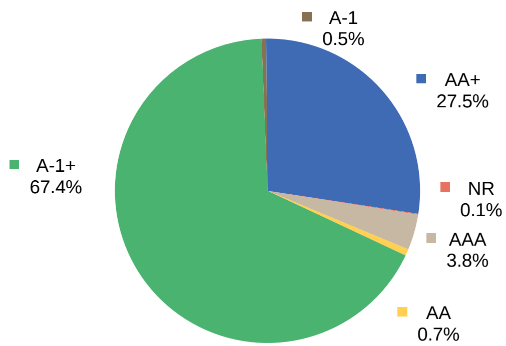
# Aggregate Portfolio Composition and Credit Quality

| Security Type[1] | October 31, 2020 | % of Portfolio | Effective Duration | July 31, 2020 | % of Portfolio | Effective Duration | QoQ Change (% of portfolio) |
|---|---|---|---|---|---|---|---|
| U.S. Treasuries | **$446,490,443** | **89.1%** | **0.82** | $488,746,521 | 86.5% | 0.75 | **2.5%** |
| Federal Agencies and Instrumentalities (non-MBS) | **$21,174,423** | **4.2%** | **1.89** | $26,790,965 | 4.7% | 1.70 | **(0.5%)** |
| Commercial Paper | **$19,598,474** | **3.9%** | **0.08** | $25,246,695 | 4.5% | 0.21 | **(0.6%)** |
| Municipals | **$9,797,076** | **2.0%** | **1.88** | $19,338,244 | 3.4% | 0.98 | **(1.5%)** |
| Government MBS | **$4,208,215** | **0.8%** | **2.94** | $4,631,300 | 0.8% | 2.91 | **0.0%** |
| **Totals** | **$501,268,631** | **100.0%** | **0.88** | **$564,753,725** | **100.0%** | **0.80** | |

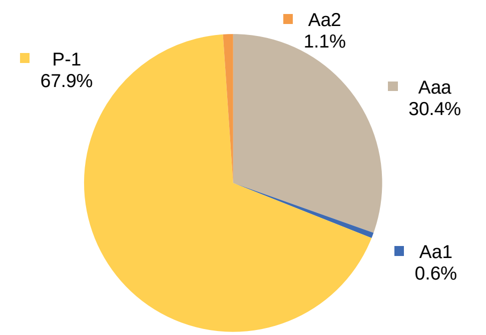
**Maturity Distribution**
**As of 10/31/2020**




**Credit Quality Distribution (S&P)**
**as of 10/31/2020**




**Credit Quality Distribution (Moody's)**
**as of 10/31/2020**




Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P but rated by Moody's and are in compliance with BPCA's Investment Policy.

# Performance Overview – Total Return Strategies – October 31, 2020

| | Past Quarter | Past 12 Months | Past 3-Years | Since Inception |
|---|---|---|---|---|
| **Long-Term Strategy:** | | | | |
| **2003 Reserve Fund** | **-0.14%** | **4.09%** | **2.79%** | **3.25%** |
| *BM: BAML 1-5 Year US Treasury Note Index* | *-0.16%* | *4.14%* | *3.16%* | *3.22%* |
| **BPCPC Operating Reserve Contingency** | **-0.45%** | **5.48%** | **3.69%** | **3.75%** |
| **Insurance Fund** | **-0.45%** | **5.42%** | **3.67%** | **3.70%** |
| **Operating Budget Reserve** | **-0.41%** | **5.39%** | **3.69%** | **3.83%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *-0.51%* | *5.21%* | *3.91%* | *3.51%* |
| **BPCA Other Post-Employment Benefits** | **-0.43%** | **5.30%** | **3.95%** | **3.09%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *-0.51%* | *5.21%* | *3.91%* | *2.91%* |
| **BPCPC Other Post-Employment Benefits** | **-0.46%** | **5.25%** | **3.96%** | **2.63%** |
| *BM: BAML 1-10 Year US Treasury Note Index* | *-0.51%* | *5.21%* | *3.91%* | *2.68%* |
| **Short-Term Strategy:** | | | | |
| **2003 Pledged Revenue** | **0.03%** | **0.89%** | **1.62%** | **1.28%** |
| **2003 Project Operating Fund** | **0.03%** | **0.75%** | **1.66%** | **1.29%** |
| *BM: BAML 3 Month US Treasury Bill Index* | *0.03%* | *0.92%* | *1.66%* | *1.22%* |

Notes:
1. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
2. Performance of the highlighted portfolios was impacted in the 2nd and 3rd calendar quarters of 2019 by a temporary suspension of investment strategy in order to provide liquidity for the 2019 bond financing."
3. Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present
4. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized.
5. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present.
6. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.

# Portfolio Recap – Market Drivers

## Economy

- Global health crisis: Coronavirus restrictions were gradually eased throughout the U.S. but were followed by regional hot spots of infection, reminding people of how long the virus may linger.
- U.S. second quarter GDP plunged by a record annualized rate of 31.7%. For context, GDP fell by 8.4% during the height of the 2008 financial crisis. However, other economic indicators were surprisingly strong and recovered at a faster pace than originally expected, leading various economists to pull forward the expected timeframe for recovery.
- The labor market has shown steady improvements with the number of Americans filing weekly for unemployment benefits falling to 751,000, the lowest mark since mid-March. October's jobs report was solid, albeit less robust than the prior month's report. The U.S. economy added 661,000 jobs, and the jobless rate fell to 6.9%.

## Federal Reserve

- The Federal Reserve (Fed) continued to play a large role in supporting financial market stability. The central bank re-affirmed its ongoing support of many bond market sectors through its continuing purchase and liquidity programs, and it extended the expiration date of many of its lending facilities. The Fed also extended its forward guidance regarding zero short-term interest rates through 2023.

## U.S. Treasury Yields

- The U.S. Treasury yield curve steepened due to better-than-projected economic data, large treasury issuance funding the record budget deficit, and increasing inflation expectations. The yield on shorter tenors remained relatively unchanged and anchored near zero, while the yield on longer tenors (greater than two years) moved noticeably higher.

# Portfolio Recap – Performance & Cash Flows

## Longer-Term Funds

- Long-term portfolios outperformed benchmarks for the quarter and the fiscal year. Contributors to outperformance include the portfolios' modestly short duration position and improvements in the municipal and supra sovereign sectors
- Absolute returns were negatively impacted by higher rates and a steeper yield curve. The yield difference between the 2-year and 10-year Treasury widened from approximately 57 basis points (0.57%) to almost 70 basis points (0.70%)
- Most fixed income sectors outperformed Treasuries during the quarter. Allocations to the supra sovereign and municipal sectors were positive contributors to performance

## Short-Term Funds

- The Operating Fund and Pledged Revenue portfolio performed in-line with the benchmark for the quarter and fiscal year
- Short-term portfolios were positioned in preparation for the new fiscal year. As a result, the Pledged Revenue portfolio's duration was shortened as the fiscal year closed
- Commercial paper yields tightened significantly during the quarter limiting the use in short-term portfolios. We continue to monitor this sector and will look for opportunities to add exposure if conditions change

# Investment Guidelines Compliance

| Compliance Issuer Check | | | | | | |
|---|---|---|---|---|---|---|
| Issuer | Actual (%) | Actual ($) | IPS Limit | S&P Rating | Moody's Rating | Check |
| U.S. Treasury | 89.07% | 446,490,443 | 100% | AA+ | Aaa | OK |
| Toyota Motor Credit Corporation | 1.99% | 9,998,550 | 5% | A-1+ | P-1 | OK |
| Fannie Mae | 1.38% | 6,936,044 | $250,000,000 | AA+ | Aaa | OK |
| International Bank of Recon and Development | 1.15% | 5,775,993 | - | AAA | Aaa | OK |
| Pfizer Inc. | 0.89% | 4,465,745 | 5% | A-1+ | P-1 | OK |
| Asian Development Bank | 0.81% | 4,049,196 | - | AAA | Aaa | OK |
| New York City | 0.70% | 3,509,643 | 10% | AA | Aa2 | OK |
| International American Development Bank | 0.61% | 3,048,072 | - | AAA | Aaa | OK |
| New York City Transitional Finance Authority | 0.60% | 2,983,218 | 10% | AAA | Aa1 | OK |
| JP Morgan | 0.49% | 2,449,893 | 5% | A-1 | P-1 | OK |
| Ginnie Mae | 0.39% | 1,935,794 | $250,000,000 | AA+ | Aaa | OK |
| African Development Bank | 0.38% | 1,892,315 | - | AAA | Aaa | OK |
| Apple Inc | 0.35% | 1,734,818 | 5% | A-1+ | P-1 | OK |
| Small Business Administration | 0.30% | 1,506,957 | 100% | AA+ | Aaa | OK |
| New York State | 0.23% | 1,161,234 | 10% | AA+ | Aa2 | OK |
| Salt River Project | 0.19% | 949,468 | 5% | A-1+ | P-1 | OK |
| Maryland State | 0.14% | 713,944 | 10% | AAA | Aaa | OK |
| Delaware State | 0.11% | 542,748 | 10% | AAA | Aaa | OK |
| NY State Dorm Authority | 0.08% | 424,761 | 10% | NR | Aa2 | OK |
| New York State Development Corporation | 0.07% | 357,828 | 10% | AA+ | Aa2 | OK |
| Freddie Mac | 0.05% | 238,266 | $250,000,000 | AA+ | Aaa | OK |
| Babylon, Town of | 0.02% | 103,699 | 10% | AA+ | Aaa | OK |

Notes:
1. BPCA's investment guidelines does not detail sector limits for commercial paper, supranationals, or Government MBS.
2. Commercial paper issuer limits are subject to the lesser of 5% or $250 million per issuer.
3. Actual ($) include market value plus accrued interest.

# Change in Value – Total Return Accounts

| Account Name | Beginning Period Value[1] | (+/-) | Net Transfers[2] | (+/-) | Change in Value | = | Ending Period Value[1] |
|---|---|---|---|---|---|---|---|
| **Longer Term Investment Strategy** | | | | | | | |
| 2003 Reserve Fund | $35,116,031 | | $0 | | ($65,195) | | $35,050,836 |
| BPCPC Operating Reserve Contingency | $14,709,807 | | $12,539 | | ($66,603) | | $14,655,743 |
| Insurance Fund | $6,324,416 | | $0 | | ($28,626) | | $6,295,790 |
| Operating Budget Reserve | $10,746,028 | | $10,000,000 | | ($46,412) | | $20,699,616 |
| BPCA Other Post-Employment Benefits | $28,319,227 | | $0 | | ($122,864) | | $28,196,363 |
| BPCPC Other Post-Employment Benefits | $14,877,993 | | $0 | | ($67,956) | | $14,810,037 |
| ***Subtotal*** | **$110,093,502** | | **$10,012,539** | | **($397,656)** | | **$119,708,385** |
| **Shorter Term Investment Strategy** | | | | | | | |
| 2003 Pledged Revenue | $192,405,846 | | $16,272,286 | | $64,212 | | $208,742,343 |
| 2003 Project Operating Fund | $7,960,254 | | ($3,846) | | $2,096 | | $7,958,504 |
| ***Subtotal*** | **$200,366,100** | | **$16,268,439** | | **$66,308** | | **$216,700,847** |
| **Total** | **$310,459,602** | | **$26,280,978** | | **($331,348)** | | **$336,409,232** |

Notes:
1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.

# Change in Value – Other BPCA Accounts

| Account Name | Beginning Period Value[1] | (+/-) | Net Transfers[2] | (+/-) | Change in Value | = | Ending Period Value[1] |
|---|---|---|---|---|---|---|---|
| **PFM Asset Management Accounts** | | | | | | | |
| Corporate Funds | $851,240 | | $0 | | $281 | | $851,521 |
| 2000 Arbitrage Rebate | $835,383 | | $0 | | $208 | | $835,590 |
| 1993 Unpledged Revenue | $10,507,481 | | $3,779,001 | | $3,037 | | $14,289,519 |
| 2003 Residual Fund | $1,091,329 | | $3,534 | | $259 | | $1,095,122 |
| Joint Purpose Fund | $41,701,477 | | ($41,323,443) | | $3,623 | | $381,657 |
| Special Fund | $965,506 | | $0 | | $240 | | $965,746 |
| BPCPC Operating Reserve | $1,040,491 | | $0 | | $283 | | $1,040,774 |
| BPCA Goldman Sachs Liberty Contribution Fund | $1,438 | | $0 | | $0 | | $1,438 |
| BPCA Series 2009A Project Costs | $563,122 | | ($19,167) | | $132 | | $544,087 |
| BPCA Series 2009B Project Costs | $82 | | $0 | | $0 | | $82 |
| BPCA Insurance Advance | $704 | | $0 | | $0 | | $704 |
| BPCA2013ACDE Proj Cost Sub AC | $13,497,409 | | ($204,590) | | $3,634 | | $13,296,454 |
| BPCA Pier A Reserve Fund | $996,179 | | $0 | | $248 | | $996,427 |
| BPCA Subordinated Pmt Acct | $0 | | $0 | | $0 | | $0 |
| BPCA 2019A Comm Ctr SB Proj | $4,948,117 | | ($868,260) | | $2,233 | | $4,082,090 |
| BPCA 2019A Sustainable Proj | $67,314,889 | | ($5,287,227) | | $18,817 | | $62,046,480 |
| BPCA 2019ABCDE COI | $5,628 | | $0 | | $0 | | $5,628 |
| BPCA 2019BDE Project | $9,177,353 | | ($17,887) | | $1,781 | | $9,161,246 |
| BPCA 2019C Pier A SB Proj | $3,550,518 | | $0 | | $1,660 | | $3,552,178 |
| ***Subtotal*** | **$157,048,347** | | **($43,938,039)** | | **$36,437** | | **$113,146,744** |

Notes:

1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.

# Change in Value – Other BPCA Accounts

| Account Name | Beginning Period Value[1] | (+/-) | Net Transfers[2] | (+/-) | Change in Value | = | Ending Period Value[1] |
|---|---|---|---|---|---|---|---|
| **Ramirez Asset Management Accounts** | | | | | | | |
| Liberty Terr Mariners Cove-K | $304,967 | | $0 | | $59 | | $305,025 |
| Liberty House Mariners J | $249,477 | | $0 | | $48 | | $249,524 |
| Rector Park L | $34,735 | | $0 | | $7 | | $34,742 |
| Hudson View W Towers G | $175,643 | | $0 | | $34 | | $175,677 |
| Hudson Towers E/F | $213,605 | | $0 | | $41 | | $213,646 |
| Hudson View Towers C | $188,548 | | $0 | | $36 | | $188,584 |
| Liberty Ct Mariners Cove B | $622,633 | | $0 | | $130 | | $622,763 |
| Millenium | $3,758,919 | | $0 | | ($2,565) | | $3,756,353 |
| Liberty Battery Place Assoc 4 | $449,051 | | $0 | | $86 | | $449,137 |
| South Cove Assoc 11 | $407,819 | | $0 | | $78 | | $407,898 |
| Soundings Rector Park A | $218,246 | | $0 | | $42 | | $218,288 |
| The Regatta Site 10 | $497,794 | | $0 | | $105 | | $497,898 |
| Debt Service Junior Payments | $27,051,440 | | ($3,575,056) | | $6,151 | | $23,482,536 |
| 2003 Debt Service Senior Payments | $44,638,622 | | $0 | | $12,150 | | $44,650,772 |
| BPCA Millenium Tower Security Fund 2A | $3,139,171 | | $0 | | ($1,922) | | $3,137,249 |
| BPCA S 16/17 Riverhouse Security Fund | $6,669,795 | | $0 | | ($3,864) | | $6,665,931 |
| BPCA Visionaire Security Fund | $4,061,840 | | $0 | | $1,354 | | $4,063,195 |
| BPCA Pier A Security Deposit Account | $426,882 | | $0 | | $82 | | $426,964 |
| BPCA One Rector Park Security Fund | $996,156 | | $0 | | ($2,155) | | $994,002 |
| BPCA Rector Square Security Fund Site D | $229,600 | | $0 | | $44 | | $229,644 |
| BPCA WFC Tower C Retail Rent Escrow | $258,883 | | $0 | | $49 | | $258,933 |
| BPCA River & Warren Sec Fund - Site 19A | $6,142,317 | | $0 | | ($5,613) | | $6,136,704 |
| BPCA North Cove Marina Security Fund | $53,155 | | $0 | | $10 | | $53,165 |
| ***Subtotal*** | **$100,789,300** | | **($3,575,056)** | | **$4,386** | | **$97,218,630** |

Notes:
1. Beginning Period Value is as of July 31, 2020 and Ending Period Value is as of October 31, 2020. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash balance.
2. Net Transfers represent the total portfolio contributions and withdrawals during the quarter.

# II. Summary of Aggregate Portfolio

# Aggregate Portfolio Issuer Breakdown

| Security Type | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| **United States Treasury[2]** | | | | | |
| U.S. Treasury | **$446,490,443** | **89.1%** | $488,746,521 | 86.5% | 2.5% |
| Ginnie Mae | **$1,935,794** | **0.4%** | $2,225,343 | 0.4% | (0.0%) |
| Small Business Administration | **$1,506,957** | **0.3%** | $1,589,734 | 0.3% | 0.0% |
| **Federal Agencies and Instrumentalities[2,3]** | | | | | |
| Freddie Mac | **$238,266** | **0.0%** | $261,145 | 0.0% | 0.0% |
| Fannie Mae | **$6,936,044** | **1.4%** | $11,757,368 | 2.1% | (0.7%) |
| Federal Home Loan Bank | **$0** | **0.0%** | $719,990 | 0.1% | (0.1%) |
| International Bank of Recon and Development | **$5,775,993** | **1.2%** | $5,813,800 | 1.0% | 0.1% |
| International American Development Bank | **$3,048,072** | **0.6%** | $3,077,540 | 0.5% | 0.1% |
| Asian Development Bank | **$4,049,196** | **0.8%** | $4,071,680 | 0.7% | 0.1% |
| African Development Bank | **$1,892,315** | **0.4%** | $1,905,665 | 0.3% | 0.0% |
| **Commercial Paper[2]** | | | | | |
| JP Morgan | **$2,449,893** | **0.5%** | $2,448,654 | 0.4% | 0.1% |
| Toyota Motor Credit Corporation | **$9,998,550** | **2.0%** | $11,619,362 | 2.1% | (0.1%) |
| Apple Inc | **$1,734,818** | **0.3%** | $1,733,817 | 0.3% | 0.0% |
| Pfizer Inc. | **$4,465,745** | **0.9%** | $4,463,477 | 0.8% | 0.1% |
| Salt River Project | **$949,468** | **0.2%** | $4,273,718 | 0.8% | (0.6%) |
| MetLife Funding Inc | **$0** | **0.0%** | $707,668 | 0.1% | (0.1%) |
| **Municipal Issuers[2]** | | | | | |
| New York City | **$3,509,643** | **0.7%** | $5,204,016 | 0.9% | (0.2%) |
| New York City Transitional Finance Authority | **$2,983,218** | **0.6%** | $4,473,187 | 0.8% | (0.2%) |
| NY State Dorm Authority | **$424,761** | **0.1%** | $433,127 | 0.1% | 0.0% |
| New York State | **$1,161,234** | **0.2%** | $1,174,231 | 0.2% | 0.0% |
| Delaware State | **$542,748** | **0.1%** | $555,966 | 0.1% | 0.0% |
| Babylon, Town of | **$103,699** | **0.0%** | $102,869 | 0.0% | 0.0% |
| New York State Development Corporation | **$357,828** | **0.1%** | $365,582 | 0.1% | 0.0% |
| Maryland State | **$713,944** | **0.1%** | $2,008,872 | 0.4% | (0.2%) |
| Georgia State | **$0** | **0.0%** | $507,702 | 0.1% | (0.1%) |
| Port Authority of NY/NJ | **$0** | **0.0%** | $414,825 | 0.1% | (0.1%) |
| Texas State | **$0** | **0.0%** | $4,097,867 | 0.7% | (0.7%) |
| **TOTAL** | **$501,268,631** | **100.0%** | **$564,753,725** | **100.0%** | |

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Pursuant to the Authority's Investment Policy, investments in obligations other than those backed by the full faith and credit of the U.S. Government are limited to the following: (1) Federal Agencies - $250 million per issuer, (2) Commercial Paper - the lesser of 5% or $250 million per issuer, (3) Bankers' Acceptances - the lesser of 5% or $250 million per issuer and (4) Municipal Bonds - 10%.
3. Federal Agencies and Instrumentalities includes Mortgage-Backed Securities.

# Portfolio Value – Total Return Accounts

| | October 31, 2020 | | | July 31, 2020 | | | |
|---|---|---|---|---|---|---|---|
| **Longer Term Investment Strategy** | **Market Value** | **Effective Duration** | **% of Total Portfolio** | Market Value | Effective Duration | % of Total Portfolio | QoQ % Change |
| 2003 Reserve Fund | **$35,027,979** | **2.72** | **7.0%** | $35,076,320 | 2.78 | 6.2% | 0.8% |
| BPCPC Operating Reserve Contingency | **$14,650,910** | **3.64** | **2.9%** | $14,702,066 | 3.54 | 2.6% | 0.3% |
| Insurance Fund | **$6,294,081** | **3.60** | **1.3%** | $6,322,260 | 3.61 | 1.1% | 0.1% |
| Operating Budget Reserve | **$20,697,106** | **1.87** | **4.1%** | $10,739,850 | 3.56 | 1.9% | 2.2% |
| BPCA Other Post-Employment Benefits | **$28,191,292** | **3.48** | **5.6%** | $28,312,451 | 3.48 | 5.0% | 0.6% |
| BPCPC Other Post-Employment Benefits | **$14,808,257** | **3.53** | **3.0%** | $14,872,349 | 3.49 | 2.6% | 0.3% |
| ***Subtotal Longer Term Investment Strategy*** | ***$119,669,625*** | ***3.01*** | ***23.9%*** | ***$110,025,296*** | ***3.28*** | ***19.5%*** | ***4.4%*** |
| **Short Term Investment Strategy** | | | | | | | |
| 2003 Pledged Revenue | **$206,100,793** | **0.09** | **41.1%** | $190,375,682 | 0.29 | 33.7% | 7.4% |
| 2003 Project Operating Fund | **$7,957,770** | **0.18** | **1.6%** | $7,959,675 | 0.08 | 1.4% | 0.2% |
| ***Subtotal Short Term Investment Strategy*** | ***$214,058,564*** | ***0.10*** | ***42.7%*** | ***$198,335,356*** | ***0.28*** | ***35.1%*** | ***7.6%*** |
| **Subtotal of Total Return Accounts** | **$333,728,189** | **1.14** | **66.6%** | **$308,360,653** | **1.35** | **54.6%** | **12.0%** |

Notes:
1. "Market Value" includes accrued interest but does not include cash balances held at the bank.

# Portfolio Value – Other BPCA Accounts

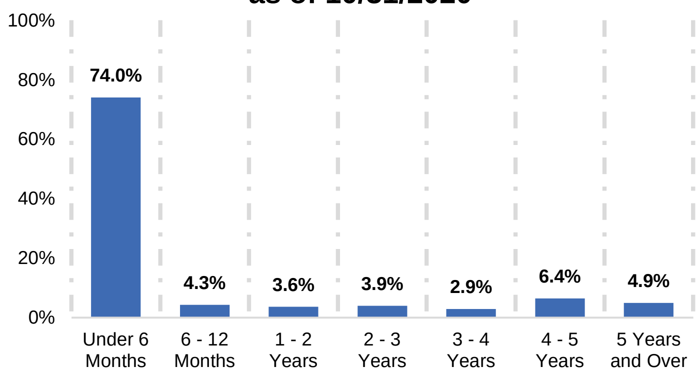
| | October 31, 2020 | | | July 31, 2020 | | | |
|---|---|---|---|---|---|---|---|
| | **Market Value** | **Effective Duration** | **% of Total Portfolio** | Market Value | Effective Duration | % of Total Portfolio | QoQ % Change |
| Corporate Funds | **$850,645** | **0.41** | **0.2%** | $850,364 | 0.62 | 0.2% | 0.0% |
| 2000 Arbitrage Rebate | **$834,970** | **0.06** | **0.2%** | $834,994 | 0.00 | 0.1% | 0.0% |
| 1993 Unpledged Revenue | **$14,184,962** | **0.09** | **2.8%** | $10,506,491 | 0.31 | 1.9% | 1.0% |
| 2003 Residual Fund | **$1,094,961** | **0.06** | **0.2%** | $1,090,973 | 0.00 | 0.2% | 0.0% |
| Joint Purpose Fund | **$381,620** | **0.87** | **0.1%** | $41,700,704 | 0.00 | 7.4% | (7.3%) |
| Special Fund | **$964,966** | **0.06** | **0.2%** | $964,993 | 0.00 | 0.2% | 0.0% |
| BPCPC Operating Reserve | **$1,039,588** | **0.03** | **0.2%** | $1,039,925 | 0.25 | 0.2% | 0.0% |
| BPCA Series 2009A Project Costs | **$543,865** | **0.27** | **0.1%** | $562,908 | 0.14 | 0.1% | 0.0% |
| BPCA Series 2009B Project Costs | **$0** | **0.00** | **0.0%** | $0 | 0.00 | 0.0% | - |
| BPCA2013ACDE PROJ COST SUB AC | **$13,295,664** | **0.19** | **2.7%** | $13,495,915 | 0.06 | 2.4% | 0.3% |
| BPCA PIER A RESERVE FUND | **$995,965** | **0.06** | **0.2%** | $995,993 | 0.00 | 0.2% | 0.0% |
| BPCA SUBORDINATED PAYMENT ACCOUNT | **$0** | **0.00** | **0.0%** | $0 | 0.00 | 0.0% | - |
| BPCA 2019A Comm Ctr SB Proj | **$4,079,539** | **0.36** | **0.8%** | $4,947,907 | 0.36 | 0.9% | (0.1%) |
| BPCA 2019A Sustainable Proj | **$62,040,234** | **0.30** | **12.4%** | $67,310,684 | 0.37 | 11.9% | 0.5% |
| BPCA 2019ABCDE COI | **$0** | **0.00** | **0.0%** | $0 | 0.00 | 0.0% | - |
| BPCA 2019BDE Project | **$9,160,363** | **0.30** | **1.8%** | $9,175,300 | 0.35 | 1.6% | 0.2% |
| BPCA 2019C Pier A SB Proj | **$3,550,935** | **0.31** | **0.7%** | $3,549,974 | 0.00 | 0.6% | 0.1% |
| Liberty Terr Mariners Cove-K | **$304,739** | **0.73** | **0.1%** | $304,926 | 0.25 | 0.1% | 0.0% |
| Liberty House Mariners J | **$248,787** | **0.73** | **0.0%** | $248,940 | 0.25 | 0.0% | 0.0% |
| Rector Park L | **$33,971** | **0.72** | **0.0%** | $33,992 | 0.25 | 0.0% | 0.0% |
| Hudson View W Towers G | **$174,850** | **0.73** | **0.0%** | $174,958 | 0.25 | 0.0% | 0.0% |
| Hudson Towers E/F | **$212,818** | **0.73** | **0.0%** | $212,948 | 0.25 | 0.0% | 0.0% |
| Hudson View Towers C | **$187,839** | **0.72** | **0.0%** | $187,955 | 0.25 | 0.0% | 0.0% |
| Liberty Ct Mariners Cove B | **$622,270** | **0.74** | **0.1%** | $622,077 | 0.31 | 0.1% | 0.0% |
| Millenium | **$3,755,870** | **0.65** | **0.7%** | $3,758,825 | 0.27 | 0.7% | 0.1% |
| Liberty Battery Place Assoc 4 | **$448,616** | **0.73** | **0.1%** | $448,891 | 0.25 | 0.1% | 0.0% |
| South Cove Assoc 11 | **$407,651** | **0.72** | **0.1%** | $406,902 | 0.25 | 0.1% | 0.0% |
| Soundings Rector Park A | **$217,814** | **0.72** | **0.0%** | $217,947 | 0.25 | 0.0% | 0.0% |
| The Regatta Site 10 | **$497,277** | **0.74** | **0.1%** | $496,953 | 0.32 | 0.1% | 0.0% |
| Debt Service Junior Payments | **$17,665,482** | **0.49** | **3.5%** | $25,639,507 | 0.22 | 4.5% | (1.0%) |
| 2003 Debt Service Senior Payments | **$7,783,008** | **0.48** | **1.6%** | $44,638,022 | 0.23 | 7.9% | (6.4%) |
| BPCA Millenium Tower Security Fund 2A | **$3,137,048** | **0.65** | **0.6%** | $3,138,945 | 0.26 | 0.6% | 0.1% |
| BPCA S 16/17 Riverhouse Security Fund | **$6,664,909** | **0.63** | **1.3%** | $6,669,430 | 0.29 | 1.2% | 0.1% |
| BPCA Visionaire Security Fund | **$4,062,958** | **0.66** | **0.8%** | $4,061,600 | 0.25 | 0.7% | 0.1% |
| BPCA Pier A Security Deposit Account | **$426,635** | **0.73** | **0.1%** | $425,897 | 0.25 | 0.1% | 0.0% |
| BPCA One Rector Park Security Fund | **$993,319** | **0.67** | **0.2%** | $995,933 | 0.30 | 0.2% | 0.0% |
| BPCA Rector Square Security Fund Site D | **$228,804** | **0.73** | **0.0%** | $228,945 | 0.25 | 0.0% | 0.0% |
| BPCA WFC TOWER C RETAIL RENT ESCROW | **$258,778** | **0.73** | **0.1%** | $257,938 | 0.25 | 0.0% | 0.0% |
| BPCA RIVER & WARREN SEC FUND - SITE 19 | **$6,135,769** | **0.62** | **1.2%** | $6,141,431 | 0.30 | 1.1% | 0.1% |
| BPCA NORTH COVE MARINA SECURITY FUNI | **$52,954** | **0.73** | **0.0%** | $52,987 | 0.25 | 0.0% | 0.0% |
| **Subtotal of Other BPCA Accounts** | **$167,540,443** | **0.36** | **33.4%** | $256,393,073 | 0.23 | 45.4% | (12.0%) |

Notes:
1. “Market Value” includes accrued interest but does not include cash balances held at the bank.
2. Highlighted funds are managed by Ramirez Asset Management (“RAM”). Market values for these funds are provided by RAM.

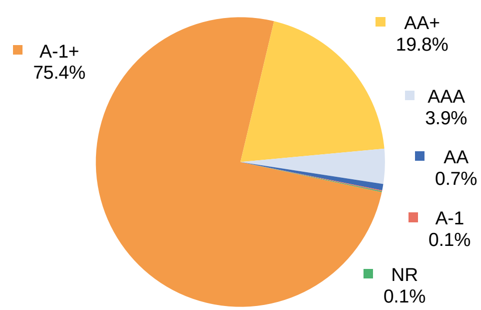
# Aggregate Portfolio Summary: PFM Asset Management

| Security Type[1] | October 31, 2020 | % of Advisor | % of Total Portfolio | Effective Duration | July 31, 2020 | % of Advisor | % of Total Portfolio | Effective Duration | QoQ Change (% of Advisor) |
|---|---|---|---|---|---|---|---|---|---|
| U.S. Treasuries | **$397,786,265** | 89.0% | 79.4% | **0.85** | **$406,632,447** | 87.4% | 72.0% | 0.90 | **1.7%** |
| Federal Agencies and Instrumentalities (non-MBS) | **$21,034,714** | 4.7% | 4.2% | **1.90** | **$26,650,346** | 5.7% | 4.7% | 1.71 | **(1.0%)** |
| Commercial Paper | **$16,669,064** | 3.7% | 3.3% | **0.08** | **$18,993,907** | 4.1% | 3.4% | 0.28 | **(0.4%)** |
| Municipals | **$7,098,060** | 1.6% | 1.4% | **2.44** | **$8,533,670** | 1.8% | 1.5% | 2.22 | **(0.2%)** |
| Government MBS | **$4,158,364** | 0.9% | 0.8% | **2.95** | **$4,577,409** | 1.0% | 0.8% | 2.94 | **(0.1%)** |
| **Totals** | **$446,746,467** | **100%** | **89.1%** | **0.92** | **$465,387,777** | **100.0%** | **82.4%** | **0.97** | |

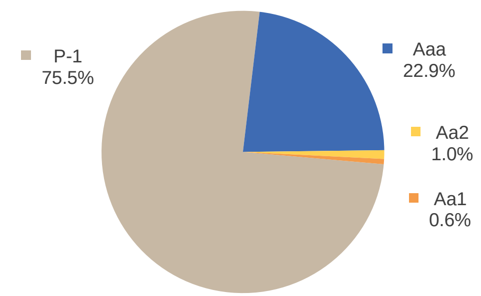
## Maturity Distribution as of 10/31/2020




## Credit Quality (S&P) as of 10/31/2020




## Credit Quality (Moody's) as of 10/31/2020

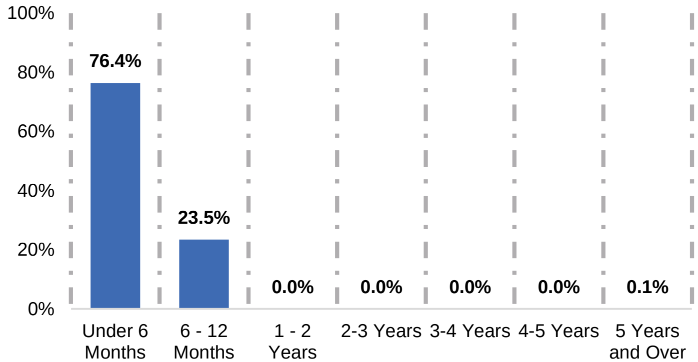



Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.

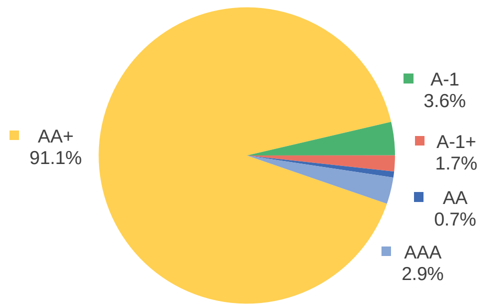
# Aggregate Portfolio Summary: Ramirez Asset Management

| Security Type[1] | October 31, 2020 | % of Advisor | % of Total Portfolio | Effective Duration | July 31, 2020 | % of Advisor | % of Total Portfolio | Effective Duration | QoQ Change (% of Advisor) |
|---|---|---|---|---|---|---|---|---|---|
| U.S. Treasuries | **$48,704,179** | 89.3% | 9.7% | **0.61** | $82,114,074 | 82.6% | 14.5% | 0.25 | **6.7%** |
| Federal Agencies and Instrumentalities (non-MBS) | **$139,709** | 0.3% | 0.0% | **0.93** | $140,620 | 0.1% | 0.0% | 1.18 | **0.1%** |
| Commercial Paper | **$2,929,410** | 5.4% | 0.6% | **0.08** | $6,252,788 | 6.3% | 1.1% | 0.17 | **(0.9%)** |
| Municipals | **$2,699,016** | 5.0% | 0.5% | **0.39** | $10,804,574 | 10.9% | 1.9% | 0.24 | **(5.9%)** |
| Government MBS | **$49,851** | 0.1% | 0.0% | **2.36** | $53,891 | 0.1% | 0.0% | 2.32 | **0.0%** |
| **Totals** | **$54,522,165** | **100%** | **10.9%** | **0.58** | **$99,365,948** | **100.0%** | **17.6%** | **0.24** | |

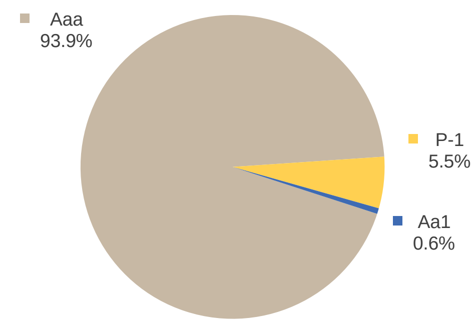
**Maturity Distribution as of 10/31/2020**




**Credit Quality (S&P) as of 10/31/2020**




**Credit Quality (Moody's) as of 10/31/2020**




Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# Portfolio Earnings – PFM-Managed Accounts

| Portfolio Earnings<br>*Quarter-Ended October 31, 2020* | Market Value Basis | Accrual (Amortized Cost) Basis |
|---|---|---|
| Beginning Value - July 2020 | $464,736,288 | $459,468,198 |
| Net Purchases (Sales) | ($17,709,163) | ($17,709,163) |
| Change in Value | ($833,845) | $75,598 |
| Ending Value - October 2020 | $446,193,280 | $441,834,633 |
| Interest Earned | $534,718 | $534,718 |
| Porfolio Earnings | ($299,126) | $610,317 |

Notes:
1. Beginning and Ending Values exclude accrued income and cash balances at the bank.
2. Net Income includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
3. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.

# Portfolio Earnings – Ramirez-Managed Accounts

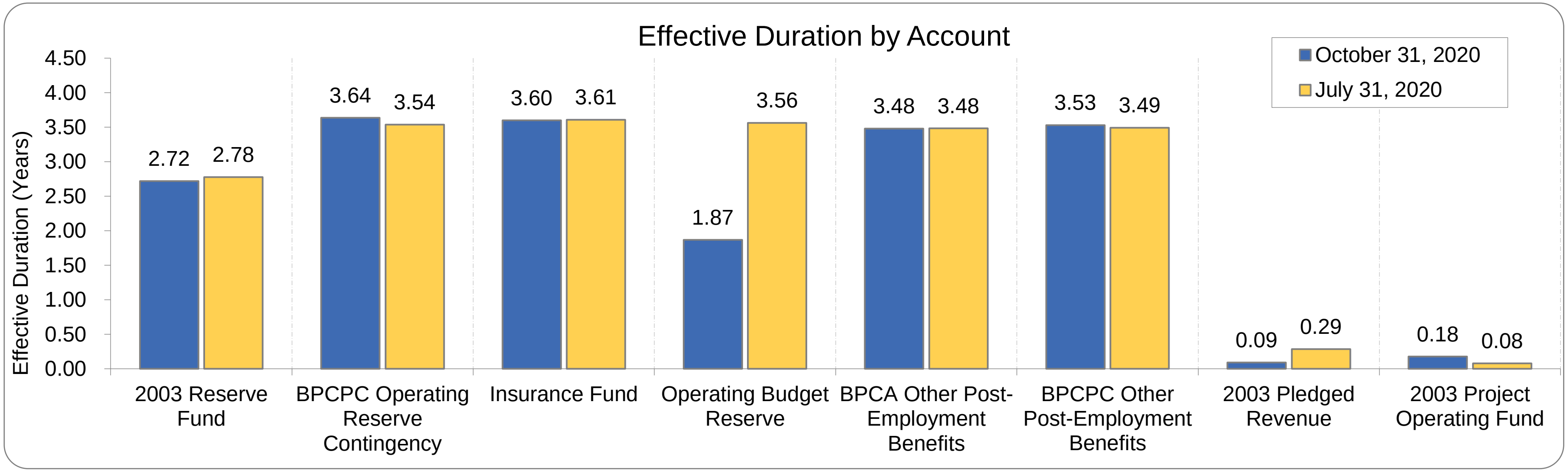
| | **Portfolio Earnings** *Quarter-Ended October 31, 2020* | |
|---|---|---|
| | **Market Value Basis**[1] | **Accrual (Amortized Cost) Basis**[2] |
| Beginning Value - July 2020 | $99,161,584 | $99,194,094 |
| Net Purchases (Sales) | ($44,615,996) | ($44,615,996) |
| Change in Value | ($42,675) | ($60,233) |
| Ending Value - October 2020 | $54,502,913 | $54,517,865 |
| Net Income[3] | $70,087 | $70,087 |
| Porfolio Earnings | $27,412 | $9,854 |

Notes:
1. Underlying data for Market Value Basis supplied by Advent APX, values exclude accrued income and cash balances at the bank.
2. Accrual (Amortized Cost) Basis data provided by custodian, BNY-Mellon.
3. Net Income includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
4. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.

# III. Total Return Performance Attributes

# Total Return Portfolio Attributes

| Yields | Effective Duration (in years) October 31, 2020 | Effective Duration (in years) July 31, 2020 | Yield To Maturity - At Market October 31, 2020 | Yield To Maturity - At Market July 31, 2020 | Yield To Maturity - On Cost October 31, 2020 | Yield To Maturity - On Cost July 31, 2020 |
|---|---|---|---|---|---|---|
| **Longer Term Investment Strategy** | | | | | | |
| 2003 Reserve Fund | **2.72** | 2.78 | **0.39%** | 0.33% | **1.54%** | 1.57% |
| BPCPC Operating Reserve Contingency | **3.64** | 3.54 | **0.50%** | 0.47% | **1.71%** | 1.78% |
| Insurance Fund | **3.60** | 3.61 | **0.39%** | 0.32% | **1.68%** | 1.72% |
| Operating Budget Reserve | **1.87** | 3.56 | **0.28%** | 0.42% | **0.91%** | 1.75% |
| BPCA Other Post-Employment Benefits | **3.48** | 3.48 | **0.43%** | 0.36% | **1.93%** | 1.96% |
| BPCPC Other Post-Employment Benefits | **3.53** | 3.49 | **0.44%** | 0.37% | **1.91%** | 1.95% |
| **Short Term Investment Strategy** | | | | | | |
| 2003 Pledged Revenue | **0.09** | 0.29 | **0.09%** | 0.12% | **0.13%** | 0.19% |
| 2003 Project Operating Fund | **0.18** | 0.08 | **0.08%** | 0.13% | **0.09%** | 0.15% |

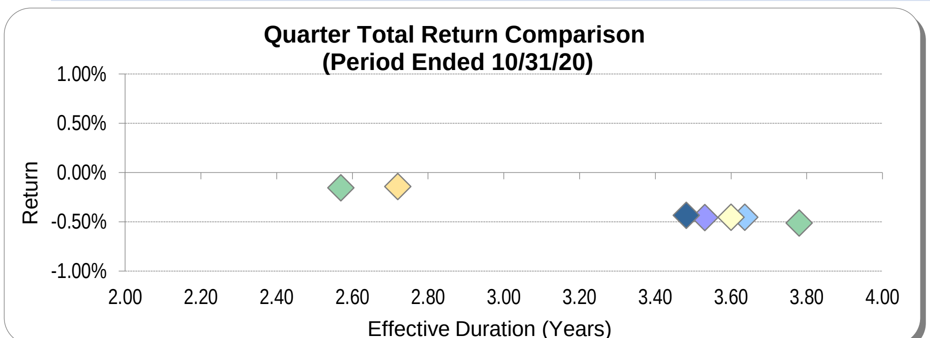


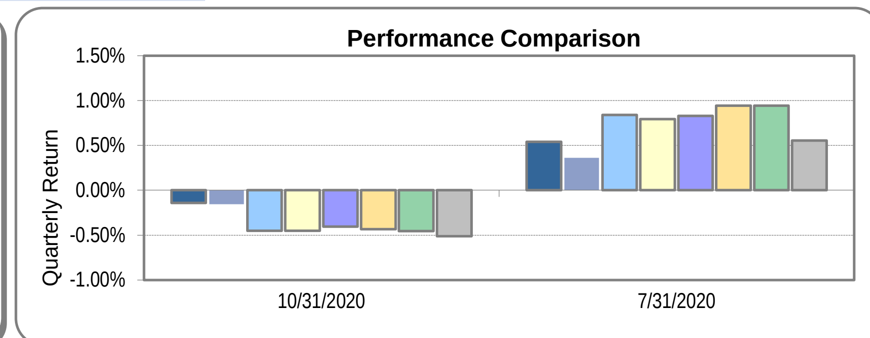
# *Portfolios Managed with a Longer-Term Investment Strategy*

# Longer-Term Investment Strategy

| Total Return[1,2,4,5] | October 31, 2020 | Annualized Since Inception |
|---|---|---|
| 2003 Reserve Fund | **(0.14%)** | 3.25% |
| **BM: BAML 1-5 Year US Treasury Note Index** | **(0.16%)** | 3.22% |
| BPCPC Operating Reserve Contingency | **(0.45%)** | 3.75% |
| Insurance Fund | **(0.45%)** | 3.70% |
| Operating Budget Reserve | **(0.41%)** | 3.83% |
| **BM: BAML 1-10 Year US Treasury Note Index** | **(0.51%)** | 3.51% |
| BPCA Other Post-Employment Benefits | **(0.43%)** | 3.09% |
| **BM: BAML 1-10 Year US Treasury Note Index** | **(0.51%)** | 2.91% |
| BPCPC Other Post-Employment Benefits | **(0.46%)** | 2.63% |
| **BM: BAML 1-10 Year US Treasury Note Index** | **(0.51%)** | 2.68% |

| Effective Duration (in years)[3] | October 31, 2020 | July 31, 2020 |
|---|---|---|
| 2003 Reserve Fund | **2.72** | 2.78 |
| **BM: BAML 1-5 Year US Treasury Note Index** | **2.57** | **2.56** |
| BPCPC Operating Reserve Contingency | **3.64** | 3.54 |
| Insurance Fund | **3.60** | 3.61 |
| Operating Budget Reserve | **1.87** | 3.56 |
| BPCA Other Post-Employment Benefits | **3.48** | 3.48 |
| BPCPC Other Post-Employment Benefits | **3.53** | 3.49 |
| **BM: BAML 1-10 Year US Treasury Note Index** | **3.78** | **3.77** |

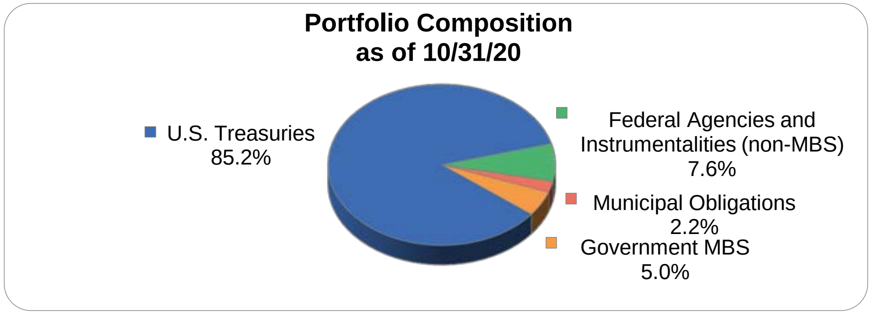


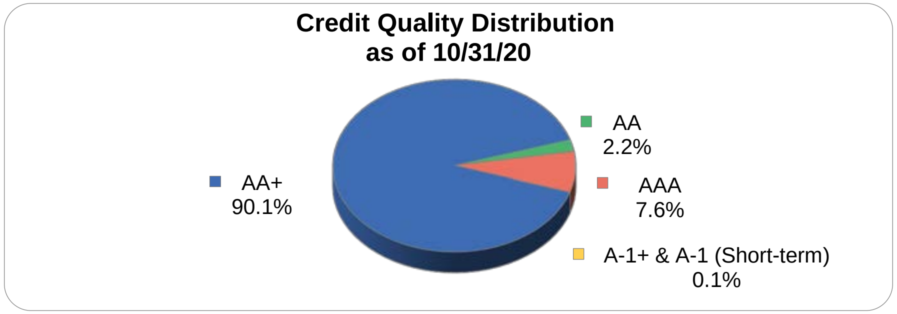



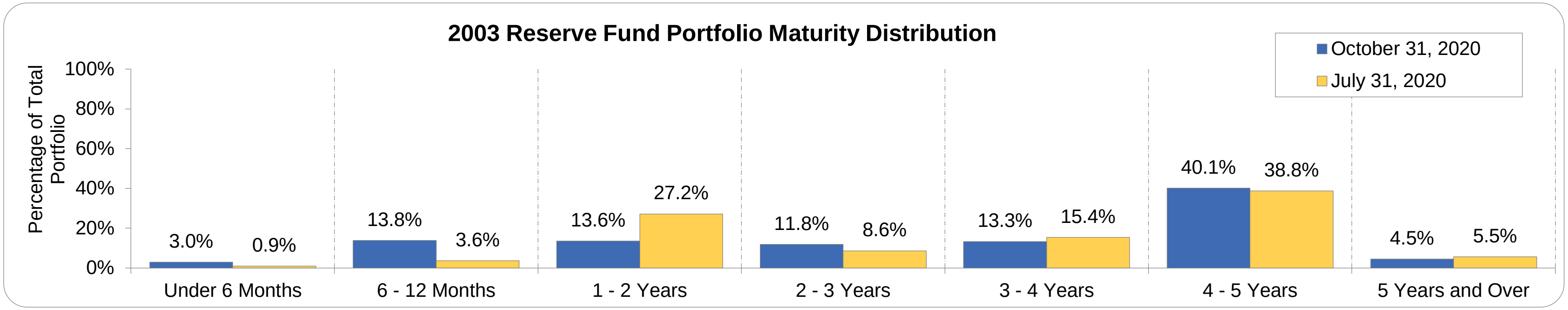

Notes:
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. 2003 Reserve Fund, Operating Budget Reserve, Insurance Fund, and the Operating Reserve Contingency Funds have temporarily suspended their investment strategies due to 2019 bond funding.
3. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
4. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
5. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
6. Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.

# 2003 Reserve Fund Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$29,838,354** | **85.2%** | $29,668,375 | 84.6% | 0.6% |
| Federal Agencies and Instrumentalities (non-MBS) | **$2,652,523** | **7.6%** | $2,672,198 | 7.6% | (0.0%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$781,881** | **2.2%** | $789,488 | 2.3% | (0.0%) |
| Government MBS | **$1,755,221** | **5.0%** | $1,946,259 | 5.5% | (0.5%) |
| **Totals** | **$35,027,979** | **100.0%** | **$35,076,320** | **100.0%** | |



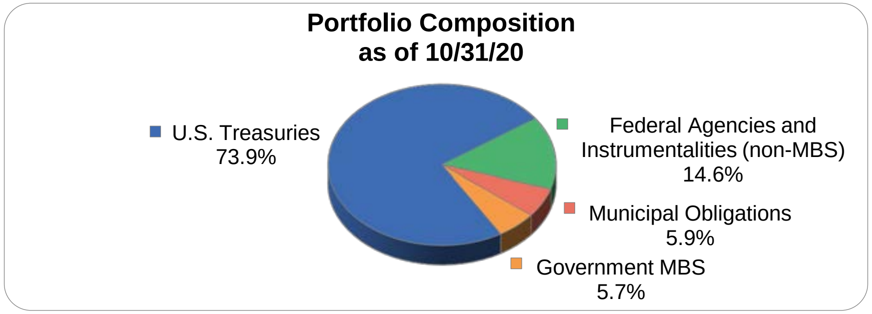



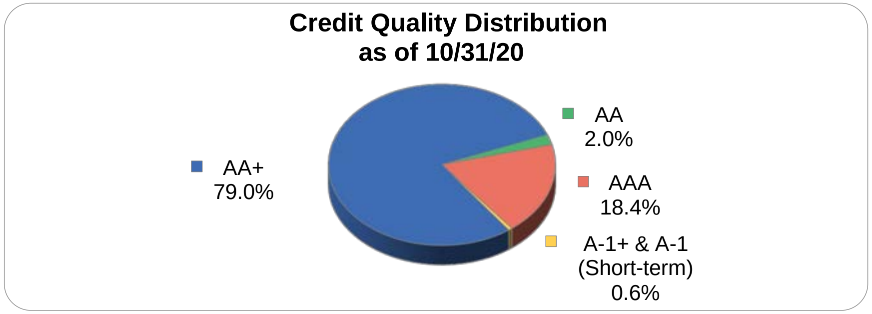



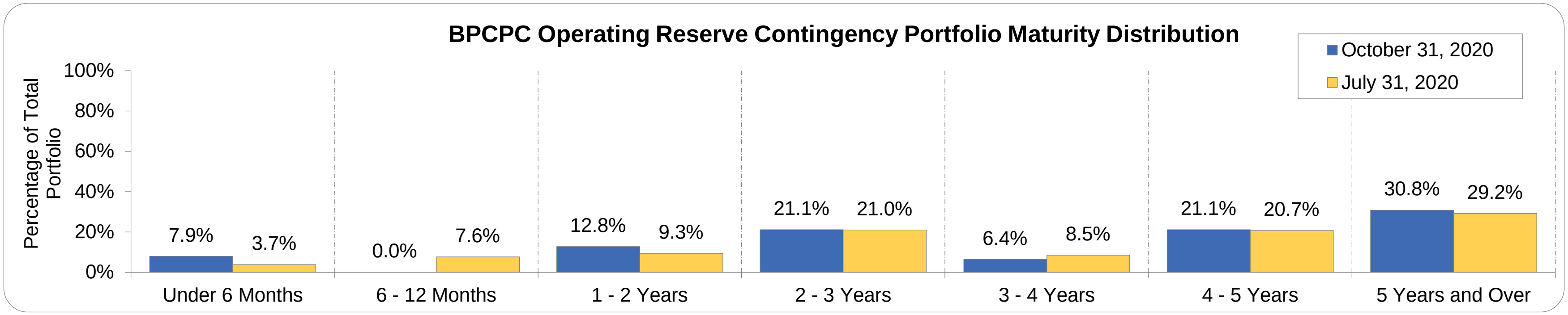

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# BPCPC Operating Reserve Contingency Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$10,821,542** | **73.9%** | $10,351,816 | 70.4% | 3.5% |
| Federal Agencies and Instrumentalities (non-MBS) | **$2,137,032** | **14.6%** | $2,152,100 | 14.6% | (0.1%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$861,936** | **5.9%** | $1,293,474 | 8.8% | (2.9%) |
| Government MBS | **$830,400** | **5.7%** | $904,676 | 6.2% | (0.5%) |
| **Totals** | **$14,650,910** | **100.0%** | **$14,702,066** | **100.0%** | |



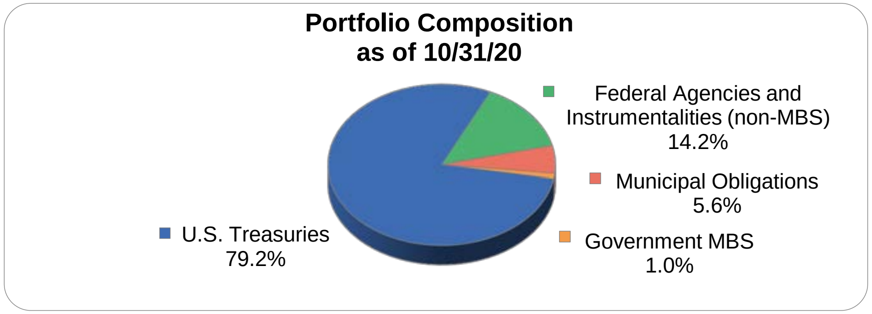



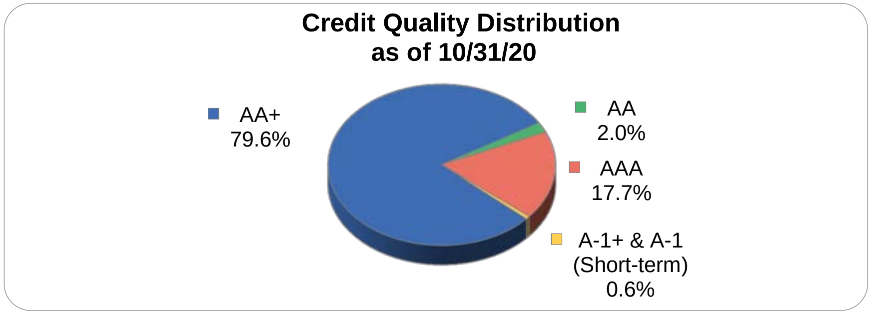



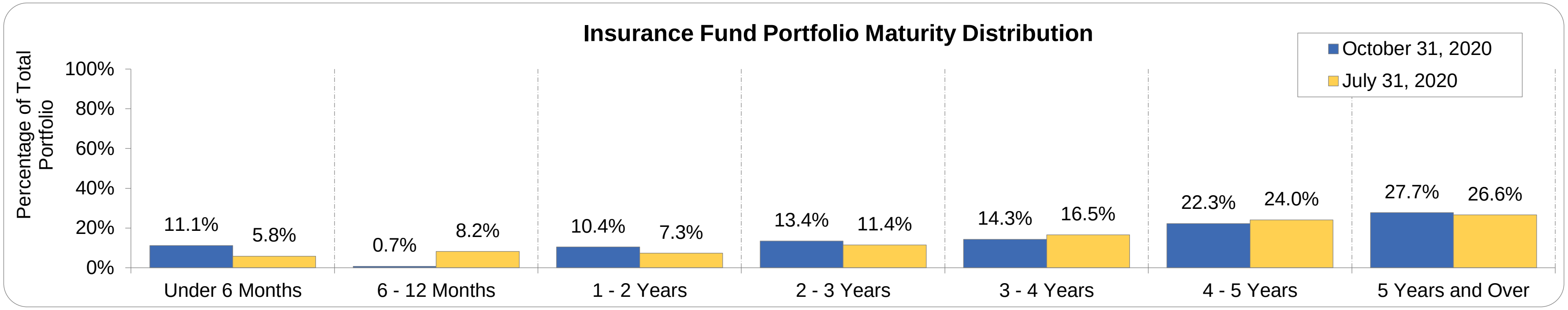

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# Insurance Fund Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$4,986,482** | **79.2%** | $4,895,714 | 77.4% | 1.8% |
| Federal Agencies and Instrumentalities (non-MBS) | **$892,604** | **14.2%** | $898,892 | 14.2% | (0.0%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$349,855** | **5.6%** | $451,701 | 7.1% | (1.6%) |
| Government MBS | **$65,140** | **1.0%** | $75,953 | 1.2% | (0.2%) |
| **Totals** | **$6,294,081** | **100.0%** | **$6,322,260** | **100.0%** | |



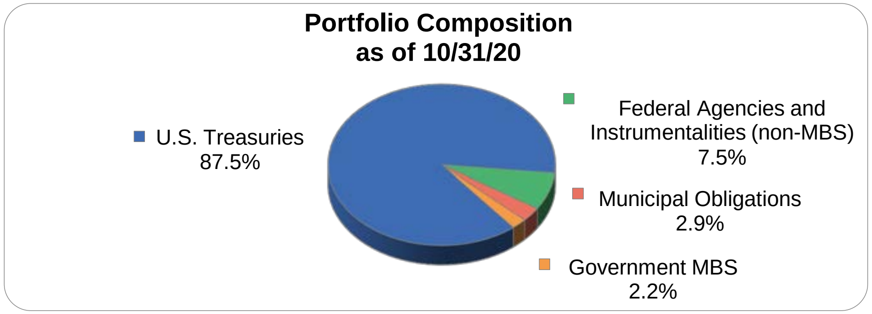



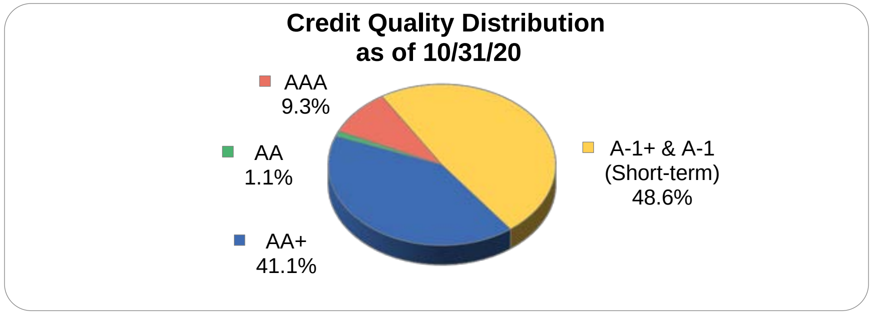



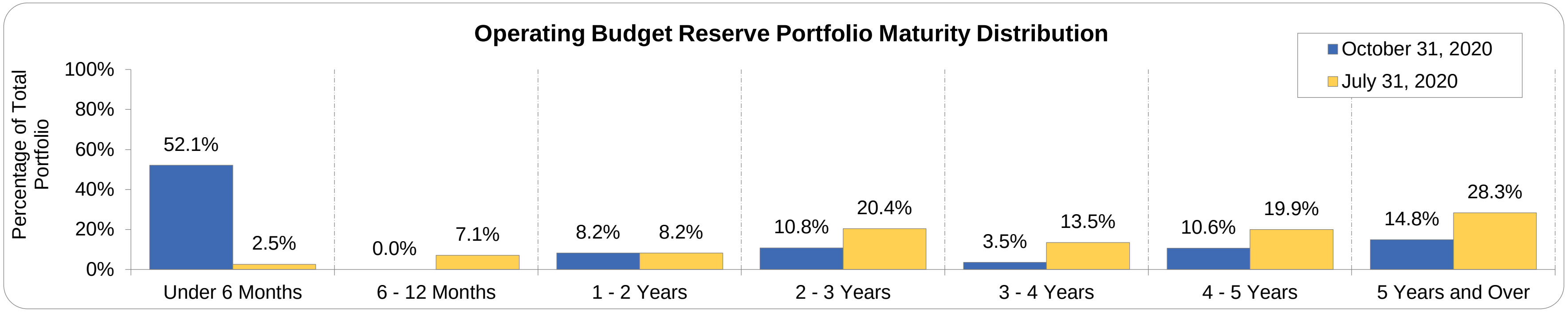

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# Operating Budget Reserve Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$18,106,133** | **87.5%** | $7,897,852 | 73.5% | 13.9% |
| Federal Agencies and Instrumentalities (non-MBS) | **$1,545,528** | **7.5%** | $1,556,417 | 14.5% | (7.0%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$598,306** | **2.9%** | $801,829 | 7.5% | (4.6%) |
| Government MBS | **$447,139** | **2.2%** | $483,752 | 4.5% | (2.3%) |
| **Totals** | **$20,697,106** | **100.0%** | **$10,739,850** | **100.0%** | |



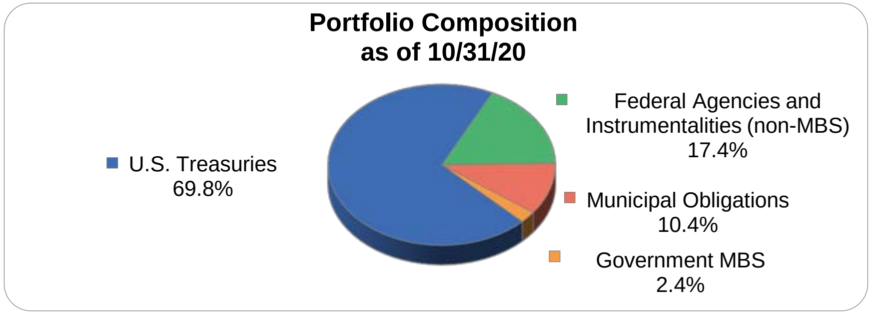



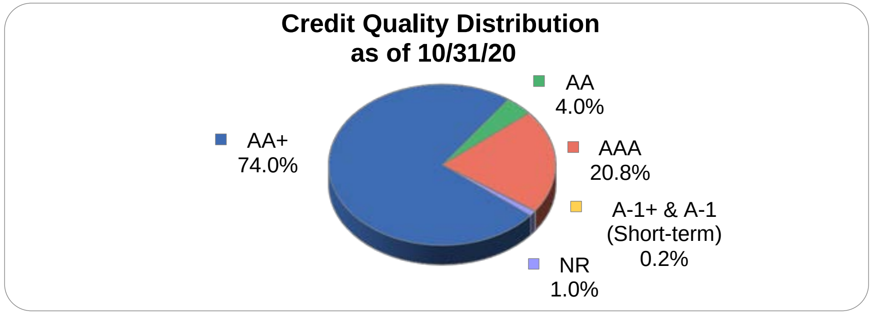



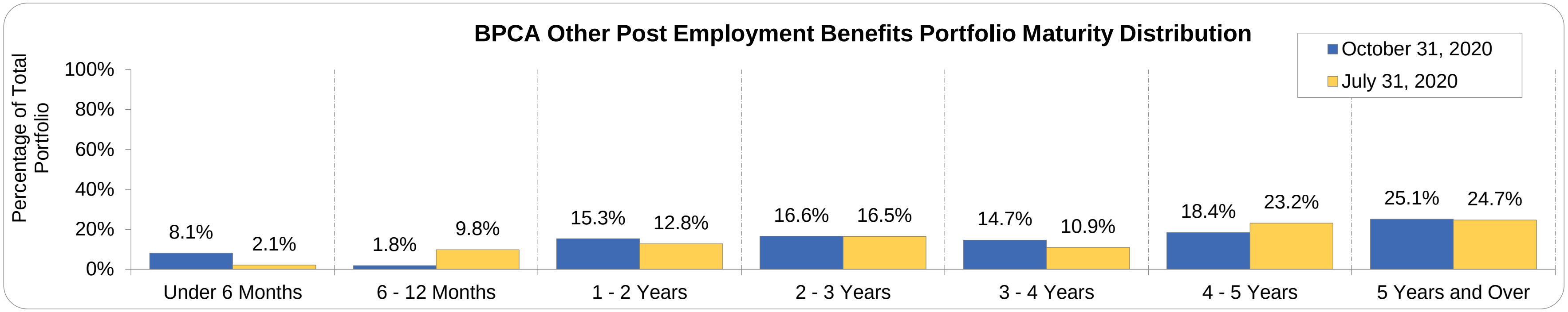

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# BPCA OPEB Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$19,681,990** | **69.8%** | $19,275,852 | 68.1% | 1.7% |
| Federal Agencies and Instrumentalities (non-MBS) | **$4,896,996** | **17.4%** | $4,930,267 | 17.4% | (0.0%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$2,940,776** | **10.4%** | $3,367,475 | 11.9% | (1.5%) |
| Government MBS | **$671,530** | **2.4%** | $738,857 | 2.6% | (0.2%) |
| **Totals** | **$28,191,292** | **100.0%** | **$28,312,451** | **100.0%** | |



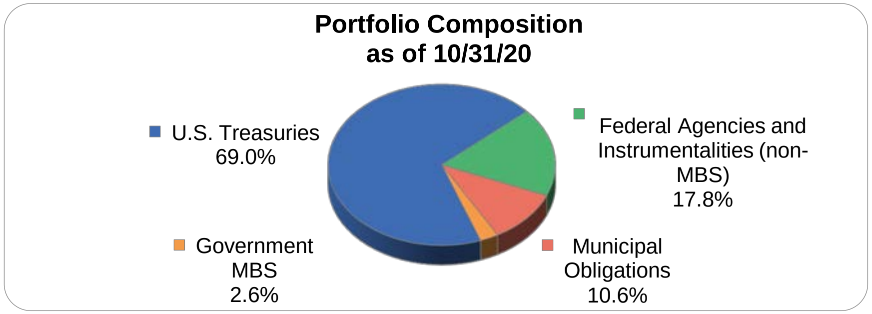



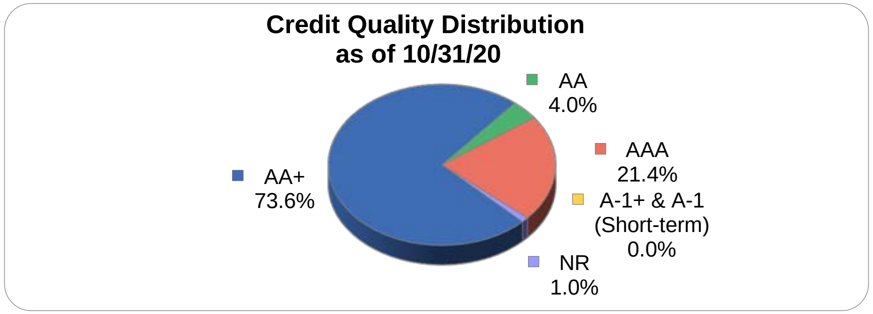



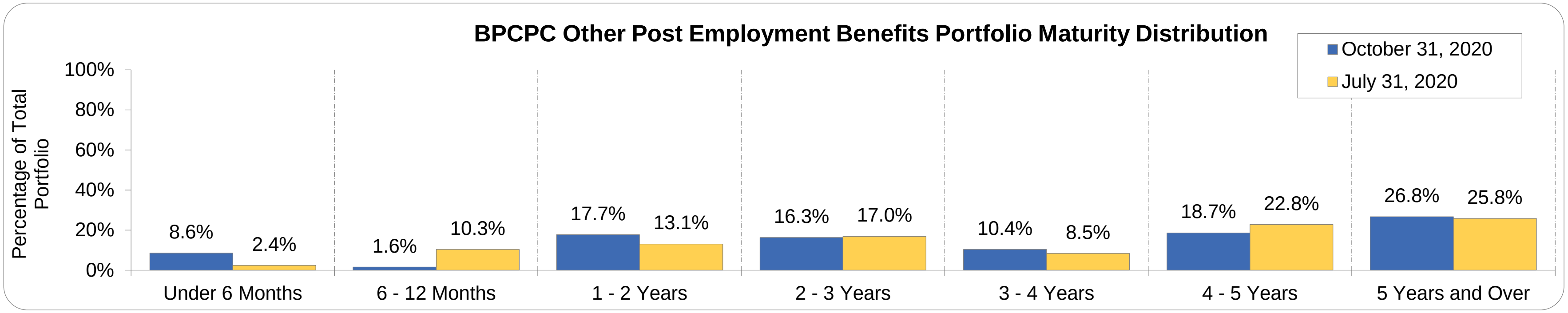

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.

# BPCPC OPEB Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$10,215,728** | **69.0%** | $9,959,135 | 67.0% | 2.0% |
| Federal Agencies and Instrumentalities (non-MBS) | **$2,640,893** | **17.8%** | $2,658,812 | 17.9% | (0.0%) |
| Commercial Paper | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Municipal Obligations | **$1,565,306** | **10.6%** | $1,829,702 | 12.3% | (1.7%) |
| Government MBS | **$386,331** | **2.6%** | $424,701 | 2.9% | (0.2%) |
| **Totals** | **$14,808,257** | **100.0%** | **$14,872,349** | **100.0%** | |



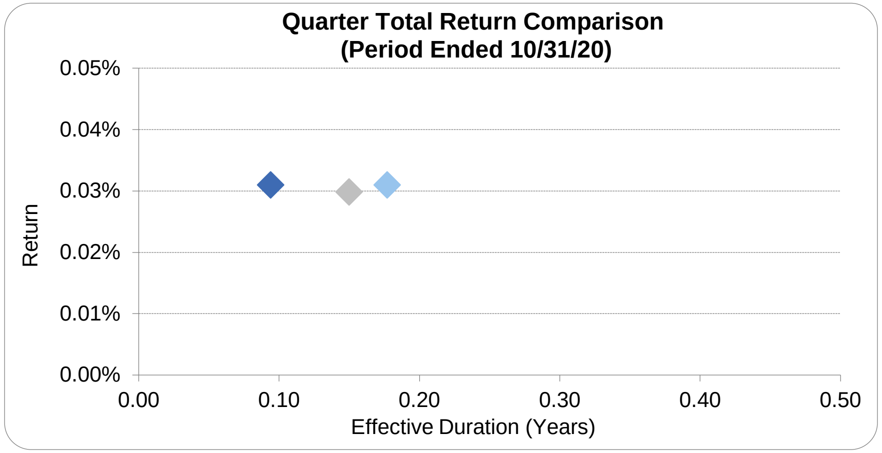

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.

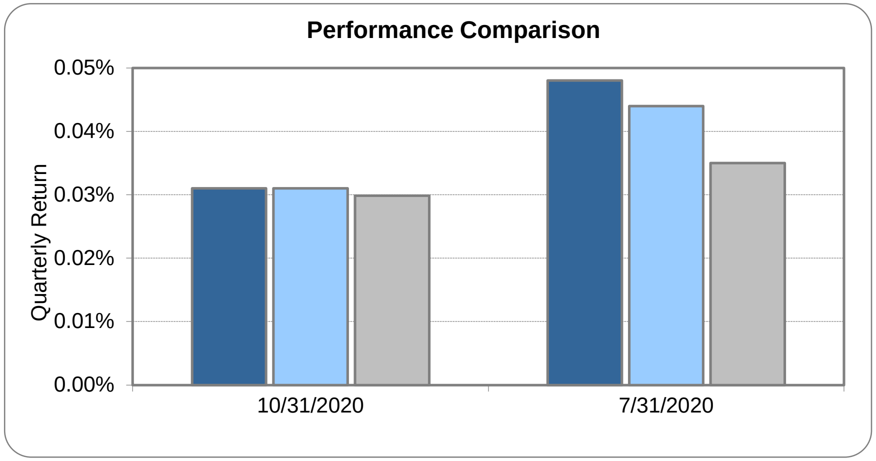
# ***Portfolios Managed with a Shorter-Term Investment Strategy***

# Shorter-Term Investment Strategy

| Total Return[1,2,4,5] | October 31, 2020 | Annualized Since Inception |
|---|---|---|
| 2003 Pledged Revenue | **0.03%** | 1.28% |
| 2003 Project Operating Fund | **0.03%** | 1.29% |
| **BM: BAML 3 Month US Treasury Bill Index** | **0.03%** | 1.22% |

| Effective Duration (in years)[3] | October 31, 2020 | July 31, 2020 |
|---|---|---|
| 2003 Pledged Revenue | 0.09 | 0.29 |
| 2003 Project Operating Fund | 0.18 | 0.08 |
| **BM: BAML 3-Month US Treasury Bill Index** | **0.15** | **0.25** |

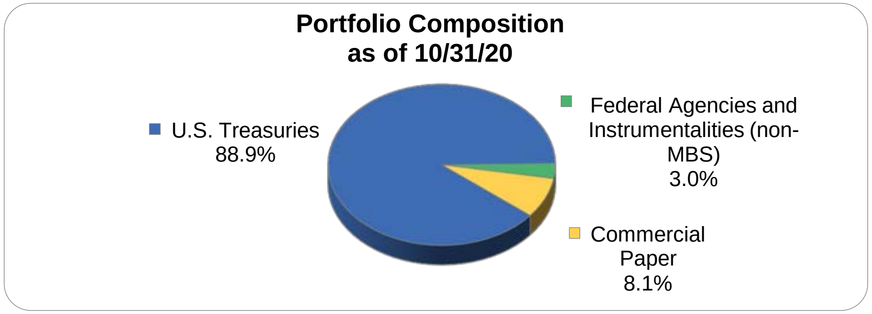


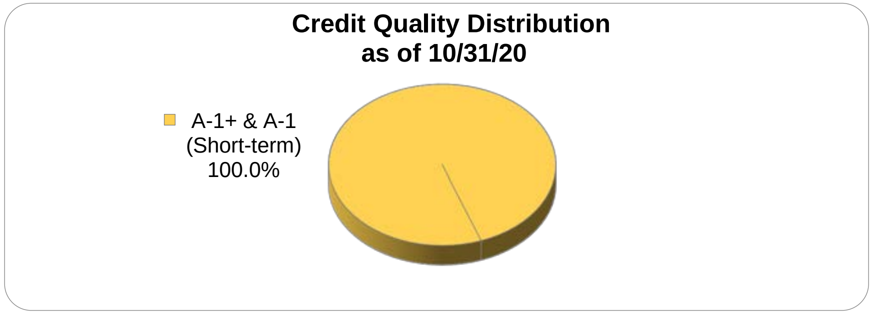



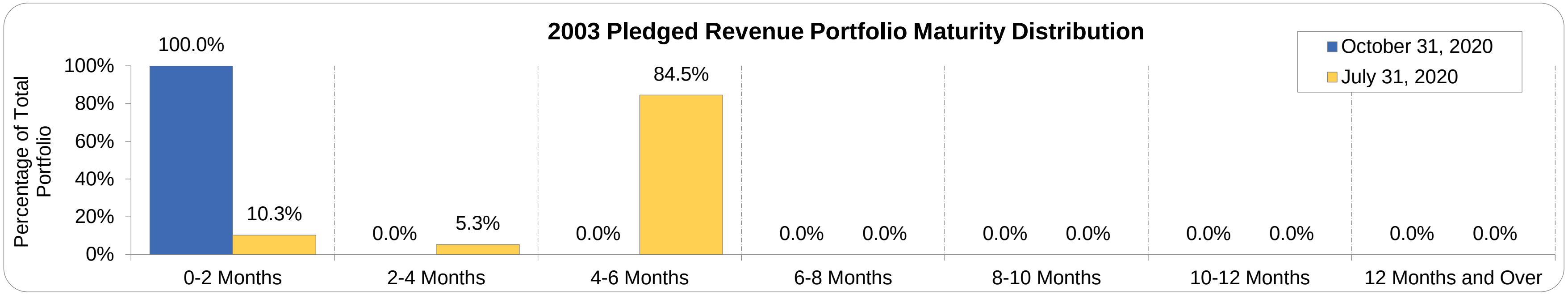

Notes:
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
3. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from January 31, 2006 to present.

## 2003 Pledged Revenue

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$183,162,592** | **88.9%** | $162,657,254 | 85.4% | 3.4% |
| Federal Agencies and Instrumentalities (non-MBS) | **$6,269,138** | **3.0%** | $11,061,670 | 5.8% | (2.8%) |
| Commercial Paper | **$16,669,064** | **8.1%** | $16,656,757 | 8.7% | (0.7%) |
| Municipal Obligations | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Government MBS | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| **Totals** | **$206,100,793** | **100.0%** | **$190,375,682** | **100.0%** | |



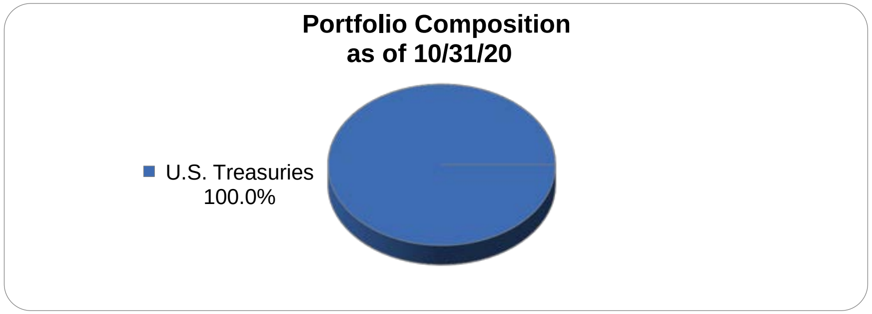



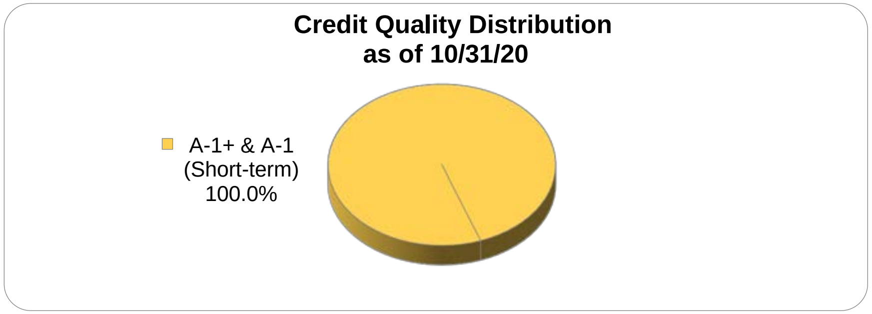



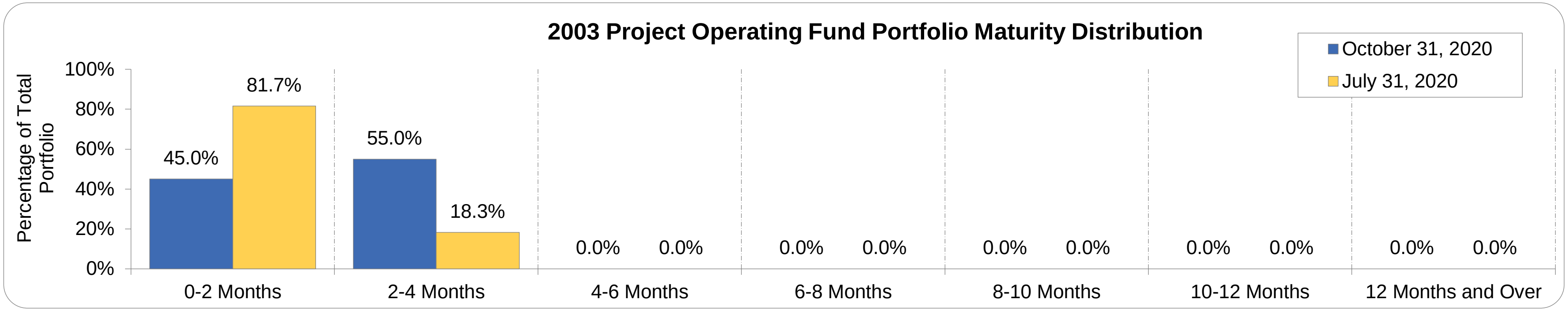

Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# 2003 Project Operating Fund Portfolio

| Security Type[1] | October 31, 2020 | % of Portfolio | July 31, 2020 | % of Portfolio | QoQ % Change |
|---|---|---|---|---|---|
| U.S. Treasuries | **$7,957,770** | **100.0%** | $4,902,535 | 61.6% | 38.4% |
| Federal Agencies and Instrumentalities (non-MBS) | **$0** | **0.0%** | $719,990 | 9.0% | (9.0%) |
| Commercial Paper | **$0** | **0.0%** | $2,337,150 | 29.4% | (29.4%) |
| Municipal Obligations | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| Government MBS | **$0** | **0.0%** | $0 | 0.0% | 0.0% |
| **Totals** | **$7,957,770** | **100.0%** | **$7,959,675** | **100.0%** | |




Notes:
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# IV. Market Commentary

# Market Commentary – Quarter Ended October 31, 2020

## SUMMARY

- Over the quarter, U.S. economic conditions were characterized by: (1) economic indicators improving at a faster-than-expected pace, yet still trailing pre-virus levels; (2) equity markets surpassing their February all-time highs before selling-off marginally in September; (3) investment-grade (IG) sector spreads continuing to grind tighter as the Fed reaffirmed its accommodative monetary policy and unconditional support of financial markets and; (4) daily COVID-19 cases remaining stubbornly high despite continued containment efforts, reminding all of its lingering presence.
- The Federal Reserve (Fed) spent the third quarter refining its messaging after deploying a wide variety of tools in Q1 and Q2. At the September Federal Open Market Committee meeting, members continued to acknowledge the "tremendous human and economic hardship" the COVID-19 pandemic is causing. In new economic projections, the Committee extended the horizon of expected zero rates through 2023. They also referenced their new inflation policy by suggesting that they will allow "inflation moderately above 2% for some time so that inflation averages 2% over time." Meanwhile, Fed leaders continue to strongly call for additional fiscal stimulus.

## ECONOMIC SNAPSHOT

- The U.S. economy grew at a record 33.1% annual rate in the third quarter of 2020, recovering a significant portion of the economic loss from COVID-19 that sent the economy to its record contraction in the second quarter (-31.4%). The American consumer, which accounts for about 2/3's of GDP, fueled the rebound in Q3 as personal consumption rose 40.7%.
- The labor market continued to improve in Q3 of 2020 but still has an uphill battle to reach pre-pandemic levels. The unemployment rate declined to 6.9% in October, from 10.2% in July and 14.7% in April, as an additional 2.8 million people became employed over the quarter. However, total employment remains about 10 million less than in February.
- Personal income increased more than expected in September, rising 0.9% following a 2.7% decline in August, while personal spending was up 1.4%. Consumer confidence has been mixed as the pandemic continues to cloud the economic outlook.
- The housing market may show seasonal cooling signs even as strong demand continues. While existing home sales were strong, new and pending home sales and mortgage applications fell in September.

## INTEREST RATES

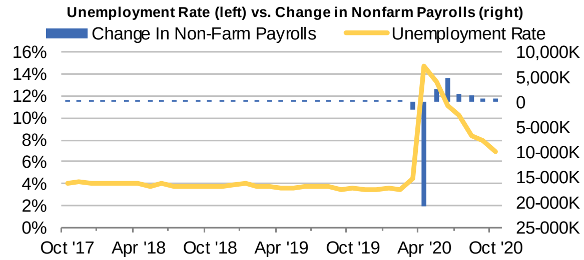
- Over the quarter, 10-year Treasury yields rose 35 basis points (bps) and continued to move higher post-election in response to looming Treasury supply and better-than-projected economic data. The yields on shorter maturities were relatively unchanged and anchored near zero.
- At quarter-end, the yield on a 3-month Treasury Bill stood at 0.09%, the 2-year note was 0.16%, 5-year and 10- year notes were 0.39% and 0.88%, respectively, while the 30-year Treasury ended the quarter at 1.66%.

## SECTOR PERFORMANCE

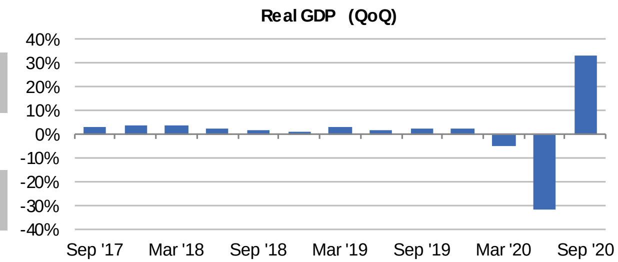
- Momentum from the retracement of wider spreads at the onset of the pandemic continued in Q3, albeit at a reduced pace, and led to most IG fixed income sectors generating strongly positive excess returns relative to similar duration Treasuries. With narrow bond spreads, there is no strong incentive to extend risk by expanding allocations to non-Treasury sectors.
- Agency yield spreads snapped back to low single digits out to maturities inside five years. Because of higher yields and immediate spread tightening after issuance, agency indices generated excess returns, with longer-dated agencies outperforming shorter maturities.
- The IG corporate sector was a top performer in Q3 as spreads retraced nearly all the widening experienced earlier in the year, driven by low supply and strong investor appetite. Corporate issuance cooled by the end of the quarter, as expected, while returns on corporate bonds exceeded those on like-maturity Treasuries.
- The federal agency mortgage-backed security sector (MBS) continued to experience elevated prepayments as homeowners took advantage of today's low mortgage rates to refinance. As a result, the overall sector under-performed similar duration Treasuries, although a few structures and coupons generated positive excess returns.
- The taxable municipal sector continued to be quite attractive, even compared to some high-quality corporate issuers, with longer-dated securities outperforming Treasuries.

# Economic Snapshot

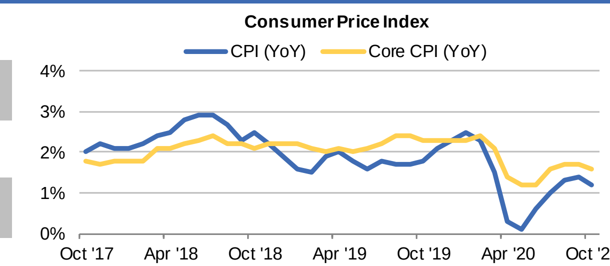
| Labor Market | | Latest | Jul '20 | Oct '19 |
|---|---|---|---|---|
| Unemployment Rate | Oct'20 | 6.9% | 10.2% | 3.6% |
| Change In Non-Farm Payrolls | Oct'20 | 638,000 | 1,761,000 | 185,000 |
| Average Hourly Earnings (YoY) | Oct'20 | 4.5% | 4.6% | 3.2% |
| Personal Income (YoY) | Sep'20 | 6.2% | 8.6% | 3.6% |
| Initial Jobless Claims (week) | 11/7/20 | 709,000 | 1,191,000 | 217,000 |




| Growth | | | | |
|---|---|---|---|---|
| Real GDP (QoQ SAAR) | 2020Q3 | 33.1% | -31.4% [1] | 2.6% [2] |
| GDP Personal Consumption (QoQ SAAR) | 2020Q3 | 40.7% | -33.2% [1] | 2.7% [2] |
| Retail Sales (YoY) | Sep'20 | 5.4% | 2.7% | 3.3% |
| ISM Manufacturing Survey (month) | Oct'20 | 59.3 | 54.2 | 48.5 |
| Existing Home Sales SAAR (month) | Sep'20 | 6.54 mil. | 5.86 mil. | 5.41 mil. |



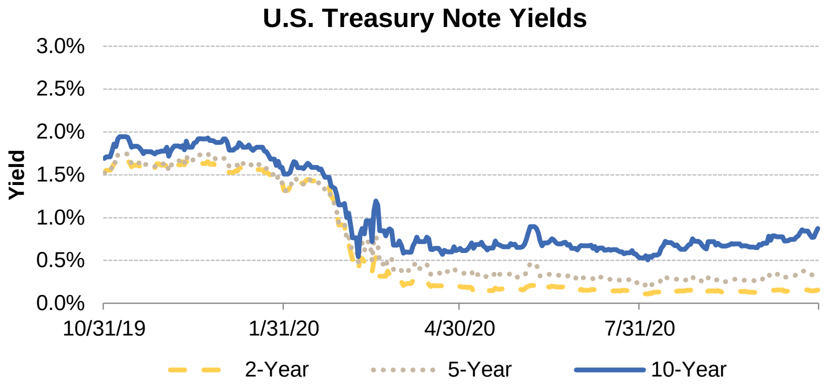

| Inflation / Prices | | | | |
|---|---|---|---|---|
| Personal Consumption Expenditures (YoY) | Sep'20 | 1.4% | 1.0% | 1.4% |
| Consumer Price Index (YoY) | Oct'20 | 1.2% | 1.0% | 1.8% |
| Consumer Price Index Core (YoY) | Oct'20 | 1.6% | 1.6% | 2.3% |
| Crude Oil Futures (WTI, per barrel) | Oct 31 | $35.79 | $40.27 | $54.18 |
| Gold Futures (oz.) | Oct 31 | $1,880 | $1,963 | $1,515 |

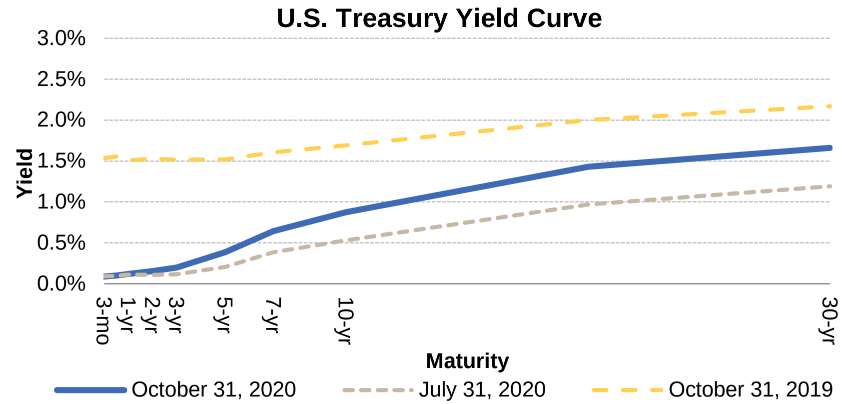



*1. Data as of Second Quarter 2020*  *2. Data as of Third Quarter 2019*

*Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil*

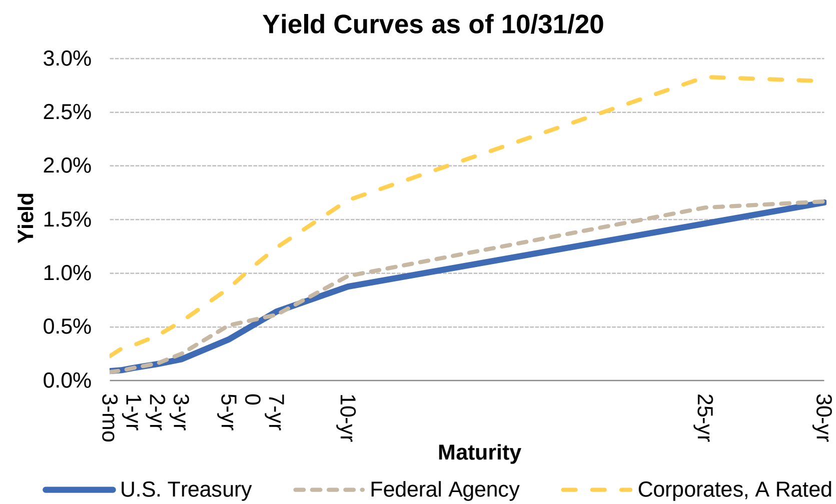
# Interest Rate Overview




## U.S. Treasury Yields

| Maturity | Oct '20 | Jul '20 | Change over Quarter | Oct '19 | Change over Year |
|---|---|---|---|---|---|
| 3-month | 0.09% | 0.09% | 0.00% | 1.54% | (1.45%) |
| 1-year | 0.12% | 0.11% | 0.01% | 1.51% | (1.39%) |
| 2-year | 0.16% | 0.11% | 0.05% | 1.53% | (1.37%) |
| 5-year | 0.39% | 0.21% | 0.18% | 1.52% | (1.13%) |
| 10-year | 0.88% | 0.53% | 0.35% | 1.69% | (0.81%) |
| 30-year | 1.66% | 1.19% | 0.47% | 2.18% | (0.52%) |




## LIBOR Rates

| Maturity | Oct '20 | Jul '20 | Change over Quarter | Oct '19 | Change over Year |
|---|---|---|---|---|---|
| 3-month | 0.22% | 0.25% | (0.03) | 1.90% | (1.68) |
| 1-year | 0.33% | 0.45% | (0.12) | 1.96% | (1.63) |

*Source: Bloomberg.*

# Bank of America Merrill Lynch Index Returns

| October 31, 2020 | Duration | Yield | 3 Month | 1 Year | 3 Years |
|---|---|---|---|---|---|
| **1-3 Year Indices** | | | | | |
| U.S. Treasury | 1.88 | 0.16% | (0.04%) | 3.19% | 2.64% |
| Federal Agency | 1.75 | 0.23% | 0.05% | 2.78% | 2.53% |
| U.S. Corporates, A-AAA rated | 1.88 | 0.55% | 0.22% | 4.03% | 3.37% |
| Agency MBS (0 to 3 years) | 2.52 | 1.35% | (0.26%) | 4.32% | 3.86% |
| Taxable Municipals | 1.70 | 1.07% | 0.88% | 4.04% | 3.57% |
| **1-5 Year Indices** | | | | | |
| U.S. Treasury | 2.64 | 0.21% | (0.16%) | 4.14% | 3.16% |
| Federal Agency | 2.31 | 0.31% | 0.03% | 3.30% | 2.79% |
| U.S. Corporates, A-AAA rated | 2.75 | 0.73% | 0.11% | 5.14% | 3.72% |
| Agency MBS (0 to 5 years) | 2.08 | 1.36% | 0.10% | 3.76% | 3.31% |
| Taxable Municipals | 2.78 | 1.01% | 0.37% | 4.14% | 3.71% |
| **Master Indices (Maturities 1 Year or Greater)** | | | | | |
| U.S. Treasury | 7.42 | 0.61% | (2.02%) | 7.12% | 5.33% |
| Federal Agency | 4.03 | 0.58% | (0.37%) | 4.99% | 4.16% |
| U.S. Corporates, A-AAA rated | 8.56 | 1.70% | (2.16%) | 7.42% | 6.12% |
| Agency MBS (0 to 30 years) | 2.41 | 1.39% | (0.09%) | 4.10% | 3.78% |
| Taxable Municipals | 11.41 | 2.73% | (3.73%) | 6.18% | 7.14% |

*Returns for periods greater than one year are annualized*

*Source: BofA Merrill Lynch Indices*

*Source: Bloomberg.*

# Important Disclosures

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## APPROVAL OF PROCUREMENT GUIDELINES

BE IT RESOLVED, that the Procurement Guidelines in the form presented at this meeting, be, and hereby are approved; and be it further

RESOLVED, that the Chief Financial Officer of the Authority be, and hereby is, directed to file said Procurement Guidelines, subject to such changes as the officer or officers filing the Procurement Guidelines shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, with the New York State Division of the Budget and copies thereof with the New York State Department of Audit and Control, the Chairman and ranking Minority Member of the New York State Senate Finance Committee and the Chairman and ranking Minority Member of the New York State Assembly Ways and Means Committee, as required by Section 2879 of the Public Authorities Law; and be it further

RESOLVED, that any and all actions taken by any officer of the Authority in connection with the preparation of such policies and procedures is hereby ratified, confirmed and approved; and be it further

RESOLVED, that the Assistant Corporate Secretary of the Authority be, and hereby is, directed to file the Authority's Procurement Guidelines with the Minutes of this meeting.

NEW YORK STATE OF OPPORTUNITY. | Battery Park City Authority

# Procurement Guidelines
# January 27, 2021

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## 1. DEFINITIONS

The following terms, for the purposes of these Guidelines, shall mean:

- "Amendment" shall mean any material change to a contract, including change orders
- "Authority" shall mean the Hugh L. Carey Battery Park City Authority.
- "Bid" shall mean an offer or Proposal submitted by a Bidder to provide a specified Commodity at a stated price or Services at a stated price for an approved term.
- "Bid Log" shall mean a log maintained by the Chief Contracting Officer ("CCO") documenting when bids are received, secured, and distributed.
- "Bid Opening" shall mean the opening of sealed Bids, in the presence of one or more witnesses, at the time and place specified in the Solicitation.
- "Bidder" shall mean any individual, business, Vendor or other legal entity, or any employee, agent, consultant or person acting on behalf thereof, that submits a Bid in response to a Solicitation.
- "Board" shall mean the Authority's Board of Directors.
- "Centralized Contract" shall mean Procurement Contracts let by other public entities pursuant to a competitive process, including those contracts of the State of New York (e.g., New York State Office of General Services ("OGS")) and the United States General Services Administration ("GSA").
- "Commodity" shall mean a material good, supply, product, construction item or standard article of commerce that is the subject of any purchase or exchange. For the avoidance of doubt, any Commodity that also includes, at no specifically mentioned additional charge, a warranty and technical support for using the Commodity as is shall be considered a Commodity.
- "Competitive Procurement Method" shall include: (i) Solicitations, including requests for proposals ("RFP"), requests for information ("RFI"), invitations for Bids ("IFB"), requests for quotations and requests for qualifications ("RFQ"); and (ii) Procurements made pursuant to Centralized Contracts.
- "Contacts" shall mean any oral, written or electronic communication with a governmental entity under circumstances where a reasonable person would infer that the communication was intended to influence the governmental entity's conduct or decision regarding the governmental procurement.
- "Contractor" shall mean a person or organization that enters into a Procurement Contract with the Authority.
- "Cost Proposal" shall mean the part of any Bid that sets forth the price for which the Bidder is offering to provide the Authority with the Services/Commodities described in a Solicitation.
- "Department Head" shall mean the President, General Counsel, Chief Financial Officer, Chief Operating Officer, Vice President of Real Property, Vice President of Human

Resources, and Vice President of Parks Operations, Vice President of Administration, Vice President of Communications and Public Affairs, Vice President of Parks Programming, and such other individuals as designated by the President.

- "Designated Contact" shall mean the person or persons designated to receive Bids, and, if necessary, to communicate with Bidders during the Restricted Period.

- "Discretionary Procurement" shall mean a purchase either i) in an amount below $50,000, or ii) made from New York State Small Business Concerns, SDVOBs, or MWBEs, or for recycled or remanufactured Commodities or technology, in an amount not exceeding $500,000

- "Diversity Practices" shall mean a potential vendor's past, present, and prospective practices with respect to 1) utilizing minority or women owned business enterprises certified by State agencies and other public or private entities, 2) entering into joint ventures and other arrangements with certified minority and women owned business enterprises, and 3) any other information requested by the Authority as part of a Procurement, supported by affidavit, that demonstrates the potential vendor's commitment to a policy of diversity practices related to minority-or women owned business enterprises.

- "Emergency" shall mean an urgent condition that, as determined by a Department Head, and as approved, prior to commencement of any work related to the Emergency, by the President, threatens to significantly disrupt the Authority's operations, disrupt or delay a project, or create or perpetuate an unsafe condition or environment.

- "Final Award" shall mean a communication to a Vendor from the Authority that he or she has been selected by the Authority to provide a Commodity or Service.

- "Form, Function and Utility" shall mean the minimum essential requirements that will meet the Authority's needs. Requirements may include quality, quantity, delivery terms, packaging, performance standards, and compatibility, among others.

- "Guidelines" shall mean the Authority's Procurement guidelines as delineated herein.

- "Invitation for Bid" ("IFB") shall mean a competitive Solicitation seeking Bids for a specified Commodity, pursuant to which award is made to the responsible Bidder(s) submitting the lowest price.

- "Minority and/or Women Owned Business Enterprise" shall mean any business enterprise, including a sole proprietorship, partnership or corporation that has been certified as a Minority and/or Women Owned Business Enterprise ("MWBE") by the Minority and Women Owned Business Division of the New York State Department of Economic Development/Empire State Development (the "Division") pursuant to §314 of New York State Executive Law Article 15-A ("Article 15A") and related regulations.

- "New York State Business Enterprise" shall mean a business enterprise, including a sole proprietorship, partnership, or corporation, which offers for sale or lease or other form of exchange, goods that are sought by the Authority and that are substantially manufactured, produced or assembled in New York State, or Services that are sought by the Authority and that are substantially performed within New York State.

- "Original Termination Date" means the date a Procurement Contract, at the time of its execution, will expire and is exclusive of any subsequent Amendment(s).

- “Original Value” means the value of a Procurement Contract at the time of its execution, exclusive of any subsequent Amendment(s).

- “President” means the President and Chief Executive Officer of the Authority.

- “Procurement” shall mean the purchase or acquisition of Commodities or Services that, actually or by estimation, total $5,000 or more. Any purchase under $5,000 shall constitute a Procurement, however, where the Authority has purchased or intends to purchase substantially similar Commodities or Services from the same Vendor within the same fiscal year and the aggregate value of such purchases exceeds $5,000. Further, a blanket approval to purchase commodities – or commodities within a category of substantially similar individual commodities each priced less than $250 – for a stated term and at designated prices in excess of $5,000 in aggregate, shall be a “Procurement”. Procurements shall not include: annual operating expenditures such as payments required by law; Revenue Contracts; compliance obligations; payments to utility and insurance providers; payments required by existing Contracts, agreements, and leases (e.g. payment to City or State, rent, insurance premiums, credit rating agencies, etc.); memberships in various industry groups, professional societies and similar cooperative associations; any cooperative projects or Procurement activities conducted or sponsored by such organizations in which the Authority participates; direct purchase advertising through radio, television or print media; tuition, conferences, seminars and other comparable activities; transportation or other travel related expenses.

- “Procurement Contract” shall mean any written agreement to which the Authority is a party for the acquisition of Commodities or Services of any kind in the actual or estimated amount of five thousand dollars ($5,000) or more.

- “Proposal” shall mean a Bid received by the Authority in response to an RFP.

- “Purchase order” shall mean a document evidencing the procurement of a Commodity where a contract is not required but such procurement is subject to these Guidelines.

- “Restricted Period” shall mean the period from the date of the earliest notice of intent to solicit Bids through the date of the Final Award, and, if applicable, approval of the contract by the Office of the State Comptroller, during which all Bidders or potential Bidders are restricted from making contact with anyone other than the Designated Contact or the Director of Diversity. “Revenue Contract” shall mean a binding agreement between a governmental entity and another party that defines the terms under which revenue will be received by the governmental entity.

- “Services” shall mean duty or labor to be rendered by a person or entity.

- “Service-disabled Veteran Owned Business Enterprise” or “SDVOB” shall mean a business enterprise, including a sole proprietorship, limited liability company or corporation that has been certified as a Service Disabled Veteran Owned Business by the Division of Service-Disabled Veterans’ Business Development at OGS pursuant to §369 of the New York Executive Law (“Article 17-B”) and related regulations

- “Single Source” shall mean that although two or more vendors can supply the required Commodities or Services, upon written findings setting forth the material and substantial reasons therefor, the Authority concludes that: (i) one particular Vendor has unique knowledge or expertise with respect to the required service, good or material rendering the use of competitive procedures impractical; or (ii) there is a continuing need for existing Services to provide continuity to the orderly development and fiscal management of a project; or (iii) other material or substantial reasons exist for awarding the contract on other than a competitive basis. For the avoidance of doubt, unique Vendors procured for live musical or artistic performances through the Authority's Parks Programming Department shall be considered Single Source.

- "Small Business Concern" shall mean a business enterprise which is resident in the state of New York, independently owned and operated, not dominant in its field and employs one hundred or less people. "Sole Source" shall mean only one Vendor is capable of supplying the required Commodities or Services.

- "Solicitation" shall mean an oral or written invitation, issued by the Authority, for vendors to submit Bids to provide the Commodities or Services described in such invitation.

- "Vendor" shall mean a supplier/seller of Commodities or Services.

## 2. INTRODUCTION.

### 2.1. Introduction and Purpose

The purpose of these Guidelines are to facilitate the procurement needs of Battery Park City Authority while protecting the interest of the State and City of New York and their taxpayers. The Guidelines are intended to advance the mission of the Authority by using the best business practices and best value when procuring goods and services. The Authority shall use its best efforts to secure Bids from Vendors by using a Competitive Procurement Method, except as otherwise provided in these Guidelines.

The applicable provisions of the Economic Development Law, the Executive Law, the Public Authorities Law, and the State Finance Law were considered in developing these Guidelines.

Any deviation from, or waiver of the requirements of, these Guidelines must be approved in advance and in writing by the President.

### 2.2. Application

These Guidelines apply to all Procurements.

### 2.3. Administration of the Guidelines

The Chief Operating Officer, in consultation with the General Counsel, is responsible for ensuring that these Guidelines are followed by the Authority. The Authority must prepare and the Board must approve the Guidelines annually. Any interim modifications to the Guidelines must be approved by the Chief Operating Officer, the General Counsel and the President. The CCO is responsible for developing and maintaining standard templates to be used in the Procurement process, including but not limited to:

- Checklist of required actions and components to ensure each Procurement complies with these Guidelines;
- Bidder responsibility checklist;
- Request for proposals or other form(s) of Solicitation;
- Technical evaluation instrument, including the rating score sheet; and
- Memo in support of the Procurement.

All requirements, including but not limited to insurance and M/WBE and SDVOB compliance, shall be tracked in a database by the CCO, or his or her designee.

### 2.4. Procurement Sources

When undertaking a Procurement, the Authority must consider, as appropriate, each of the potential sources below:

- Preferred source offerings, as set forth in Section 2.4.1 of these Guidelines;
- Centralized Contracts from OGS or GSA for Services, technology and commodities;
- MWBEs;
- SDVOBs;
- New York State Business Enterprises; and
- Piggybacking (agency established contracts) where beneficial to the Authority, as set forth in Section 2.4.5.

### 2.4.1. Preferred Source Offerings

The Authority must purchase Commodities from preferred sources in the following order, if available:

- First: The Department of Correctional Services' Correctional Industries Program; and
- Second: From the approved, charitable, non-profit making agencies for the blind.

With respect to Services, if more than one preferred source meets the Authority's Form, Function and Utility requirements, equal priority shall be accorded to the Services rendered and offered for sale among the approved charitable, non-profit making agencies for the blind, other severely disabled persons, qualified special employment programs for mentally ill persons, and qualified veterans workshops. If more than one preferred source meets the Authority's requirements, cost shall be the determining factor.

Even if using a preferred source, an attempt to obtain competing quotes must be made and documented in writing, and if applicable, the reason for selecting a preferred source that is not the lowest Bidder should be documented.

### 2.4.2. Minority and Women-Owned Business Enterprises and Service-Disabled Veteran-Owned Business Enterprises

To promote and assist participation by New York State Certified Minority and Women-Owned Business Enterprises (MWBE) and Service-Disabled Veteran-Owned Businesses (SDVOB) on Procurement Contracts, the Authority shall follow the relevant provisions of the New York State Executive Law. Wherever reasonable and appropriate, the Authority shall maximize participation by such enterprises and facilitate awarding New York State Certified MWBEs and SDVOBs a fair share of awarded contracts.

The Authority shall:

1) Conduct Procurements in a manner that will enable it to achieve the maximum feasible portion of the Authority's MWBE and SDVOB annual participation goals as set forth in the Master Goal Plan for both programs on Procurement Contracts;

2) Where practical, feasible and appropriate, include the Diversity Practices of Bidders in the evaluation criteria for selecting a successful Vendor for a Procurement;

3) Affirmatively promote and assist M/WBE and SDVOB participation in Procurement Contracts;

4) Assess all purchases for the possibility of MWBE and SDVOB participation;

5) Set goals as appropriate pursuant to Article 15-A and 17-B of the NY State Executive Law;

6) Consult federal requirements regarding such opportunities and consult the most recent disparity study available;

7) Consider encouraging joint ventures and other teaming arrangements, as well as the severability of bundled contracts, in each solicitation;

8) As practicable, provide a current list of certified MWBEs and SDVOBs to prospective Contractors; and

9) Ensure that all required provisions are present in relevant contracts pursuant to

Article 15-A, Article 17-B and promulgated regulations, and maintain a policy regarding remedies in the event these terms are violated.

The Authority shall appoint a Director of Diversity, who will promote and assist in participation by such enterprises, utilization of such enterprises as prime contractors, subcontractors and suppliers and the utilization of partnerships, joint ventures or other similar arrangements between such enterprises and other Contractors. Specifically, the Director of Diversity shall be responsible for:

- Providing notice of opportunities to such enterprises and organizations that serve such enterprises;
- Maintaining lists of such enterprises that are properly certified and updating such lists regularly;
- Consulting lists of such enterprises maintained by the State's Department of Economic Development, Office of General Services, and other organizations for potential MWBE and SDVOB firms;
- Establishing goals for such enterprises' participation and utilization as prime contractors, subcontractors and suppliers under Procurement Contracts and monitor the compliance of prime contractors with participation goals and contract terms;
- Monitoring such enterprises' participation and utilization in Procurement Contracts to ensure utilization credit is being taken only for payments to New York Certified firms performing a Commercially Useful Function as that term is defined by the Division;
- Approval authority regarding diversity requirements for Contracts and invoices;
- Developing and maintaining standard templates to be used in the Procurement process including but not limited to:
    - Utilization Plans
    - MWBE and SDVOB Goal Setting Documents
    - Contractor Good Faith Effort Documentation

**2.4.3 The Promotion of New York State Business Enterprises and Residents**

In accordance with the State Finance Law Section 139(i), the Authority shall promote the participation by New York State Business Enterprises and New York State Residents in Procurement Contracts as follows:

a) When applicable, the Authority shall, in consultation with OGS, consider the specifications of New York State Business Enterprises in developing Solicitations for the purchase of Commodities and shall utilize stock item specification forms prepared by OGS.

b) With the cooperation of the President and CEO of Empire State Development and through cooperative efforts with Contractors, the Authority shall notify New York State Business Enterprises of opportunities to participate as subcontractors and suppliers on Procurement Contracts with a value estimated to be equal or greater than one million dollars ($1,000,000) and the Authority shall promulgate procedures which will assure compliance by Contractors with such notification as a condition of awarding Procurement Contracts.

c) Contractors shall, as supplementary materials to their Bids, document their efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors on Procurement Contracts equal to or greater than one million dollars ($1,000,000) and attest to compliance with the Federal Equal Employment Opportunity Act of 1972 (P.L. 92-261), as amended.

d) The Authority, with the cooperation of the President and CEO of Empire State Development and through cooperative efforts with Contractors, shall provide for the notification of New York State Residents of employment opportunities arising out of Procurement Contracts with a value estimated to be equal to or greater than one million dollars ($1,000,000) and shall require Contractors to submit post-award compliance reports documenting their efforts to provide such notification through listing any such positions with the community services division of the Department of Labor, or providing for such notification in such manner as is consistent with existing collective bargaining contracts or agreements.

e) The Authority shall include in all Solicitations a statement that:

(i) Information concerning the availability of New York State contractors and suppliers is available from Empire State Development, including the directory of certified MWBEs.

(ii) Information concerning the availability of New York State contractors and suppliers is available from the New York State Office of Governmental Services, including the directory of New York State Certified SDVOBs.

(iii) Notifies potential Bidders located in foreign countries that the Authority may assign or otherwise transfer offset credits created by a Procurement Contract to third parties located in New York State.

(iv) Informs potential Bidders that it is the policy of New York State to encourage the use of New York State subcontractors and suppliers, and to promote the participation of MWBEs and SDVOBs, where possible, in the Procurement of Commodities and Services.

f) The Authority shall notify the President and CEO of Empire State Development of the award of a Procurement Contract for the purchase of Commodities or Services from a foreign business enterprise in an amount equal to or greater than one million dollars ($1,000,000) simultaneously with notifying the successful Bidder therefor.

### 2.4.4 Piggybacking

The Authority may use a contract let by any department, agency or instrumentality of the United States government and/or any department, agency, office, political subdivision or instrumentality of any state or states pursuant to New York State Finance Law Section 163(10)(e). This type of procurement option is called “piggybacking”. The Authority must evaluate multiple factors in order to determine the appropriateness of piggybacking, including: (1) determination of the need for the product or services; (2) consideration of the procurement method by which the contract to be piggybacked was awarded; (3) an analysis of alternative procurement sources including why a competitive procurement or use of a centralized contract is not in the Authority’s best interest; and (4) reasonableness of the cost. The Authority’s evaluation of these factors and rationale for using piggybacking should be set forth in the procurement record. The language in the original contract must include the allowance of piggybacking. Additionally, the consent of the originating agency must be obtained where the Authority proposes to piggyback by using an amendment to an existing contract of that originating agency. Alternatively, the Authority may execute an independent contract based upon the equivalency of product or services being procured and pricing contained in the original contract.

## 2.5 “Green” Purchasing

To the extent practicable, the Authority shall endeavor to purchase Commodities that are designed to minimize any adverse environmental impact on Battery Park City’s parks and the greater public, including the waste generated in packaging and single use plastics. Pursuant to section 4.3 of these Guidelines, Solicitations for Services shall include a request for a description of the Bidder’s environmentally sustainable business practices or activities, to the extent applicable.

# 3. GENERAL REQUIREMENTS

### 3.1. Advertising Procurement Opportunities

The Authority must advertise a Procurement opportunity in the New York State Contract Reporter when the actual or estimated amount of the Procurement is $50,000 or more, except for Procurement Contracts being (i) awarded on an emergency basis or (ii) re-bid or re-solicited for substantially the same Commodities or Services, within forty-five business days after the date Bids were originally due. In addition, as a best practice, the Authority should also advertise its Procurement opportunities in other sources such as trade publications, journals, and newspapers when possible and appropriate, as well as Authority websites and mailing lists.

Advertisements shall provide prospective Bidders with an overview of the proposed Procurement, including a brief description of the Commodities or Services sought, the contract period, the Bid due date, the address where Bids are to be submitted, a description of any eligibility or qualification requirement or preference and contact information.

### 3.2. Reserved Rights

Any published Solicitation should state the Authority’s reserved rights in the conduct of such Bid process, including, where applicable, the right to:

- Reject any or all Bids received in response to the Solicitation;
- Withdraw the Solicitation at any time, at the Authority’s sole discretion;
- Make an award under the Solicitation in whole or in part;
- Disqualify any Bidder whose conduct and/or Bid fails to conform to the requirements of the Solicitation;
- Seek clarifications and/or revisions of the Bid or any part of the Bid;
- Use information obtained by the Authority through site visits; interviews; investigation of a Bidder’s qualifications, experience, ability or financial standing; and any other material or information provided by or received from the Bidder during the Bid process;
- Prior to the Bid Opening, direct Bidders to submit Bid modifications addressing subsequent amendments to the Solicitation;
- Request that Bidders submit best and final offers subsequent to the Bid Opening;
- Change any of the scheduled dates;
- Waive any non-material requirements;
- Negotiate with the selected Bidder within the scope of the Solicitation and in the best interests of the Authority;
- Conduct contract negotiations with the next responsible Bidder if the Authority is unable to finalize contractual terms with the first selected Bidder;
- Utilize any and all ideas submitted in the Bids received; and
- Require clarification at any time during the Procurement process and/or require correction of arithmetic or other apparent errors for the purpose of assuring a full and complete

understanding of a Bid and/or to determine a Bidder's compliance with the requirements of the Solicitation.

### 3.3. Restrictions on Contact During the Procurement Period

A Bidder is restricted from making Contact during the restricted period to any person at the Authority other than the Designated Contact or the Director of Diversity. Contact that is permitted during the restricted period is set forth in State Finance Law §139-j (3)(a).

Any Authority member, officer or employee who becomes aware that a Bidder has made a Contact regarding the Procurement during the Restricted Period shall immediately notify the CCO, or other designated official, of such contact.

### 3.4. Determination of Vendor Responsibility

Pursuant to New York State Law, The Authority must make a determination that a Bidder is responsible prior to awarding that Bidder a contract. The CCO, or his/her designee, are responsible for deciding whether there are sufficient assurances to determine that the Bidder is responsible based on factors enumerated in a Vendor responsibility checklist; the list includes, but is not limited to, the Bidder's:

- Financial and organizational capacity;
- Legal authority to do business in New York state;
- Integrity of the owners/officers/principals/members and contract managers;
- Past performance on prior government contracts; and
- Compliance with the Procurement Lobbying Law and all material terms of the Solicitation.

Before finding a Bidder non-responsible, the CCO shall provide the Bidder with the opportunity to explain its position in writing, or, upon the Vice President of Administration's discretion, in person at a responsibility meeting. Any determination of non-responsibility shall be provided to the Bidder in writing.

### 3.5. Monitoring of Procurement Contracts

Performance of Procurement contracts must be monitored by an individual designated by the President to ensure that: (i) the scope of work or Services to be provided are being/have been timely performed; (ii) cost escalations are identified at the earliest possible opportunity; (iii) the established starting and completion dates for major components of the contract are being/have been met; and (iv) that Utilization Plans, MWBE, and SDVOB participation is progressing as expected and being reported as required. All invoices presented for payment should be reviewed by the person who is monitoring the contract and approved by the respective Department Head and the Director of Diversity.

### 3.6. Third Party Rights; Effect on Awarded Contracts

These Guidelines are intended for the guidance of officers and employees of the Authority only, and nothing contained herein is intended or shall be construed to confer on any Contractor, Vendor, person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof.

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

### 3.7. Pre-qualification of Vendors for Services

The Authority may, in accordance with these Guidelines, pre-qualify multiple Vendors to provide Services to the Authority. The selections and use of Pre-Qualified Vendors shall be governed by the Authority's Policy on the Pre-Qualification of Vendors.

### 3.8. Limitations on Contracts Involving Former Officers and Employees

The Authority shall not enter into Procurement Contracts with former officers or employees, or any entity employing such officers or employees, or any entity in which such officers or employees have an interest, unless such contract would otherwise be compliant with the Authority's policies regarding conflicts of interest and the applicable provisions of law, including the Public Officers Law.

## 4. SELECTION PROCESS

### 4.1. Introduction

A Solicitation issued by the Authority shall describe the Services or Commodities the Authority is seeking to procure. Each Solicitation shall clearly convey all the information needed for potential Bidders to submit a complete and competitive Bid. Solicitations conducted via Request for Proposals must be approved by the General Counsel's Office and the President, or her/his designee, before publication.

A Vendor who participates in the development or writing of the specifications for a Solicitation, or as an advisor during the evaluation process, as set forth in Sections 4.5 and 4.6, is prohibited from being a Bidder for that Procurement.

### 4.2. Procurement Methods

#### 4.2.1. Discretionary Procurements

Discretionary Procurements do not require a Competitive Procurement Method. Before making a Discretionary Procurement, however, the staff member initiating the Procurement must:

- Ensure that the Commodities and/or Services to be acquired meet the Authority's Form, Function and Utility needs;
- Consult with the Director of Diversity to identify any potential MWBE or SDVOB Vendors ;
- Make a reasonable attempt to obtain Cost Proposals from at least three different Vendors capable of supplying the required Commodities and/or Services, including MWBE and/or SDVOB Vendors to the extent possible;
- Document the attempt to obtain such quotes and the quotes received, and include such information in the memorandum required by Section 5.1, along with facts sufficient to support the selection of the chosen Vendor, the reasonableness of the price to be paid; the effort of the staff member initiating the Procurement to include MWBE and SDVOB firms in the solicitation; and
- Verify with the CCO that the selected Vendor is responsible.

The Authority may select a Vendor if only one Cost Proposal was submitted, provided that the President provides written approval of the project manager's assertion that, based upon review of the Procurement record, the Solicitation did not restrict competition and the cost is reasonable.

Pursuant to Section 3.1, Discretionary Procurements must be advertised as a Procurement opportunity in the New York State Contract Reporter when the actual or estimated amount of the Discretionary Procurement is $50,000 or more.

In determining whether a purchase meets the required threshold amounts for a Discretionary Procurement, the staff member initiating the Discretionary Procurement shall consider (and document such consideration) the reasonably expected aggregate amount of all purchases of the same Commodities or Services to be made within the twelve-month period commencing on the date of purchase. Purchases of Services or Commodities shall not be artificially divided for the purpose of satisfying the thresholds required for a Discretionary Procurement. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchase of the same commodities or services from the same provider within the twelve-month period commencing on the date of the first purchase to an amount greater than the discretionary buying threshold amount.

#### 4.2.2. Non-Discretionary Procurement Methods

##### 4.2.2.1 Non-Discretionary Procurements that are Exempt from the Requirement that a Competitive Procurement Method be Used:

The following types of Procurements are exempt from the requirement that a Competitive Procurement Method be used but must satisfy all other applicable requirements set forth in these Guidelines:

- Sole Source - the Authority must document in writing the findings demonstrating that the proposed Vendor is a Sole Source.
- Single Source - the Authority must document in writing the findings demonstrating that the proposed Vendor is a Single Source.
- Emergency - the Department Head initiating the Procurement must document in writing and receive approval by the President that an Emergency exists and shall make a reasonable attempt to obtain quotes from at least three Vendors. Procurement contracts and Amendments entered into in response to an Emergency are exempt from the requirement that they be fully executed and delivered by both parties prior to the commencement of work. However, all procurement contracts and Amendments entered into in response to an Emergency must be approved in advance by two of the following Board-appointed positions: the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, or the General Counsel. Each Department Head shall submit all such contracts and Amendments exceeding $500,000 in value or one year in term, to the Board for their approval at the Board meeting next following the authorization of the work necessitated by the Emergency. In the event the work necessitated by the Emergency is completed within one week of the date the Emergency is documented and has a value of $25,000 or less, the President may approve payment for the Vendor upon presentation of an invoice and documentation from the Department Head that the work has been so completed. Except as specifically provided in this paragraph, all contracts and Amendments involving Emergencies shall be subject to these Guidelines.

### 4.3. Solicitation Content

All Solicitations for Competitive Procurements must include the criteria to be used in evaluating Bids and how those criteria will be weighted. Solicitations for Services should also include:

- Description of program objectives and background;
- Scope of Services to be provided; and
- Detailed requirements and specifications; and
- Request for description of the Bidder's environmentally sustainable business practices or activities.

Solicitation for Commodities should include product specifications in one of the following manners:

- Make and Model or Equal – If the Procurement is not limited to a specific brand, the Solicitation may use a brand name and model as a reference to describe requirements such as functionality, style or capacity.
- Make and Model Specific - If the Procurement is limited to a specific brand, the Solicitation should state that only Bids for the specified items and brands will be considered, and that no substitutions will be considered where only one product(s) (i.e., specific brand(s)) meets the Authority's needs.
- Technical Specifications - The Solicitation may describe the product, usually detailing the physical components, method of assembly and, in some cases, chemical composition.
- Performance Specifications - The Solicitation may describe the performance standards required for the product and/or service being procured and the Bidder must ensure that the product or service offered will meet the performance specifications.

The CCO shall maintain templates, incorporating all relevant requirements set forth in these Guidelines, to be used by the Authority for all written Solicitations. Solicitation templates may differ for Procurements for Services, which involve several evaluation criteria, and Commodities, which will be awarded to the responsive Bidder offering the lowest cost.

### 4.4. Distribution of Solicitations and Receipt of Bids

Any Competitive Procurement Method utilized by the Authority must include the following steps:

#### 4.4.1. Advertisement of the Solicitation

The requirement to advertise Solicitations in the New York State Contract Reporter is discussed in Chapter 3.

#### 4.4.2. Distribution of the Solicitation

Once the Solicitation is finalized, the Authority shall make reasonable attempts to distribute the Solicitation to all known potential Bidders and any Bidder that requests a copy as a result of the advertisement. Each Solicitation must be posted to the Authority's website but may also be distributed via postal mail, e-mail or other means.

#### 4.4.3. Receipt of Bids

As noted above, the Solicitation must state the date and time that Bids are due. Late Bids cannot be accepted, except, upon written approval by the President, in extraordinary instances where a public emergency prevented timely submission. The CCO must certify that Bids were received in accordance with the terms of the Solicitation.

#### 4.4.4. Other Requirements:

- All Bids shall be received at one designated location at the Authority's offices and, immediately upon receipt, the envelope shall be stamped with the time and the date received.
- Sealed Bids shall be immediately locked in a secure location.
- The Bid Log shall be maintained at the Authority's reception desk. Comments on the condition of the envelopes shall also be recorded in the Bid Log.
- A Bid Opening shall occur after the due date and time for receipt of Bids set forth in the Solicitation. All Bids shall be opened at the same Bid Opening.
- During the Bid Opening, Bids shall be signed out in the Bid Log by the person removing them. The persons attending the Bid Opening shall sign a pre-prepared list of their names, which shall become part of the Procurement record for each Procurement Contract.
- The Designated Contact, the project manager assigned to the project, and the CCO—or two of these three—shall be present at each Bid Opening, at which time each Proposal shall be reviewed for compliance with the minimum mandatory qualifications set forth in the RFP and for inclusion of all required information and documentation.
- All Bids, including the time stamp and envelope, or shipping label from the shipping materials, shall be retained for 6 years.
- All bids must be submitted in the manner specified in the RFP or Solicitation. Note, where a Solicitation requires submission of the Cost Proposal in a sealed envelope separate from the rest of the Bid documents, the Cost Proposals received in response to that Solicitation will remain sealed at the Bid Opening and, pursuant to Section 4.6.4, will not be provided to the Evaluation Committee for review until after an initial scoring for the technical evaluation.

### 4.5. Evaluation Team

For each RFP[1], there shall be an evaluation committee consisting of staff members designated by the CCO or his/her designee (the "Evaluation Committee") who are responsible for evaluating each Proposal; however, for any RFP, the President or his/her designee, may designate the Director of Diversity as solely responsible for evaluating the portions of proposals that relate to Diversity Practices. The CCO shall provide the Evaluation Committee with all relevant Proposal materials, in accordance with these Guidelines, including, but not limited to, the Proposals (including the Cost Proposal, when appropriate), the RFP, and any addenda to the RFP. The evaluation process, including any numerical scores, shall be documented by the Designated Contact in reasonable detail and furnished to the CCO.

### 4.6. Conducting the Evaluation

The evaluation measures the extent by which a Bid will meet the Authority's needs and assesses the strengths and weaknesses of each Bid. The main steps for performing the evaluation are discussed below.

#### 4.6.1. Development of the Evaluation Criteria

The criteria selected for evaluation must reflect the Authority's objectives, scope of work, and requirements as set forth in the RFP. Examples of typical technical evaluation criteria include, but are not limited to:

- Work plan and methodology to achieve desired end results;
- Degree to which the Proposal satisfies mandatory, optional, desirable and/or alternative green performance standards;

[1] For convenience, Sections 4.5 through 4.8 discuss the evaluation process of an RFP but are applicable to any solicitation for competitive Bids requiring an evaluation.

- Experience of the Bidder in providing the required Services and/or deliverables;
- Management capability of the Bidder;
- Bidder's overall past performance;
- Diversity Practices;
- Qualifications and experience of the Bidder's proposed staff;
- Conformance with the schedule of work set forth in the RFP; and
- Bidder references.

#### 4.6.2. Assignment of Values to Evaluation Criteria

The methodology for evaluating Proposals must be established before the initial receipt of Proposals. Once the evaluation criteria have been determined, values must be assigned to the criteria and any sub-criteria. The evaluation criteria and the assigned values must be provided in the RFP.

Alternative concepts for assigning value to the technical criteria may be permissible to account for the nature of the Procurement. In such instances, the CCO shall verify with the General Counsel before issuance of the RFP.

#### 4.6.3. The Evaluation Instrument

The Evaluation Committee must use the evaluation instrument to apply the evaluation criteria to the Proposals, including the assigned value for each criterion. The evaluation instrument consists of a series of documents used during the evaluation process, including but not limited to:

- Rating sheet which defines allocation of points for each criterion;
- Completed rating sheets recording each evaluation committee members' scores;
- Cost Proposal evaluation, when evaluating cost pursuant to Section 4.6;
- Summary rating sheet tallying the scores of all committee members; and
- Reference checks.

A subject matter expert who is not a member of the Authority's staff may be used to assist with evaluations, provided that the General Counsel's Office determines there is no conflict of interest and approves a confidentiality and conflict of interest statement signed by such subject matter expert.

#### 4.6.4. Scoring Methodology

Scores for the pre-determined criteria must be recorded by the Evaluation Committee on the evaluation instrument in accordance with the pre-determined criteria and sub-criteria, if applicable. Provided that prospective Bidders are so advised, information beyond that provided in the written Proposals may be considered in order to determine a score, such as:

- Product or service demonstrations and presentations;
- Reference checks (staff and/or company performance);
- Site visits;
- Interviews of key representatives and proposed staff of the Bidder;
- Consultation with relevant technical advisors;
- Written Proposal clarifications; and
- Rating services (such as Moody's or Dun & Bradstreet).

Upon written approval of the General Counsel or the Vice President of Administration, the Authority may waive mandatory requirements in the RFP that are not material, provided that the waiver neither:

- disadvantages the Authority;
- uniquely benefits the selected Bidder;
- prejudices any non-winning Bidder; nor
- if known at the time of bidding, could reasonably be assumed to have caused additional potential Bidders to submit Bids.

After performing an initial evaluation, the Evaluation Committee may determine certain Bidder(s) should be eliminated from consideration based solely on the content of the Proposal(s). The determination to eliminate a Bidder(s) from consideration must be justified and documented, including but not limited to recording of the initial rating sheets. After determining which Bidders will be eliminated from further consideration, if any, and documenting the reasons justifying such elimination, the Evaluation Committee may open and review the Cost Proposals of the remaining Bidders before conducting interviews. Absent advance approval from the President or his/her designee, only Evaluation Committee members and the Designated Contact may be present at such interviews. Upon completion of the evaluation as set forth in the evaluation instrument and the RFP, the initial evaluation scores shall be adjusted and finalized, as necessary.

### 4.7. Determining the Best Value Bidder

For Solicitations in which cost is not the only evaluation criteria, the Authority should award the contract to the highest rated Bidder whose Bid is determined to be responsive and in the best interests of the Authority, subject to a determination that the Cost Proposal is fair, reasonable and provides the best value to the Authority given the requirements of the project. Even if using a Centralized Contract, the reason for selecting a specific Vendor that is not the lowest priced Vendor should be documented.

### 4.8. Request for Best and Final Offer

In circumstances where it would be beneficial to the Authority, the Authority is authorized to request from one or more Bidders an amendment to its Bid that would represent its best and final offer if: (1) the project manager or Department Head provides a written memorandum justifying the request for a best and final offer; (2) such request is approved by the President, and (3) such request does not materially change the scope of work or evaluation criteria for the Procurement.

### 4.9. Award Based on Single Bid

The Authority may award a contract to a Bidder if only one Bid was submitted, provided that the President provides written approval of the project manager’s assertion that, based upon review of the Procurement record, the Solicitation did not restrict competition and the cost is reasonable.

### 4.10. Selection

At the conclusion of the evaluation process, the project manager shall inform his or her Department Head of the proposed award. At the Department Head’s request, the Evaluation Committee shall consider such additional facts and/or information as the Department Head deems necessary prior to the Authority’s approval of the proposed award and notification of any Bidder of a Final Award.

### 4.11. Letters of Intent

Where the Department Head initiating the Procurement provides a written memorandum explaining the need for a letter of intent ("LOI") in order to ensure timely completion of a project by a selected Contractor, and that memorandum is approved by the President, the **Chief Operating Officer**, and the General Counsel, a LOI may be issued to a Contractor. Such LOIs may be issued prior to the execution of Procurement Contracts for a value of up to 10% of the total anticipated Procurement Contract amount, subject to approval limitations. Such LOIs shall authorize Contractors to proceed with work pending the execution of the Procurement Contract, and shall expressly provide that the Contractor is granted no rights against the Authority in the event a Contract is not executed except for the reasonable value of the preliminary work to be performed, not to exceed an amount set forth in the LOI.

### 4.12. Notification of Award

Upon receipt of all approvals required in Section 5.1, the Designated Contact may notify all non-selected Bidders of the Final Award. Where practicable, all MWBEs and SDVOBs designated on the Utilization Plans of the selected Bidder will be notified of the award at this time by the Designated Contact.

### 4.13. Post-Award Advertisement

For any Procurement Contract with a value exceeding $50,000, initially or through Amendment, that was not awarded pursuant to a Competitive Procurement Method, the Authority shall publish in the New York State Contract Reporter a notice of the award of such contract and the reasons for any exemption from the Competitive Procurement Method.

## 5. APPROVALS

### 5.1. Contract Award Approvals

#### 5.1.1. Requesting Approvals

The department initiating the Procurement shall request approval of the award of a Procurement Contract by: i) entering the procurement details into the Authority's Procurement Site; ii) uploading all supporting documentation for electronic approval by the initiating Department Head within the Procurement Site, including, but not limited to:

- a written memorandum detailing the Competitive Procurement Method or justifying an exemption, and describing the evaluation process and the basis for determining the selected Bidder as best value;
- copies of all Cost Proposals received;
- the Selected Bidder's Vendor Responsibility Report and W-9 IRS Tax Form; and
- the Selected Bidder's Financial Statements.

#### 5.1.2 Award Package Reviews

The award of Procurement Contracts, and any subsequent Amendments, must be approved by the CCO, Director of Diversity and the General Counsel's office as follows:

- The CCO may approve a Procurement Contract once the CCO has i) verified that the Bidder is responsible (and, in the case of a Centralized Contract from OGS, that the Bidder's OGS certification is valid) and has submitted certificates of insurance in accordance with the Solicitation requirements, and, ii) as applicable, that the selection was made pursuant to New York State Law, these Guidelines, and the terms of the Solicitation.

- The Director of Diversity may approve a Procurement Contract once he/she has verified that MWBE and SDVOB requirements have been met pursuant to Article 15-A and Article 17B respectively, including the approval of initial Bidder's Workforce Participation, SDVOB, and MWBE Utilization Plans or updates to those plans which may be required for Amendments.
- The General Counsel shall review and approve documentation supporting the Procurement, including the supporting memorandum.

**5.1.3 Approval Thresholds**

In addition to the approvals required above, any award of a Procurement Contract with a value:

- Up to $150,000 must be approved by the Chief Financial Officer, except if the Chief Financial Officer is the initiating Department Head of the Procurement, then the Vice President of Administration;
- Exceeding $150,000 must also be approved by the President; and
- Exceeding $500,000 must also be approved by the Board.

**5.1.4 Additional Approvals**

In addition to the approvals required above, Board approval is required for all contracts with a term exceeding one year. However, the following types of contracts with terms exceeding one year do not require approval by the Board unless they exceed the $500,000 approval threshold required pursuant to Section 5.1.3 or 5.2.1: ~~otherwise required pursuant to Sections 5.1.3, 5.3.1 or 5.3.2 herein:~~ (1) equipment and vehicle leases; (2) warranties and maintenance contracts relating to leased or owned equipment and vehicles; (3) renewals of software licenses; and (4) software support contracts.

## 5.2 Contract Amendment Approvals

In addition to all applicable requirements set forth in Section 5.1, each request for an Amendment to a Procurement Contract shall require the following approvals:

**5.2.1 Board Approvals**

The Board must approve any Amendment that:

- Causes the aggregate amount of any Procurement Contract to exceed $500,000; or that
- Increases the aggregate amount of a Procurement Contract by $500,000 or more above the amount the Board previously approved.

**5.2.2 Amendment Presidential Approval**

The President must approve any Amendment that would cause the value of a Procurement Contract, either originally or as amended, to exceed its Original (or amended) Value by twenty five percent (25~~0~~%) or more.

**5.2.3 Extension Board Approval**

Except for those types of contracts listed in Section 5.2 above, Board approval is required for any extension of an existing Services Contract that a) for the first time, extends the contract term beyond one year; or b) is extended by one year or more from the termination date last approved by the Board.

**5.2.4 Diversity Amendment Review**

Contract Amendments must be reassessed for MWBE and SDVOB participation goals, current MWBE and SDVOB Utilization Compliance of the project, and may require vendors to provide updated MWBE and SDVOB Utilization plans prior to approval by the Director of Diversity.

## 5.3 Contracts Requiring OSC Approval

Any Procurement Contract exceeding $1,000,000, originally or as amended, which was awarded non-competitively or will be paid in whole or in part from monies appropriated by the State, and any Amendment to a Procurement Contract previously approved by the New York State Office of the State Comptroller ("OSC") where the value of the Amendment is ten percent (10%) or more of the Procurement Contract value as originally approved by the OSC, shall be submitted to OSC for filing within 60 days after execution and if the contract/Amendment is the subject of an active written notice by OSC, such Amendment shall be submitted to OSC for prior approval.

## 5.4 Designation of Approval Authority

Any officer or Department Head who seeks to designate another employee to exercise approval authority as provided for under these Guidelines must first be trained on how to conduct sufficient reviews and approvals and be so designated in writing.

## 5.5 Additional Approvals and Reports

### 5.5.1 Independent Auditors

Independent auditors for the Authority shall be retained only with the prior approval of the Board of the Authority.

### 5.5.2 Contract Approval Subsequent to Commencement of Work

Upon consultation with the President, the General Counsel is authorized to approve and execute Procurement Contracts and amendments related to the provision of legal services after the work contemplated in the proposed contract or amendment begins.

### 5.5.3 Contracts with a Value between $250,000 and $500,000

Any Procurement Contract the Authority enters into with an Original Value between $250,000 and $500,000 must be documented by the CCO and reported to the Board at the first meeting subsequent to such contracts' execution. In addition, on a quarterly basis, management must provide a report to the Board listing all projects for which a Procurement may potentially be performed in that quarter.

## 5.6 Final Contract Approvals

Upon completion of all other approvals required by these Guidelines, subsequent to execution by the selected Vendor and before execution by the Authority, each Procurement Contract shall be approved by the initiating Department Head, Director of Diversity, Chief Financial Officer, General Counsel and the President. Presidential approval authority can be delegated, at the discretion of the President, to the Chief Financial Officer and/or the Chief Operating Officer

**RESOLUTION OF THE MEMBERS REGARDING THE AUTHORITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020**

BE IT RESOLVED, that the Members hereby accept the Audited Financial Statements for the Fiscal Year ended October 31, 2020 and be it further

RESOLVED, that the Members authorize the filing of the Audited Financial Statements, substantially in the form presented at this meeting, with the required governmental entities and with the trustees under the Authority's bond resolutions, and the posting of a copy of the Audited Financial Statements on the Public Authorities Report Information System ("PARIS") and on the Authority's website.

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

Financial Statements
(Together with Independent Auditors' Report)

October 31, 2020 and 2019



MARKS PANETH

ACCOUNTANTS & ADVISORS

# HUGH L. CAREY BATTERY PARK CITY AUTHORITY

(A Component Unit of the State of New York)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

October 31, 2020 and 2019

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Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
www.markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

# Independent Auditors' Report

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

## Report on the Financial Statements

We have audited the accompanying financial statements of Hugh L. Carey Battery Park City Authority (the "Organization"), a component unit of the State of New York, as of and for the years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2020 and 2019, and the related changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20, the schedule of the Organization's proportionate share of the net pension liability on page 63, the schedule of employer contributions on page 64, and the schedule of changes in total OPEB liability and related ratios on page 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information shown on pages 66 through 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards,* we have also issued our report dated January XX, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

New York, NY
January XX, 2021

**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 fiscal years ended October 31, 2020 and 2019. 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 Conservancy have been eliminated. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

***Comparison of 2020 to 2019 and 2019 to 2018***

***Financial Highlights – 2020***

- The fiscal year ended October 31, 2020 yielded a total of $348.4 million in operating revenues, representing an increase of $23.8 million or 7.3% over the prior fiscal year. Payments in lieu of taxes ("PILOT") revenue totaling $271.0 million (78% of the Authority's operating revenues for the fiscal year ended October 31, 2020) increased $25.4 million or 10.3% compared to the fiscal year ended October 31, 2019. Base rent increased $1.1 million or 1.8% to $63.1 million for the fiscal year ended October 31, 2020. Civic facilities payments and other operating revenues decreased $2.3 million or 14.7% to $13.4 million for the fiscal year ended October 31, 2020. Total operating expenses increased $2.7 million or 5.1% to $56.9 million for the fiscal year ended October 31, 2020.

- A payment of $155.4 million was made in April 2020 towards the provision for the transfer to the City of New York (the "City") for the fiscal year ended October 31, 2019. A $185.0 million provision was recorded representing the PILOT-related portion of fiscal year 2020 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2020 (see note 14). This was an increase of $29.6 million over the amount recorded for the fiscal year ended October 31, 2019. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $41.3 million was made in September 2020 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2019. As of October 31, 2020, pursuant to the 2010 Agreement (see note 14), the Authority recorded an additional provision for the transfer of $44.7 million to the City for the fiscal year ended October 31, 2020, an increase of $3.4 million under the amount recorded for the fiscal year ended October 31, 2019.

- As of October 31, 2020, $92.7 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 $111.3 million as of October 31, 2019.

***Financial Highlights – 2019***

- The fiscal year ended October 31, 2019 yielded a total of $324.6 million in operating revenues, representing an increase of $17.3 million or 5.6% over the prior fiscal year. PILOT revenue totaling $245.6 million (76% of the Authority's operating revenues for the fiscal year ended October 31, 2019) increased $15.3 million or 6.6% compared to the fiscal year ended October 31, 2018. Base rent increased $148 thousand or 0.2% to $62.0 million for the fiscal year ended October 31, 2019. Civic facilities payments and other operating revenues increased $1.9 million or 14.0% to $15.6 million for the fiscal year ended October 31, 2019. Total operating expenses increased $7.0 million or 14.7% to $54.2 million for the fiscal year ended October 31, 2019.

- A payment of $154.8 million was made in June 2019 towards the provision for the transfer to the City for the fiscal year ended October 31, 2018. A $155.4 million provision was recorded representing the PILOT-related portion of fiscal year 2019 excess revenues charged to nonoperating expenses for the fiscal year ended October 31, 2019. This was an increase of $612 thousand over the amount recorded for the fiscal year ended October 31, 2018. Generally, the Authority's net position decreases with increases in the amount of excess revenues provided to the City, which has an adverse effect on the Authority's net position.

- A payment of $41.7 million was made in October 2019 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2018. As of October 31, 2019, pursuant to the 2010 Agreement, the Authority recorded an additional provision for the transfer of $41.3 million to the City for the fiscal year ended October 31, 2019, a decrease of $338 thousand under the amount recorded for the fiscal year ended October 31, 2018.

- As of October 31, 2019, $111.3 million remained in the Project Cost funds to be used for certain park, street, other infrastructure improvements, and other capital expenditures, as compared to $36.0 million as of October 31, 2018. The increase of $75.3 million is due to the proceeds received by the Authority from the 2019 bond issuance, to be used for certain infrastructure and capital purposes.

- On August 6, 2019, the Authority issued $672,845,000 of fixed-rate and variable-rate bonds. Proceeds were used to redeem all outstanding 2009 Series A and 2009 Series B fixed-rate bonds and all outstanding 2013 Series C, 2013 Series D, and 2013 Series E variable-rate bonds. In addition, $99,352,522 of proceeds are to be used for infrastructure and capital improvements.

***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 October 31, 2020, 2019 and 2018 follows:

| | October 31 | | | 2020 vs | 2019 vs |
|---|---|---|---|---|---|
| | **2020** | **2019** | **2018** | **2019** | **2018** |
| Assets: | | | | | |
| Bank deposits, investments and rents and other receivables | $ 20,592,572 | 25,062,637 | 18,722,494 | (4,470,065) | 6,340,143 |
| Bond resolution restricted assets (current and noncurrent) | 413,763,670 | 402,094,351 | 358,154,324 | 11,669,319 | 43,940,027 |
| Battery Park City project assets, net | 529,934,997 | 521,956,614 | 507,797,740 | 7,978,383 | 14,158,874 |
| Other current and noncurrent assets | 125,642,202 | 107,146,063 | 103,798,055 | 18,496,139 | 3,348,008 |
| Total assets | 1,089,933,441 | 1,056,259,665 | 988,472,613 | 33,673,776 | 67,787,052 |
| Deferred Outflows of Resources: | | | | | |
| Deferred pension outflows | 5,982,932 | 2,147,067 | 3,495,764 | 3,835,865 | (1,348,697) |
| Deferred OPEB outflows | 3,229,663 | 2,329,507 | 2,325,830 | 900,156 | 3,677 |
| Accumulated change in fair value of interest rate swaps | 16,159,650 | 746,509 | - | 15,413,141 | 746,509 |
| Unamortized loss on extinguishment of bonds | 14,532,049 | 15,830,769 | 17,297,298 | (1,298,720) | (1,466,529) |
| Deferred costs of refunding, less accumulated amortization | 72,335,703 | 78,534,994 | 51,222,737 | (6,199,291) | 27,312,257 |
| Total deferred outflows of resources | 112,239,997 | 99,588,846 | 74,341,629 | 12,651,151 | 25,247,217 |
| Total assets and deferred outflows of resources | $ 1,202,173,438 | 1,155,848,511 | 1,062,814,242 | 46,324,927 | 93,034,269 |
| Liabilities: | | | | | |
| Current liabilities | $ 347,304,250 | 301,565,018 | 296,720,892 | 45,739,232 | 4,844,126 |
| Long-term liabilities | 1,327,006,549 | 1,361,085,381 | 1,322,614,936 | (34,078,832) | 38,470,445 |
| Total liabilities | 1,674,310,799 | 1,662,650,399 | 1,619,335,828 | 11,660,400 | 43,314,571 |
| Deferred Inflows of Resources: | | | | | |
| Deferred pension inflows | 393,925 | 835,556 | 2,968,787 | (441,631) | (2,133,231) |
| Deferred OPEB inflows | 7,077,953 | 8,156,163 | 1,106,608 | (1,078,210) | 7,049,555 |
| Accumlated change in fair value of interest rate swaps | - | - | 147,227 | - | (147,227) |
| Total deferred inflows of resources | 7,471,878 | 8,991,719 | 4,222,622 | (1,519,841) | 4,769,097 |
| Net Position (Deficit): | | | | | |
| Net investment in capital assets | 15,270,063 | 9,365,512 | 3,736,274 | 5,904,551 | 5,629,238 |
| Restricted | 53,258,828 | 56,501,686 | 65,745,242 | (3,242,858) | (9,243,556) |
| Unrestricted | (548,138,130) | (581,660,805) | (630,225,724) | 33,522,675 | 48,564,919 |
| Total net deficit | (479,609,239) | (515,793,607) | (560,744,208) | 36,184,368 | 44,950,601 |
| Total liabilities, deferred inflows of resources and net position | $ 1,202,173,438 | 1,155,848,511 | 1,062,814,242 | 46,324,927 | 93,034,269 |

***Assets and Deferred Outflows of Resources***

***2020 vs. 2019***

At October 31, 2020, the Organization maintained total assets and deferred outflows of resources of $1.20 billion, $46.3 million higher than the $1.16 billion at October 31, 2019, primarily due to increases in the accumulated change in the fair value of interest rate swaps and the corporate-designated, escrowed, and OPEB funds.

***2019 vs. 2018***

At October 31, 2019, the Organization maintained total assets and deferred outflows of resources of $1.16 billion, $93.0 million higher than the $1.06 billion at October 31, 2018, primarily due to the addition of the 2019 revenue bond funds, as well as the increase in the deferred cost of refunding due to amending the interest rate swap agreements.

***Bank Deposits, Investments, Rents and Other Receivables***

***2020 vs. 2019***

Bank deposits, investments, and rents and other receivables held at October 31, 2020 decreased $4.5 million over the same period last year. Bank deposits and investments decreased by $3.0 million and rents and other receivables decreased by $1.4 million. The decrease in bank deposits and investments primarily relates to less unpledged revenues received in the current fiscal year compared to the prior year. The decrease in rents and other receivables of $1.4 million is due to the collection of receipts of base rent and PILOT in the current year.

***2019 vs. 2018***

Bank deposits, investments, and rents and other receivables held at October 31, 2019 increased $6.3 million over the same period last year. Bank deposits and investments increased by $3.7 million and rents and other receivables increased by $2.6 million. The increase in bank deposits and investments primarily relates to more unpledged revenues received in the current fiscal year compared to the prior year. The increase in rents and other receivables of $2.6 million is due to the increase in uncollected receipts of base rent and PILOT in the current year.

***Bond Resolution Restricted Assets***

***2020 vs. 2019***

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 $413.8 million at October 31, 2020 were $11.7 million higher than the fair value of assets held at October 31, 2019 of $402.1 million (see note 8).

Funds held in the Pledged Revenue Fund ("PRF") of $208.7 million at October 31, 2020 were $27.6 million higher than funds held at October 31, 2019.

Funds held in the Debt Service Funds of $67.8 million at October 31, 2020 were $6.0 million higher than funds at October 31, 2019.

Funds held in the Project Operating Fund of $8.2 million were $255 thousand lower at October 31, 2020 compared to 2019.

Funds held in the Residual Fund for payment to the City of $1.1 million at October 31, 2020 were $1.7 million lower than at October 31, 2019.

Funds held under the Resolutions for project infrastructure and certain other asset costs were $92.7 million as of October 31, 2020, $18.6 million lower than funds held at October 31, 2019.

***2019 vs. 2018***

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 $402.1 million at October 31, 2019 were $43.9 million higher than the fair value of assets held at October 31, 2018 of $358.2 million.

Funds held in the PRF of $181.1 million at October 31, 2019 were $2.5 million lower than funds held at October 31, 2018.

Funds held in the Debt Service Funds of $61.7 million at October 31, 2019 were $6.8 million higher than funds at October 31, 2018.

Funds held in the Project Operating Fund of $8.5 million were $1.4 million higher at October 31, 2019 compared to 2018.

Funds held in the Residual Fund for payment to the City of $2.8 million at October 31, 2019 were $1.2 million higher than at October 31, 2018.

Funds held under the Resolutions for project infrastructure and certain other asset costs were $111.3 million as of October 31, 2019, $75.3 million higher than funds held at October 31, 2018.



***Project Assets***

At October 31, 2020, the Authority's investment in project assets, net of accumulated depreciation, was $529.9 million, an increase of $8.0 million from October 31, 2019. The Battery Park City project ("Project") consists of approximately 92 acres of landfill created, owned, and operated by the Authority. 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 on 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 October 31, 2020, 2019 and 2018 were as follows:

| | October 31 2020 | 2019 | 2018 | 2020 vs 2019 | 2019 vs 2018 |
|---|---|---|---|---|---|
| Land | $ 83,015,653 | 83,015,653 | 83,015,653 | - | - |
| Site improvements | 478,798,515 | 465,537,094 | 441,873,740 | 13,261,421 | 23,663,354 |
| Residential building and condominium units | 142,205,238 | 137,518,866 | 137,180,295 | 4,686,372 | 338,571 |
| | 704,019,406 | 686,071,613 | 662,069,688 | 17,947,793 | 24,001,925 |
| Less: accumulated depreciation | (174,084,409) | (164,114,999) | (154,271,948) | (9,969,410) | (9,843,051) |
| Total Battery Park City project assets | $ 529,934,997 | 521,956,614 | 507,797,740 | 7,978,383 | 14,158,874 |

***2020 vs. 2019***

For the year ended October 31, 2020, the increase to site improvements of $13.3 million relates to improvements at Site 23/24 Community Center, esplanade and restoration of piles, Wagner Park restrooms, Rector Street Grid, Rockefeller Park playground, and other minor capital improvements (see note 3(c)).

***2019 vs. 2018***

For the year ended October 31, 2019, the increase to site improvements of $23.7 million relates to the esplanade and restoration of piles, Tribeca Bridge Rehabilitation, South Cove Jetty re-planking, Rector Street Grid, leasehold improvements, and other minor capital improvements.

***Other Current and Noncurrent Assets***

Other current and noncurrent assets at October 31, 2020, 2019 and 2018 were as follows:

| | October 31 2020 | 2019 | 2018 | 2020 vs 2019 | 2019 vs 2018 |
|---|---|---|---|---|---|
| Residential lease required funds | $ 29,066,447 | 29,117,119 | 28,036,068 | (50,672) | 1,081,051 |
| Corporate-designated, escrowed and OPEB funds | 89,346,885 | 73,259,518 | 71,016,172 | 16,087,367 | 2,243,346 |
| Fair value of interest rate swaps | - | - | 147,227 | - | (147,227) |
| Other assets | 7,228,870 | 4,769,426 | 4,598,588 | 2,459,444 | 170,838 |
| Total other current and noncurrent assets | $ 125,642,202 | 107,146,063 | 103,798,055 | 18,496,139 | 3,348,008 |

***2020 vs. 2019***

Total other current and noncurrent assets increased $18.5 million from $107.1 million at October 31, 2019 to $125.6 million at October 31, 2020, primarily due to increased funding of $10 million to the corporate designated reserves.

Residential lease required funds, which include security deposits held for condominium buildings, decreased by $51 thousand. Overall, corporate-designated, escrowed and OPEB funds increased $16.1 million from October 31, 2019.

***2019 vs. 2018***

Total other current and noncurrent assets increased $3.3 million from $103.7 million at October 31, 2018 to $107.1 million at October 31, 2019.

Residential lease required funds, which include security deposits held for condominium buildings, increased by $1.1 million. Overall, corporate-designated, escrowed and OPEB funds increased $2.2 million from October 31, 2018.

***Deferred Outflows of Resources***

Deferred outflows of resources at October 31, 2020, 2019, and 2018 were as follows:

| | | October 31 | | | 2020 vs | 2019 vs |
|---|---|---|---|---|---|---|
| | | 2020 | 2019 | 2018 | 2019 | 2018 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred pension outflows | $ | 5,982,932 | 2,147,067 | 3,495,764 | 3,835,865 | (1,348,697) |
| Deferred OPEB outflows | | 3,229,663 | 2,329,507 | 2,325,830 | 900,156 | 3,677 |
| Accumulated change in fair value of interest rate swaps | | 16,159,650 | 746,509 | - | 15,413,141 | 746,509 |
| Unamortized loss on extinguishment of bonds | | 14,532,049 | 15,830,769 | 17,297,298 | (1,298,720) | (1,466,529) |
| Deferred costs of refunding, less accumulated amortization | | 72,335,703 | 78,534,994 | 51,222,737 | (6,199,291) | 27,312,257 |
| Total deferred outflows of Resources | $ | 112,239,997 | 99,588,846 | 74,341,629 | 12,651,151 | 25,247,217 |

***2020 vs. 2019***

Deferred pension outflows of $6.0 million at October 31, 2020 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of $3.2 million at October 31, 2020 represents the Authority's deferred OPEB outflows resulting from Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("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 $747 thousand at October 31, 2019. At October 31, 2020, the interest rate swaps had a negative fair value of $16.2 million. The change in value is primarily due to changes in the fair value of the swaps, which declined in value due to lower expected future floating interest rates as valued on October 31, 2020, whereby swap rates declined for tenors equivalent to the Authority's swaps' remaining tenors at the valuation date relative to the at-the-market rate of the Authority's swaps at August 6, 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of the bonds decreased by $1.3 million from October 31, 2019 to October 31, 2020. The decrease is a result of the amortization during the current fiscal year.

The deferred cost of refunding decreased by $6.2 million from October 31, 2019 to October 31, 2020. The decrease is a result of the amortization during the current fiscal year.

***2019 vs. 2018***

Deferred pension outflows of $2.1 million at October 31, 2019 represents the Authority's portion of the deferred pension outflows from the New York State pension plan.

Deferred OPEB outflows of $2.3 million at October 31, 2019 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 positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $747 thousand. The change in value is primarily due to a revision of the swap agreement, which included an increase in the fixed interest rate, as well as a change in the floating rate index from the one-month LIBOR to the one-week SIFMA as of August 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).

The unamortized loss on extinguishment of the bonds decreased by $1.47 million from October 31, 2018 to October 31, 2019.

The deferred cost of refunding increased by $27.3 million from October 31, 2018 to October 31, 2019. The increase is a result of the revised swap amortization during the current fiscal year.

***Liabilities***

Total liabilities at October 31, 2020, 2019 and 2018 were as follows:

| | October 31 | | | | |
|---|---|---|---|---|---|
| | **2020** | **2019** | **2018** | **2020 vs 2019** | **2019 vs 2018** |
| Current liabilities: | | | | | |
| Accrued interest on bonds | $ 12,203,688 | 10,074,623 | 16,427,212 | 2,129,065 | (6,352,589) |
| Accounts payable and other liabilities | 6,277,608 | 6,554,103 | 3,954,301 | (276,495) | 2,599,802 |
| Accrued pension payable | 7,796,174 | 1,897,514 | 830,358 | 5,898,660 | 1,067,156 |
| Due to the City of New York | 185,036,280 | 155,389,471 | 154,773,700 | 29,646,809 | 615,771 |
| Due to the City of New York 2010 Agreement | 44,722,646 | 41,323,443 | 41,664,457 | 3,399,203 | (341,014) |
| Due to the Port Authority of NY & NJ | 869,381 | 869,381 | 869,381 | - | - |
| Unearned revenue | 60,608,735 | 53,974,653 | 50,484,445 | 6,634,082 | 3,490,208 |
| Security and other deposits | 4,738 | 4,738 | 4,738 | - | - |
| 2009 Revenue Bonds | - | - | 355,000 | - | (355,000) |
| 2013 Revenue Bonds | 25,735,000 | 24,590,000 | 27,060,000 | 1,145,000 | (2,470,000) |
| 2019 Revenue Bonds | 4,050,000 | - | - | 4,050,000 | - |
| Bond resolution fund payables | - | 6,887,092 | 297,300 | (6,887,092) | 6,589,792 |
| Total current liabilities | 347,304,250 | 301,565,018 | 296,720,892 | 45,739,232 | 4,844,126 |
| Noncurrent liabilities: | | | | | |
| Unearned revenue | 212,853,972 | 224,825,159 | 236,796,499 | (11,971,187) | (11,971,340) |
| Security and other deposits | 29,406,518 | 29,112,482 | 28,381,118 | 294,036 | 731,364 |
| OPEB | 38,363,000 | 34,844,588 | 40,192,000 | 3,518,412 | (5,347,412) |
| Fair value of interest rate swaps | 16,159,650 | 746,509 | - | 15,413,141 | 746,509 |
| Imputed borrowing | 72,335,703 | 78,534,993 | 51,222,737 | (6,199,290) | 27,312,256 |
| Bonds outstanding: | | | | | |
| 2009 Revenue Bonds | - | - | 85,820,851 | - | (85,820,851) |
| 2013 Revenue Bonds | 237,443,388 | 266,010,060 | 880,201,731 | (28,566,672) | (614,191,671) |
| 2019 Revenue Bonds | 720,444,318 | 727,011,590 | - | (6,567,272) | 727,011,590 |
| Total noncurrent liabilities | 1,327,006,549 | 1,361,085,381 | 1,322,614,936 | (34,078,832) | 38,470,445 |
| Total liabilities | $ 1,674,310,799 | 1,662,650,399 | 1,619,335,828 | 11,660,400 | 43,314,571 |

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***2020 vs. 2019***

The Organization's total liabilities increased $11.7 million from $1.66 billion at October 31, 2019 to $1.67 billion at October 31, 2020.

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 and accounts payable and accrued expenses.

The $11.7 million increase in total liabilities is due to:

- a $2.1 million increase in accrued interest payable on bonds from $10.1 million at October 31, 2019 to $12.2 million at October 31, 2020.

- a $277 thousand decrease in accounts payable and other liabilities from $6.6 million at October 31, 2019 to $6.3 million at October 31, 2020.

- a $5.9 million increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a $185.0 million liability was recorded as of October 31, 2020, which includes fiscal 2020 PILOT-related excess revenues to be transferred to the City, an increase of $29.6 million from the prior fiscal year provision of $155.4 million.
- a $44.5 million liability was recorded as of October 31, 2020, as an expected payment to the City under the provisions of the 2010 Agreement. A payment of $41.3 million was made in September 2020 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2019.
- a $5.3 million decrease to $273.5 million in total unearned revenue from $278.8 million at October 31, 2019 due to revenue of $5.3 million recognized on leases.
- a $294 thousand increase in total security and other deposits to $29.4 million at October 31, 2020. Security deposits are held for condominium sites and not rental sites.
- a net increase of $3.5 million in OPEB liability to $38.4 million at October 31, 2020 from $34.8 million at October 31, 2019, primarily due to the change in the discount rate from the actuarial assumptions compared to the prior valuation report.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a negative fair value of $747 thousand at October 31, 2019. At October 31, 2020, the interest rate swaps had a negative fair value of $16.2 million. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).
- 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 (see note 10).
- a $27.4 million decrease in 2013 Revenue Bonds outstanding due to a principal payment of $24.6 million and bond premium amortization of $2.8 million (see note 17).
- a $2.5 million decrease in 2019 Revenue Bonds outstanding due to amortization of the bond premium on the 2019 Senior Series debt in the amount of $2.5 million (see note 17).

***2019 vs. 2018***

The Organization's total liabilities increased $43.3 million from $1.62 billion at October 31, 2018 to $1.66 billion at October 31, 2019.

The $43.3 million increase in total liabilities is due to:

- a $6.4 million decrease in accrued interest payable on bonds from $16.4 million at October 31, 2018 to $10.1 million at October 31, 2019.

- a $2.6 million increase in accounts payable and other liabilities from $4.0 million at October 31, 2018 to $6.6 million at October 31, 2019. The increase is primarily due to $3.5 million more of accrued expenses at fiscal year-end as compared to the prior fiscal year-end. There was a decrease of $746 thousand from a PILOT abatement payable in the prior fiscal year that offset the total increase.
- a $1.1 million increase in accrued pension payable relates to the Authority's liability portion of the New York State pension plan.
- a $155.4 million liability was recorded as of October 31, 2019, which includes fiscal 2019 PILOT-related excess revenues to be transferred to the City, an increase of $616 thousand from the prior fiscal year provision of $154.8 million.
- a $41.3 million liability was recorded as of October 31, 2019, as an expected payment to the City under the provisions of the 2010 Agreement. A payment of $41.7 million was made in October 2019 towards the provision for the transfer to the City for the "pay-as-you-go" capital payment for the fiscal year ended October 31, 2018.
- a $8.5 million decrease to $278.8 million in total unearned revenue from $287.3 million at October 31, 2018 due to revenue of $8.5 million recognized on leases.
- a $731 thousand increase in total security and other deposits to $29.1 million at October 31, 2019. Security deposits are held for condominium sites and not rental sites.
- a net decrease of $5.3 million in OPEB liability to $34.8 million at October 31, 2019 from $40.2 million at October 31, 2018, primarily due to the change in the discount rate from the actuarial assumptions compared to the prior valuation report.
- the interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $746 thousand. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).
- a $27.3 million increase 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 $86.2 million decrease in 2009 Revenue Bonds outstanding due to the 2019 refunding of these bonds in August 2019.
- a $616.7 million decrease in 2013 Revenue Bonds outstanding due to the 2019 refunding of the junior revenue bonds (2013CDE) in August 2019.
- a $727.0 million increase in 2019 Revenue Bonds outstanding due to the issuance of these bonds in August 2019.

### *Deferred Inflows of Resources*

| | | October 31 | | | 2020 vs | 2019 vs |
|---|---|---|---|---|---|---|
| | | 2020 | 2019 | 2018 | 2019 | 2018 |
| Deferred Inflows of Resources: | | | | | | |
| Deferred pension inflows | $ | 393,925 | 835,556 | 2,968,787 | (441,631) | (2,133,231) |
| Deferred OPEB inflows | | 7,077,953 | 8,156,163 | 1,106,608 | (1,078,210) | 7,049,555 |
| Accumulated change in fair value of interest rate swaps | | - | - | 147,227 | - | (147,227) |
| Total deferred inflows of resources | $ | 7,471,878 | 8,991,719 | 4,222,622 | (1,519,841) | 4,769,097 |

### *2020 vs. 2019*

Deferred pension inflows of $394 thousand at October 31, 2020 represents the Authority's portion of the deferred pension inflows from the New York State pension plan (see note 18).

Deferred OPEB inflows of $7.1 million at October 31, 2020 represents the Authority's deferred OPEB outflows resulting from GASB 75 (see note 19).

### *2019 vs. 2018*

Deferred pension inflows of $836 thousand at October 31, 2019 represents the Authority's portion of the deferred pension inflows from the New York State pension plan.

Deferred OPEB inflows of $8.2 million at October 31, 2019 represents the Authority's deferred OPEB outflows resulting from GASB 75.

The accumulated change in fair value of interest rate swap agreements, which continue in effect and continue as an effective hedge, had a positive fair value of $147 thousand at October 31, 2018. At October 31, 2019, the interest rate swaps had a negative fair value of $747 thousand. The change in value is primarily due to a revision of the swap agreement, which included an increase in interest rates, as well as a change in the index from LIBOR to SIFMA as of August 2019. The negative fair value has been included as a liability and a deferred outflow of resources in the Authority's statement of net position (deficit).

### *Net Position (Deficit)*

| | | October 31 | | | 2020 vs | 2019 vs |
|---|---|---|---|---|---|---|
| | | 2020 | 2019 | 2018 | 2019 | 2018 |
| Net Position (deficit): | | | | | | |
| Net investment in capital assets | $ | 15,270,063 | 9,365,512 | 3,736,274 | 5,904,551 | 5,629,238 |
| Restricted | | 53,258,828 | 56,501,686 | 65,745,242 | (3,242,858) | (9,243,556) |
| Unrestricted | | (548,138,130) | (581,660,805) | (630,225,724) | 33,522,675 | 48,564,919 |
| Total net position (deficit) | $ | (479,609,239) | (515,793,607) | (560,744,208) | 36,184,368 | 44,950,601 |

***2020 vs. 2019***

The change in total net position (deficit) represents a positive change of $36.2 million in the deficit position from $515.8 million at October 31, 2019 to $479.6 million at October 31, 2020.

Net investment in capital assets was a surplus of $15.3 million and $9.4 million at October 31, 2020 and 2019, 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 $53.3 million of restricted net position at October 31, 2020 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 $548.1 million at October 31, 2020 resulting from the cumulative net excess revenues, which are transferred to the City annually (see note 14).

***2019 vs. 2018***

The change in total net position (deficit) represents a positive change of $45.0 million in the deficit position from $560.7 million at October 31, 2018 to $515.8 million at October 31, 2019.

Net investment in capital assets was a surplus of $9.4 million and $3.7 million at October 31, 2019 and 2018, 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 $56.5 million of restricted net position at October 31, 2019 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 $581.7 million at October 31, 2019 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 fiscal years ended October 31, 2020, 2019 and 2018:

| | October 31 | | | 2020 vs | 2019 vs |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2019 | 2018 |
| Operating revenues: | | | | | |
| Revenues from ground leases: | | | | | |
| Base rent | $ 63,116,514 | 61,976,552 | 61,828,459 | 1,139,962 | 148,093 |
| Supplemental rent | 880,724 | 1,321,086 | 1,321,086 | (440,362) | - |
| Payments in lieu of real estate taxes | 271,007,680 | 245,649,054 | 230,383,596 | 25,358,626 | 15,265,458 |
| Civic facilities payments and other | 13,351,831 | 15,644,134 | 13,713,739 | (2,292,303) | 1,930,395 |
| Total operating revenues | 348,356,749 | 324,590,826 | 307,246,880 | 23,765,923 | 17,343,946 |
| Operating expenses: | | | | | |
| Wages and related benefits | 18,485,029 | 16,734,791 | 15,809,938 | 1,750,238 | 924,853 |
| OPEB | 2,609,378 | 2,563,285 | 1,503,476 | 46,093 | 1,059,809 |
| Other operating and administrative expenses | 24,973,003 | 24,337,991 | 19,605,573 | 635,012 | 4,732,418 |
| Depreciation and amortization | 10,867,313 | 10,556,289 | 10,320,125 | 311,024 | 236,164 |
| Total operating expenses | 56,934,723 | 54,192,356 | 47,239,112 | 2,742,367 | 6,953,244 |
| Operating income | 291,422,026 | 270,398,470 | 260,007,768 | 21,023,556 | 10,390,702 |
| Nonoperating revenues (expenses): | | | | | |
| Investment and other income | 9,595,499 | 15,992,752 | 4,776,488 | (6,397,253) | 11,216,264 |
| Gain (loss) on project assets | (760,462) | - | - | (760,462) | - |
| Interest expense, net | (33,201,321) | (37,232,117) | (36,923,078) | 4,030,796 | (309,039) |
| Bond issuance costs | (12,344) | (3,813,506) | - | 3,801,162 | (3,813,506) |
| Provision for transfer to the City of New York | (185,033,064) | (155,386,254) | (154,773,700) | (29,646,810) | (612,554) |
| Provision for transfer to the City of New York - 2010 Agreement | (44,722,646) | (41,326,660) | (41,664,457) | (3,395,986) | 337,797 |
| Provision for transfer to NYC - West Thames St. Pedestrian Bridge | (1,103,320) | (3,682,084) | - | 2,578,764 | (3,682,084) |
| Total nonoperating expenses | (255,237,658) | (225,447,869) | (228,584,747) | (29,789,789) | 3,136,878 |
| Change in net position (deficit) | 36,184,368 | 44,950,601 | 31,423,021 | (8,766,233) | 13,527,580 |
| Net deficit, beginning of year | (515,793,607) | (560,744,208) | (592,167,229) | 44,950,601 | 31,423,021 |
| Net deficit, end of year | $ (479,609,239) | (515,793,607) | (560,744,208) | 36,184,368 | 44,950,601 |

## *Operating Revenues*

***2020 vs. 2019***

Overall operating revenues for the year ended October 31, 2020 totaled $348.4 million, a net of $23.8 million higher than the year ended October 31, 2019. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $1.1 million from $62.0 million for the year ended October 31, 2019. PILOT revenue totaling $271.0 million (78% of the total operating revenues for the fiscal year ended October 31, 2020), increased by $25.4 million over the fiscal year ended October 31, 2019, primarily due to increases in PILOT assessments established by the City. The $2.3 million change in civic facility payments and other is a decrease from $15.6 million for the year ended October 31, 2019 to $13.4 million for the year ended October 31, 2020.

***2019 vs. 2018***

Overall operating revenues for the year ended October 31, 2019 totaled $324.6 million, a net of $17.3 million higher than the year ended October 31, 2018. Lease revenues consist primarily of base (land) rent and PILOT from long-term leaseholds.

Base rent increased $148 thousand from $61.8 million for the year ended October 31, 2018. PILOT revenue totaling $245.7 million (76% of the total operating revenues for the fiscal year ended October 31, 2019), increased by $15.3 million over the fiscal year ended October 31, 2018, primarily due to increases in PILOT assessments established by the City. The $1.9 million change in civic facility payments and other is an increase from $13.7 million for the year ended October 31, 2018 to $15.6 million for the year ended October 31, 2019.

## *Operating Expenses*

***2020 vs. 2019***

Operating expenses totaled $56.9 million for the fiscal year ended October 31, 2020, representing a $2.7 million increase compared to the fiscal year ended October 31, 2019. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $18.5 million increased $1.8 million over the previous fiscal year ended October 31, 2019. This increase consisted of pension expense of $1.4 million, as well as an increase in wages and other benefits of approximately $400 thousand.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2020 by $47 thousand compared to the prior year (see note 19).

Other operating and administrative expenses of $25.0 million increased by $635 thousand for the year ended October 31, 2020.

Depreciation and amortization expenses for the fiscal year ended October 31, 2020 of $10.9 million was $311 thousand higher than the year ended October 31, 2019.

***2019 vs. 2018***

Operating expenses totaled $54.2 million for the fiscal year ended October 31, 2019, representing a $7.0 million increase compared to the fiscal year ended October 31, 2018. The expenses include: wages and related benefits; OPEB; other operating and administrative expenses; and depreciation and amortization.

Wages and related benefits totaling $16.7 million increased $925 thousand over the previous fiscal year ended October 31, 2018. This increase consisted of wages and payroll taxes of $500 thousand, as well as an increase in other benefits of approximately $425 thousand.

OPEB expenses for the Organization increased for the fiscal year ended October 31, 2019 by $1.1 million due to the increase in the discount rate based on actuarial assumptions compared to the prior year.

Other operating and administrative expenses of $24.3 million increased by $4.7 million for the year ended October 31, 2019.

Depreciation and amortization expenses for the fiscal year ended October 31, 2019 of $10.6 million was $236 thousand higher than the year ended October 31, 2018.

***Nonoperating Revenues (Expenses)***

***2020 vs. 2019***

Total nonoperating expenses were a net $29.8 million higher for the year ended October 31, 2020 than the year ended October 31, 2019. A provision for a transfer to the City of $185.0 million in excess revenues was charged to expense for the year ended October 31, 2020, an increase of $29.7 million from the year ended October 31, 2019. In addition, a provision for transfer to the City for the 2010 Agreement of $44.7 million was charged to expense for the year ended October 31, 2020, an increase of $3.4 million from the year ended October 31, 2019.

Investment and other income decreased year over year by $6.4 million primarily due to $5.8 million of realized and unrealized gains in the portfolio during the year ended October 31, 2020, plus a $563 thousand decrease in portfolio investment income. Net interest expense decreased $7.8 million, including $3.8 million of bond issuance costs that were not incurred during the year ended October 31, 2020 for the issuance in the prior fiscal year for the 2019 revenue bonds. Additionally, there was a $4 million decrease in interest expense from $35.9 million at October 31, 2019 compared to $31.9 million at October 31, 2020 for the 2009, 2013 and 2019 Revenue Bonds, as well as the net interest expense for swaps.

***2019 vs. 2018***

Total nonoperating expenses were a net $3.1 million lower for the year ended October 31, 2019 than the year ended October 31, 2018. A provision for a transfer to the City of $155.4 million in excess revenues was charged to expense for the year ended October 31, 2019, an increase of $613 thousand from the year ended October 31, 2018. In addition, a provision for transfer to the City for the 2010 Agreement of $41.3 million was charged to expense for the year ended October 31, 2019, a decrease of $338 thousand from the year ended October 31, 2018.

Investment and other income increased year over year by $11.2 million primarily due to $11.6 million of realized and unrealized gains in the portfolio during the year ended October 31, 2019, which offset a $382 thousand decrease in portfolio investment income.

Net interest expense decreased $310 thousand, including $3.9 million of additional interest expense that did not exist at October 31, 2018 for the issuance in the current fiscal year for the 2019 revenue bonds. This amount was offset by less interest expense of $3.6 million at October 31, 2019 compared to October 31, 2018 for the 2009 and 2013 Revenue bonds, as well as the net interest expense for swaps.

***Change in Net Position (Deficit)***

The total net deficits at October 31, 2020 and 2019 were $479.6 million and $515.8 million, respectively.

The total net deficits at October 31, 2019 and 2018 were $515.8 million and $560.7 million, respectively.

***Other Information***

***Debt Administration –*** On December 22, 2009, the Authority issued $56,600,000 of fixed-rate Senior Revenue Bonds, Series A (Federally Taxable – Build America Bonds), (the "2009 Series A Bonds") and $30,635,000) of fixed-rate Senior Revenue Bonds, Series 2009 B (the "2009 Series B Bonds") (see notes 11 and 17). At October 31, 2020, there were no 2009 Series A Bonds or 2009 Series B Bonds outstanding.

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 October 31, 2020, outstanding bonds and ratings were as follows:

| | Outstanding debt | Fitch | Moody's |
|---|---|---|---|
| 2013 Senior Revenue A Bonds * | $ 232,030,000 | AAA | Aaa |

* Source: Fitch - rating as of March 17, 2017, Moody's - rating as of October 19, 2018

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 October 31, 2020, outstanding bonds and ratings were as follows:

| | Outstanding debt | Fitch | Moody's |
|---|---|---|---|
| 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* | 300,000,000 | AA+ | Aa1 |
| 2019 Junior Revenue E Bonds | 150,000,000 | Not rated | Not rated |

* Source: Fitch - rating as of May 18, 2020, Moody's - rating as of June 14, 2019

***COVID-19 Pandemic*** - The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results.

***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 Web site is: www.bpca.ny.gov.

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

Statements of Net Position (Deficit)

October 31, 2020 and 2019

| **Assets** | | **2020** | **2019** |
|---|---|---|---|
| Current assets: | | | |
| Bank deposits | $ | 55,512 | 42,936 |
| Investments (notes 3(e) and 3(k)) | | 14,290,520 | 17,347,836 |
| Restricted assets: | | | |
| Rents and other receivables (net of allowance for doubtful accounts of $2,240,375 in 2020 and $1,803,872 in 2019) (note 15) | | 6,246,540 | 7,671,865 |
| 2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10) | | 285,842,329 | 257,480,288 |
| 2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11) | | 380,000 | 1,345,342 |
| 2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12) | | 7,448,805 | 10,413,173 |
| 2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13) | | 43,862,301 | 55,397,072 |
| Bond resolution fund receivables (notes 3(e), 8, 9, 12 and 14(b)) | | 384,000 | — |
| Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19) | | 2,330,704 | 1,484,830 |
| Total current assets | | 360,840,711 | 351,183,342 |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| 2003 General Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 10) | | 34,849,096 | 33,338,267 |
| 2009 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 11) | | 164,169 | 261,624 |
| 2013 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 12) | | 5,847,649 | 4,104,844 |
| 2019 Revenue Bond Resolution Funds (notes 3(e), 3(k), 8, 9, and 13) | | 34,985,321 | 39,753,741 |
| Residential lease required funds (note 3(e) and 3(k)) | | 29,066,447 | 29,117,119 |
| Corporate-designated, escrowed, and OPEB funds (notes 3(e), 3(k), 19) | | 87,016,181 | 71,774,688 |
| Battery Park City project assets – at cost, less accumulated depreciation (notes 2, 3(c), and 4) | | 529,934,997 | 521,956,614 |
| Other assets | | 7,228,870 | 4,769,426 |
| Total noncurrent assets | | 729,092,730 | 705,076,323 |
| Total assets | | 1,089,933,441 | 1,056,259,665 |
| **Deferred Outflows of Resources** | | | |
| Deferred pension outflows (note 18) | | 5,982,932 | 2,147,067 |
| Deferred OPEB outflows (note 19) | | 3,229,663 | 2,329,507 |
| Accumulated change in fair value of interest rate swaps (notes 3(j) and 10) | | 16,159,650 | 746,509 |
| Unamortized loss on extinguishment of bonds (notes 3(g), 11 and 12) | | 14,532,049 | 15,830,769 |
| Deferred costs of refunding, less accumulated amortization of $7,678,755 in 2020 and $1,479,464 in 2019 (note 10) | | 72,335,703 | 78,534,994 |
| Total deferred outflows of resources | | 112,239,997 | 99,588,846 |
| Total assets and deferred outflows of resources | $ | 1,202,173,438 | 1,155,848,511 |

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

Statements of Net Position (Deficit)

October 31, 2020 and 2019

| **Liabilities** | | **2020** | **2019** |
|---|---|---|---|
| Current liabilities: | | | |
| Accrued interest on bonds | $ | 12,203,688 | 10,074,623 |
| Accounts payable and other liabilities (note 16) | | 6,277,608 | 6,554,103 |
| Accrued pension payable (note 18) | | 7,796,174 | 1,897,514 |
| Due to the City of New York (note 14) | | 185,036,280 | 155,389,471 |
| Due to the City of New York - 2010 Agreement (note 14) | | 44,722,646 | 41,323,443 |
| Due to the Port Authority of New York & New Jersey (note 20(c)) | | 869,381 | 869,381 |
| Unearned revenue (note 3(d)): | | | |
| PILOT revenue | | 44,482,150 | 40,995,851 |
| Base rent and other revenue | | 16,126,585 | 12,978,802 |
| Security and other deposits | | 4,738 | 4,738 |
| 2013 Revenue Bonds (notes 8, 9, and 12) | | 25,735,000 | 24,590,000 |
| 2019 Revenue Bonds (notes 8, 9, and 13) | | 4,050,000 | — |
| Bond resolution fund payables (notes 3(e), 8, 9, 12) | | — | 6,887,092 |
| Total current liabilities | | 347,304,250 | 301,565,018 |
| Noncurrent liabilities: | | | |
| Unearned revenue (note 3(d)): | | | |
| Base rent and other revenue | | 212,853,972 | 224,825,159 |
| Security and other deposits | | 29,406,518 | 29,112,482 |
| OPEB (note 19) | | 38,363,000 | 34,844,588 |
| Fair value of interest rate swaps (notes 3(j) and 10) | | 16,159,650 | 746,509 |
| Imputed borrowing (note 3(j) and 10) | | 72,335,703 | 78,534,993 |
| Bonds outstanding (notes 8, 9, 10, 11, 12, 13 and 17): | | | |
| 2013 Revenue Bonds, less accumulated amortization of $20,076,664 in 2020 and $17,244,992 in 2019 | | 237,443,388 | 266,010,060 |
| 2019 Revenue Bonds, less accumulated amortization of $3,119,861 in 2020 and $602,589 in 2019 | | 720,444,318 | 727,011,590 |
| Total noncurrent liabilities | | 1,327,006,549 | 1,361,085,381 |
| Total liabilities | | 1,674,310,799 | 1,662,650,399 |
| **Deferred Inflows of Resources** | | | |
| Deferred pension inflows (note 18) | | 393,925 | 835,556 |
| Deferred OPEB inflows (note 19) | | 7,077,953 | 8,156,163 |
| Total deferred inflows of resources | | 7,471,878 | 8,991,719 |
| **Net Position (Deficit)** | | | |
| Net investment in capital assets | | 15,270,063 | 9,365,512 |
| Restricted: | | | |
| Debt service | | 51,237,934 | 47,462,490 |
| Under bond resolutions and other agreements | | 2,020,894 | 9,039,196 |
| Unrestricted (deficit) | | (548,138,130) | (581,660,805) |
| Total net position (deficit) | | (479,609,239) | (515,793,607) |
| Total liabilities, deferred inflows of resources and net position (deficit) | $ | 1,202,173,438 | 1,155,848,511 |

See accompanying notes to financial statements.

**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)

Years Ended October 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Operating revenues: | | |
| Revenues from ground leases (notes 5, 6, and 7): | | |
| Base rent | $ 63,116,514 | 61,976,552 |
| Supplemental rent | 880,724 | 1,321,086 |
| Payments in lieu of real estate taxes (note 14) | 271,007,680 | 245,649,054 |
| Civic facilities payments and other | 13,351,831 | 15,644,134 |
| Total operating revenues | 348,356,749 | 324,590,826 |
| Operating expenses: | | |
| Wages and related benefits | 18,485,029 | 16,734,791 |
| OPEB (note 19) | 2,609,378 | 2,563,285 |
| Other operating and administrative expenses | 24,973,003 | 24,337,991 |
| Depreciation of project assets | 10,124,213 | 9,843,050 |
| Other depreciation and amortization | 743,100 | 713,239 |
| Total operating expenses | 56,934,723 | 54,192,356 |
| Operating income | 291,422,026 | 270,398,470 |
| Nonoperating revenues (expenses): | | |
| Investment income on funds relating to: | | |
| 2003 Revenue Bonds (note 10) | 1,243,753 | 1,689,182 |
| Corporate-designated, escrowed, and OPEB funds | 1,328,832 | 1,446,145 |
| Realized and unrealized gains | 7,022,914 | 12,857,425 |
| Loss on project assets | (760,462) | — |
| Interest expense relating to: | | |
| 2003 Swap agreements – net expense | (9,314,163) | (6,559,659) |
| 2003 Revenue Bonds (note 10) | (11,823) | (11,758) |
| 2009 Revenue Bonds (note 11) | — | (2,839,568) |
| 2013 Revenue Bonds (note 12) | (8,676,728) | (22,554,175) |
| 2019 Revenue Bonds (note 13) | (13,899,887) | (3,947,574) |
| Loss on extinguishment from debt | (1,298,720) | (1,319,383) |
| Bond issuance costs | (12,344) | (3,813,506) |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts (note 14) | (185,033,064) | (155,386,254) |
| Provision for transfer to the City of New York per 2010 agreement (note 14) | (44,722,646) | (41,326,660) |
| Provision for transfer to the City of New York - West Thames St Pedestrian Bridge | (1,103,320) | (3,682,084) |
| Total nonoperating expenses | (255,237,658) | (225,447,869) |
| Change in net position (deficit) | 36,184,368 | 44,950,601 |
| Net deficit, beginning of year | (515,793,607) | (560,744,208) |
| Net deficit, end of year | $ (479,609,239) | (515,793,607) |

See accompanying notes to financial statements.

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Tenant payments | $ 342,189,818 | 308,747,786 |
| Miscellaneous receipts | 364,648 | 1,289,559 |
| Total cash receipts from operating activities | 342,554,466 | 310,037,345 |
| Cash payments for: | | |
| Salaries and benefits | (17,771,684) | (17,090,879) |
| Services and supplies | (25,885,820) | (21,945,459) |
| Total cash payments for operating activities | (43,657,504) | (39,036,338) |
| Net cash provided by operating activities | 298,896,962 | 271,001,007 |
| Cash flows from noncapital financing activities: | | |
| Payments from LMDC West Thames St Pedestrian Bridge | 1,709,003 | 8,876,962 |
| Payments to NYC EDC - West Thames St Pedestrian Bridge | (2,581,243) | (12,559,046) |
| Payments to the City of New York | (196,709,698) | (196,438,157) |
| Net cash used in noncapital financing activities | (197,581,938) | (200,120,241) |
| Cash flows from capital and related financing activities: | | |
| Development costs – site improvements and construction | (19,455,573) | (20,608,174) |
| Capital asset expenditures | (1,046,366) | (634,835) |
| Receipts for capital projects | 533,084 | — |
| Payments for bond issuance costs | (12,344) | (3,812,006) |
| Auction fees for variable debt | (11,823) | (11,758) |
| Swap payment made on the 2003 Swap agreement | (9,288,312) | (16,515,397) |
| Swap interest payments received on the 2003 Swap agreement | 316,946 | 5,004,789 |
| Interest paid on 2009 Senior Revenue Bonds | — | (4,984,619) |
| Principal paydown on 2009 Senior Revenue Bonds | — | (355,000) |
| Interest paid on 2013 Senior Revenue Bonds | (12,098,150) | (13,221,900) |
| Principal paydown on 2013 Senior Revenue Bonds | (24,590,000) | (23,360,000) |
| Interest paid on 2013 Bonds CDE | — | (10,840,004) |
| Principal paydown on 2013 Bonds CDE | — | (3,700,000) |
| Interest paid on 2019 Senior Revenue Bonds | (7,917,148) | — |
| Interest paid on 2019 Junior Revenue Bonds | (4,651,104) | (1,076,959) |
| Remarketing fees for Series 2019D | (150,103) | (23,014) |
| Bond purchase agreement fees for Series 2019D | (1,304,747) | — |
| Margin rate fees | — | (3,185,927) |
| Proceeds from 2019 Bonds issuance | — | 102,113,563 |
| Payments for 2019 Bonds issuance | — | (52,461,627) |
| Transfer from Escrow Account for Bond Refunding | — | 4,214,509 |
| 2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury | — | 905,894 |
| Net cash used in capital and related financing activities | (79,675,640) | (42,552,465) |
| Cash flows from investing activities: | | |
| Interest and realized gains received on investment securities | 7,892,576 | 11,552,913 |
| Maturities and redemptions of investment securities | 921,282,583 | 786,932,813 |
| Purchases of investment securities | (1,000,912,419) | (796,106,172) |
| Net cash (used in) provided by investing activities | (71,737,260) | 2,379,554 |
| (Decrease) increase in cash and cash equivalents | (50,097,876) | 30,707,855 |
| Cash and cash equivalents, beginning of year | 166,247,060 | 135,539,205 |
| Cash and cash equivalents, end of year | $ 116,149,184 | 166,247,060 |




(Continued)

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**
(A Component Unit of the State of New York)
Statements of Cash Flows
Years Ended October 31, 2020 and 2019

| | | 2020 | 2019 |
|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | $ | 291,422,026 | 270,398,470 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Provision for bad debt expense | | 436,503 | 1,273,834 |
| Depreciation and amortization | | 10,867,313 | 10,556,289 |
| Other | | (75,913) | 229,324 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in rents and other receivables | | 996,936 | (4,489,185) |
| (Increase) in other assets | | (2,231,446) | (328,909) |
| (Decrease) in accounts payable and other liabilities | | (342,562) | (138,772) |
| (Decrease) in revenue received in advance | | (5,337,105) | (8,481,132) |
| Increase (decrease) in OPEB | | 3,518,412 | (5,347,412) |
| Increase in pension liability | | 5,898,660 | 1,067,156 |
| Changes in deferred resources: | | | |
| Deferred pension resources | | (4,277,496) | (784,534) |
| Deferred OPEB resources | | (1,978,366) | 7,045,878 |
| Net cash provided by operating activities | $ | 298,896,962 | 271,001,007 |
| Reconciliation to cash and cash equivalents, end of year: | | | |
| Bank deposits | $ | 55,512 | 42,936 |
| Cash and cash equivalents (note 3(e)) | | 45,387,330 | 56,878,028 |
| Investments with less than 91-day maturities (note 3(e)) | | 70,706,342 | 109,326,096 |
| Cash and cash equivalents, end of year | $ | 116,149,184 | 166,247,060 |

See accompanying notes to financial statements.

## (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'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 a payment to the City and the 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 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 community center, a public library, four not-for-profit condos owned by the Authority, and approximately 8,600 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.

## (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, net pension liability and other postemployment benefits. Actual results could differ from those estimates.

### *(c) Project Assets*

Costs incurred by the Authority in developing the Project as of October 31, 2020 and 2019 were capitalized as project assets and were classified as follows:

| | | Balance at October 31, 2019 | Additions | Deletions | Balance at October 31, 2020 |
|---|---|---|---|---|---|
| Land | $ | 83,015,653 | — | — | 83,015,653 |
| Site improvements | | 465,537,094 | 14,176,686 | 915,264 | 478,798,516 |
| Residential building and condominiums | | 137,518,866 | 4,686,372 | — | 142,205,238 |
| Total project assets | | 686,071,613 | 18,863,058 | 915,264 | 704,019,407 |
| Less: accumulated depreciation: | | | | | |
| Site improvements | | 127,113,644 | 6,807,912 | 154,802 | 133,766,754 |
| Residential building and condominiums | | 37,001,355 | 3,316,301 | — | 40,317,656 |
| Total accumulated depreciation | | 164,114,999 | 10,124,213 | 154,802 | 174,084,410 |
| Net project assets | $ | 521,956,614 | 8,738,845 | 760,462 | 529,934,997 |

| | | Balance at October 31, 2018 | Additions | Deletions | Balance at October 31, 2019 |
|---|---|---|---|---|---|
| Land | $ | 83,015,653 | — | — | 83,015,653 |
| Site improvements | | 441,873,740 | 23,663,354 | — | 465,537,094 |
| Residential building and condominiums | | 137,180,295 | 338,571 | — | 137,518,866 |
| Total project assets | | 662,069,688 | 24,001,925 | — | 686,071,613 |
| Less: accumulated depreciation: | | | | | |
| Site improvements | | 120,484,376 | 6,629,268 | — | 127,113,644 |
| Residential building and condominiums | | 33,787,572 | 3,213,783 | — | 37,001,355 |
| Total accumulated depreciation | | 154,271,948 | 9,843,051 | — | 164,114,999 |
| Net project assets | $ | 507,797,740 | 14,158,874 | — | 521,956,614 |

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. 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*

Revenue from ground leases is recognized as income as such amounts become receivable under the provisions of each lease, except that PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as income during future periods. 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 2020 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.

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.

### *(e) Investments*

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 October 31, 2020 and 2019, included within the statements of net position (deficit) as investments, corporate designated, escrowed and OPEB funds, bond resolution funds (see note 8) and residential lease required fund accounts, were as follows:

| | October 31, 2020 | | | October 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Fair value | Weighted average maturity (years) (a) | Cost | Fair value | Weighted average maturity (years) (a) |
| U.S. Treasury securities: | | | | | | |
| Treasury Bills | $ 362,958,734 | 363,089,845 | 0.20 | $ 343,208,285 | 344,511,546 | 0.16 |
| Treasury Bonds | 78,024,170 | 80,306,380 | 3.45 | 75,021,743 | 74,786,480 | 3.26 |
| Treasury Strips | 2,478,639 | 2,624,746 | 4.24 | 343,043 | 363,566 | 5.26 |
| Total U.S. Treasury securities | 443,461,543 | 446,020,971 | | 418,573,071 | 419,661,592 | |
| Commercial paper | 19,572,406 | 19,598,474 | 0.11 | 18,042,099 | 18,227,872 | 0.01 |
| Federal agency securities | 6,398,995 | 6,408,720 | 0.13 | — | — | — |
| Federal agency mortgage backed securities | 4,031,734 | 4,187,861 | 2.91 | 5,865,363 | 5,936,683 | 2.79 |
| Municipal bonds | 9,635,082 | 9,745,913 | 1.84 | 10,812,947 | 10,808,574 | 1.52 |
| Supra National Agency | 14,428,780 | 14,734,253 | 2.65 | 10,275,437 | 10,306,075 | 1.09 |
| Total investments | 497,528,540 | 500,696,192 | 0.87 | 463,568,917 | 464,940,796 | 0.74 |
| Cash and cash equivalents | 45,387,330 | 45,387,330 | | 56,878,028 | 56,878,028 | |
| Total investments | $ 542,915,870 | 546,083,522 | | $ 520,446,945 | 521,818,824 | |

(a) Portfolio weighted average effective duration

As of October 31, 2020 and 2019, restricted assets included cash and cash equivalents and investments with less than 91-day maturities amounting to $116,093,672 and $166,204,124 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.

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 (see note 12), 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) consist of net position that are not classified as net investment in capital assets or that are 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 debt 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 when purchased 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.

***(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 October 31, 2020, 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 $72.3 million and $78.5 million at October 31, 2020 and 2019, respectively. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a negative fair value (from August 6, 2019) of $16.2 million and $747 thousand at October 31, 2020 and 2019, respectively. This negative fair value is recorded as a deferred outflow of resources and a liability 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 October 31, 2020 and 2019 were as follows:

| | October 31, 2020 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Assets at fair value: | | | | |
| U.S. Treasury Securities: | | | | |
| Treasury Bills | $ 363,089,845 | - | - | 363,089,845 |
| Treasury Bonds | 80,306,380 | - | - | 80,306,380 |
| Treasury Strips | 2,624,746 | - | - | 2,624,746 |
| Commercial Paper | - | 19,598,474 | - | 19,598,474 |
| Federal Agency Securities | - | 6,408,720 | - | 6,408,720 |
| Federal Agency Mortgage Backed Securities | - | 4,187,861 | - | 4,187,861 |
| Municipal Bonds | - | 9,745,913 | - | 9,745,913 |
| Supra National Bonds | - | 14,734,253 | - | 14,734,253 |
| Total assets at fair value | $ 446,020,971 | 54,675,221 | - | 500,696,192 |
| Liabilities at fair value: | | | | |
| Interest rate swaps | $ - | - | 16,159,650 | 16,159,650 |
| Total liabilities at fair value | $ - | - | 16,159,650 | 16,159,650 |

| | October 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets at fair value: | | | | |
| U.S. Treasury Securities: | | | | |
| Treasury Bills | $ 344,511,546 | - | - | 344,511,546 |
| Treasury Bonds | 74,786,480 | - | - | 74,786,480 |
| Treasury Strips | 363,566 | - | - | 363,566 |
| Commercial Paper | - | 18,227,872 | - | 18,227,872 |
| Federal Agency Mortgage Backed Securities | - | 5,936,683 | - | 5,936,683 |
| Municipal Bonds | - | 10,808,574 | - | 10,808,574 |
| Supra National Bonds | - | 10,306,075 | - | 10,306,075 |
| Total assets at fair value | $ 419,661,592 | 45,279,204 | - | 464,940,796 |
| Liabilities at fair value: | | | | |
| Interest rate swaps | $ - | - | 746,509 | 746,509 |
| Total liabilities at fair value | $ - | - | 746,509 | 746,509 |



### *(l) Tax Abatements*

The primary objective of GASB 77 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 years ended October 31, 2020 and 2019 were $15.9 million and $19.2 million, respectively.

The 467a tax abatements for the years ended October 31, 2020 and 2019 were $6.8 million and $7.6 million, respectively.

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

All of the Authority’s bonds outstanding as of October 31, 2020 (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) New Accounting Pronouncements*

GASB Statement No. 87, *Leases*, ("GASB 87") is effective for reporting periods beginning after June 15, 2021. 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 previously were 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. The Authority is evaluating the impact of GASB 87 on the Authority's financial statements. The Authority has determined that the impact of implementation may have a material impact on the Authority's statement of net position (deficit) which it plans to implement in April 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, ("GASB 89") is effective for reporting periods beginning after December 15, 2020. The objective of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Authority has determined that GASB 89 does not have an impact on the Authority's financial statements.



GASB Statement No. 90, *Majority Equity Interests*, ("GASB 90") is effective for reporting periods beginning after December 15, 2019. GASB 90 clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The Authority has determined that GASB 90 does not have an impact on the Authority's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, ("GASB 91") is effective for reporting periods beginning after December 15, 2021. The primary objective of GASB 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The Authority has determined that GASB 91 does not have an impact on the Authority's financial statements.

GASB Statement No. 92, *Omnibus 2020*, ("GASB 92"). GASB 92 is generally effective for reporting periods beginning after June 15, 2021. The objective of GASB 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Authority has determined that GASB 92 does not have an impact on the Authority's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, ("GASB 93"). Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate ("IBOR") – most notably, the London Interbank Offered Rate ("LIBOR"). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of GASB 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. However, with the issuance of GASB 95 in May 2020, the effective date of GASB 93 was postponed for one year. The Authority has completed the process of evaluating GASB 93 and implementation is referenced under note 10.

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 not completed the process of evaluating GASB 94, but does not expect it to 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.

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 GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not completed the process of evaluating GASB 96, but does not expect it to have an impact on the Authority's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, ("GASB 97"). The objectives of GASB 97 are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Authority has determined that GASB 97 will not have an impact on the Authority's financial statements.

**(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 October 31, 2020, the City had not expressed its intent regarding its right to reacquire the Project site.

**(5) Commercial Development**

In 1981, the Authority and Olympia & York Battery Park Company ("O&Y"), an affiliate of Olympia & York Development Limited, entered into a lease, pursuant to which O&Y constructed four buildings, consisting of approximately 8,000,000 square feet of office space and a maximum of 325,000 square feet of retail space. These buildings are collectively known as Brookfield Place ("BP"). In 1983, the lease was replaced with four separate severance leases, one of which was assigned by O&Y to the American Express Company and certain of its affiliates ("American Express"). O&Y has been reorganized as a result of bankruptcy proceedings and has changed its name to Brookfield Financial Properties ("BFP").

In September 2002, BFP acquired an interest in approximately 50% of Brookfield Place 200 Vesey Street from American Express. In November 2013, BFP acquired the lease hold interest in the New York Mercantile Exchange ("NYMEX") lease consisting of approximately 502,000 additional square feet.

As of October 31, 2020, all commercial development leases expire in 2069 and provide for future base rent payments aggregating $1 billion over the lease terms, which includes base rent of $20.4 million per annum from 2021 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.

**(6) Residential and Other Development**

In 1980, the Authority entered into a lease with a limited profit housing company (the "Housing Company"), which constructed an apartment complex consisting of 1,712 rental apartment units (the "Gateway Project").

In addition to the Gateway Project, the Authority has entered into 30 leases of residential buildings consisting of 8,275 units containing 3,750 condominium and 4,525 rental units, including 115 condominium units in a mixed-use building containing a museum and The Wagner Hotel. All the leases expire in 2069.

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 (see note 7).

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.

## (7) Future Minimum Lease Revenue

The future minimum base rent and other minimum lease payments (including supplemental rent, as applicable, through the first appraisal date (see note 6)) to be received under the ground leases during each of the Authority's five fiscal years ending from October 31, 2021 through 2025 and through the end of the lease term (thereafter), are as follows (in 000s):

| | | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
|---|---|---|---|---|---|---|---|---|
| Commercial development: | | | | | | | | |
| Base rent | $ | 20,115 | 20,137 | 20,137 | 20,137 | 20,137 | 896,827 | 997,490 |
| Residential developments: | | | | | | | | |
| Gateway project base rent | | 305 | 305 | 308 | 318 | 327 | 1,410 | 2,973 |
| S. Res. Neighborhood: | | | | | | | | |
| Base rent | | 20,241 | 20,807 | 21,223 | 21,609 | 22,006 | 1,658,881 | 1,764,767 |
| Other minimum payments | | 11,216 | 11,504 | 11,800 | 12,105 | 12,417 | 68,245 | 127,287 |
| Subtotal S. Res. | | 31,457 | 32,311 | 33,023 | 33,714 | 34,423 | 1,727,126 | 1,892,054 |
| N. Res. Neighborhood: | | | | | | | | |
| Base rent | | 8,923 | 9,189 | 9,463 | 9,743 | 10,029 | 715,239 | 762,586 |
| Other minimum payments | | 18,100 | 16,433 | 17,819 | 18,990 | 20,472 | 414,670 | 506,484 |
| Subtotal N. Res. | | 27,023 | 25,622 | 27,282 | 28,733 | 30,501 | 1,129,909 | 1,269,070 |
| Total | $ | 78,900 | 78,375 | 80,750 | 82,902 | 85,388 | 3,755,272 | 4,161,587 |

Amounts in the above tabulation do not include PILOT (other than minimum supplemental, incremental or minimum PILOT rent payments under the residential leases) and other payments to be received under the ground leases. These minimum payments will be recorded as revenues (supplemental rents) only to the extent that minimum amounts exceed PILOT revenues due. Contingent payments are also excluded from the above tabulation.

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

The current and noncurrent balance in the funds and accounts established in accordance with the Authority's 2003 General Bond Resolution Funds and held by trustees were as follows at October 31, 2020 and 2019:

| | | 2003 General Bond Resolution Funds | | | |
|---|---|---|---|---|---|
| October 31, 2020 | | General Bond Resolution | Senior Bonds | Junior Bonds | Total General Bond Resolution |
| Reserve Fund | $ | 34,849,096 | — | — | 34,849,096 |
| Project Operating Fund | | 8,234,407 | — | — | 8,234,407 |
| Debt Service Funds | | — | 44,650,441 | 23,120,016 | 67,770,457 |
| Residual Fund | | 1,095,122 | — | — | 1,095,122 |
| Pledged Revenue Fund | | 208,742,343 | — | — | 208,742,343 |
| | $ | 252,920,968 | 44,650,441 | 23,120,016 | 320,691,425 |

As of October 31, 2020, there were in transit 2003 Debt Service Bond Resolution Fund receivables of $384,000. Accordingly, this amount has been included in the bond resolution fund receivables amount in the statement of net position (deficit).

| | | 2003 General Bond Resolution Funds | | |
|---|---|---|---|---|
| **October 31, 2019** | **General Bond Resolution** | **Senior Bonds** | **Junior Bonds** | **Total General Bond Resolution** |
| Reserve Fund | $ 33,338,266 | — | — | 33,338,266 |
| Project Operating Fund | 8,489,364 | — | — | 8,489,364 |
| Debt Service Funds | — | 46,645,530 | 15,086,175 | 61,731,705 |
| Residual Fund | 2,808,077 | — | — | 2,808,077 |
| Pledged Revenue Fund | 181,102,278 | — | — | 181,102,278 |
| Subordinated Payment Fund | 3,348,865 | — | — | 3,348,865 |
| | $ 229,086,850 | 46,645,530 | 15,086,175 | 290,818,555 |

As of October 31, 2019, there were in transit 2003 Debt Service Bond Resolution Fund payables of $6,887,092. Accordingly, this amount has been included in the bond resolution funds payable 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 Bond Resolutions and were held by trustees as follows at October 31, 2020 and 2019:

| | 2009 Revenue Bonds | | |
|---|---|---|---|
| **October 31, 2020** | **2009A Senior Revenue Bonds** | **2009B Senior Revenue Bonds** | **Total 2009 Bonds** |
| Project Costs Fund | $ 544,087 | 82 | 544,169 |

| | 2009 Revenue Bonds | | |
|---|---|---|---|
| **October 31, 2019** | **2009A Senior Revenue Bonds** | **2009B Senior Revenue Bonds** | **Total 2009 Bonds** |
| Project Costs Fund | $ 686,191 | 920,775 | 1,606,966 |

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 October 31, 2020 and 2019:

| October 31, 2020 | | 2013 Revenue Bonds 2013A Senior Revenue Bonds | 2013B Senior Revenue Bonds | Total 2013 Bonds |
|---|---|---|---|---|
| Project Costs Fund | $ | 13,296,454 | — | 13,296,454 |

| October 31, 2019 | | 2013 Revenue Bonds 2013A Senior Revenue Bonds | 2013B Senior Revenue Bonds | Total 2013 Bonds |
|---|---|---|---|---|
| Project Costs Fund | $ | 14,518,017 | — | 14,518,017 |

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 October 31, 2020 and 2019:

| | | 2019 Revenue Bonds | | | |
|---|---|---|---|---|---|
| October 31, 2020 | | 2019A Senior Revenue Bonds | 2019B Senior Revenue Bonds | 2019C Senior Revenue Bonds | Total 2019 Bonds |
| Cost of Issuance | $ | 5,628 | — | — | 5,628 |
| Project Cost Funds | | 66,128,570 | 9,161,246 | 3,552,178 | 78,841,994 |
| | $ | 66,134,198 | 9,161,246 | 3,552,178 | 78,847,622 |

| | | 2019 Revenue Bonds | | | |
|---|---|---|---|---|---|
| October 31, 2019 | | 2019A Senior Revenue Bonds | 2019B Senior Revenue Bonds | 2019C Senior Revenue Bonds | Total 2019 Bonds |
| Cost of Issuance | $ | 12,496 | — | — | 12,496 |
| Project Cost Funds | | 82,034,904 | 9,586,803 | 3,516,610 | 95,138,317 |
| | $ | 82,047,400 | 9,586,803 | 3,516,610 | 95,150,813 |

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.

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; and (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.



The Act, as amended, also authorizes the Authority to issue bonds for the purpose of furthering the development of a commodities and futures exchange facility in Battery Park City in an amount not to exceed $110 million, 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 October 31, 2020, no bonds were issued for this purpose.

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).

The Act, as amended on December 12, 2019, also authorizes the Authority to issue bonds for the purpose of financing capital costs in connection with a program of infrastructure construction, improvements and other capital expenditures for the project area in an aggregate principal amount not to exceed $500 million, 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.

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.

## (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 August 2024, and thereafter 65% one-month LIBOR 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.

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.

| | Swap Notional Amortization | Interest-rate swaps | | |
|---|---|---|---|---|
| | | Payment | Pro-Forma Receipts | Pro-Forma Net payment |
| Year ended October 31: | | | | |
| 2021 | $ 5,725,000 | (11,721,739) | 328,215 | (11,393,524) |
| 2022 | 5,950,000 | (11,516,726) | 363,370 | (11,153,356) |
| 2023 | 6,150,000 | (11,304,250) | 427,536 | (10,876,714) |
| 2024 | 6,400,000 | (11,083,872) | 539,016 | (10,544,856) |
| 2025 | 6,600,000 | (10,855,592) | 664,293 | (10,191,299) |
| 2026 – 2030 | 144,225,000 | (44,986,525) | 4,842,844 | (40,143,681) |
| 2031 – 2033 | 161,575,000 | (10,388,935) | 1,655,311 | (8,733,624) |
| Totals | $ 336,625,000 | (111,857,639) | 8,820,585 | (103,037,054) |

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 August 6, 2024, thereafter 65% of one-month LIBOR 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 October 31, 2020 (one-week SIFMA and 65% of one-month LIBOR, 0.12% and 0.0780%, respectively), actual receipts will depend on the actual fluctuation of one-week SIFMA and one-month LIBOR.

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 June of 2024, the Swaps floating rate index reverts back to 65% of one-month LIBOR, which may result in additional 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. 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. GASB 53 requires that associated interest swaps be tested for hedge effectiveness to qualify for the application of hedge accounting. On October 31, 2020 and 2019, 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 $72.3 million and $78.5 million at October 31, 2020 and 2019, respectively. Apart from the imputed borrowing, the interest rate swap agreements, which continue in effect and continue as a hedge, had a negative fair value (from August 6, 2019) of $16.2 million and $747 thousand at October 31, 2020 and 2019, respectively. This negative fair value is recorded as a deferred outflow of resources and a liability on the Authority's statements of net position (deficit).

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") (see note 17). At October 31, 2020, 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 Debt, when the bonds were refunded.

**(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 $14.5 million and $15.8 million at October 31, 2020 and 2019, 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 October 31, 2020, principal and interest payments due on the 2013 Series A Senior Revenue Bonds were as follows:

**2013 Series A Senior Revenue Bonds:**

| | Coupon Rate | | Principal amount | Interest |
|---|---|---|---|---|
| Year ended October 31: | | | | |
| 2021 | 4.00% - 5.00% | $ | 25,735,000 | 10,868,525 |
| 2022 | 4.00% - 5.00% | | 27,015,000 | 9,555,350 |
| 2023 | 4.00% - 5.00% | | 28,380,000 | 8,178,050 |
| 2024 | 5.00% | | 29,760,000 | 6,730,050 |
| 2025 | 5.00% | | 28,740,000 | 5,267,550 |
| 2026 – 2030 | 5.00% | | 73,670,000 | 11,130,000 |
| 2031 – 2032 | 4.00% - 5.00% | | 18,730,000 | 841,575 |
| Totals | | $ | 232,030,000 | 52,571,100 |

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.

**2013 Series C, D, and E Junior Revenue Bonds:**

All 2013 Series C, D, and E Junior Revenue Bonds were refunded on August 6, 2019 and, as of that date, are no longer obligations of the Authority.

**Special Fund**

In September 2003, the Authority entered into an agreement with the City, which supplemented the Settlement Agreement, to provide for the custody of the Special Fund. The Authority established a new Special Fund, funded with $46 million and from the proceeds of the former Special Fund created pursuant to a former 1993 Master Revenue Resolution upon the dissolution of such existing Special Fund in connection with the 2003 refunding of outstanding Authority bonds. The Special Fund may only be used by the Authority, as necessary: (i) to pay debt service obligations of the Authority on its bonds, or (ii) for purposes that are jointly agreed upon between the City and the Authority, as the same may be amended from time to time. Neither the Special Fund nor the monies on deposit from time to time therein may be pledged to secure any obligation pursuant to any Resolutions authorizing additional bonds or other bonds or debt obligations of the Authority.

Income and earnings actually received by or for the account of the Authority from investments of monies on deposit from time to time in the Special Fund shall be treated as revenues. In addition to a $40 million commitment from the Special Fund (see note 20(c)), in November 2013, the Authority entered into an amendment with the City committing up to $5 million dollars of funds held in the Special Fund for the construction of Pier A Plaza project and any balances remaining to flow to the City. As of October 31, 2020, the full $5 million had been used for the construction of Pier A Plaza and the remaining balances were transferred to the City.

**(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 2018E (the "2019 Series E Bonds") to a bank.

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 October 31, 2020, 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**

| | Coupon Rate | Principal amount | Interest |
|---|---|---|---|
| Year ended October 31: | | | |
| 2021 | — | $ — | 3,346,900 |
| 2022 | — | — | 3,346,900 |
| 2023 | — | — | 3,346,900 |
| 2024 | — | — | 3,346,900 |
| 2025 | — | — | 3,346,900 |
| 2026 – 2030 | — | — | 16,734,500 |
| 2031 – 2035 | — | — | 16,734,500 |
| 2036 – 2040 | — | — | 16,734,500 |
| 2041 – 2045 | 4.00% | 29,135,000 | 14,383,600 |
| 2046 – 2050 | 5.00% | 43,630,000 | 5,666,750 |
| Totals | | $ 72,765,000 | 86,988,350 |

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.

**2019 Series B Senior Revenue Bonds**

| | Coupon Rate | Principal amount | Interest |
|---|---|---|---|
| Year ended October 31: | | | |
| 2021 | — | $ — | 7,318,150 |
| 2022 | — | — | 7,318,150 |
| 2023 | — | — | 7,318,150 |
| 2024 | — | — | 7,318,150 |
| 2025 | — | — | 7,318,150 |
| 2026 – 2030 | 5.00% | 810,000 | 36,550,750 |
| 2031 – 2035 | 5.00% | 25,355,000 | 34,339,375 |
| 2036 – 2040 | 5.00% | 93,905,000 | 22,595,375 |
| 2041 – 2045 | 4.00% - 5.00% | 26,440,000 | 686,725 |
| Totals | | $ 146,510,000 | 130,762,975 |

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**

| | Coupon Rate | | Principal amount | Interest |
|---|---|---|---|---|
| Year ended October 31: | | | | |
| 2021 | — | $ | — | 90,321 |
| 2022 | — | | — | 90,321 |
| 2023 | — | | — | 90,321 |
| 2024 | — | | — | 90,321 |
| 2025 | — | | — | 90,321 |
| 2026 – 2027 | 2.53% | | 3,570,000 | 225,803 |
| Totals | | $ | 3,570,000 | 677,408 |

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 bears interest at a variable-rate based on one-week SIFMA plus applicable fees. The Authority has also entered into a standby 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.

**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 October 31, 2020, principal and interest payments due on the 2019 Series D and Series E variable-rate bonds were as follows:

| | | Junior D | | Junior E | | Total | |
|---|---|---|---|---|---|---|---|
| | | Principal | Interest | Principal | Interest | Principal | Interest |
| Year ended October 31: | | | | | | | |
| 2021 | $ | 2,700,000 | 1,876,822 | 1,350,000 | 1,116,791 | 4,050,000 | 2,993,613 |
| 2022 | | 2,820,000 | 1,915,519 | 1,415,000 | 1,134,409 | 4,235,000 | 3,049,928 |
| 2023 | | 2,930,000 | 1,995,220 | 1,470,000 | 1,172,459 | 4,400,000 | 3,167,679 |
| 2024 | | 3,090,000 | 2,142,551 | 1,545,000 | 1,244,265 | 4,635,000 | 3,386,816 |
| 2025 | | 4,970,000 | 2,318,724 | 2,490,000 | 1,329,315 | 7,460,000 | 3,648,039 |
| 2026 – 2030 | | 74,700,000 | 12,764,856 | 37,335,000 | 7,115,130 | 112,035,000 | 19,879,986 |
| 2031 – 2035 | | 112,850,000 | 9,558,055 | 56,425,000 | 5,210,444 | 169,275,000 | 14,768,499 |
| 2036 – 2039 | | 95,940,000 | 1,826,092 | 47,970,000 | 987,875 | 143,910,000 | 2,813,967 |
| Total | $ | 300,000,000 | 34,397,839 | 150,000,000 | 19,310,688 | 450,000,000 | 53,708,527 |

The above schedule reflects interest on one-week SIFMA on October 28, 2020 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 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 $155.4 million of PILOT-related receipts provided for the transfer to the City during the year ended October 31, 2019 was transferred in April 2020. A provision in the amount of $185.0 million has been charged as a nonoperating expense for the year ended October 31, 2020.

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.

After meeting that $400 million obligation, an additional amount of up to $200 million is to be distributed by the Authority to a City 421-A affordable housing fund followed by a $261 million distribution to a City pay-as-you-go capital fund. All funds are to be paid as available in the Joint Purpose Fund and there is no time limit or a minimum for the amount that needs to be paid or accrued over time.

As of October 31, 2020, the Authority has made payments totaling $200 million to satisfy the City 421-A fund obligation. In addition, the Authority has provided from operations a total of $256.2 million against the $261 million City pay-as-you-go capital fund obligation, which includes the current year provision of $44.7 million charged to nonoperating expenses for the year ended October 31, 2020.

## (15) Rents and Other Receivables

Rents and other receivables consisted of the following at October 31:

| | | 2020 | 2019 |
|---|---|---|---|
| Rents receivable | $ | 7,771,711 | 8,835,635 |
| Interest receivable | | 606,592 | 598,476 |
| Miscellaneous receivables | | 108,612 | 41,626 |
| Total receivables | | 8,486,915 | 9,475,737 |
| Less allowance for doubtful accounts | | (2,240,375) | (1,803,872) |
| Net receivables | $ | 6,246,540 | 7,671,865 |

## (16) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consisted of the following at October 31:

| | | 2020 | 2019 |
|---|---|---|---|
| Amounts due to vendors | $ | 3,757,274 | 4,666,885 |
| Contract retention costs | | 1,156,085 | 659,816 |
| Accrued bond fees | | 348,048 | 327,043 |
| Due to developers | | 37,416 | 37,416 |
| Accrued payroll and benefits | | 978,785 | 862,943 |
| Total | $ | 6,277,608 | 6,554,103 |

## (17) Long-Term Liabilities

The Organization's bonds and other long-term liabilities as of October 31, 2020 and 2019 were comprised of the following obligations:

| | October 31, 2019 | Additions | Deletions | October 31, 2020 | Due within one year |
|---|---|---|---|---|---|
| **Authority bonds outstanding:** | | | | | |
| **2013 Revenue Bonds:** | | | | | |
| Series 2013A | 256,620,000 | — | 24,590,000 | 232,030,000 | 25,735,000 |
| Unamortized net premiums | 33,980,060 | — | 2,831,672 | 31,148,388 | — |
| Subtotal 2013 Bonds | 290,600,060 | — | 27,421,672 | 263,178,388 | 25,735,000 |
| **2019 Revenue Bonds:** | | | | | |
| 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 | 300,000,000 | — | — | 300,000,000 | 2,700,000 |
| Series 2019E | 150,000,000 | — | — | 150,000,000 | 1,350,000 |
| Subtotal | 672,845,000 | — | — | 672,845,000 | 4,050,000 |
| Unamortized net premiums | 54,166,590 | — | 2,517,272 | 51,649,318 | — |
| Subtotal 2019 Bonds | 727,011,590 | — | 2,517,272 | 724,494,318 | 4,050,000 |
| Total bonds outstanding | 1,017,611,650 | — | 29,938,944 | 987,672,706 | 29,785,000 |
| **Other long-term liabilities:** | | | | | |
| OPEB | 34,844,588 | 4,600,142 | 1,081,730 | 38,363,000 | — |
| Imputed borrowing | 78,534,993 | — | 6,199,290 | 72,335,703 | — |
| Fair value of interest rate swap | 746,509 | 15,413,141 | — | 16,159,650 | — |
| Unearned revenue | 278,799,812 | 4,227,073 | 9,564,178 | 273,462,707 | 60,608,735 |
| Security and other deposits | 29,117,220 | 294,036 | — | 29,411,256 | 4,738 |
| Total other long-term liabilities | 422,043,122 | 24,534,392 | 16,845,198 | 429,732,316 | 60,613,473 |
| Total long-term liabilities | $ 1,439,654,772 | 24,534,392 | 46,784,142 | 1,417,405,022 | 90,398,473 |

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 October 31, 2020 column less the due within one year equals the non-current liabilities total.

The Organization's bonds and other long-term liabilities as of October 31, 2019 and 2018 were comprised of the following obligations:

| | October 31, 2018 | Additions | Deletions | October 31, 2019 | Due within one year |
|---|---|---|---|---|---|
| **Authority bonds outstanding:** | | | | | |
| **2009 Revenue Bonds:** | | | | | |
| Series 2009A | $ 56,600,000 | — | 56,600,000 | — | — |
| Series 2009B | 28,410,000 | — | 28,410,000 | — | — |
| Subtotal | 85,010,000 | — | 85,010,000 | — | — |
| Unamortized net premiums | 1,165,851 | — | 1,165,851 | — | — |
| Subtotal 2009 Bonds | 86,175,851 | — | 86,175,851 | — | — |
| **2013 Revenue Bonds:** | | | | | |
| Series 2013A | 279,980,000 | — | 23,360,000 | 256,620,000 | 24,590,000 |
| Series 2013C | 206,020,000 | — | 206,020,000 | — | — |
| Series 2013D | 192,225,000 | — | 192,225,000 | — | — |
| Series 2013E | 192,225,000 | — | 192,225,000 | — | — |
| Subtotal | 870,450,000 | — | 613,830,000 | 256,620,000 | 24,590,000 |
| Unamortized net premiums | 36,811,731 | — | 2,831,671 | 33,980,060 | — |
| Subtotal 2013 Bonds | 907,261,731 | — | 616,661,671 | 290,600,060 | 24,590,000 |
| **2019 Revenue Bonds:** | | | | | |
| 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 | — | 300,000,000 | — | 300,000,000 | — |
| Series 2019E | — | 150,000,000 | — | 150,000,000 | — |
| Subtotal | — | 672,845,000 | — | 672,845,000 | — |
| Unamortized net premiums | — | 54,769,179 | 602,589 | 54,166,590 | — |
| Subtotal 2019 Bonds | — | 727,614,179 | 602,589 | 727,011,590 | — |
| Total bonds outstanding | 993,437,582 | 727,614,179 | 703,440,111 | 1,017,611,650 | 24,590,000 |
| **Other long-term liabilities:** | | | | | |
| OPEB | 40,192,000 | 4,581,344 | 9,928,756 | 34,844,588 | — |
| Imputed borrowing | 51,222,737 | 28,791,720 | 1,479,464 | 78,534,993 | — |
| Fair value of interest rate swap | — | 30,886,269 | 30,139,760 | 746,509 | — |
| Unearned revenue | 287,280,944 | — | 8,481,132 | 278,799,812 | 53,974,653 |
| Security and other deposits | 28,385,856 | 731,364 | — | 29,117,220 | 4,738 |
| Total other long-term liabilities | 407,081,537 | 64,990,697 | 50,029,112 | 422,043,122 | 53,979,391 |
| Total long-term liabilities | $ 1,400,519,119 | 792,604,876 | 753,469,223 | 1,439,654,772 | 78,569,391 |

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 October 31, 2019 column less the due within one year equals the non-current liabilities total.

## (18) Retirement Costs

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

| Year | | ERS |
|---|---|---|
| 2020 | $ | 965,189 |
| 2019 | | 1,165,323 |
| 2018 | | 930,358 |
| | $ | 3,060,870 |

At the end of fiscal year 2020, the Authority pre-funded the 2021 required contribution in the amount of $1,036,597 which has been included in deferred outflows of resources in the accompanying financial statements.

At the end of fiscal year 2019, the Authority pre-funded the 2020 required contribution in the amount of $965,189 which has been included in deferred outflows of resources in the accompanying financial statements.

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

At October 31, 2020 and 2019, the Authority reported a liability of $7,796,174 and $1,897,514, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of the Systems' fiscal year end at March 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability 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 October 31, 2020 and 2019, the Authority's proportion was 0.0294411% and 0.0267810%, respectively.

For the years ended October 31, 2020 and 2019, the Authority recognized pension expense of $2,687,152 and $1,247,811, respectively. At October 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**October 31, 2020**

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ | 458,836 | |
| Changes of assumptions | | 156,978 | 135,548 |
| Net difference between projected and actual earnings on pension plan investments | | 3,996,698 | |
| Changes in proportion and differences between LG contributions and proportionate share of contributions | | 333,823 | 258,377 |
| LG contributions subsequent to the measurement date | | 1,036,597 | |
| Total | $ | 5,982,932 | 393,925 |

**October 31, 2019**

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ | 373,660 | 127,377 |
| Changes of assumptions | | 476,957 | |
| Net difference between projected and actual earnings on pension plan investments | | | 487,007 |
| Changes in proportion and differences between LG contributions and proportionate share of contributions | | 331,261 | 221,172 |
| LG contributions subsequent to the measurement date | | 965,189 | |
| Total | $ | 2,147,067 | 835,556 |



As of October 31, 2020 and 2019, $5,982,932 and $2,147,067 was reported as a deferred outflow of resources, respectively, and $393,925 and $835,556 was reported as a deferred inflow of resources, respectively, including a deferred outflow of resources amounting to $1,036,597 and $965,189 as of October 31, 2020 and 2019, 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: | | |
|---|---|---|
| 2021 | $ | 1,826,265 |
| 2022 | | 1,131,839 |
| 2023 | | 1,473,329 |
| 2024 | | 1,157,574 |
| 2025 | | – |
| Thereafter | | – |
| | $ | 5,589,007 |

**Actuarial Assumptions**

The total pension liability at the System's year-end of March 31, 2020 and 2019 was determined by using an actuarial valuation as of April 1, 2019 and 2018, with update procedures used to roll forward the total pension liability to the System's year-end of March 31, 2020 and 2019.

Significant actuarial assumptions used in the April 1, 2019 and 2018 valuations were as follows:

| | |
|---|---|
| 2019 | |
| Interest rate | 6.8% |
| Salary scale | |
| ERS | 4.2% |
| Decrement tables | April 1, 2010 – March 31, 2015 |
| System's Experience | |
| Inflation rate | 2.5% |
| | |
| 2018 | |
| Interest rate | 7.0% |
| Salary scale | |
| ERS | 4.2% |
| Decrement tables | April 1, 2010 – March 31, 2015 |
| System's Experience | |
| Inflation rate | 2.5% |

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the 2019 and 2018 valuations are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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, 2020 and 2019 are summarized below.

**March 31, 2020**

| Asset Type | Target Allocation | Long Term Expected Real Rate |
|---|---|---|
| Domestic Equity | 36.00% | 4.05% |
| International Equity | 14.00% | 6.15% |
| Private Equity | 10.00% | 6.75% |
| Real Estate | 10.00% | 4.95% |
| Absolute Return | 2.00% | 3.25% |
| Opportunistic Portfolio | 3.00% | 4.65% |
| Real Asset | 3.00% | 5.95% |
| Bonds, Cash & Mortgages | 18.00% | 0.75% |
| Inflation Indexed Bonds | 4.00% | 0.50% |

**March 31, 2019**

| Asset Type | Target Allocation | Long Term Expected Real Rate |
|---|---|---|
| Domestic Equity | 36.00% | 4.55% |
| International Equity | 14.00% | 6.35% |
| Private Equity | 10.00% | 7.50% |
| Real Estate | 10.00% | 5.55% |
| Absolute Return | 2.00% | 3.75% |
| Opportunistic Portfolio | 3.00% | 5.68% |
| Real Asset | 3.00% | 5.29% |
| Bonds, Cash & Mortgages | 18.00% | 1.06% |
| Inflation Indexed Bonds | 4.00% | 1.25% |



### Discount Rate

The discount rates used to calculate the total pension liability as of March 31, 2020 and 2019 were 6.8% and 7.0%, respectively. 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 liability.

### Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate as of October 31, 2020:

**October 31, 2020**

| | | 1% Decrease (5.8%) | Current Discount (6.8%) | 1% Increase (7.8%) |
|---|---|---|---|---|
| Authority's share of the Net Pension Liability (Asset) | $ | 14,308,181 | 7,796,174 | 1,798,589 |

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate as of October 31, 2019:

**October 31, 2019**

| | | 1% Decrease (6.0%) | Current Discount (7.0%) | 1% Increase (8.0%) |
|---|---|---|---|---|
| Authority's share of the Net Pension Liability (Asset) | $ | 8,296,233 | 1,897,514 | (3,477,864) |

**Pension plan fiduciary net position**

The components of the current-year net pension liability of the System's plan year-end of March 31, 2020 and 2019 were as follows:

**(Dollars in Thousands)**

| | | **2020 Employees' Retirement System** | **2019 Employees' Retirement System** |
|---|---|---|---|
| Employers' total pension liability | $ | 194,596,261 | 189,803,429 |
| Plan net position | | (168,115,682) | (182,718,124) |
| Employers' net pension liability | $ | 26,480,579 | 7,085,305 |
| Ratio of plan net position to the employers' total pension liability | | 86.4% | 96.3% |

Beginning July 1, 2013, New York State made the Voluntary Defined Contribution plan ("VDC") option will be 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 Benefits (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. As of October 31, 2020, 185 participants, including 131 employees and 54 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 years ended October 31, 2020 and 2019 and in accordance with GASB Statement 75, updated actuarial valuations were completed for the valuations dated, November 1, 2018. This is the date as of which the actuarial valuations were performed. The measurement date is October 31, 2019. This is the date as of which the OPEB liabilities were determined.

### *(b) Funding*

The contribution requirements (funding) of the Authority's total OPEB obligation are at the discretion of management as approved by the members of the Board. The Authority's total OPEB obligation continues to be financed on a pay-as-you-go basis from assets segregated for the exclusive purpose of paying OPEB obligations.

### *(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 October 31, 2020 and 2019, $38,363,000 and $34,844,588, respectively, was reported for the Authority's total OPEB liability.

For the years ended October 31, 2020 and 2019, the Authority recognized OPEB expenses of $2,609,378 and $2,563,285, respectively.

Deferred inflows of resources and deferred outflows of resources are a portion of changes in total 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 October 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**October 31, 2020**

| | | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|---|
| Changes of assumptions | $ | 7,077,953 | 2,160,330 |
| Contributions subsequent to measurement date | | - | 1,069,333 |
| | $ | 7,077,953 | 3,229,663 |

**October 31, 2019**

| | | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|---|
| Changes of assumptions | $ | 8,156,163 | 1,464,688 |
| Contributions subsequent to measurement date | | - | 864,819 |
| | $ | 8,156,163 | 2,329,507 |

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

| Year ended October 31: | | |
|---|---|---|
| 2021 | $ | 374,082 |
| 2022 | | (695,251) |
| 2023 | | (695,251) |
| 2024 | | (695,251) |
| 2025 | | (891,722) |
| Thereafter | | (1,244,897) |
| | $ | (3,848,290) |

### *(d) Actuarial Methods and Assumptions*

The Authority's total OPEB liabilities were determined by an actuarial valuation as of November 1, 2018, using the following actuarial assumptions:

Significant actuarial assumptions used in the November 1, 2018 valuation were as follows:

<u>2018</u>

| | |
|---|---|
| Inflation rate | 2.30% |
| Salary scale | 3.30% |
| Health cost | Getzen Model Version 2019 |
| Mortality | RPH-2006 Mortality Tables |

This valuation report 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. 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.

<u>2018</u>

The annual healthcare cost trend rates vary based on type of health coverage valued; initial trends start at 5.5% to 6.6%, declining approximately 0.1% each year to an ultimate trend rate of 4.6%. The trend rates reflect a general inflation level of 2.3%.

### *(e) Discount Rate*

The discount rates used to calculate the total OPEB liability as of October 31, 2020 and 2019 were 3.67% and 3.85%, 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 October 31, 2020, calculated using the discount rate of 3.67%, as well as the what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.67 percent) or 1-percentage-point higher (4.67 percent) than the current rate:

**October 31, 2020**

| | | 1% Decrease 2.67% | Current Discount 3.67% | 1% Increase 4.67% |
|---|---|---|---|---|
| Total OPEB Liability | $ | 45,347,000 | 38,363,000 | 32,835,000 |

The following represents the Authority's total OPEB liability estimated as of October 31, 2019, calculated using the discount rate of 3.85%, as well as the what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.85 percent) or 1-percentage-point higher (4.85 percent) than the current rate:

**October 31, 2019**

| | | 1% Decrease 2.85% | Current Discount 3.85% | 1% Increase 4.85% |
|---|---|---|---|---|
| Total OPEB Liability | $ | 41,110,536 | 34,844,588 | 29,875,435 |

The following represents the Authority's total OPEB liability estimated as of October 31, 2020, 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:

**October 31, 2020**

| | | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|---|
| Total OPEB Liability | $ | 31,840,000 | 38,363,000 | 46,957,000 |

The following represents the Authority's total OPEB liability estimated as of October 31, 2019, calculated using the current healthcare cost trend rates as well as 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:

**October 31, 2019**

| | | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|---|
| Total OPEB Liability | $ | 29,259,752 | 34,844,588 | 42,140,229 |

### *(g) OPEB Status and Funding Progress*

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2020 is as follows: The following is a list of significant changes in the actuarial assumptions from the prior year:

| | | |
|---|---|---|
| OPEB Balance at November 1, 2019 | $ | 34,844,588 |
| Changes for the period: | | |
| Service cost | | 1,947,427 |
| Interest | | 1,399,202 |
| Benefit payments | | (906,819) |
| Changes in assumptions | | 1,078,602 |
| Net changes | | 3,518,412 |
| OPEB Balance at October 31, 2020 | $ | 38,363,000 |

The discount rate decreased from 3.85% to 3.67%.

Healthcare related assumptions (NYSHIP premiums, per capita claims costs and healthcare trend) were updated from 2017 to 2019.

The mortality improvement scale was updated from MP-2016 to MP-2018.

The Authority's OPEB obligation and the funded status of the plan as of October 31, 2019 is as follows:

| | | |
|---|---|---|
| OPEB Balance at November 1, 2018 | $ | 40,192,000 |
| Changes for the period: | | |
| Service cost | | 2,103,000 |
| Interest | | 1,401,514 |
| Benefit payments | | (925,199) |
| Changes in assumptions | | (7,926,727) |
| Net changes | | (5,347,412) |
| OPEB Balance at October 31, 2019 | $ | 34,844,588 |



Corporate assets held at October 31, 2020 and 2019 in separate corporate OPEB accounts for the exclusive purpose of paying OPEB obligations were approximately $42.8 million and $40.6 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 $56.8 million as of October 31, 2020.

(b) The Authority rents office space in Brookfield Place 200 Liberty Street, community meeting space, field offices and maintenance space in condominium buildings in Battery Park City as well as an offsite storage facility. Total rent expense amounted to $1.3 million and $1.3 million for the years ended October 31, 2020 and 2019, respectively. The future minimum lease payments are as follows:

| | | |
|---|---|---|
| Year ended October 31: | | |
| 2021 | $ | 893,287 |
| 2022 | | 210,600 |
| 2023 | | 204,600 |
| 2024 | | 204,600 |
| 2025 | | 204,600 |
| Thereafter | | 68,200 |
| Total minimum payments required | $ | 1,785,887 |

(c) 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 (see note 12) to the PANYNJ for the pedestrian underpass under Route 9A. The concourse will connect the Winter Garden (on the west, at the edge of Battery Park City) and the World Trade Center site on the east. As of October 31, 2020, the Authority had disbursed a total sum of $39,130,619 to the PANYNJ.

(d) Pursuant to its ground lease with 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 $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.

**(21) Battery Park City Parks Conservancy**

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. The Conservancy was formed by the Authority to comply with certain requirements of agreements between the Authority and the City pursuant to which the Authority is obligated to maintain and repair the parks and open spaces in and around Battery Park City's residential areas. In March 1988, the Authority entered into a management agreement with the Conservancy, which authorized the Conservancy to undertake all responsibilities, related to the operation, maintenance, and repair of such parks and open spaces. For each of the fiscal years ended October 31, 2020 and 2019, the Authority paid the Conservancy $581 thousand and $1.1 million, respectively for services, which are included in the Authority's operating expenses. This is eliminated in the blending of the Conservancy's financial statements into the Authority's financial statements (see Other Supplementary Information – Combining Statement of Net Position (Deficit)).

**(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**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Authority is currently unable to fully determine the extent of COVID-19's impact in future periods. The Authority's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Authority continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results. The Authority does not expect the impact of COVID-19 to have a material impact on its operations.

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**
(A Component Unit of the State of New York)
Required Supplementary Information – Schedule of the Organization's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years * (Unaudited)

**Schedule of the Organization's Proportionate Share of the Net Pension Liability**

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

| | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|---|
| The Authority's proportion of the net pension liability (asset) | 0.02944110% | 0.02678100% | 0.02572800% | 0.02614580% | 0.01468700% | 0.01539080% |
| The Authority's proportionate share of the net pension liability (asset) | $ 7,796 | $ 1,898 | $ 830 | $ 2,457 | $ 2,357 | $ 519 |
| The Authority's covered payroll | $ 9,287 | $ 8,735 | $ 8,071 | $ 8,054 | $ 5,664 | $ 3,843 |
| The Authority's proportionate share of the net pension liability (asset) as a percentage of covered payroll | 83.95% | 21.73% | 10.28% | 30.51% | 41.61% | 13.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.40% | 96.30% | 98.20% | 94.70% | 90.70% | 98.10% |

**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:

| Measurement Date - March 31: | Percentage |
|---|---|
| 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
Last 10 Fiscal Years (Unaudited)

**Schedule of Employer Contributions**

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 965 | $ 1,165 | $ 930 | $ 713 | $ 518 | $ 710 | $ 605 | $ 541 | $ 527 | $ 624 |
| Contribution in relation to the actuarially determined contribution | $ 965 | $ 1,165 | $ 930 | $ 713 | $ 518 | $ 710 | $ 605 | $ 541 | $ 527 | $ 624 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| The Authority's covered payroll | $ 9,287 | $ 8,735 | $ 8,071 | $ 8,054 | $ 5,664 | $ 3,843 | $ 4,427 | $ 4,220 | $ 3,061 | $ 4,589 |
| Contribution as a percentage of covered payroll | 10.39% | 13.34% | 11.52% | 8.85% | 9.15% | 18.48% | 13.67% | 12.82% | 17.22% | 13.60% |

**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 Lability and Related Ratios
Last 10 Fiscal Years * (Unaudited)

(Dollar amounts in thousands)

**Schedule of Changes in Total OPEB Liability and Related Ratios**

| | | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Total OPEB Liability** | | | | |
| Service cost | $ | 1,947 | 2,103 | 2,137 |
| Interest cost | | 1,399 | 1,402 | 1,288 |
| Effect of economic/demographic gains or (losses) | | 1,079 | (7,927) | (1,260) |
| Benefit Payments | | (907) | (925) | (896) |
| **Net Change in Total OPEB Liability** | | 3,518 | (5,347) | 1,269 |
| **Total OPEB Liability - Beginning** | | 34,845 | 40,192 | 38,923 |
| **Total OPEB Liability - Ending** | $ | 38,363 | 34,845 | 40,192 |
| **Covered employee payroll** | $ | 10,432 | 9,943 | 9,406 |
| **Total OPEB Liability as a Percentage of Covered Employee Payroll** | | 368% | 350% | 427% |

**Notes to Schedule:**

This schedule is intended to present the 10 most current fiscal years of data. However, only three years of data are available with the adoption of GASB Statement 75 during the year ended October 31, 2018.

Changes of assumptions

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

| Year Ended | Percentage |
|---|---|
| 2020 | 3.67% |
| 2019 | 3.85% |
| 2018 | 3.35% |

The assets that have been accumulated do not meet the definition of a trust as defined in GASB Statement 75 to pay related benefits, as the assets are not irrevocable. 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 last 10 fiscal years 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)
October 31, 2020



| **Assets** | **Battery Park City Authority** | **Battery Park City Parks Conservancy** | **Total** |
|---|---|---|---|
| Current assets: | | | |
| Bank deposits | $ 21,120 | 34,392 | 55,512 |
| Investments | 14,290,520 | — | 14,290,520 |
| Restricted assets: | | | |
| Rents and other receivables (net of allowance for doubtful accounts of $2,240,375) | 6,246,540 | — | 6,246,540 |
| 2003 General Bond Resolution Funds | 285,842,329 | — | 285,842,329 |
| 2009 Revenue Bond Resolution Funds | 380,000 | — | 380,000 |
| 2013 Revenue Bond Resolution Funds | 7,448,805 | — | 7,448,805 |
| 2019 Revenue Bond Resolution Funds | 43,862,301 | — | 43,862,301 |
| Bond resolution fund receivables | 384,000 | — | 384,000 |
| Corporate-designated, escrowed, and OPEB funds | 2,330,704 | — | 2,330,704 |
| Total current assets | 360,806,319 | 34,392 | 360,840,711 |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| 2003 General Bond Resolution Funds | 34,849,096 | — | 34,849,096 |
| 2009 Revenue Bond Resolution Funds | 164,169 | — | 164,169 |
| 2013 Revenue Bond Resolution Funds | 5,847,649 | — | 5,847,649 |
| 2019 Revenue Bond Resolution Funds | 34,985,321 | | 34,985,321 |
| Residential lease required funds | 29,066,447 | — | 29,066,447 |
| Corporate-designated, escrowed, and OPEB funds | 87,016,181 | — | 87,016,181 |
| Battery Park City project assets – at cost, less accumulated depreciation | 529,934,997 | — | 529,934,997 |
| Other assets | 7,228,870 | — | 7,228,870 |
| Total noncurrent assets | 729,092,730 | — | 729,092,730 |
| Total assets | 1,089,899,049 | 34,392 | 1,089,933,441 |
| **Deferred Outflows of Resources** | | | |
| Deferred pension outflows | 5,982,932 | — | 5,982,932 |
| Deferred OPEB outflows | 3,229,663 | — | 3,229,663 |
| Accumulated decrease in fair value of interest rate swaps | 16,159,650 | — | 16,159,650 |
| Unamortized loss on extinguishment of bonds | 14,532,049 | — | 14,532,049 |
| Deferred costs of refunding, less accumulated amortization of $7,678,755 | 72,335,703 | — | 72,335,703 |
| Total deferred outflows of resources | 112,239,997 | — | 112,239,997 |
| Total assets and deferred outflows of resources | $ 1,202,139,046 | 34,392 | 1,202,173,438 |



(Continued)

**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)
October 31, 2020

| **Liabilities** | | **Battery Park City Authority** | **Battery Park City Parks Conservancy** | **Total** |
|---|---|---|---|---|
| Current liabilities: | | | | |
| Accrued interest on bonds | $ | 12,203,688 | — | 12,203,688 |
| Accounts payable and other liabilities | | 6,277,608 | — | 6,277,608 |
| Accrued pension payable | | 7,796,174 | — | 7,796,174 |
| Due to the City of New York | | 185,036,280 | — | 185,036,280 |
| Due to the City of New York - 2010 Agreement | | 44,722,646 | — | 44,722,646 |
| Due to the Port Authority of New York & New Jersey | | 869,381 | — | 869,381 |
| Unearned revenue: | | | | |
| PILOT revenue | | 44,482,150 | — | 44,482,150 |
| Base rent and other revenue | | 16,126,585 | — | 16,126,585 |
| Security and other deposits | | 4,738 | — | 4,738 |
| 2013 Revenue Bonds | | 25,735,000 | — | 25,735,000 |
| 2019 Revenue Bonds | | 4,050,000 | — | 4,050,000 |
| Total current liabilities | | 347,304,250 | — | 347,304,250 |
| Noncurrent liabilities: | | | | |
| Unearned revenue: | | | | |
| Base rent and other revenue | | 212,853,972 | — | 212,853,972 |
| Security and other deposits | | 29,406,518 | — | 29,406,518 |
| OPEB | | 38,363,000 | — | 38,363,000 |
| Fair value of interest rate swaps | | 16,159,650 | — | 16,159,650 |
| Imputed borrowing | | 72,335,703 | — | 72,335,703 |
| Bonds outstanding: | | | | |
| 2013 Revenue Bonds, less accumulated amortization of $20,076,664 | | 237,443,388 | — | 237,443,388 |
| 2019 Revenue Bonds, less accumulated amortization of $3,119,861 | | 720,444,318 | — | 720,444,318 |
| Total noncurrent liabilities | | 1,327,006,549 | — | 1,327,006,549 |
| Total liabilities | | 1,674,310,799 | — | 1,674,310,799 |
| **Deferred Inflows of Resources** | | | | |
| Deferred pension inflows | | 393,925 | — | 393,925 |
| Deferred OPEB inflows | | 7,077,953 | — | 7,077,953 |
| Total deferred inflows of resources | | 7,471,878 | — | 7,471,878 |
| **Net Position (Deficit)** | | | | |
| Net investment in capital assets | | 15,270,063 | — | 15,270,063 |
| Restricted: | | | | |
| Debt service | | 51,237,934 | — | 51,237,934 |
| Under bond resolutions and other agreements | | 2,020,894 | — | 2,020,894 |
| Unrestricted (deficit) | | (548,172,522) | 34,392 | (548,138,130) |
| Total net position (deficit) | | (479,643,631) | 34,392 | (479,609,239) |
| Total liabilities, deferred inflows of resources and net position (deficit) | $ | 1,202,139,046 | 34,392 | 1,202,173,438 |

See accompanying independent auditors' 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)
October 31, 2019



| **Assets** | | **Battery Park City Authority** | **Battery Park City Parks Conservancy** | **Total** |
|---|---|---|---|---|
| Current assets: | | | | |
| Bank deposits | $ | 13,435 | 29,501 | 42,936 |
| Investments | | 17,347,836 | — | 17,347,836 |
| Restricted assets: | | | | |
| Rents and other receivables (net of allowance for doubtful accounts of $1,803,872) | | 7,671,865 | — | 7,671,865 |
| 2003 General Bond Resolution Funds | | 257,480,288 | — | 257,480,288 |
| 2009 Revenue Bond Resolution Funds | | 1,345,342 | — | 1,345,342 |
| 2013 Revenue Bond Resolution Funds | | 10,413,173 | — | 10,413,173 |
| 2019 Revenue Bond Resolution Funds | | 55,397,072 | | 55,397,072 |
| Corporate-designated, escrowed, and OPEB funds | | 1,484,830 | — | 1,484,830 |
| Total current assets | | 351,153,841 | 29,501 | 351,183,342 |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| 2003 General Bond Resolution Funds | | 33,338,267 | — | 33,338,267 |
| 2009 Revenue Bond Resolution Funds | | 261,624 | — | 261,624 |
| 2013 Revenue Bond Resolution Funds | | 4,104,844 | — | 4,104,844 |
| 2019 Revenue Bond Resolution Funds | | 39,753,741 | | 39,753,741 |
| Residential lease required funds | | 29,117,119 | — | 29,117,119 |
| Corporate-designated, escrowed, and OPEB funds | | 71,774,688 | — | 71,774,688 |
| Battery Park City project assets – at cost, less accumulated depreciation | | 521,956,614 | — | 521,956,614 |
| Other assets | | 4,732,034 | 37,392 | 4,769,426 |
| Total noncurrent assets | | 705,038,931 | 37,392 | 705,076,323 |
| Total assets | | 1,056,192,772 | 66,893 | 1,056,259,665 |
| **Deferred Outflows of Resources** | | | | |
| Deferred pension outflows | | 2,147,067 | — | 2,147,067 |
| Deferred OPEB outflows | | 2,329,507 | — | 2,329,507 |
| Accumulated decrease in fair value of interest rate swaps | | 746,509 | — | 746,509 |
| Unamortized loss on extinguishment of bonds | | 15,830,769 | — | 15,830,769 |
| Deferred costs of refunding, less accumulated amortization of $1,479,464 | | 78,534,994 | — | 78,534,994 |
| Total deferred outflows of resources | | 99,588,846 | — | 99,588,846 |
| Total assets and deferred outflows of resources | $ | 1,155,781,618 | 66,893 | 1,155,848,511 |



(Continued)

**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)
October 31, 2019

| **Liabilities** | **Battery Park City Authority** | **Battery Park City Parks Conservancy** | **Total** |
|---|---|---|---|
| Current liabilities: | | | |
| Accrued interest on bonds | $ 10,074,623 | — | 10,074,623 |
| Accounts payable and other liabilities | 6,484,526 | 69,577 | 6,554,103 |
| Accrued pension payable | 1,897,514 | — | 1,897,514 |
| Due to the City of New York | 155,389,471 | — | 155,389,471 |
| Due to the City of New York - 2010 Agreement | 41,323,443 | — | 41,323,443 |
| Due to the Port Authority of New York & New Jersey | 869,381 | — | 869,381 |
| Unearned revenue: | | | |
| PILOT revenue | 40,995,851 | — | 40,995,851 |
| Base rent and other revenue | 12,978,802 | — | 12,978,802 |
| Security and other deposits | 4,738 | — | 4,738 |
| 2013 Revenue Bonds | 24,590,000 | — | 24,590,000 |
| Bond resolution fund payables | 6,887,092 | — | 6,887,092 |
| Total current liabilities | 301,495,441 | 69,577 | 301,565,018 |
| Noncurrent liabilities: | | | |
| Unearned revenue: | | | |
| Base rent and other revenue | 224,825,159 | — | 224,825,159 |
| Security and other deposits | 29,112,482 | — | 29,112,482 |
| OPEB | 34,844,588 | — | 34,844,588 |
| Fair value of interest rate swaps | 746,509 | — | 746,509 |
| Imputed borrowing | 78,534,993 | — | 78,534,993 |
| Bonds outstanding: | | | |
| 2013 Revenue Bonds, less accumulated amortization of $17,244,992 | 266,010,060 | — | 266,010,060 |
| 2019 Revenue Bonds, less accumulated amortization of $602,589 | 727,011,590 | — | 727,011,590 |
| Total noncurrent liabilities | 1,361,085,381 | — | 1,361,085,381 |
| Total liabilities | 1,662,580,822 | 69,577 | 1,662,650,399 |
| **Deferred Inflows of Resources** | | | |
| Deferred pension inflows | 835,556 | — | 835,556 |
| Deferred OPEB inflows | 8,156,163 | — | 8,156,163 |
| Total deferred inflows of resources | 8,991,719 | — | 8,991,719 |
| **Net Position (Deficit)** | | | |
| Net investment in capital assets | 9,365,512 | — | 9,365,512 |
| Restricted: | | | |
| Debt service | 47,462,490 | — | 47,462,490 |
| Under bond resolutions and other agreements | 9,039,196 | — | 9,039,196 |
| Unrestricted (deficit) | (581,658,121) | (2,684) | (581,660,805) |
| Total net position (deficit) | (515,790,923) | (2,684) | (515,793,607) |
| Total liabilities, deferred inflows of resources and net position (deficit) | $ 1,155,781,618 | 66,893 | 1,155,848,511 |

See accompanying independent auditors' 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)

Year Ended October 31, 2020

| | | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Revenues from ground leases: | | | | | |
| Base rent | $ | 63,116,514 | — | — | 63,116,514 |
| Supplemental rent | | 880,724 | — | — | 880,724 |
| Payments in lieu of real estate taxes | | 271,007,680 | — | — | 271,007,680 |
| Civic facilities payments and other | | 13,351,831 | 581,452 | (581,452) | 13,351,831 |
| Total operating revenues | | 348,356,749 | 581,452 | (581,452) | 348,356,749 |
| Operating expenses: | | | | | |
| Wages and related benefits | | 18,485,029 | — | — | 18,485,029 |
| OPEB | | 2,609,378 | — | — | 2,609,378 |
| Other operating and administrative expenses | | 25,021,127 | 533,328 | (581,452) | 24,973,003 |
| Depreciation of project assets | | 10,124,213 | — | — | 10,124,213 |
| Other depreciation and amortization | | 732,052 | 11,048 | — | 743,100 |
| Total operating expenses | | 56,971,799 | 544,376 | (581,452) | 56,934,723 |
| Operating income | | 291,384,950 | 37,076 | — | 291,422,026 |
| Nonoperating revenues (expenses): | | | | | |
| Investment income on funds relating to: | | | | | |
| 2003 Revenue Bonds | | 1,243,753 | — | — | 1,243,753 |
| Corporate-designated, escrowed, and OPEB funds | | 1,328,832 | — | — | 1,328,832 |
| Realized and unrealized gains | | 7,022,914 | — | — | 7,022,914 |
| Loss on project assets | | (760,462) | — | — | (760,462) |
| Interest expense relating to: | | | | | |
| 2003 Swap agreements – net expense | | (9,314,163) | — | — | (9,314,163) |
| 2003 Revenue Bonds | | (11,823) | — | — | (11,823) |
| 2013 Revenue Bonds | | (8,676,728) | — | — | (8,676,728) |
| 2019 Revenue Bonds | | (13,899,887) | — | — | (13,899,887) |
| Loss on extinguishment from debt | | (1,298,720) | — | — | (1,298,720) |
| Bond issuance costs | | (12,344) | — | — | (12,344) |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts | | (185,033,064) | — | — | (185,033,064) |
| Provision for transfer to the City of New York per 2010 agreement | | (44,722,646) | — | — | (44,722,646) |
| Provision for transfer to the City of New York - West Thames St Pedestrian Bridge | | (1,103,320) | | | (1,103,320) |
| Total nonoperating expenses | | (255,237,658) | — | — | (255,237,658) |
| Change in net position (deficit) | | 36,147,292 | 37,076 | — | 36,184,368 |
| Net position (deficit), beginning of year | | (515,790,923) | (2,684) | — | (515,793,607) |
| Net position (deficit), end of year | $ | (479,643,631) | 34,392 | — | (479,609,239) |

See accompanying independent auditors' 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)

Year Ended October 31, 2019



| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Revenues from ground leases: | | | | |
| Base rent | $ 61,976,552 | — | — | 61,976,552 |
| Supplemental rent | 1,321,086 | — | — | 1,321,086 |
| Payments in lieu of real estate taxes | 245,649,054 | — | — | 245,649,054 |
| Civic facilities payments and other | 15,644,134 | 1,125,000 | (1,125,000) | 15,644,134 |
| Total operating revenues | 324,590,826 | 1,125,000 | (1,125,000) | 324,590,826 |
| Operating expenses: | | | | |
| Wages and related benefits | 16,734,791 | — | — | 16,734,791 |
| OPEB | 2,563,285 | — | — | 2,563,285 |
| Other operating and administrative expenses | 24,319,608 | 1,143,383 | (1,125,000) | 24,337,991 |
| Depreciation of project assets | 9,843,050 | — | — | 9,843,050 |
| Other depreciation and amortization | 680,978 | 32,261 | — | 713,239 |
| Total operating expenses | 54,141,712 | 1,175,644 | (1,125,000) | 54,192,356 |
| Operating income | 270,449,114 | (50,644) | — | 270,398,470 |
| Nonoperating revenues (expenses): | | | | |
| Investment income on funds relating to: | | | | |
| 2003 Revenue Bonds | 1,689,182 | — | — | 1,689,182 |
| Corporate-designated, escrowed, and OPEB funds | 1,446,145 | — | — | 1,446,145 |
| Realized and unrealized gains | 12,857,425 | — | — | 12,857,425 |
| Interest expense relating to: | | | | |
| 2003 Swap agreements – net expense | (6,559,659) | — | — | (6,559,659) |
| 2003 Revenue Bonds | (11,758) | — | — | (11,758) |
| 2009 Revenue Bonds | (2,839,568) | — | — | (2,839,568) |
| 2013 Revenue Bonds | (22,554,175) | — | — | (22,554,175) |
| 2019 Revenue Bonds | (3,947,574) | — | — | (3,947,574) |
| Loss on extinguishment from debt | (1,319,383) | — | — | (1,319,383) |
| Bond issuance costs | (3,813,506) | — | — | (3,813,506) |
| Provision for transfer to the City of New York of payments in lieu of real estate taxes and other amounts | (155,386,254) | — | — | (155,386,254) |
| Provision for transfer to the City of New York per 2010 agreement | (41,326,660) | — | — | (41,326,660) |
| Provision for transfer to the City of New York - West Thames St Pedestrian Bridge | (3,682,084) | | | (3,682,084) |
| Total nonoperating expenses | (225,447,869) | — | — | (225,447,869) |
| Change in net position (deficit) | 45,001,245 | (50,644) | — | 44,950,601 |
| Net position (deficit), beginning of year | (560,792,168) | 47,960 | — | (560,744,208) |
| Net position (deficit), end of year | $ (515,790,923) | (2,684) | — | (515,793,607) |

See accompanying independent auditors' 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

Year Ended October 31, 2020

| | | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| Cash receipts from: | | | | | |
| Tenant payments | $ | 342,189,818 | — | — | 342,189,818 |
| Receipts from the Authority | | — | 600,000 | (600,000) | — |
| Miscellaneous receipts | | 364,648 | — | — | 364,648 |
| Total cash receipts from operating activities | | 342,554,466 | 600,000 | (600,000) | 342,554,466 |
| Cash payments for: | | | | | |
| Salaries and benefits | | (17,771,684) | — | — | (17,771,684) |
| Services and supplies | | (25,890,711) | (595,109) | 600,000 | (25,885,820) |
| Total cash payments for operating activities | | (43,662,395) | (595,109) | 600,000 | (43,657,504) |
| Net cash provided by operating activities | | 298,892,071 | 4,891 | — | 298,896,962 |
| Cash flows from noncapital financing activities: | | | | | |
| Payments from LMDC West Thames St Pedestrian Bridge | | 1,709,003 | — | — | 1,709,003 |
| Payments to NYC EDC - West Thames St Pedestrian Bridge | | (2,581,243) | — | — | (2,581,243) |
| Payments to the City of New York | | (196,709,698) | — | — | (196,709,698) |
| Net cash used in noncapital financing activities | | (197,581,938) | — | — | (197,581,938) |
| Cash flows from capital and related financing activities: | | | | | |
| Development costs – site improvements and construction | | (19,455,573) | — | — | (19,455,573) |
| Capital asset expenditures | | (1,046,366) | — | — | (1,046,366) |
| Receipts for capital projects | | 533,084 | — | — | 533,084 |
| Payments for bond issuance costs | | (12,344) | — | — | (12,344) |
| Auction fees for variable debt | | (11,823) | — | — | (11,823) |
| Swap payment made on the 2003 Swap agreement | | (9,288,312) | — | — | (9,288,312) |
| Swap interest payments received on the 2003 Swap agreement | | 316,946 | — | — | 316,946 |
| Interest paid on 2013 Senior Revenue Bonds | | (12,098,150) | — | — | (12,098,150) |
| Principal paydown on 2013 Senior Revenue Bonds | | (24,590,000) | — | — | (24,590,000) |
| Interest paid on 2019 Senior Revenue Bonds | | (7,917,148) | | | (7,917,148) |
| Interest paid on 2019 Junior Revenue Bonds | | (4,651,104) | — | — | (4,651,104) |
| Remarketing fees for Series 2019D | | (150,103) | — | — | (150,103) |
| Bond purchase agreement fees for Series 2019D | | (1,304,747) | — | — | (1,304,747) |
| Margin rate fees | | — | — | — | — |
| Net cash used in capital and related financing activities | | (79,675,640) | — | — | (79,675,640) |
| Cash flows from investing activities: | | | | | |
| Interest and realized gains received on investment securities | | 7,892,576 | — | — | 7,892,576 |
| Maturities and redemptions of investment securities | | 921,282,583 | — | — | 921,282,583 |
| Purchases of investment securities | | (1,000,912,419) | — | — | (1,000,912,419) |
| Net cash used in investing activities | | (71,737,260) | — | — | (71,737,260) |
| (Decrease) increase in cash and cash equivalents | | (50,102,767) | 4,891 | — | (50,097,876) |
| Cash and cash equivalents, beginning of year | | 166,217,559 | 29,501 | — | 166,247,060 |
| Cash and cash equivalents, end of year | $ | 116,114,792 | 34,392 | — | 116,149,184 |

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2020

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income | $ 291,384,950 | 37,076 | — | 291,422,026 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Provision for bad debt expense | 436,503 | — | — | 436,503 |
| Depreciation and amortization | 10,856,265 | 11,048 | — | 10,867,313 |
| Other | (75,913) | — | — | (75,913) |
| Changes in operating assets and liabilities: | | | | |
| Decrease in rents and other receivables | 996,936 | — | — | 996,936 |
| (Increase) decrease in other assets | (2,257,790) | 26,344 | — | (2,231,446) |
| (Decrease) in accounts payable and other liabilities | (272,985) | (69,577) | — | (342,562) |
| (Decrease) in revenue received in advance | (5,337,105) | — | — | (5,337,105) |
| Increase in OPEB | 3,518,412 | — | — | 3,518,412 |
| Increase in pension liability | 5,898,660 | — | — | 5,898,660 |
| Changes in deferred resources: | | | | |
| Deferred pension resources | (4,277,496) | — | — | (4,277,496) |
| Deferred OPEB resources | (1,978,366) | — | — | (1,978,366) |
| Net cash provided by operating activities | $ 298,892,071 | 4,891 | — | 298,896,962 |
| Reconciliation to cash and cash equivalents, end of year: | | | | |
| Bank deposits | $ 21,120 | 34,392 | — | 55,512 |
| Cash and cash equivalents | 45,387,330 | — | — | 45,387,330 |
| Investments with less than 91-day maturities | 70,706,342 | — | — | 70,706,342 |
| Cash and cash equivalents, end of year | $ 116,114,792 | 34,392 | — | 116,149,184 |

See accompanying independent auditors' 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

Year Ended October 31, 2019

| | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Cash receipts from: | | | | |
| Tenant payments | $ 308,747,786 | — | — | 308,747,786 |
| Receipts from the Authority | — | 1,125,000 | (1,125,000) | — |
| Miscellaneous receipts | 1,289,559 | — | — | 1,289,559 |
| Total cash receipts from operating activities | 310,037,345 | 1,125,000 | (1,125,000) | 310,037,345 |
| Cash payments for: | | | | |
| Salaries and benefits | (17,090,879) | — | — | (17,090,879) |
| Services and supplies | (21,974,310) | (1,096,149) | 1,125,000 | (21,945,459) |
| Total cash payments for operating activities | (39,065,189) | (1,096,149) | 1,125,000 | (39,036,338) |
| Net cash provided by operating activities | 270,972,156 | 28,851 | — | 271,001,007 |
| Cash flows from noncapital financing activities: | | | | |
| Payments from LMDC West Thames St Pedestrian Bridge | 8,876,962 | — | — | 8,876,962 |
| Payments to NYC EDC - West Thames St Pedestrian Bridge | (12,559,046) | — | — | (12,559,046) |
| Payments to the City of New York | (196,438,157) | — | — | (196,438,157) |
| Net cash used in noncapital financing activities | (200,120,241) | — | — | (200,120,241) |
| Cash flows from capital and related financing activities: | | | | |
| Development costs – site improvements and construction | (20,608,174) | — | — | (20,608,174) |
| Capital asset expenditures | (634,835) | — | — | (634,835) |
| Payments for bond issuance costs | (3,812,006) | — | — | (3,812,006) |
| Auction fees for variable debt | (11,758) | — | — | (11,758) |
| Swap payment made on the 2003 Swap agreement | (16,515,397) | — | — | (16,515,397) |
| Swap interest payments received on the 2003 Swap agreement | 5,004,789 | — | — | 5,004,789 |
| Interest paid on 2009 Senior Revenue Bonds | (4,984,619) | — | — | (4,984,619) |
| Principal paydown on 2009 Senior Revenue Bonds | (355,000) | — | — | (355,000) |
| Interest paid on 2013 Senior Revenue Bonds | (13,221,900) | — | — | (13,221,900) |
| Principal paydown on 2013 Senior Revenue Bonds | (23,360,000) | — | — | (23,360,000) |
| Interest paid on 2013 Bonds CDE | (10,840,004) | — | — | (10,840,004) |
| Principal paydown on 2013 Bonds CDE | (3,700,000) | — | — | (3,700,000) |
| Interest paid on 2019 Junior Revenue Bonds | (1,076,959) | — | — | (1,076,959) |
| Remarketing fees for Series 2019D | (23,014) | — | — | (23,014) |
| Margin rate fees | (3,185,927) | — | — | (3,185,927) |
| Proceeds from 2019 Bonds issuance | 102,113,563 | — | — | 102,113,563 |
| Payments for 2019 Bonds issuance | (52,461,627) | — | — | (52,461,627) |
| Transfer from Escrow Account for Bond Refunding | 4,214,509 | — | — | 4,214,509 |
| 2009 Senior Revenue Bonds - Build America Bonds refund from US Treasury | 905,894 | — | — | 905,894 |
| Net cash used in capital and related financing activities | (42,552,465) | — | — | (42,552,465) |
| Cash flows from investing activities: | | | | |
| Interest and realized gains received on investment securities | 11,552,913 | — | — | 11,552,913 |
| Maturities and redemptions of investment securities | 786,932,813 | — | — | 786,932,813 |
| Purchases of investment securities | (796,106,172) | — | — | (796,106,172) |
| Net cash provided by investing activities | 2,379,554 | — | — | 2,379,554 |
| Increase in cash and cash equivalents | 30,679,004 | 28,851 | — | 30,707,855 |
| Cash and cash equivalents, beginning of year | 135,538,555 | 650 | — | 135,539,205 |
| Cash and cash equivalents, end of year | $ 166,217,559 | 29,501 | — | 166,247,060 |





(Continued)

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

Other Supplementary Information – Combining Statement of Cash Flows

Year Ended October 31, 2019

| | | Battery Park City Authority | Battery Park City Parks Conservancy | Eliminations | Total |
|---|---|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | $ | 270,449,114 | (50,644) | — | 270,398,470 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Provision for bad debt expense | | 1,273,834 | — | — | 1,273,834 |
| Depreciation and amortization | | 10,524,028 | 32,261 | — | 10,556,289 |
| Other | | 229,324 | — | — | 229,324 |
| Changes in operating assets and liabilities: | | | | | |
| (Increase) in rents and other receivables | | (4,489,185) | — | — | (4,489,185) |
| (Increase) in other assets | | (328,909) | — | — | (328,909) |
| (Decrease) increase in accounts payable and other liabilities | | (186,006) | 47,234 | — | (138,772) |
| (Decrease) in revenue received in advance | | (8,481,132) | — | — | (8,481,132) |
| (Decrease) in OPEB | | (5,347,412) | — | — | (5,347,412) |
| Increase in pension liability | | 1,067,156 | — | — | 1,067,156 |
| Changes in deferred resources: | | | | | |
| Deferred pension resources | | (784,534) | — | — | (784,534) |
| Deferred OPEB resources | | 7,045,878 | — | — | 7,045,878 |
| Net cash provided by operating activities | $ | 270,972,156 | 28,851 | — | 271,001,007 |
| Reconciliation to cash and cash equivalents, end of year: | | | | | |
| Bank deposits | $ | 13,435 | 29,501 | — | 42,936 |
| Cash and cash equivalents | | 56,878,028 | — | — | 56,878,028 |
| Investments with less than 91-day maturities | | 109,326,096 | — | — | 109,326,096 |
| Cash and cash equivalents, end of yeai | $ | 166,217,559 | 29,501 | — | 166,247,060 |

See accompanying independent auditors' report.

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**
**PROMPT PAYMENT REPORT FOR FISCAL YEAR**
**ENDED OCTOBER 31, 2020**

## Explanation of Prompt Payment Policy

The Hugh L. Carey Battery Park City Authority (the "Authority") Prompt Payment Policy recites the requirements for prompt payment to contractors pursuant to Section 2880 of the Public Authorities Law.

## Types of Contracts

The following is an outline of categories of contracts the Authority has entered into during the twelve month period covered by this report. All types and categories of contracts are subject to the prompt payment policy.

a. Legal - all legal related services performed

b. Construction Contracts - goods and services purchased for the construction of infrastructure or Authority Projects

c. Other Procurement Contracts - all other contracts (consultants, vendors, etc.) related to the acquisition of goods or services of any kind

## Prompt Payment Report

Pursuant to Executive Orders 202.48 and 202.87, requirements regarding prompt payment under State contracts and related interest charges were suspended from July 6, 2020 through January 29, 2021. Prior to suspension, through July 31, 2020, there was a total of $9,751.34 in interest charges owed to vendors or contractors on 32 invoices for products and/or services provided to the Authority in which payments of a Proper Invoice made by the Authority exceeded 30 days.

**Summary of Interest Charges under the Prompt Pay Policy**
Fiscal Year Ended October 31, 2020*

| Department | Penalty Amount | % of Penalty | #Invoices |
|---|---|---|---|
| **Legal** | $414.31 | 4% | 5 |
| **Real Property** | 9,337.03 | 96% | 27 |
| **Total** | $9,751.34 | 100.00% | 32.00 |

*Given suspension, Prompt Pay was calculated through July 31, 2020.

NEW YORK STATE OF OPPORTUNITY. | Battery Park City Authority

# BATTERY PARK CITY AUTHORITY

# PROMPT PAYMENT POLICY

**Effective January 27, 2021**

**HUGH L. CAREY BATTERY PARK CITY AUTHORITY**
**PROMPT PAYMENT POLICY**

Section 9002.1

Statement of Policy and Purpose. This Prompt Payment Policy is adopted pursuant to Section 2880 of the Public Authorities Law, requiring each public benefit corporation to promulgate rules and regulations detailing its policy with respect to making prompt payment to contractors.

Section 9002.2

Definitions. For the purpose of this Part, the following terms shall have the following meanings unless the context shall clearly indicate otherwise:

(a) "Authority" shall mean the Hugh L. Carey Battery Park City Authority.

(b) "Contract" shall mean an enforceable agreement entered into by the Authority and a Contractor, including purchase orders. Bond resolutions and any leases to which the Authority is a party, including any leases between the Authority and any of its tenants or subtenants, as well as any related agreements which are an integral part of such leases or subleases, are not Contracts within the meaning of this Section.

(c) "Contractor" shall mean any person, partnership, private corporation or association providing or performing any of the following pursuant to a Contract:

(i) Selling materials, equipment or supplies or leasing property or equipment to the Authority;

(ii) constructing, reconstructing, rehabilitating or repairing buildings, streets or other improvements for or on behalf of the Authority; or

(iii) rendering or providing services to the Authority pursuant to a contract.

(d) "Designated Payment Office" shall mean that department within the Authority to which a proper invoice is to be submitted by a Contractor; unless otherwise, specified, the Designated Payment Office shall be:

Office of the Chief Financial Officer
Hugh L. Carey Battery Park City Authority
200 Liberty St., 24th Floor
New York, New York 10281-1097

Attention: Accounts Payable

(e) “Prompt Payment” shall mean payment of a debt due and owing by the Authority pursuant to a Contract before interest accrues thereon pursuant to the provisions of this Part.

(f) “Proper Invoice” shall mean a written request or invoice for contract payment setting forth the description, price and quantity of goods, property or services provided by a Contractor, such request or invoice being both in accordance with the terms of the Contract and in such form, and supported by such other substantiating documentation, as the Authority may reasonably require.

(g) “Receipt of a Proper Invoice” shall mean either:

(i) The date on which a Proper Invoice is received by the Designated Payment Office or

(ii) The date on which the Authority receives the purchased goods, property or services covered by the Proper Invoice, whichever is later.

(h) “Set-off” shall mean the reduction by the Authority of a payment due to a Contractor by an amount equal to the amount of an unpaid legally enforceable debt owed by the Contractor to the Authority.

Section 9002.3

Applicability. This Part shall apply to all Contracts entered into on or after April 29, 1988.

Section 9002.4

(a) Payment Request Procedure. Contractors’ owed money by the Authority shall deliver a Proper Invoice to the Designated Payment Office. The Designated Payment Office will log the receipt date of each invoice, and send it to the department unit within the Authority that received the goods, property or services from the Contractor for review and verification of the Contractor’s performance in accordance with the Contract. Contractors with Contracts which provide for payment at specific dates or intervals shall also be required to provide a Proper Invoice which certifies that the obligations required under such Contract have been performed prior to such date(s) or during such interval(s) and review and verification of the work of these Contractors will take place upon receipt of such Proper Invoice; payment shall be made in accordance with the terms of such Contracts.

(b) Prompt Payment Schedule. The schedule of the time in which the Authority will make prompt payment under a Contract is as follows:

(i) For invoices received on or after July 1, 1989, payment will be made by the Authority within 30 calendar days, excluding legal holidays, after Receipt of a Proper Invoice.

(ii) For Contracts which provide for payment at one or more specific dates or intervals, payment will be made in accordance with the terms of such Contracts, but interest shall only be payable if payment is not made within the time provided as in (i) above.

(iii) This schedule will not apply in those instances where payment is being delayed by reason of any of the exceptions listed in Section 9002.4(e) or where the time in which to make payment is being tolled for any of the reasons listed in Section 9002.4(f) herein, in which cases the time for payment shall be there provided.

(c) Interest Computation. If the Authority fails to make payment in accordance with the prompt payment schedule set forth in Section 9002.4(b) above, the Authority will pay interest to the affected Contractor at the rate equal to that set by the State Tax Commission for corporate taxes pursuant to Section 1096(e) of the Tax Law.

(d) Funds Available to Pay Interest Penalties. The Authority will pay interest as provided herein with monies available to the Authority for operating and administrative expenses pursuant to its approved budget.

(e) Extension of Payment Time. Any of the following facts, conditions or situations are determined by the Authority to be exceptions to the prompt payment schedule set forth in Section 9002.4(b) and to justify extensions of the time by which payment must be made (the amount of time of such extension being as established by the Authority's Treasurer consistent with this Part, with notice provided to the Contractor):

(i) Statutory or Contract provisions requiring an inspection period or an audit prior to payment;

(ii) The absence of a state appropriation which is necessary to authorize payment;

(iii) A requirement for federal government examination of a Proper Invoice prior to payment;

(iv) Extraordinary delay between the time of the provision of goods, property or services by a Contractor and the receipt of a Proper Invoice by the Authority;

(v) Failure by a Contractor to submit documents required by the Contract or reasonably required by the Authority prior to payment;

(vi) Where time is taken in the processing of an invoice by the State Department of Taxation and Finance, the State Division of the Budget, the Office of the State Comptroller, or any other entity external to the Authority that is or may be required by statute, regulation or Contract to approve or process Authority payments.

(f) Defects or Improprieties. The following facts or conditions toll the prompt payment schedule set forth in Section 9002.4(b):

(i) A reasonable belief by the Authority in the existence of any defects(s), including any incompleteness or failure of compliance with the terms of the Contract, in or with respect to the goods, property or services delivered;

(ii) A reasonable belief by the Authority in the existence of any defect(s) in the invoice; or

(iii) A reasonable belief by the Authority in suspected impropriety of any kind.

In order to toll the prompt payment schedule without penalty, the Authority has fifteen calendar days after receipt of an invoice to send a Contractor notification of such defects or improprieties. Authority notification shall be by letter to the Contractor, setting forth any such defect or impropriety in reasonable detail, sent to the address indicated for notices under the Contract or, if no such address is provided, sent to the address set forth in the invoice provided that, in the event that the Authority fails to so notify the Contractor within such fifteen days, the sole effect of such failure to so notify the Contractor shall be that the number of days allowed for payment shall be reduced by the number of days between such fifteenth day and the date of the Authority's transmitting such notifications. In the event that the Authority fails to provide reasonable grounds for its contention that any such defect or impropriety exists, the date by which Contract payment shall be made shall be calculated from the date of receipt of an invoice.

Section 9002.5

(a) Annual Report. The Authority shall prepare an annual report on the scope and implementation of this prompt payment policy. The report shall include, but not be limited to, the following:

(i) A listing of the types or categories of contracts which the Authority entered into during the twelve-month fiscal year covered by the report with an indication whether each such type or category of contract was subject to this prompt payment policy, and if it was not, the reason(s) why not;

(ii) The number and amount of interest payments made for contracts, arranged according to each such type or category;

(iii) The number of interest chargeable days, and the total number of days taken to process each late contract payment; and

(iv) A summary of the principal reasons why such late payments occurred.

(b) Within ninety (90) days after the completion of each such fiscal year, copies of this annual report shall be filed with the State Comptroller, the State Director of the Budget, the

Chairman of the Senate Finance Committee and the Chairman of the Assembly Ways and Means Committee.

(c) Copies of its annual report shall be made available to the public upon reasonable request at the Authority's main office.

Section 9002.6

(a) Amendment. The Authority shall have the power to amend this Part by promulgating amended rules and regulations at any time, and within thirty days of the adoption of any such amendments hereto, the Authority shall file copies with the State Comptroller, the State Director of the Budget, the Chairman of the Senate Finance Committee and the Chairman of the Assembly Ways and Means Committee.

(b) Contract Incorporation. The policy statement in effect at the time that a Contract is entered into is hereby incorporated into and made a part of that Contract.

(c) Public Access. The Authority shall make copies of this policy statement available to the public upon reasonable request at the Authority's main office. The Authority shall also provide a copy of this policy statement to each Contractor at or prior to the time a Contract is entered into.

(d) Inapplicability. This policy is not applicable to payments due and owing by the Authority to any other governmental entity, agency, public benefit corporation or the employees thereof when acting in or incidental to their public employment capacity, to interest on judgments rendered by a court against the Authority pursuant to any other provision of law, or to situations where the Authority exercises a legally authorized Set-off against all or part of a payment due a Contractor.

(e) Legal Processes. The Authority is under no liability to pay interest pursuant to this policy for any period after a Contractor has filed a claim, given notice of an intention to file a claim or commenced legal action seeking any payment of interest; interest during such period shall only be paid as directed by the court in accordance with such other provisions of law as may be applicable.

(f) Interpretation. This Part shall be interpreted consistent with and to fulfill the purposes of Section 2880 of the Public Authority Law.

**APPROVAL OF THE PROMPT PAYMENT REPORT AND PROMPT PAYMENT POLICY FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020**

BE IT RESOLVED, that the Prompt Payment Report of the Authority for the fiscal year ended October 31, 2020 and the Prompt Payment Policy in the form presented to this meeting, be, and hereby are approved; and be it further

RESOLVED, that the Treasurer of the Authority be, and hereby is, directed to file said Prompt Payment Report and Prompt Payment Policy with the (1) New York State Division of the Budget; (2) New York State Department of Audit and Control; the Chairman and ranking Minority Members of the (3) New York State Senate Finance Committee; and (4) New York State Assembly Ways and Means Committee, as required by Section 2880 of the Public Authorities Law; and be it further

RESOLVED, that the Assistant Corporate Secretary of the Authority be, and hereby is, directed to file the Prompt Payment Report and Prompt Payment Policy with the minutes of this meeting; and be it further

RESOLVED, that Prompt Payment Report and Prompt Payment Policy be posted to the Authority's website and the NY State Public Authorities Reporting System; and be it further

RESOLVED, that any and all actions taken by any officer of the Authority in connection with the preparation of such policies and procedures is hereby ratified, confirmed and approved.

## AUTHORIZATION TO AMEND THE AGREEMENT WITH JP MORGAN CHASE TO PROVIDE BANKING SERVICES

BE IT RESOLVED that in accordance with the materials presented to this meeting, the President and Chief Executive Officer of the Hugh L. Carey Battery Park City Authority (the "President") or her/his designee(s) be, and each of them hereby is, authorized and empowered to amend the agreement with JP Morgan Chase to extend the contract term by ten (10) months from the expiration date of February 15, 2021 to December 15, 2021, and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the contract on behalf of the Hugh L. Carey Battery Park City Authority, subject to such changes as the officer or officers shall, with the advice of counsel, approve as necessary and appropriate and in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery of the contract; and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents and to take all such other and further actions as may be necessary, desirable or appropriate in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

**AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH MARKS PANETH LLP TO PROVIDE PUBLIC ACCOUNTING – AUDIT SERVIVES**

BE IT RESOLVED that in accordance with the materials presented to this meeting, the President and Chief Executive Officer of the Hugh L. Carey Battery Park City Authority (the "President") or her/his designee(s) be, and each of them hereby is, authorized and empowered to enter into an agreement with Marks Paneth LLP to provide Public Accounting – Audit Services for a term of five (5) years and for a not-to-exceed contract amount of $622,150.00, and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the contract on behalf of the Hugh L. Carey Battery Park City Authority, subject to such changes as the officer or officers shall, with the advice of counsel, approve as necessary and appropriate and in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery of the contract; and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents and to take all such other and further actions as may be necessary, desirable or appropriate in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.

**AUTHORIZATION TO EXECUTE A CONTRACT WITH BRICKENS CONSTRUCTION, INC. FOR THE NEW YORK CITY POLICE MEMORIAL EXPANSION GENERAL CONTRACTOR SERVICES PROJECT**

BE IT RESOLVED, that in accordance with the materials submitted at this Board meeting, the President and Chief Executive Officer (the "President") of the Battery Park City Authority (the "Authority") or his/her designee(s) be, and each of them hereby is, authorized and empowered to enter into a twelve (12) month contract with Brickens Construction, Inc. in the lump-sum amount of $1,951,765.00 to perform general contractor services for the New York City Police Memorial Expansion Project (the "Contract"); and be it further,

RESOLVED, that the President or his/her designee(s), and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Contract; and be it further,

RESOLVED, that the President or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified, and any actions hereafter taken are confirmed and approved.

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**AUTHORIZATION TO EXECUTE A TIME AMENDMENT WITH PAGE SOUTHERLAND PAGE ARCHITECTS, P.C. ("PAGE") FOR THE NEW YORK CITY POLICE MEMORIAL EXPANSION DESIGN SERVICES PROJECT**

BE IT RESOLVED, that in accordance with the materials submitted at this Board meeting, the President and Chief Executive Officer (the "President") of the Battery Park City Authority (the "Authority") or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute an amendment to extend the term of the Contract with Page through December 20, 2021; and be it further,

RESOLVED, that the President or his/her designee(s), and each of them hereby is, authorized and empowered to execute and deliver the Contract on behalf of the Authority, subject to such changes as the officer or officers executing the Contract shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Contract; and be it further,

RESOLVED, that the President or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified, and any actions hereafter taken are confirmed and approved.

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**AUTHORIZATION TO EXECUTE AN AMENDMENT TO EXTEND THE TERM OF THE SCF ARQUITECTOS, LLC CONTRACT FOR THE HURRICANE MARIA MEMORIAL DESIGN**

BE IT RESOLVED, that in accordance with the materials submitted at this Board meeting, the President and Chief Executive Officer (the "President") of the Battery Park City Authority (the "Authority") or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute an amendment to extend the term of its contract with SCF Arquitectos, LLC from February 20, 2021 through September 30, 2021 (the "Amendment"); and, be it further

RESOLVED, that the President or his/her designee(s), and each of them hereby is, authorized and empowered to execute and deliver the Amendment on behalf of the Authority, subject to such changes as the officer or officers executing the Amendment shall, with the advice of counsel, approve as necessary and appropriate and in the best interest of the Authority, such approval to be conclusive evidence by the execution and delivery of the Amendment; and be it further,

RESOLVED, that the President or his/her designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents, and to take all such other and further actions as may be necessary, desirable or appropriate, in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other and further actions heretofore taken are hereby ratified, and any actions hereafter taken are confirmed and approved.

**AUTHORIZATION TO AMEND THE AGREEMENT WITH SPRUCE TECHNOLOGIES, INC. TO PROVIDE MICROSOFT SHAREPOINT SERVICES**

BE IT RESOLVED that in accordance with the materials presented to this meeting, the President and Chief Executive Officer of the Hugh L. Carey Battery Park City Authority (the "President") or her/his designee(s) be, and each of them hereby is, authorized and empowered to amend the agreement with Spruce Technologies, Inc. to extend the contract term by five (5) months and add an additional $120,000.00 to its not-to-exceed contract total for a new not-to-exceed contract total of $950,000.00, and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute and deliver the contract on behalf of the Hugh L. Carey Battery Park City Authority, subject to such changes as the officer or officers shall, with the advice of counsel, approve as necessary and appropriate and in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery of the contract; and be it further

RESOLVED, that the President or her/his designee(s) be, and each of them hereby is, authorized and empowered to execute all such other and further documents and to take all such other and further actions as may be necessary, desirable or appropriate in connection with the transactions contemplated in the foregoing resolutions, and any such execution of documents and any other further actions heretofore taken are hereby ratified and any actions hereafter taken are confirmed and approved.